

New Development Bank

NEW DEVELOPMENT BANK

(Established by the Articles of Agreement on the New Development Bank – Fortaleza, July 15, 2014)

ZAR10,000,000,000 Note Programme

Under this ZAR10,000,000 Note Programme, the New Development Bank (the **Issuer**) may from time to time issue notes (the **Notes**) 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) or such other Financial Exchange(s) (as defined herein) as may be determined by the Issuer and the relevant authority, the Debt Listings Requirements (as defined herein) of the JSE Limited (the **JSE**) or such other Financial Exchange(s), 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 ZAR10,000,000,000. This Programme Memorandum will apply to the Notes issued under the Programme in an aggregate outstanding Nominal Amount which will not exceed ZAR10,000,000,000 (or its equivalent in any other currencies) unless such amount is increased by the Issuer pursuant to the section of this Programme Memorandum headed “*General Description of the Programme*”.

The Notes may comprise, without limitation, Fixed Rate Notes, Floating Rate Notes, Zero Coupon 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. 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 registered by the JSE. Each Tranche of Notes issued under the Programme will be listed on the Interest Rate Market of the JSE or on such other or additional Financial Exchange(s) as may be determined by the Issuer, subject to all Applicable Laws. Claims against the JSE Debt Guarantee Fund Trust may only be made in respect of the trading of Notes listed on the Interest Rate Market of the JSE in accordance with the rules of the JSE Debt Guarantee Fund Trust. The holders of Notes that are not listed on the Interest Rate Market of the JSE will have no recourse against the JSE Debt Guarantee Fund Trust. 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 will be delivered to the JSE and the CSD, before the Issue Date, and the Notes in that Tranche may be traded by or through members of the JSE from the date specified in the Applicable Pricing Supplement, in accordance with the Applicable Procedures. The settlement of trades on the JSE will take place in accordance with the electronic settlement procedures of the JSE and the CSD for all trades done through the JSE. The settlement and redemption procedures for a Tranche of Notes listed on any Financial Exchange (other than or in addition to the JSE) 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 the Programme*” and any additional Dealer(s) 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.

Lead Arranger

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

Co-Arranger

**Absa Bank Limited,
acting through its Corporate and Investment Banking division**

Dealers

**Absa Bank Limited,
acting through its Corporate and Investment Banking division**

**Nedbank Limited,
acting through its Nedbank Corporate and Investment Banking division**

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

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

JSE Debt Sponsor

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

GENERAL

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

The Issuer certifies that, to the best of its knowledge and belief, there are no facts that have been omitted from this Programme Memorandum which would make any statement false or misleading and that all reasonable enquiries to ascertain such facts have been made and that this Programme Memorandum contains all information required by law and the Debt Listings Requirements of the JSE. The Issuer accepts full responsibility for the accuracy of the information contained in this Programme Memorandum, the annual financial statements, the integrated annual reports, the constitutional documents of the Issuer, the Applicable Pricing Supplement(s) of the Issuer, all documents incorporated by reference and any amendments or supplements to the aforementioned documents except as otherwise stated therein (see the section of this Programme Memorandum headed "*Documents Incorporated by Reference*").

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

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 of 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 of this Programme Memorandum 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.

The Lead Arranger and Co-Arranger (together the **Arrangers**), the Dealers, the JSE Debt Sponsor or any of their respective Subsidiaries or Holding Companies or a Subsidiary of their Holding Company (**Affiliates**), other professional advisers named herein and the JSE 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 nor any of their Affiliates or other professional advisers as to the accuracy or completeness of the information contained in this Programme Memorandum or any other information provided by the Issuer. The Arrangers, the Dealers, the JSE Debt 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 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 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, or any Dealers 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 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 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 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 material relating to the Notes, see the section headed "*Subscription and Sale*".

The obligations of Issuer in relation to the Notes are solely the obligations of the Issuer and will not be the obligations or the responsibility of, or be guaranteed by, the Government of South Africa nor any other government or any other person.

None of the Issuer, the Arrangers, the Dealers, the JSE Debt Sponsor nor other professional advisers 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 or other professional advisers which would permit a public offering of any Notes or distribution of this document in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Programme Memorandum nor any advertisement 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 Dealers has/have represented that all offers and sales by it will be made on the same terms.

The Notes have not been and will not be registered under the United States Securities Act of 1933 (as amended) (the Securities Act). 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 addition, there are restrictions on the distribution of this Programme Memorandum in South Africa, the European Union and the United Kingdom. For a more complete description of certain restriction on the offering, sale and delivery of Notes and distribution of this Programme Memorandum, see the section of this Programme Memorandum headed "*Subscription and Sale*" below.

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 that Applicable Pricing Supplement and only if such stabilising is permitted by the Debt Listings Requirements of the JSE and approved by the JSE, 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.

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

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DOCUMENTS INCORPORATED BY REFERENCE

Capitalised terms used in this section headed "Documents Incorporated by Reference" shall bear the same meanings as those used in the Terms and Conditions, except to the extent that they are separately defined in this section or are 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, restatements and/or supplements to this Programme Memorandum prepared by the Issuer from time to time;
- (b) each Applicable Pricing Supplement relating to any Tranche of Notes issued under the Programme;
- (c) as at the Programme Date, the published audited annual financial statements, together with reports, and notes thereto, of the Issuer for the financial years ended December 2016 and 2017 and in respect of any issue of Notes after the Programme Date, the published audited annual financial statements, together with reports, and notes thereto, of the Issuer in respect of further financial years, as and when such published audited annual financial statements become available;
- (d) as at the Programme Date, the published annual report (incorporating the Issuer's audited annual financial statements, together with reports and the notes thereto) of the Issuer and attached to or intended to be read with such financial statements of the Issuer for the financial years ended December 2016 and 2017 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;
- (e) the unaudited condensed financial statements of the Issuer for the period 30 September 2018, together with such statements, reports and notes attached to or intended to be read with such unaudited condensed financial statements, in respect of future financial periods, as and when such unaudited condensed financial statements become available; and
- (f) all information pertaining to the Issuer which is relevant to the Programme and/or this Programme Memorandum which will be electronically submitted through the Stock Exchange News Service (**SENS**) or similar service established by the JSE, to SENS 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 as long the Programme Memorandum remains registered with the JSE, 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 all of the documents which are incorporated herein by reference, unless such documents have been modified or superseded, in which case the modified or superseding documentation will be provided, including the most recently obtained beneficial disclosure report made available by the Participant to the CSD. Requests for such documents should be directed to the Issuer at its registered office 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 published audited annual financial statements of the Issuer are also available on the Issuer's website, <https://www.ndb.int/data-and-documents>. In addition, this Programme Memorandum, any amendments and/or supplements thereto and the Applicable Pricing Supplements relating to any issue of listed Notes will be filed with the JSE, which 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 and the Dealers or their Affiliates, the JSE Debt Sponsor or any other professional advisors to any Person in any jurisdiction to subscribe for or purchase any Notes.

The Issuer will, for so long as the Programme Memorandum remains registered on the Interest Rate Market of the JSE, publish a new Programme Memorandum or a supplement to this Programme Memorandum, as the case may be, if:

- (i) 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 the Issuer's payment obligations thereunder; or
- (ii) 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
- (iii) any of the information contained in this Programme Memorandum becomes outdated in a material respect; or
- (iv) this Programme Memorandum no longer contains all the materially correct information required by the Applicable Procedures,

provided that, in the circumstances set out in paragraphs (iii) and (iv) 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.

GENERAL DESCRIPTION OF THE PROGRAMME

Capitalised terms used in this section headed “General Description of the Programme” shall bear the same meanings as those used in the Terms and Conditions, except to the extent that they are separately defined in this section or are 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 from time to time does not exceed the Programme Amount.

Each Tranche of Notes will be listed on the Interest Rate Market of the JSE or on such other or additional Financial Exchange(s) as may be determined by the Issuer, 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 a Tranche of Notes is listed on any Financial Exchange other than (or in addition to) the JSE, the Issuer will, by no later than the last Day of the month of issue of that Tranche of Notes, inform the JSE in writing of the aggregate Nominal Amount and the Maturity Date (if any) of that Tranche of Notes.

This Programme Memorandum and any supplement thereto 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 ZAR10,000,000,000 or its equivalent in other currencies. For the purpose of calculating the South African Rand equivalent of the aggregate Nominal Amount of the Notes issued under the Programme from time to time, the South African Rand equivalent of the Notes denominated in another Specified Currency (as specified in the Applicable Pricing Supplement) shall be determined as of the date of agreement to issue such Notes (the **Agreement Date**) on the basis of the spot rate for the sale of the South African Rand against the purchase of such Specified Currency in the South African foreign exchange market 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 the 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 17 (*Notices*) of the Terms and Conditions, and to the Arrangers, the Dealers, the JSE and the CSD. Upon such notice being given to the Noteholders and the conditions set out in the Programme Agreement to exercise 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.

This Programme Memorandum will apply to all Outstanding 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. Words and expressions defined in the Terms and Conditions shall have the same meanings in this summary.

PARTIES

Issuer	New Development Bank, established in accordance with the Articles of Agreement on the New Development Bank by the Government of the Federative Republic of Brazil, the Russian Federation, the Republic of India, the People's Republic of China and the Republic of South Africa on 15 July 2014.
Lead Arranger	The Standard Bank of South Africa Limited, acting through its Corporate and Investment Banking division (registration number 1962/000738/06), a public company with limited liability and a registered bank duly incorporated in accordance with the company and banking laws of South Africa (SBSA).
Co-Arranger	Absa Bank Limited, acting through its Corporate and Investment Banking division (registration number 1986/004794/06), a public company with limited liability and a registered bank duly incorporated in accordance with the company and banking laws of South Africa (Absa).
Arrangers	Lead Arranger and Co-Arranger jointly.
Dealers	<ul style="list-style-type: none">(a) SBSA;(b) Absa;(c) Nedbank Limited, acting through its Nedbank Corporate and Investment Banking division (registration number 1951/000009/06), a public company with limited liability and a registered bank duly incorporated in accordance with the company and banking laws of South Africa(d) FirstRand Bank Limited, acting through its Rand Merchant Bank division (registration number 1929/001225/06), a public company with limited liability and a registered bank duly incorporated in accordance with the company and banking laws of South Africa; and/or(e) any additional Dealer(s) appointed by the Issuer from time to time, which appointment may be for a specific issue or on an ongoing basis.
Transfer Agent	SBSA or such other entity appointed by the Issuer as Transfer Agent, in which event that other entity will act as Transfer Agent, as specified in the Applicable Pricing Supplement.
Paying Agent	SBSA 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	SBSA 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.
Issuer Agent	SBSA or such other entity appointed by the Issuer as Issuer Agent pursuant to the debt instrument solution system of the CSD, in which event that other entity will act as Issuer Agent.
JSE Debt Sponsor	SBSA, or such other entity appointed by the Issuer from time to time.
CSD	Strate Proprietary Limited (registration number 1998/022242/07), a private company with limited liability duly incorporated in accordance with the company laws of South Africa and registered as a central securities depository in terms of the 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 company laws of South Africa and a licensed financial exchange in terms of the Financial Markets Act, or any exchange which operates as a successor exchange to the JSE.
GENERAL	
Blocked Rands	Blocked Rands may be used to subscribe for, or purchase, Notes, subject to the Exchange Control Regulations.
Clearing and Settlement	Each Tranche of 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 the 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 carried out on the JSE. Each Tranche of Notes which is held in the CSD will be cleared by Participants who will follow the electronic settlement procedures prescribed by the JSE and the CSD (see the section of this Programme Memorandum headed " <i>Settlement, Clearing and Transfers of Notes</i> ").
Cross-Default	The terms of the Notes will contain a cross-default provision relating to Material Indebtedness or any guarantee of or indemnity in respect of any such Indebtedness as further described in Condition 15.1.4 (<i>Cross Default</i>).
Debt Listings Requirements	The debt listings requirements of the JSE pursuant to the provisions of the Financial Markets Act for the listing of debt securities on the JSE, as amended from time to time.
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	New Development Bank ZAR10,000,000,000 Note Programme.
Distribution	Notes may be distributed by way of private placement, auction or bookbuild or any other means permitted under South African law, 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	Each Tranche of Notes will be issued in uncertificated form, and will be held in the CSD. The holder of a Beneficial Interest may exchange such Beneficial Interest for Notes in certificated form represented by an Individual Certificate (see the section of this Programme Memorandum headed “ <i>Form of the Notes</i> ”).
Governing Law	The Notes will be governed by and construed in accordance with the laws of South Africa in force from time to time, unless otherwise set out in the Applicable Pricing Supplement.
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 may vary between the Issue Date and the Maturity Date.
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	As at the Programme Date, no securities transfer tax or any similar tax is payable in respect of the issue, transfer or redemption of the Notes (see the section of this Programme Memorandum headed “ <i>South African Taxation</i> ”). Any future transfer duties and/or taxes that may be introduced in respect of (or may be applicable to) the transfer of Notes will be for the account of Noteholders.
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 has been registered by the JSE. Notes issued under the Programme will be listed on the Interest Rate Market of the JSE or on such other or additional Financial Exchange(s) as may be determined by the Issuer and the relevant Dealer(s), subject to all 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(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	The Notes will have the benefit of a negative pledge as described in Condition 6 (<i>Negative Pledge</i>) of the Terms and Conditions.

Noteholders

The holders of Notes which are recorded as the registered Noteholders of those Notes in the Register.

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 their Nominal Amount or at a discount to it 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.

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

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.

Other Notes Terms applicable to any other type of Notes that are approved by the JSE, or its successor, or such other or further exchange or exchanges as may be selected by the Issuer in relation to an issue of listed Notes, will be set out in the Applicable Pricing Supplement.

Rating

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

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.

Any amendment in the Rating of the Issuer and/or the Programme and/or a Tranche of Notes, as the case may be, after the Programme Date, will be announced on SENS.

Redemption

A Tranche of Notes will, subject to the Applicable Pricing Supplement, be redeemed on the Maturity Date, as set out in Condition 9.1 (*Redemption at Maturity*).

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 9.2 (*Redemption for Tax Reasons*), unless otherwise set out in the Applicable Pricing Supplement.

If “*Early Redemption at the Option of the Issuer*” is specified as applicable in the Applicable Pricing Supplement or pursuant to Condition 9.3 (*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 17 (*Notices*), redeem the Tranche of Notes on any Optional Redemption Date(s), unless otherwise set out in the Applicable Pricing Supplement.

If “*Redemption at the Option of 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 Notes on any Optional Redemption Date in the manner specified in Condition 9.4 (*Redemption at the Option of the Noteholders*) and the Applicable Pricing Supplement.

Unless otherwise set out in the Applicable Pricing Supplement, if “*Early Redemption in the event of a Change of Control*” is specified as being applicable in the Applicable Pricing Supplement and (i) a Change of Control occurs (as defined below); 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, as the case may be; or (B) if, 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), unless otherwise set out in 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 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 is ZAR10,000,000,000. 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 in the manner set out 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, subject to all Applicable Laws and, in the case of Notes listed on the Interest Rate Market of the JSE and the Debt Listings Requirements of the JSE, such other currency as is specified in the Applicable Pricing Supplement.

Status of the Notes

Unless otherwise set out in the Applicable Pricing Supplement, the Notes constitute direct, unconditional, unsubordinated and (subject to Condition 7 (*Negative Pledge*)) 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 or future unsecured and unsubordinated obligations of the Issuer from time to time outstanding.

The obligations of Issuer in relation to the Notes are solely the obligations of the Issuer and will not be the obligations or the responsibility of, or be guaranteed by, the Government of South Africa nor any other government or any other person.

Stabilisation

In connection with the issue and distribution of any Tranche of Notes under the Programme, the Dealers, 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 Debt Listings Requirements of the JSE and approved by the JSE, 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 "*South African 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 of this Programme Memorandum headed "*Terms and Conditions of the Notes*". The Applicable Pricing Supplements 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 for its general corporate purposes, or as may otherwise be described in the Applicable Pricing Supplement.

Withholding Taxes

No tax will be levied on the Notes issued by the Issuer, including any interest paid.

Exchange Control

A summary in relation to Exchange Control in respect of the Notes, as at the Programme Date, is set out in the section of this Programme Memorandum headed "*South African Exchange Control*". This Programme Memorandum has been prepared by the Issuer for purposes of issuing Notes in South Africa in accordance with Section H of the Currency and Exchanges Manual for Authorised Dealers (**Authorised Dealer Manual**). Section H of the Authorised Dealer Manual enables the Issuer, subject to provisions the requirements of Section H (including the prior written approval of the Financial Surveillance Department of the South African Reserve Bank), to issue Notes in South Africa, provided the Notes are listed on the JSE. Each Series of Notes issued pursuant to this Programme Memorandum, will be listed on the Interest Rate Market of the JSE, as required by Section H of the Authorised Dealer Manual. The summary does not constitute exchange control advice. Potential investors in the Notes should, before making an investment in the Notes, consult their own professional advisers in relation to exchange control.

INVESTOR CONSIDERATIONS/RISK FACTORS

Capitalised terms used in this section headed “Investor Considerations/Risk Factors” shall bear the same meanings as those used in the Terms and Conditions, except to the extent that they are separately defined in this section or are 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 available to it at the Programme Date, or which it may not be able to anticipate at the Programme Date. 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 that investment in light of its own circumstances. In particular, each potential investor should:

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

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

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 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 Notes are held in the CSD, investors will have to rely on their procedures for transfer, payment and communication with the Issuer

Notes issued under the Programme which are listed on the Interest Rate Market of the JSE or such other or additional Financial Exchange and/or held in the CSD may, subject to Applicable Laws and the Applicable Procedures, be issued in uncertificated form. 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 Notes and/or issued in uncertificated form, which are held in the CSD. 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 Notes will be made to the CSD or the Participants and the Issuer will discharge its payment obligations under the Notes by making payments to or to the CSD or the Participants for distribution to their account holders. A holder of a Beneficial Interest in uncertificated Notes must rely on the procedures of the CSD to receive payments under the relevant Notes. Each investor shown in the records of the CSD or the Participants, as the case may be, shall look solely to the CSD or the Participant, as the case may be, for his share of each payment so made by the Issuer to the registered holder of such uncertificated 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 Notes will not have a direct right to vote in respect of the relevant 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 JSE Debt Guarantee Fund Trust

The holders of Notes that are not listed on the Interest Rate Market of the JSE will have no recourse against the JSE Debt Guarantee Fund Trust. Claims against the JSE Debt Guarantee Fund Trust may only be made in respect of the trading of Notes listed on the Interest Rate Market of the JSE and in accordance with the rules of the JSE Debt Guarantee Fund Trust. Unlisted 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 Notes to be determined by reference to an index or formula, to changes in the prices of securities or commodities, to movements in currency exchange rates or other factors (each, a **Relevant Factor**) or with principal or interest payable in one or more currencies which may be different from the currency in which the Notes are denominated. Potential investors should be aware that:

- the market price of such Notes may be volatile;
- no interest may be payable on such Notes;
- payments of principal or interest on such Notes may occur at a different time or in a different currency than expected;
- the amount of principal payable at redemption 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.

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

Legal investment considerations may restrict certain investments

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

Risks Relating to the Issuer

Risks affecting the business of the Issuer are set out in the section of this Programme Memorandum, headed "*Description of New Development Bank*" as well as the Issuer's published annual report.

FORM OF THE NOTES

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

Notes issued in certificated form

All certificated Notes will be represented by a single Individual Certificate in registered form. Notes represented by Individual Certificates will be registered in the 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 fully paid up (save for Zero Coupon Notes) and will pass upon registration of transfer in accordance with Condition 13.2 (*Transfer of Notes represented by Individual Certificates*) of the Terms and Conditions.

The Issuer shall regard the 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 8 (*Payments*) of the Terms and Conditions to the Person reflected as the registered Noteholder of such Notes in the Register at 17h00 (South African 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 Noteholder in respect of each amount so paid.

Notes issued in uncertificated form

A Tranche of Notes which is listed on the Interest Rate Market of the JSE will be freely transferable and fully paid up (save for Zero Coupon Notes) and must, subject to Applicable Laws and Applicable Procedures, be issued in uncertificated form in terms of section 33 of the Financial Markets Act.

Notes issued in uncertificated form will not be represented by any certificate or written instrument. A Tranche of Notes issued in uncertificated form will be held by the CSD, and the relevant Noteholder will be named in the Register as the registered Noteholder of that Tranche of Notes.

Beneficial Interests in Notes held in the CSD

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

The CSD will hold each Tranche of Notes subject to the Financial Markets Act and the Applicable Procedures. All amounts to be paid in respect of Notes held in the CSD will be paid to the relevant Participant on behalf of the relevant Noteholder pursuant to the Applicable Procedures. All rights to be exercised in respect of Notes held in the CSD will be exercised by the relevant Noteholder.

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

Euroclear Bank S.A./N.V. as operator of the Euroclear System (**Euroclear**) and Clearstream Banking, société anonyme, (Clearstream Luxembourg) (**Clearstream**) may hold Notes through their 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 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 Notes standing to the account of any Person shall be *prima facie* proof of such Beneficial Interest. However, the registered Noteholder of such Notes named in the Register will be treated by the Issuer, the Paying Agent, the Transfer Agent and the CSD as the holder of that outstanding Nominal Amount of such Notes for all purposes.

Subject to the Applicable Laws and the Applicable Procedures, title to Beneficial Interests held by Noteholders through the CSD will be freely transferable and will pass on transfer thereof by electronic

book entry in the central securities accounts maintained by the CSD or relevant Participants for such Noteholders. 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 Notes represented by an Individual Certificate in accordance with Condition 11 (*Exchange of Beneficial Interests 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:

**NEW DEVELOPMENT BANK**

(Established by the Articles of Agreement on the New Development Bank – Fortaleza, July 15, 2014)

Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]

Under its ZAR10,000,000,000 Note Programme

This Applicable Pricing Supplement must be read in conjunction with the Programme Memorandum, dated 25 March 2019, prepared by New Development Bank in connection with the New Development Bank ZAR10,000,000,000 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	New Development Bank
2.	Dealer(s)	[]
3.	Manager(s)	[]
4.	Debt Sponsor	[]
5.	Paying Agent	[]
	Specified Office	[]
6.	Calculation Agent	[]
	Specified Office	[]
7.	Transfer Agent	[]
	Specified Office	[]
8.	Settlement Agent	[]
	Specified Office	[]
9.	Issuer Agent	[]
	Specified Office	[]

PROVISIONS RELATING TO THE NOTES

10.	Status of Notes	[Secured/Unsecured]
11.	Form of Notes	The Notes in this Tranche are listed Notes, issued in [uncertificated form and held by the CSD]/[certificated form]
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/other]
17.	Automatic/Optional Conversion from one Interest/Redemption/Payment Basis to another	[Insert details including date for conversion]
18.	Issue Date	[]
19.	Nominal Amount per Note	[]
20.	Specified Denomination	[]
21.	Specified Currency	[]
22.	Issue Price	[]
23.	Interest Commencement Date	[]
24.	Maturity Date	[]
25.	Applicable Business Day Convention	[Floating Rate Business Day / Following Business Day / Modified Following Business Day / Preceding Business Day / other convention – insert details]
26.	Final Redemption Amount	[]
27.	Last Day to Register	By 17h00 on [] in each year until the Maturity Date, or if such day is not a business day, the business day before each books closed period
28.	Books Closed Period(s)	The Register will be closed from [...] to [...] and from [...] to [...] (all dates inclusive) in each year until the Maturity Date
29.	Default Rate	[]

FIXED RATE NOTES

30.	(a) Fixed Rate of Interest	[] percent. per annum [payable [annually/semi-annually/quarterly] in arrear]
	(b) Fixed Interest Payment Date(s)	[Each [<i>insert date</i>], of each calendar year during the period commencing on [<i>insert date</i>] and ending on the Maturity Date, each such day being subject to adjustment in accordance with the Following Business Day Convention]

- | | | |
|-----|---|---|
| (c) | Interest Period | Each period commencing on (and including) an Interest Payment Date and ending on (but excluding) the following Interest Payment Date; provided that the first Interest Period will commence on (and include) the interest commencement date and end on (but exclude) [the following Interest Payment Date / state specific Interest Payment Date] |
| (d) | Fixed Coupon Amount(s) | [] per [] in Nominal Amount |
| (e) | Initial Broken Amount | [] |
| (f) | Final Broken Amount | [] |
| (g) | Interest Rate Determination Date(s) | [On the first date of that Interest Period or if such day is not a Business Day, the following day that is a Business Day in each year] |
| (h) | Day Count Fraction | [] |
| (i) | Any other terms relating to the particular method of calculating interest | [] |

FLOATING RATE NOTES

- | | | |
|-----|--|--|
| 31. | (a) Floating Interest Payment Date(s) | [Each <i>[insert date]</i> , of each calendar year during the period commencing on <i>[insert date]</i> and ending on the Maturity Date, or, if such a day is not a Business Day, the Business Day on which interest will be paid, as determined in accordance the applicable Business Day Convention] |
| | (b) Interest Period(s) | [Each period commencing on and including one Floating Rate Interest Payment Date and ending on but excluding the following Floating Rate Interest Payment Date, (each Floating Interest Payment Date as adjusted in accordance with the applicable Business Day Convention] |
| | (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) | [] |
| 32. | Rate of Interest and manner in which the Rate of Interest is to be determined | [ISDA Determination] / [Screen Rate Determination (Reference Rate plus Margin)]/[other – <i>insert details</i>] |
| 33. | Margin | [[•] basis points/[•] percent] to be added to/subtracted from the relevant ISDA Rate / Reference Rate] |
| 34. | If ISDA Determination | |
| | (a) Floating Rate | [] |
| | (b) Floating Rate Option | [] |

- (c) Designated Maturity []
- (d) Reset Date(s) On the first Business Day of each Interest Period, [with the first Interest Rate Determination Date being []
- (e) ISDA Definitions to apply []

35. 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) [On the first date of that Interest Period or if such day is not a Business Day, the following day that is a Business Day]
- (c) Relevant Screen Page and Reference Code []

36. 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 []

37. Calculation Agent responsible for calculating amount of principal and interest []

ZERO COUPON NOTES

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

PARTLY PAID NOTES

- 39. (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

- 40. Instalment Dates []
- 41. Instalment Amounts (expressed as []

a percentage of the aggregate Nominal Amount of the Notes)

INDEX-LINKED NOTES

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) Each period commencing on and including one Interest Payment Date and ending on but excluding the following Interest Payment Date, with the First Interest Period commencing on [insert date] and ending on but excluding the next Interest Payment Date (each Interest Payment Date as adjusted in accordance with the applicable Business Day Convention)
- (e) Interest Payment Date(s) [insert date], of each calendar year during the period commencing on [insert date] and ending on the Maturity Date, or, if such day is not a Business Day, the Business Day on which interest will be paid, as determined in accordance with the applicable Business Day Convention
- (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

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

- | | | |
|-----|--|----------|
| 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 | [] |

OTHER NOTES

- | | | |
|-----|---|---------|
| 45. | If the Notes are not Partly Paid Notes, Instalment Notes, Fixed Rate Notes, Floating Rate 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

- | | | |
|-----|--|----------|
| 46. | 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 9.3 (<i>Redemption at the Option of the Issuer</i>)) | [] |
| | (d) If redeemable in part: | [] |
| | Minimum Redemption Amount(s) | [] |
| | Higher Redemption Amount(s) | [] |
| | (e) Other terms applicable on Redemption | |
| 47. | Redemption at the Option of the Noteholders: | [Yes/No] |
| | if yes: | |

- | | | |
|-----|--|----------|
| (a) | Optional Redemption Date(s) | [] |
| (b) | Optional Redemption Amount(s) | [] |
| (c) | Minimum period of notice (if different from Condition 9.4 (<i>Redemption at the Option of the Noteholders</i>)) | [] |
| (d) | If redeemable in part: | |
| | Minimum Redemption Amount(s) | [] |
| | Higher Redemption Amount(s) | [] |
| (e) | Other terms applicable on Redemption | [] |
| (f) | Attach <i>pro forma</i> put notice(s) | |
| 48. | Redemption in the event of a Change of Control at the election of Noteholders pursuant to Condition 9.5 (<i>Redemption in the event of a Change of Control</i>) or any other terms applicable to a Change of Control | [Yes/No] |
| 49. | If required or if different from that set out in Condition 9.6 (<i>Early Redemption Amounts</i>), Early Redemption Amount(s) payable on redemption for taxation reasons pursuant to Condition 9.2 (<i>Redemption for Tax Reasons</i>), on redemption at the option of the Issuer pursuant to Condition 9.3 (<i>Redemption at the Option of the Issuer</i>), on redemption at the option of the Noteholders pursuant to Condition 9.4 (<i>Redemption at the Option of the Noteholders</i>), redemption on a Change of Control pursuant to Condition 9.5 (<i>Redemption in the event of a Change of Control</i>) or on Event of Default pursuant to Condition 15 (<i>Events of Default</i>). | [Yes/No] |
| | If yes: | |
| (a) | Amount payable; or | [] |
| (b) | Method of calculation of amount payable | [] |

GENERAL

- | | | |
|-----|---------------------------------|---------|
| 50. | Financial Exchange | [] |
| 51. | Additional selling restrictions | [] |
| 52. | ISIN No. | [] |

53.	Bond Code	[]
54.	Stabilising manager	[]
55.	Provisions relating to stabilisation	[]
56.	Method of distribution	[Auction/Bookbuild/Private Placement]
57.	Credit Rating assigned to the [Issuer]/[Programme]/[Notes]	[] <i>[issue date and renewal date of rating to be specified]</i>
58.	Applicable Rating Agency	[]
59.	Governing law (if the laws of South Africa are not applicable)	[]
60.	Other provisions	<i>[Other Events of Default in addition to the Events of Default referred to in Condition 16 (Events of Default)]</i> <i>[Other covenants, provisions]</i>

Responsibility:

The Issuer certifies that to the best of its knowledge and belief there are no facts that have been omitted from the Programme Memorandum or this Applicable Pricing Supplement which would make any statement false or misleading and that all reasonable enquiries to ascertain such facts have been made as well as that the Programme Memorandum, contains all information required by law and Debt Listings Requirements of the JSE. The Issuer accepts full responsibility for the accuracy of the information contained in the Programme Memorandum, this Applicable Pricing Supplement and all documents incorporated by reference (see the section of the Programme Memorandum headed “*Documents Incorporated by Reference*”), except as otherwise stated therein.

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

The Issuer confirms that as at the date of this Applicable Pricing Supplement, there has been no material change in the financial or trading position of the Issuer since the date of the Issuer’s latest audited annual financial statements. As at the date of this Applicable Pricing Supplement, the auditors of the Issuer have not reviewed or reported on the aforementioned statement.

The authorised Programme Amount of ZAR10,000,000,000 has not been exceeded.

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
NEW DEVELOPMENT BANK

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

Name:
Capacity: Director
Who warrants her/his 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. Each Tranche of Notes will be issued on, and subject to, the Terms and Conditions below, as replaced, amended and/or supplemented by the terms and conditions of that Tranche of Notes as 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 or such other or further Financial Exchange(s) and the CSD 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 such other Financial Exchanges and, in that case, no Applicable Pricing Supplement will be delivered to JSE 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:

Absa	Absa Bank Limited, acting through its Corporate and Investment Banking division (registration number 1986/004794/06), a public company with limited liability and a registered bank duly incorporated in accordance with the company and banking laws of South Africa;
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	the rules and operating procedures for the time being of the CSD, the Participants and the Debt Listings Requirements (including the disclosure requirements) of the JSE and/or any other Financial Exchange;
Banks Act	the Banks Act, 1990;
Beneficial Interest	in relation to a Tranche of Notes which is held in the CSD, the beneficial interest as co-owner of an undivided share of all of the Notes in that Tranche, as contemplated in section 37(1) of the Financial Markets Act, the nominal value of which beneficial interest, in relation to any number of Notes in that Tranche, is determined by reference to the proportion that the aggregate outstanding Nominal

	Amount of such number of Notes bears to the aggregate outstanding Nominal Amount of all of the Notes in that Tranche, as provided in section 37(3) of the Financial Markets Act;
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 transfers 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	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, save that if the Applicable Pricing Supplement so provides, “ <i>Business Day</i> ” shall include a Saturday;
Calculation Agent	SBSA, 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;
Class of Notes	a particular Series of Notes in relation to other Series of Notes;
Class of Noteholders	the holders of a Series of Notes or, where appropriate, the holders of different Series of Notes;
Companies Act	the Companies Act, 2008;
CSD	Strate Proprietary Limited (registration number 1998/022242/07), a private company with limited liability incorporated in accordance with the company laws of South Africa and registered as a central securities depository in terms of the Financial Markets Act or its nominee, licensed as a central securities depository in terms of the Financial Markets Act or any successor depository, or any additional or alternate depository approved by the Issuer;
Day	a Gregorian calendar day unless qualified by the word “ <i>Business</i> ”;
Day Count Fraction	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: <ul style="list-style-type: none"> (i) if Actual/365 (Fixed) or Act/365 (Fixed) or A/365(Fixed) or A/365F is so specified, means the actual number of Days in the Calculation Period in respect of which payment is being made divided by 365; (ii) if Actual/Actual (ICMA) or Act/Act (ICMA) is so specified, means: <ol style="list-style-type: none"> 1. 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 2. where the calculation Period is longer than one Regular Period, the sum of: <ol style="list-style-type: none"> 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

- 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;
- (iii) if **Actual/Actual, Actual/Actual (ISDA), Act/Act or Act/Act (ISDA)** is so specified, means the actual number of Days in the Calculation Period in respect of which payment is being made 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);
- (iv) if **Actual/360, Act/360 or A/360** is so specified, means the actual number of Days in the Calculation Period in respect of which payment is being made divided by 360;
- (v) if **30/360, 360/360 or Bond Basis** is so specified, means the number of Days in the Calculation Period in respect of which payment is being made 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 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 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;

- (vi) if **30E/360 or Eurobond Basis** is so specified, means the number of Days in the Calculation Period in respect of which payment is being made 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 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 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; and

(vii) if **30E/360 (ISDA)** is so specified, means the number of Days in the Calculation Period in respect of which payment is being made 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 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 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	SBSA, Absa, Nedbank, RMB and/or any other entity appointed as a Dealer by the Issuer, which appointment may be for a specific issue or on an on-going basis, subject to the Issuer's right to terminate the appointment of any such Dealer(s), as indicated in the Applicable Pricing Supplement;
Default Rate	in relation to a Tranche of Notes, the Interest Rate applicable to such Notes or the default rate specified as such in the Applicable Pricing Supplement;
Dual Currency Notes	Notes which pay interest in a base currency and the principal in a non-base currency or <i>vice versa</i> , as indicated in the Applicable Pricing Supplement;
Early Redemption Amount	in relation to a Tranche of Notes, the amount, as set out in Condition 9.6 (<i>Early Redemption Amounts</i>), at which the Notes will be redeemed by the Issuer, pursuant to the provisions of Conditions 9.2 (<i>Redemption for Tax Reasons</i>), 9.3 (<i>Redemption at the Option of the Issuer</i>), 9.4 (<i>Redemption at the Option of the Noteholders</i>), 9.5

(Redemption in the event of a Change of Control) and/or Condition 15 (Events of Default);

Encumbrances	any mortgage, pledge, 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 or 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 15 (Events of Default);
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 Control Regulations	the Exchange Control Regulations, 1961, promulgated pursuant to the Currency and Exchanges Act, 1933;
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	<p>(a) a resolution in writing signed, no later than 20 Business Days of receiving notice of the written resolution, by or on behalf of the Noteholders or a Class of Noteholders holding not less than 66.67% (sixty-six point sixty-seven percent) of the Nominal Amount of the Notes Outstanding from time to time or a specific Class of Notes, as the case may be, or</p> <p>(b) a resolution passed at a meeting (duly convened) of the Noteholders or a Class of Noteholders, as the case may be, holding not less than 66.67% (sixty-six point sixty-seven percent) of the aggregate Nominal Amount of Notes held by the Noteholders or a Class of Noteholders, as the case may be, present in person or by proxy and voting at such meeting on a poll or if a vote by show of hands be duly demanded then by a majority consisting of not less than 66.67% (sixty-six point sixty-seven percent) of the Persons voting at such meeting on a show of hands;</p>
Final Broken Amount	in relation to a Tranche of Fixed Rate Notes, the final broken amount specified as such in the Applicable Pricing Supplement;
Financial Exchange	the JSE and/or such other or additional financial exchange(s) as may be determined by the Issuer and the relevant Dealer(s), subject to Applicable Laws, and upon which the Notes are listed as specified in the Applicable Pricing Supplement;

Financial Markets Act	the Financial Markets Act, 2012;
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;
Fixed Coupon Amount	in relation to a Tranche of Fixed Rate Notes (where applicable), the amount(s) 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 set out 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 Interest as indicated in the Applicable Pricing Supplement and more fully described in Condition 7.2 (<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;
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;
ICMA	International Capital Market Association;
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;
Income Tax Act	the Income Tax Act, 1962;
Indebtedness	in respect of the Issuer, any indebtedness in respect of monies borrowed from any third party lender and (without double counting) guarantees (other than those given in the ordinary course of business) given, whether present or future, actual or contingent;
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 an 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 11 (<i>Exchange of Beneficial Interests 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 Dates	in relation to a Tranche of Instalment Notes, the dates specified as such in the Applicable Pricing Supplement;
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 specified in the Applicable Pricing Supplement;
Interest Amount	in relation to a Tranche of Notes, the amount of interest payable in respect of each Nominal Amount of Fixed Rate Notes, Floating Rate Notes and Indexed Interest Notes, as determined by the Calculation Agent in accordance with Condition 7 (<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 Rate Determination Date	in relation to a Tranche of Fixed Rate Notes, or Floating Rate Notes, as the case may be, the interest rate determination date specified as such in the Applicable Pricing Supplement;
Interest Payment Date	in relation to a Tranche of Notes, the Interest Payment Date(s) and/or the Redemption Date 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) will be listed;
ISDA	the International Swaps and Derivatives Association Inc.;
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;
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	New Development Bank, established in accordance with the Articles of Agreement on the New Development Bank by the Government of the Federative Republic of Brazil, the Russian Federation, the Republic of India, the People's Republic of China and the Republic of South Africa on 15 July 2014;
Issuer Agent	SBSA or such other entity appointed by the Issuer as Issuer Agent pursuant to the debt instrument solution system of the CSD in which event that other entity will act as Issuer Agent;
JSE	the JSE Limited (registration number 2005/022939/06), a public company with limited liability duly incorporated in accordance with the company laws of South Africa and a licensed financial exchange in terms of the Financial Markets Act or any exchange which operates as a successor exchange to the JSE;
JSE Debt Guarantee Fund Trust	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 Financial Markets Act or any successor fund;
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, in the case of Notes in certificated form, or the CSD, in the case of Notes in uncertificated form, will accept Transfer Forms or transfers and record the transfer of Notes in the 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 Indebtedness	any Indebtedness in an amount which equals or exceeds USD10,000,000 (ten million United States Dollars) or its equivalent in other currencies at the time of the occurrence of an Event of Default;
Maturity Date	in relation to a Tranche of Notes, the date specified as such in the Applicable Pricing Supplement;
Minimum Redemption Amount	in relation to a Tranche of Notes, the minimum redemption amount specified as such in the Applicable Pricing Supplement;
NACA	nominal annual compounded annually;
NACM	nominal annual compounded monthly;
NACQ	nominal annual compounded quarterly;
NACS	nominal annual compounded semi-annually;
Nedbank	Nedbank Limited, acting through its Nedbank Corporate and Investment Banking division (registration number 1951/000009/06), a public company with limited liability and a registered bank duly incorporated in accordance with the company and banking laws of South Africa;
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;
Noteholders	the registered holders of the Notes as recorded in the Register;
Noteholders'	in relation to a Tranche of Exchangeable Notes, if indicated as

Exchange Right	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	secured or unsecured registered notes issued or to be issued by the Issuer under the Programme, pursuant to this Programme Memorandum;
Optional Redemption Amount	in relation to a Tranche of Notes, the optional redemption amount specified as such in the Applicable Pricing Supplement;
Outstanding	<p>in relation to the Notes, all the Notes issued under the Programme other than:</p> <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 monies wherefore (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 9 (<i>Redemption and Purchase</i>); (d) those which have become prescribed under Condition 14 (<i>Prescription</i>); (e) those represented by mutilated or defaced Individual Certificates which have been surrendered in exchange for replacement Individual Certificates pursuant to Condition 11 (<i>Exchange of Beneficial Interests and Replacement of Individual Certificates</i>); or (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 11 (<i>Exchange of Beneficial Interests and Replacement of Individual Certificates</i>), <p>provided that for each of the following purposes:</p> <ul style="list-style-type: none"> (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 18 (<i>Amendment of these Conditions</i>) and 19 (<i>Meetings of Noteholders/Consent Process</i>), <p>all Notes (if any) which are for the time being held by the Issuer (subject to any Applicable Laws) 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;</p>
Participant	a Person accepted by the CSD as a participant in terms of section 31 of the Financial Markets Act, and who is approved by the CSD, as a Settlement Agent to perform electronic settlement of funds and scrip;
Paying Agent	SBSA, 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, 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;
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;
Programme	New Development Bank ZAR10,000,000,000 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 ZAR10,000,000,000 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 25 March 2019;
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, granted by the Rating Agency, specified in the Applicable Pricing Supplement;
Rating Agency	Fitch Ratings (Fitch), Global Credit Rating Co. Proprietary Limited (GCR), S&P Global Ratings (S&P) or Moody's Investors Service Limited (Moody's), as the case may be, and their successors or any other rating agency of equivalent national or international standing, as the case may be, as specified from time to time by the Issuer in the Applicable Pricing Supplement (if applicable) and/or notified to Noteholders pursuant to Condition 17 (<i>Notices</i>);
Redemption Date	in relation to a Tranche of Notes, the date upon which the Notes are redeemed by the Issuer, in accordance with Condition 10 (<i>Redemption and Purchase</i>);
Reference Banks	four leading banks in the South African inter-bank market selected by the Calculation Agent;
Reference Rate	in relation to a Tranche of Floating Rate Notes (where applicable), the rate specified as such in the Applicable Pricing Supplement;
Reference Price	in relation to a Tranche of Zero Coupon Notes (where applicable), the price specified as such in the Applicable Pricing Supplement;
Register	the register of Noteholders kept by or on behalf of the Issuer in terms of Condition 12 (<i>Register</i>);
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 of 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 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;
Representative	a Person duly authorised to act on behalf of a Noteholder, the 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 Transfer Agent and the Paying Agent;
RMB	FirstRand Bank Limited, acting through its Rand Merchant Bank division (registration number 1929/001225/06), a public company with limited liability and a registered bank duly incorporated in accordance with the company and banking laws of South Africa;
SBSA	The Standard Bank of South Africa Limited, acting through its Corporate and Investment Banking division (registration number 1962/000738/06), a public company with limited liability and a registered bank duly incorporated in accordance with the company and banking laws of South Africa;
SENS	the Stock Exchange News Service;
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 Participant, approved by the CSD in terms of the Applicable Procedures to perform electronic settlement of both funds and scrip on behalf of market participants;
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	in relation to each Note in a Tranche of Notes, the amount specified

Denomination	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;
South Africa	the Republic of South Africa;
Subsidiary	a subsidiary company as defined in section 3(1)(a) of the 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 Agent	SBSA, unless the Issuer elects to appoint another entity as a Transfer Agent in which event that other entity shall act as a Transfer Agent in respect of that Tranche or Series of Notes, as indicated in the Applicable Pricing Supplement;
Transfer Form	the written form for the transfer of a Note, in the form approved by the Transfer Agent, and signed by the transferor and transferee;
Wholly Owned Subsidiary	a wholly owned subsidiary as defined in Section 3(1)(b) of the Companies Act;
ZAR	the lawful currency of South Africa, being South African Rand, or any successor currency;
ZAR-JIBAR-SAFEX	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. 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 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 Terms and Conditions, as replaced, amended and/or supplemented by the terms and conditions of that Tranche of Notes set out in the Applicable Pricing Supplement relating to that Tranche of Notes.
- 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 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. Each Tranche of Notes will be issued in the form of listed Notes, as specified in the Applicable Pricing Supplement.

3.1.2. Each Tranche of Notes will be listed on the Interest Rate Market of the JSE or on such other or further Financial Exchange(s) as may be determined by the Issuer and the relevant Dealer(s), subject to any Applicable Laws and Applicable Procedures. 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

A Tranche of Notes will be issued in certificated form or in uncertificated form, as contemplated in Condition 3.2.1 (*Notes issued in certificated form*) and Condition 3.2.2 (*Notes issued in uncertificated form*), as specified in the Applicable Pricing Supplement. Each Tranche of Notes which is listed on the Interest Rate Market of the JSE will be held in the CSD, as contemplated in Condition 3.2.2 (*Notes issued in uncertificated form*).

3.2.1. **Notes issued in certificated form**

All Notes issued in certificated form will be represented by Individual Certificates.

3.2.2. **Notes issued in uncertificated form**

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

3.2.3. **Beneficial Interests in Notes held in the CSD**

- (i) A Tranche of Notes which is listed on the Interest Rate Market of the JSE will be issued in uncertificated form and held in the CSD.
- (ii) The CSD will hold Notes subject to the Financial Markets Act and the Applicable Procedures.
- (iii) All amounts to be paid in respect of Notes held in the CSD will be paid to the relevant Participant for the holders of Beneficial Interests in such Notes.
- (iv) A holder of a Beneficial Interest shall only be entitled to exchange such Beneficial Interest for Notes represented by an Individual Certificate in accordance with Condition 11 (*Exchange of Beneficial Interests and Replacement of Individual Certificates*).

3.2.4. **Recourse to the JSE Debt Guarantee Fund Trust**

The holders of Notes that are not listed on the Interest Rate Market of the JSE will have no recourse against the JSE or the JSE Debt Guarantee Fund Trust. Claims against the JSE Debt Guarantee Fund Trust may only be made in respect of the trading of Notes listed on the Interest Rate Market of the JSE and in accordance with the rules of the JSE Debt Guarantee Fund Trust. Unlisted 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 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 Register in accordance with Condition 13.2 (*Transfer of Notes represented by Individual Certificates*).

4.1.3. The Issuer, the Transfer Agent and the Paying Agent shall recognise a Noteholder as the

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

4.2. **Notes issued in uncertificated form**

The Noteholder(s) will be named in the Register as the registered holder(s) of each Tranche of Notes which is issued in uncertificated form.

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

4.3.1. While a Tranche of Notes is held in the CSD, the Noteholder will be named in the Register as the Noteholder of the Notes in that Tranche.

4.3.2. 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 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 Notes standing to the account of such Person shall be *prima facie* proof of such Beneficial Interest. However, the Noteholder as the registered holder of such Notes named in the Register will be treated by the Issuer, the Paying Agent, the Transfer Agent and the CSD as the holder of that aggregate Nominal Amount of such Notes for all purposes.

4.3.3. Beneficial Interests in Notes may be transferred only in accordance with the Applicable Procedures.

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

5. **STATUS OF THE NOTES**

5.1. Unless otherwise set out in the Applicable Pricing Supplement, the Notes are direct, unconditional, unsubordinated and (subject to Condition 6 (*Negative Pledge*)) 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.

5.2. The obligations of Issuer in relation to the Notes are solely the obligations of the Issuer and will not be the obligations or the responsibility of, or be guaranteed by, the Government of South Africa nor any other government or member country or any other person.

6. **NEGATIVE PLEDGE**

6.1. Unless otherwise set out in the Applicable Pricing Supplement, for so long as any Tranche of Notes remains Outstanding, the Issuer undertakes that it shall not, create or permit the creation of any Encumbrances over any of their present or future assets or revenues to secure any present or future Capital Markets Indebtedness (save for those which have been accorded a preference by law) without at the same time securing all Notes equally and rateably with such Capital Markets Indebtedness or providing such other security or arrangement as may be approved by Extraordinary Resolution of the Noteholders, unless the provision of any such security is waived by an Extraordinary Resolution of the Noteholders.

6.2. 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.

6.3. **Capital Markets Indebtedness** means any indebtedness which is in the form of or represented by any bonds, notes or other debt securities offered by or on behalf of the Issuer, or any guarantee of, or indemnity in respect of any such indebtedness.

7. INTEREST

7.1. Fixed Rate Notes

- 7.1.1. 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 specified in the Applicable Pricing Supplement at the rate(s) per annum equal to the Fixed Rate of Interest so specified, payable in arrears on the Fixed Interest Payment Dates in each year up to and including the Maturity Date.
- 7.1.2. The first payment of interest will be made on the Fixed Interest Payment Date next following the Interest Commencement Date.
- 7.1.3. 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:
- 7.1.3.1. 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
- 7.1.3.2. if a Final Broken Amount is specified in the Applicable Pricing Supplement, then the final Interest Amount shall equal the Final Broken Amount.
- 7.1.4. 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.

7.2. Floating Rate Notes and Indexed Interest Notes

7.2.1. *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).

7.2.2. *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.

7.2.3. *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.

7.2.4. *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.

7.2.5. ***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 Amount (as defined in the ISDA Definitions) that would be determined by such agent as a notional 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 ZAR-JIBAR-SAFEX, the first Day of the applicable 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) 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 (a)(i) above, no such offered quotation appears or, in the case of (a)(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 office 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) 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) 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 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) 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 7.2, 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, the Rate of Interest in respect of such Notes will be determined as provided in the Applicable Pricing Supplement.

7.2.6. Notification of Rate of Interest and Interest Amount

- (a) The Issuer will cause to be announced on SENS and notified to the JSE and the CSD and/or every other relevant exchange or authority:
- (i) the Rate of Interest and the relevant Interest Payment Date, as soon as possible after their determination; and
 - (ii) each Interest Amount for each Interest Period, no later than the 3rd (third) Business Day before the relevant Interest Payment Date.
- (b) Each Interest Amount, Interest Payment Date or effective Rate of Interest, as the case may be, 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 or a change in the effective Rate of Interest.
- (c) Any such amendment will be promptly notified to the JSE, the CSD and/or every other relevant exchange or authority and to the Noteholders in accordance with Condition 17 (*Notices*) and at least three Business Days prior to the relevant Interest Payment Date.

7.2.7. Certificates to be Final

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 7.2, by the Calculation Agent shall (in the absence of wilful deceit, bad faith 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.

7.3. **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.

7.4. **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 Notes, the date on which the full amount of the money payable has been received by the CSD and/or the Participants and notice to that effect has been given to Noteholders in accordance with Condition 17 (*Notices*).

7.5. **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.

8. **PAYMENTS**

8.1. **General**

8.1.1. Payments of principal and/or interest on an Individual Certificate shall be made to the registered holder of such Note, as set forth in the 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 Transfer Agent.

8.1.2. Payments of principal and/or interest in respect of uncertificated Notes shall be made to the CSD, in the name of, and for, the account of the CSD and/or holder or the Participants, as shown in the Register on the Last Day to Register pursuant to the Applicable Procedures, and the Issuer will be discharged of its payment obligations by proper payment in the name of, and for, the account of the CSD and/or holder or the Participants, in respect of each amount so paid. Each of the Persons shown in the records of the CSD and the Participants, as the case may be, shall look solely to the CSD or the Participant, as the case may be, for his/her share of each payment so made by the Issuer to the registered holder of such uncertificated Notes.

8.1.3. Payment will be subject, in all cases, to any Applicable Law, but without prejudice to the provisions of Condition 10 (*Taxation*).

8.2. **Method of Payment**

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

8.2.2. 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 10 (*Taxation*).

8.2.3. 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 Register or, in the case of joint Noteholders, the address set forth in the Register of that one of them who is first named in the Register in respect of that Note.

8.2.4. 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 Register. Cheques may be posted by ordinary post, provided that neither the Issuer, the Paying Agent, the CSD nor the Participant shall be responsible for any loss in transmission and the postal authorities shall be deemed to be the agent of the Noteholders for the purposes of all cheques posted in terms of this Condition 8.2.

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

8.3. **Payment Day**

Notwithstanding anything to the contrary contained in these Terms and Conditions, if the date for payment of any amount payable in respect of any Note is not a Business Day, then:

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

8.3.2. if a Business Day convention is specified in the Applicable Pricing Supplement, such date for payment shall be adjusted according to such Business Day Convention and Interest shall accrue to and be paid on the relevant Interest Payment Date.

8.4. **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:

8.4.1. any additional amounts which may be payable with respect to principal under Condition 10 (*Taxation*);

8.4.2. the Final Redemption Amount of the Notes or the Early Redemption Amount of the Notes, as the case may be;

8.4.3. the Optional Redemption Amount(s) (if any), as specified in the Applicable Pricing Supplement, of the Notes;

8.4.4. in relation to Instalment Notes, the Instalment Amounts;

8.4.5. in relation to Zero Coupon Notes, the Amortised Face Amount (as defined in Condition 9.6.3); and

8.4.6. 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 10 (*Taxation*).

9. REDEMPTION AND PURCHASE

9.1. Redemption at Maturity

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 plus interest (if any) specified in, or determined in the manner specified in, the Applicable Pricing Supplement on the Maturity Date.

9.2. Redemption for Tax Reasons

Notes may be redeemed at the option of the Issuer at any time (in the case of Notes other than Floating Rate Notes or Indexed Interest 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 or Indexed Interest Notes), on giving not less than 30 (thirty) Days nor more than 60 (sixty) Days' notice to the Noteholders prior to such redemption, in accordance with Condition 17 (*Notices*) (which notice shall be irrevocable, certified by 2 (two) authorised signatories of the Issuer and include particulars of the relevant change pursuant to Condition 9.2.1 below), if the Issuer, immediately prior to the giving of such notice, is of the reasonable opinion that:

- 9.2.1. as a result of any change in, or amendment to, the laws or regulations of South Africa or any political sub-division of, or any authority in, or of, South Africa 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 10 (*Taxation*); and
- 9.2.2. 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 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:

- 9.2.2.1. notwithstanding that such partial redemption may not entirely avoid such obligation to pay additional amounts as provided for or referred to in Condition 10 (*Taxation*); and
- 9.2.2.2. *mutatis mutandis* in the manner described in Condition 9.3 (*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.

Notes redeemed for tax reasons pursuant to this Condition 9.2 (*Redemption for Tax Reasons*) will be redeemed at their Early Redemption Amount referred to in Condition 9.6 (*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.

9.3. Redemption at the Option of the Issuer

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) Days nor more than 60 (sixty) Days irrevocable notice to the Noteholders in accordance with Condition 17 (*Notices*) or unless otherwise specified with 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).

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.

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, 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**).

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 17 (*Notices*) not less than 15 (fifteen) 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 shall be equal to the balance of the Redeemed Notes. No exchange of the relevant uncertificated Notes will be permitted during the period from and including the Selection Date to and including the date fixed for redemption pursuant to this sub-paragraph, and notice to that effect shall be given by the Issuer to the Noteholders in accordance with Condition 17 (*Notices*) at least 10 (ten) Days prior to the Selection Date.

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 Transfer Agent shall deliver new Individual Certificates to the Noteholders, as the case may be, in respect of the balance of the Notes.

9.4. **Redemption at the Option of the Noteholders**

If Noteholders are specified in the Applicable Pricing Supplement as having an option to request the redemption of Notes, such Noteholders may exercise such option in respect of such Notes by delivering to the Transfer Agent, in accordance with Condition 17 (*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.

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.

The redemption by the Noteholders of uncertificated Notes shall take place in accordance with the Applicable Procedures.

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).

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 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.

The delivery of Put Notices shall be required to take place during normal office hours to the Issuer and the Transfer Agent. Put Notices shall be available for inspection at the Specified Offices of the Transfer Agent.

Any Put Notice given by a holder of any 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 Note forthwith due and payable pursuant to Condition 15 (*Events of Default*).

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.

9.5. **Redemption in the event of a Change of Control**

The provisions of this Condition 9.5 (*Redemption in the event of a Change of Control*) shall apply if specified as applicable in the Applicable Pricing Supplement.

9.5.1. A **Change of Control Event** shall occur if at any time while any Note remains Outstanding:

- (i) a Change of Control occurs; and
- (ii) within the Change of Control Period and in respect of that Change of Control:
 - (A) 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
 - (B) 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.

9.5.2. Promptly upon the Issuer becoming aware that a Change of Control Event has occurred, the Issuer shall give notice to the Noteholders in accordance with Condition 17 (*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 9.5.

9.5.3. If a Change of Control Event occurs at any time while any Note remains Outstanding, then provided the Noteholders have:

- (i) in terms of Condition 19 (*Meeting of Noteholders/Consent Process*) convened a meeting of Noteholders within 30 (thirty) Days of the notification set out in Condition 9.5.2 above; and
- (ii) resolved in terms of Condition 19 (*Meetings of Noteholders/Consent Process*) 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 (a **Change of Control Redemption Notice**).

9.5.4. The option to require the Issuer to redeem the Notes in accordance with Condition 9.5.3 shall be exercisable by a Class of Noteholders by the delivery of (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.

9.5.5. For the purposes of this Condition 9.5 (*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 any such Person(s), at any time directly or indirectly acquires 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 shareholders of the Issuer;
- (e) **Investment Grade Rating** means a national scale rating of “*Baa3za*” by Moody’s, “*BBB-(zaf)*” by Fitch, “*zaBBB-*” by S&P, “*BBB-(ZA)*” by GCR Proprietary Limited or its equivalent for the time being, or better;
- (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:
 - (A) 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
 - (B) 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) **Rating Downgrade** shall, in relation to the Issuer and/or the Programme and/or any Notes, 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:
 - (A) withdrawn; or
 - (B) changed from an Investment Grade Rating to a non-Investment Grade Rating; or
 - (C) 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 similar lower or equivalent Rating.

9.6. **Early Redemption Amounts**

For the purpose of Conditions 9.2 (*Redemption for Tax Reasons*), Condition 10.3 (*Redemption at the Option of the Issuer*), Condition 10.4 (*Redemption at the Option of the Noteholders*), Condition 10.5 (*Redemption in the event of a Change of Control*) and/or Condition 15 (*Events of Default*), the Notes will be redeemed at the Early Redemption Amount calculated as follows:

- 9.6.1. in the case of Notes with a Final Redemption Amount equal to the Issue Price, at the Final Redemption Amount thereof; or

- 9.6.2. 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
- 9.6.3. 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
- 9.6.4. 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.

9.7. **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 9.2 (*Redemption for Tax Reasons*), Condition 10.3 (*Redemption at the Option of the Issuer*), Condition 10.4 (*Redemption at the Option of the Noteholders*), Condition 10.5 (Redemption in the event of a Change of Control) and/or Condition 15 (*Events of Default*), the Early Redemption Amount will be determined pursuant to Condition 9.6 (*Early Redemption Amounts*).

9.8. **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 9 (*Redemption and Purchase*) and the Applicable Pricing Supplement. In the case of early redemption in accordance with Conditions 9.2 (*Redemption for Tax Reasons*), Condition 10.3 (*Redemption at the Option of the Issuer*), Condition 10.4 (*Redemption at the Option of the Noteholders*), Condition 10.5 (*Redemption in the event of a Change of Control*) and/or Condition 15 (*Events of Default*), the Early Redemption Amount will be determined pursuant to Condition 9.6 (*Early Redemption Amounts*).

9.9. **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.

9.10. **Purchases**

- 9.10.1. The Issuer 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 Laws, be held, resold, or, at the option of the Issuer be surrendered to the Transfer Agent for cancellation.
- 9.10.2. Where the Issuer purchases Notes and such purchase results in the Issuer holding in aggregate more than 35% (thirty five percent) of the Nominal Amount of Notes issued in a particular Tranche, the Issuer undertakes to immediately notify all remaining Noteholders of such purchase in accordance with Condition 17 (*Notices*).

9.11. **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 Transfer Agent shall deliver an

Individual Certificate to such Noteholder in respect of the balance of the Notes.

9.12. **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 9 (*Redemption and Purchase*) or upon its becoming due and repayable as provided in Condition 15 (*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 9.6.3 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 monies payable has been received by the CSD, and notice to that effect has been given to the Noteholder in accordance with Condition 17 (*Notices*).

9.13. **Applicable Procedures**

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

10. **TAXATION**

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 or any political subdivision or any authority thereof or therein having power to tax less such withholding or deduction is required by law (see section of this Programme Memorandum headed "*South African Taxation*").

11. **EXCHANGE OF BENEFICIAL INTERESTS AND REPLACEMENT OF INDIVIDUAL CERTIFICATES**

11.1. **Exchange of Beneficial Interests**

11.1.1. The holder of a Beneficial Interest in Notes may, in terms of the Applicable Procedures and subject to section 42 of the Financial Markets Act, by written notice to the holder's nominated Participant (or, if such holder is a Participant, the CSD), request that such Beneficial Interest be exchanged for 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.

11.1.2. The holder's nominated Participant will, following receipt of the Exchange Notice, through the CSD, notify the Transfer Agent that it is required to exchange such Beneficial Interest for Notes represented by an Individual Certificate. The Transfer Agent will, as soon as is practicable but within 14 (fourteen) Days after receiving such notice, in accordance with the Applicable Procedures, procure that an Individual Certificate is prepared, authenticated and made available for delivery, on a Business Day falling within the aforementioned 14 (fourteen) Day period, to the holder of the Beneficial Interest at the Specified Office of the Transfer Agent; provided that joint holders of a Beneficial Interest shall be entitled to receive only one Individual Certificate in respect of that joint holding, and the delivery to one of those joint holders shall be delivery to all of them.

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

11.1.3.1. the CSD will surrender (through the CSD system) such uncertificated Notes to the Transfer Agent at its Specified Office; and

11.1.3.2. the Transfer Agent will obtain the release of such uncertificated Notes from the CSD in accordance with the Applicable Procedures.

11.1.4. An Individual Certificate shall, in relation to a Beneficial Interest in any number of Notes issued in uncertificated form of a particular aggregate Nominal Amount standing to the account of the holder thereof, represent that number of Notes of that aggregate Nominal

Amount, and shall otherwise be in such form as may be agreed between the Issuer and the 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.

11.2. Replacement

If any Individual Certificate is worn out, mutilated, defaced, stolen, destroyed or lost it may be replaced at the Specified Office of the 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 Transfer Agent may reasonably require. Worn out, mutilated or defaced Individual Certificates must be surrendered at the Specified Office of the Transfer Agent before replacements will be issued.

11.3. Death and sequestration or liquidation of Noteholder

Any Person becoming entitled to Notes as a 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 11.3, or of his title as the Issuer and the Transfer Agent shall require, be registered himself as the holder of such Notes or, subject to the Applicable Procedures, this Condition 11.3 and Condition 13.2 (*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.

11.4. 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 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.

12. REGISTER

12.1. The Register of Noteholders in respect of Notes in certificated form:

12.1.1. shall be kept at the Specified Office of the 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 Register;

12.1.2. shall contain the names, addresses and bank account numbers of the registered Noteholders;

12.1.3. shall show the total Nominal Amount of the Notes held by Noteholders;

12.1.4. shall show the dates upon which each of the Noteholders was registered as such;

12.1.5. shall show the serial numbers of the Individual Certificates and the dates of issue thereof;

12.1.6. 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

12.1.7. shall be closed during the Books Closed Period.

12.2. The Transfer Agent shall alter the Register in respect of any change of name, address or account number of any of the Noteholders of which it is notified.

- 12.3. 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 Register.
- 12.4. 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 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.
- 12.5. The Register maintained by the CSD in respect of Notes in uncertificated form in accordance with Applicable Laws and the Applicable Procedures will form part of the Register.

13. TRANSFER OF NOTES

Subject to the Applicable Laws, title to Notes will be freely transferable and fully paid up (save for Zero Coupon Notes) and will pass upon registration of transfer in accordance with provisions set out below:

13.1. ***Transfer of Beneficial Interests in Notes held in the CSD***

- 13.1.1. Beneficial Interests may be transferred only in accordance with the Applicable Procedures through the CSD.
- 13.1.2. Transfers of Beneficial Interests to and from clients of Participants occur by way of electronic book entry in the securities accounts maintained by the Participants for their clients, in accordance with the Applicable Procedures.
- 13.1.3. Transfers of Beneficial Interests among Participants occur through electronic book entry in the central securities accounts maintained by the CSD for the Participants, in accordance with the Applicable Procedures.

13.2. ***Transfer of Notes represented by Individual Certificates***

- 13.2.1. In order for any transfer of Notes represented by an Individual Certificate to be recorded in the Register, and for such transfer to be recognised by the Issuer:
- 13.2.1.1. the transfer of such Notes must be embodied in a Transfer Form;
- 13.2.1.2. 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
- 13.2.1.3. the Transfer Form must be delivered to the Transfer Agent at its Specified Office together with the Individual Certificate representing such Notes for cancellation.
- 13.2.2. 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).
- 13.2.3. Subject to this Condition 13.2, the Transfer Agent will, within 3 (three) Business Days of receipt by it of a valid Transfer Form (or such longer period as may be required to comply with any Applicable Laws and/or Applicable Procedures), record the transfer of 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 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.
- 13.2.4. Where a Noteholder has transferred a portion only of Notes represented by an Individual Certificate, the Transfer Agent will authenticate and deliver to such Noteholder at the Transfer Agent's Specified Office or, at the risk of such Noteholder, send by mail to such address as such Noteholder may request, at the risk of such Noteholder, a new Individual Certificate representing the balance of the Notes held by such Noteholder.
- 13.2.5. 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 Register as the holder thereof.
- 13.2.6. Before any transfer of Notes represented by an Individual Certificate is registered in the Register, all relevant transfer taxes (if any) must have been paid by the transferor and/or the transferee and such evidence must be furnished as the Issuer and the Transfer Agent

may reasonably require as to the identity and title of the transferor and the transferee.

- 13.2.7. No transfer of any Notes represented by an Individual Certificate will be registered whilst the Register is closed as contemplated in Condition 12 (*Register*).

If a transfer of any Notes represented by an Individual Certificate is registered in the Register, the Transfer Form and cancelled Individual Certificate will be retained by the Transfer Agent.

In the event of a partial redemption of Notes under Condition 9.3 (*Redemption at the Option of the Issuer*), the Transfer Agent shall not be required in terms of Condition 9.3 (*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).

14. PRESCRIPTION

The Notes will become void unless presented for payment of principal within a period of three years after their redemption date.

15. EVENTS OF DEFAULT

- 15.1. If, for any particular Series of Notes, one or more of the following events or unless otherwise set out in the Applicable Pricing Supplement (**Events of Default**) shall have occurred and be continuing:

15.1.1. ***Non-Payment***

the Issuer fails to pay any principal or interest due under the Notes on its due date for payment thereof and any such failure continues for a period of 5 (five) Business Days, after receiving written notice from any of the Noteholders demanding such payment; or

15.1.2. ***Negative Pledge***

the Issuer fails to remedy a breach of Condition 6 (Negative Pledge) within 30 (thirty) Business Days of receiving written notice from any of the Noteholders demanding such remedy; or

15.1.3. ***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 15 (Events of Default)) under or in respect of any of the Notes and such failure continues for a period of 30 (thirty) Business Days after receipt by the Issuer of a notice from any of the Noteholders (in accordance with Condition 17 (Notices)) in respect of such failure specifying the failure and requesting the Issuer to remedy same; or

15.1.4. ***Cross Default***

the Issuer defaults on the payment of the principal or interest, or any obligations in respect of Material Indebtedness of, or assumed or guaranteed by the Issuer, when and as the same shall become due and payable and where notice has been given to the Issuer of the default and if such default shall have continued for more than 30 (thirty) Business Days and the time for payment of such interest or principal or other obligation has not been effectively extended or waived, or if any such obligations in respect of any Material Indebtedness of, or assumed or guaranteed by, the Issuer shall have become repayable before the due date thereof as a result of acceleration of maturity by reason of the occurrence of any event of default thereunder; or

15.1.5. ***Authorisation and Consents***

any action, condition or thing, including obtaining any consent, licence approval or authorisation now or in future necessary to enable the Issuer to comply with its obligations under the Notes was not taken, is not fulfilled or in place 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 payment or other obligations in terms of the Notes and the Issuer fails to take reasonable steps to remedy such circumstances within 30 (thirty) Business Days of receiving written

notice from the Noteholders demanding such remedy; or

15.1.6. **Payment of claims.**

the Issuer stops, suspends or threatens to stop or suspend payment of all or a material part of its debts, proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of any of such debts or a moratorium is agreed or declared in respect of or affecting all or any part of the debts of the Issuer; or

15.1.7. **Winding-up etc.**

any resolution is passed by the Issuer for the termination of the Issuer pursuant to Article 41 of the Articles of Agreement on the New Development Bank, or the Issuer otherwise ceases to exist; or

15.1.8. **Enforcement Proceedings**

if a Person validly attaches in execution the whole or a material part of the assets, property or revenues of the Issuer or an execution or attachment or other process is validly levied, enforced upon or put in force against the whole or a material part of the Issuer's assets, property or revenues following a judgement against the Issuer, by a court of competent jurisdiction and such is not discharged within 30 (thirty) Business Days; or

15.1.9. **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 its principal office 32nd Floor, 333 Lujiazui Ring Road, Pudong New District, Shanghai, China, 200120, 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 9.6 (*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 to comply with any order of a court of competent jurisdiction.

15.2. For the purposes of Condition 15.1.4, any Indebtedness which is in a currency other than South African Rand shall be converted into South African Rand at the spot rate for the sale of South African Rand against the purchase of the relevant currency quoted by any leading bank of South Africa selected on the date of such Event of Default.

15.3. **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 17 (*Notices*), the Dealers and the JSE in writing.

16. CALCULATION AGENT, TRANSFER AGENT, PAYING AGENT AND ISSUER AGENT

Any third party appointed by the Issuer as Calculation Agent, Transfer Agent, Paying Agent and Issuer 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.

17. NOTICES

17.1. All notices to the holders of Notes represented by Individual Certificates shall be in writing and shall be sent by registered mail to the respective addresses of those Noteholders appearing in the Register or delivered by hand to the respective addresses of those Noteholders appearing in the Register. Each such notice shall be deemed to have been received by the relevant Noteholder on the date on which such notice is sent by registered mail (if such notice is sent by registered mail) or the date of delivery (if such notice is delivered by hand).

- 17.2. Notwithstanding the provisions of Condition 17.1, for so long as all of the Notes in a Tranche are held in their entirety in the CSD, they may be substituted for the notice contemplated in Condition 17.1, by the delivery of the relevant notice to the CSD, the Participants and the Financial Exchange for communication by them to the holders of Beneficial Interests in such Notes in accordance with the Applicable Procedures. Each such notice will be deemed to have been received by the holders of Beneficial Interests on the Day of delivery of such notice to the CSD.
- 17.3. 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.
- 17.4. For so long as any of the Notes are uncertificated, notice may be given by any holder of an uncertificated 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.

18. AMENDMENT OF THESE CONDITIONS

- 18.1. These Terms and Conditions set out all the rights and obligations relating to the Notes and, subject to the further provisions of this Condition 18 (*Amendment of these Conditions*), no addition, variation or consensual cancellation of these Terms and Conditions shall be of any force or effect unless the JSE has been notified and the amendments have been reduced to writing and signed by or on behalf of the Issuer and the Noteholders (if applicable).
- 18.2. The Issuer may effect, without the consent of the Noteholders or the relevant Class of Noteholders, as the case may be, any modification of the Terms and Conditions and/or the Applicable Pricing Supplement(s) which is of a technical nature (including an increase in the Programme Amount) or is made to correct a manifest error or to comply with mandatory provisions of any Applicable Laws. No prior approval of the JSE or such other Financial Exchange, as the case may be, is required, however the Issuer must provide the amended document, including any supplement to the document to the JSE immediately after the amendment and release of an announcement on SENS providing a summary of the amendments and where the amended document or supplement to the document will be available for the inspection. Any such modification to an document shall be binding on the Noteholders or relevant Class of Noteholders, as the case may be, and any such modification shall be communicated to the Noteholders or the relevant Class of Noteholders in accordance with Condition 17 (*Notices*) as soon as is practicable thereafter.
- 18.3. Subject to the prior conditional formal approval of the JSE, or such other Financial Exchange, as the case may be, and subject of Condition 18.2, the Issuer may, with the prior sanction of an Extraordinary Resolution of Noteholders or the relevant Class of Noteholders, as the case may be, amend these Terms and Conditions and/or the Applicable Pricing Supplement(s), 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 17 (*Notices*).

19. MEETINGS OF NOTEHOLDERS/CONSENT PROCESS

19.1. Convening of meetings

- 19.1.1. The Issuer may at any time convene a meeting of Noteholders (a **meeting** or the **meeting**).
- 19.1.2. The Issuer shall convene a meeting upon the requisition in writing of the holders of at least 10% (ten percent) of the aggregate Nominal Amount outstanding of the Notes (**requisition notice**).
- 19.1.3. Whenever the Issuer wishes or is required to convene a meeting, it shall forthwith give notice in writing to the Noteholders as specified in Condition 19.4 (*Consent Notices*).
- 19.1.4. All meetings of Noteholders shall be held in Johannesburg (unless otherwise provided in the Issuer's constitutive documents).
- 19.1.5. 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.

19.2.1. 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.

19.2.2. A requisition notice may consist of several documents in like form, each signed by one or more requisitionists.

19.3. **Convening of meetings by requisitionists**

If the Issuer does not proceed to cause a meeting to be held within a reasonable period of time after the deposit with the company secretary of the Issuer of a requisition notice, requisitionists who together hold not less than 10% (ten percent) of the aggregate Nominal Amount outstanding of the Notes for the time being (unless a lower percentage is specified in the Issuer's constitutive documents), may themselves convene the meeting, provided that such meeting so convened shall be held within 60 (sixty) Days from the date of delivery of the requisition notice 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.

19.4. **Consent Notices**

19.4.1. Unless all Noteholders or all the holders of a relevant Class of Noteholders are present at the meeting and vote to waive the minimum notice period, a minimum of at least 15 (fifteen) Business Days written notice (unless otherwise provided in the Issuer's constitutive documents) specifying the place, Day, time and record date of the proposed meeting and the nature of the business to be transacted thereat shall be given by the Issuer to Noteholders. The notice shall also specify the percentage of voting rights that will be required for the proposed resolution to be adopted and the form of the proposed resolution, and shall include a statement to the effect that Noteholders may appoint proxies (who need not also be Noteholders) and that the participants at the meeting need to provide satisfactory identification. Such notice is required to be given in accordance with Condition 17 (*Notices*).

19.4.2. In the case of a written resolution, the notice to Noteholders or a Class of Noteholders, as the case may seem, must include the proposed resolutions to be passed, the record date, any restrictions on voting as provided for in these Terms and Conditions, the last date on which a Noteholder may submit its written vote as well as the address where the vote must be submitted.

19.5. **Quorum**

19.5.1. At any meeting, one or more Noteholders or relevant Class of Noteholders, as the case may be, present in person or by proxy and holding in aggregate not less than 25% (twenty five percent) of the voting rights that are entitled to be exercised in respect of at least one matter to be decided at the meeting (unless otherwise provided in the Issuer's constitutive documents), shall form a quorum for the transaction of business. If there are more than two Noteholders, then the meeting may not begin until at least three Noteholders are present at the meeting.

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

19.5.3. Unless otherwise provided in the Issuer's constitutive documents, if, within one hour from the time fixed for the meeting, a quorum is not present, (i) for the meeting to take place, then the meeting shall stand adjourned for one week, or (ii) for the matter to be considered, then the meeting shall be postponed to a later time in the meeting unless there is no other business on the agenda for the meeting, in which case the meeting shall stand adjourned for one week.

19.5.4. The chairman may extend the one hour limit for a reasonable period on the grounds that (a) exceptional circumstances affecting weather or transportation have generally impeded or are generally impeding the ability of the Noteholders to be present at the meeting or (b) one or more particular Noteholders, having been delayed, have

communicated an intention to attend the meeting, and those Noteholders, together with others in attendance, would satisfy the quorum requirements for the meeting or the matter to be considered. The Issuer is not required to give further notice of a meeting that has been postponed or adjourned unless the location of the meeting has changed. If at the time appointed for a postponed meeting to begin or an adjourned meeting to resume, the requirements for a quorum have not been satisfied, the Noteholders present in person or by proxy will be deemed to constitute a quorum.

19.6. Chairman

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

19.7. Adjournment

19.7.1. A meeting, or the consideration of any matter at the meeting, may be adjourned from time to time without further notice, on a motion supported by Persons entitled to exercise, in aggregate, the majority of the voting rights held by all of the Persons who are present at the meeting at the time and that are entitled to be exercised on at least one matter remaining on the agenda of the meeting or on the matter under consideration. Such adjournment may be to a fixed time and place or until further notice (in such case, the notice must then be provided to the Noteholders timeously).

19.7.2. A meeting may not be adjourned beyond the earlier of (i) the date falling 120 (one hundred and twenty) Business Days after the record date or (ii) the date falling 60 (sixty) Business Days after the date on which the adjournment occurred (unless otherwise provided in the Issuer's constitutive documents).

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

19.8. How questions are decided

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

19.8.2. Unless a vote by show of hands is demanded, a declaration by the chairman that on a poll 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.

19.8.3. A polled vote must be held on a particular matter to be voted on at a meeting, if a demand for a vote is made by (i) at least five persons having the right to vote on the matter either in person or as proxy of the Noteholder or (ii) a person who is, or persons who together are, entitled to exercise at least 10% (ten percent) of the voting rights entitled to be voted on that matter.

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

19.9. Votes

19.9.1. 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) 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) 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 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 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 from the holders of Beneficial Interests conveyed through the Settlement Agents in accordance with the Applicable Procedures.

19.9.2. Notwithstanding anything to the contrary contained herein, any Noteholder that is the

Issuer shall not be entitled to vote.

19.10. Proxies and representatives

19.10.1. Noteholders may:

19.10.1.1. present in person; or

19.10.1.2. through any appointed Person (a proxy), by an instrument in writing (a form of proxy) in the form annexed to the notice convening the meeting, 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 or a duly authorised officer of the corporation, vote on a poll.

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

19.10.3. The form of proxy shall be deposited at the registered office of the Issuer or at the office where the 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, or the chairman decides otherwise and in default, the proxy shall be invalid.

19.10.4. No form of proxy shall be valid after the expiration of 12 (twelve) months from the date named in it as the date of its execution.

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

19.10.6. Notwithstanding Condition 19.10.4 the form of proxy shall be valid for any adjourned meeting, unless the contrary is stated thereon.

19.10.7. 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 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.

19.10.8. 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/Consent Process) to a Noteholder present in person includes such a duly authorised representative of a Noteholder.

19.11. Minutes

19.11.1. The Issuer shall cause minutes of all resolutions and proceedings of meetings to be duly entered in the minute books of the Issuer.

19.11.2. 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.

19.12. Mutatis mutandis application

The provisions of this Condition 19 (*Meetings of Noteholders/Consent process*) 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.

20 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.

21 **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 South Africa in force from time to time.

SIGNED at _____ on this _____ day of _____ 2019

For and on behalf of
NEW DEVELOPMENT BANK

Name:
Capacity:
Who warrants his authority hereto

Name:
Capacity:
Who warrants his authority hereto

USE OF PROCEEDS

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

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

DESCRIPTION OF NEW DEVELOPMENT BANK

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

1. BACKGROUND AND HISTORY

- 1.1 The leaders of the Federative Republic of Brazil (Brazil), the Russian Federation (Russia), the Republic of India (India), the People’s Republic of China (China) and the Republic of South Africa (South Africa), collectively the BRICS countries, signed the Agreement on the New Development Bank and its annexed Articles of Agreement of the New Development Bank (the Articles of Agreement) on July 15, 2014. The Agreement on the New Development Bank and its annexed Articles of Agreement entered into force on July 3, 2015 formalising the establishment of New Development Bank (the Issuer) as a multilateral development bank. The Issuer is headquartered in Shanghai, China.
- 1.2 The purpose of the Issuer is to mobilise resources for infrastructure and sustainable development projects in BRICS and other emerging economies and developing countries to complement the existing efforts of multilateral and regional financial institutions for global growth and development.
- 1.3 The initial authorised capital of the Issuer is USD 100 billion and the initial subscribed capital of the Issuer is USD 50 billion. Each founding member initially subscribed for 100,000 shares, which total USD 10 billion; of which 20,000 shares correspond to paid-in capital and 80,000 shares correspond to callable capital. The voting power of each member is equal to its subscribed shares in the capital of the Issuer. Pursuant to the Articles of Agreement, the contribution of the amount initially subscribed by each founding member to the paid-in capital is to be made in dollars, in 7 instalments. As at the Programme Date, the Issuer had received all paid-in capital contributions on time. The current paid-in capital received is USD 4,473.7 million in total, and among this approximately USD 973.7 million is paid in advance.

Country	Number of Shares	Share Holding (% of Total)	Voting Rights (% of Total)
Brazil	100,000	20	20
Russia	100,000	20	20
India	100,000	20	20
China	100,000	20	20
South Africa	100,000	20	20
Unallocated Shares	500,000	-	-
Total	1000,000	100	100

- 1.4 The founding members of the Issuer are Brazil, Russia, India, China and South Africa, and membership shall be open to members of the United Nations at such times and in accordance with such terms and conditions as the Issuer shall determine by a special majority at the Board of Governors.

2. MANAGEMENT STRATEGY

On 30 June 2017, the Board of Governors of the Issuer approved the Issuer’s General Strategy document for 2017 to 2021. An outline of the Issuer’s General Strategy can be accessed at the following link: <https://www.ndb.int/about-us/strategy/strategy/>.

2.1 **Business operations**

- 2.1.1 The purpose of the Issuer is to mobilise resources for infrastructure and sustainable development projects in BRICS and other emerging economies and developing countries, complementing the existing efforts of multilateral and regional financial institutions for global growth and development. The operations of the Issuer will be conducted in accordance with sound banking principles.
- 2.1.2 The Issuer will make use of the financial model of other multilateral development banks, as financial institutions created by governments to leverage capital for development purposes, to contribute to the investment needs of the founding members and other emerging markets and developing countries.
- 2.1.3 To fulfil its purpose, the Issuer supports infrastructure and sustainable development projects, in both the public or private sectors. Initially, this support is offered through loans. Subsequently, the Issuer proposes to use other instruments such as guarantees, equity participation, as well as other financial instruments.
- 2.1.4 Sustainable infrastructure development is at the core of the Issuer's operational strategy for 2017 - 2021, and the Issuer will dedicate about two-thirds of financing commitments in its first five years to this area. Physical infrastructure is a critical enabler of faster and inclusive economic growth, and sustainability criteria are essential to ensure this infrastructure safeguards the physical and social environment for current and future generations.
- 2.1.5 The Issuer is helping to fill an important gap in the global development finance architecture, as financing for, and technical expertise in sustainable infrastructure development is limited, despite the growing demand in this area.
- 2.1.6 The Issuer retains the flexibility to provide funding in other areas, including traditional infrastructure and sustainable development projects in line with the borrowing country's overall development agenda and will utilise a full range of financing instruments, moving beyond long-term loans to include guarantees, syndicated loans with private investors, equity investments, project bonds and co-financing arrangements with national and multilateral development finance institutions. Local currency financing is a key component of the Issuer's value proposition, as it mitigates risks faced by borrowers and supports the deepening of capital markets of member countries.

2.2 **Funding**

- 2.2.1 The Issuer's funding strategy aims to ensure that sufficient resources are available to meet the Issuer's liquidity needs. This is primarily driven by the Issuer's expanding loan portfolio as well as its operating and other expenses.
- 2.2.2 The Issuer will utilise a diversified portfolio of funding instruments in hard currency, the local currencies of member countries, as well as other currencies based on the parameters of its loan portfolio and demand from its borrowers. The Issuer will raise funds in global capital markets and the local capital markets of its members with due regard to appropriate hedging mechanisms within the Issuer's policy and risk management framework.
- 2.2.3 The Issuer will continue to actively explore opportunities of green financing instruments, including green bond issuances.

2.3 **Investments**

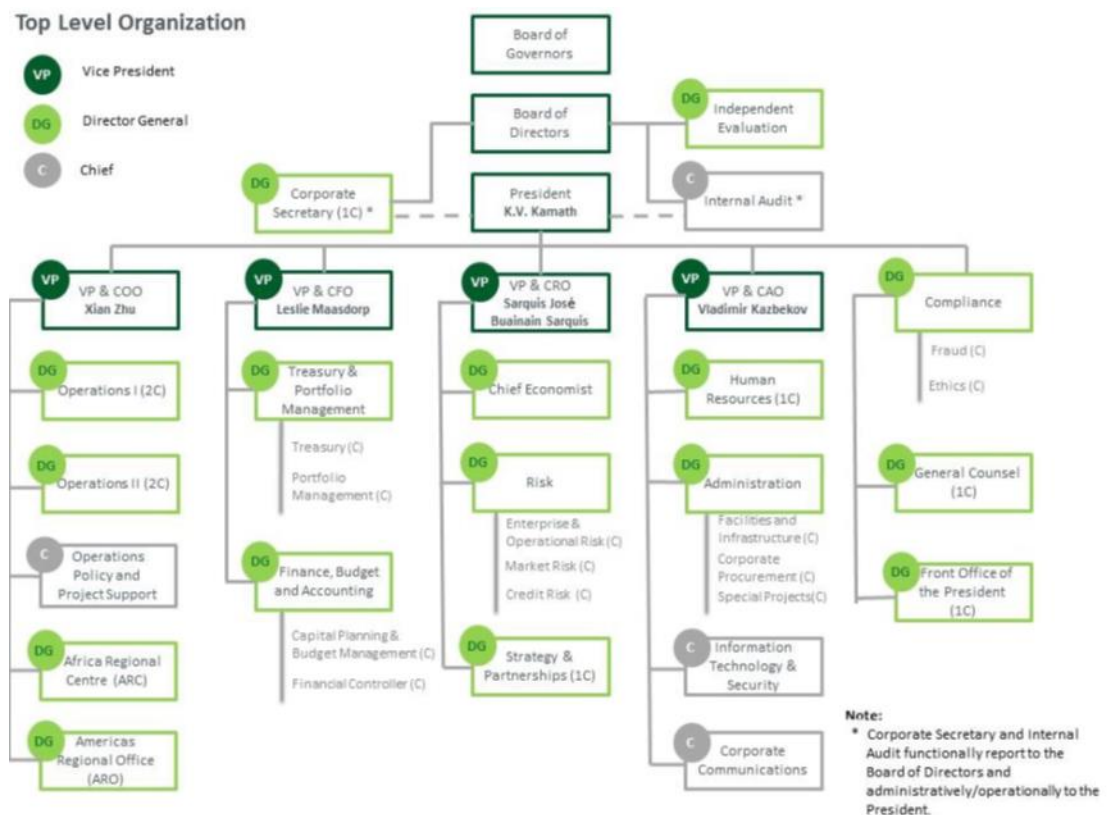
The Issuer pursues a conservative investment policy wherein the cash proceeds are placed in highly rated and highly liquid financial instruments.

3. **GOVERNANCE**
- 3.1 The Issuer's governance structure supports its commitment to operate in a prudent manner and provides oversight, control and guidance.
- 3.2 As a multilateral development bank, the Issuer is committed to promoting the highest levels of transparency, responsible conduct, integrity and accountability. The Issuer's Articles of Agreement elaborate the key governance structures, clearly defining the respective roles of the Governors, Directors, President and Management. In order to

assist the Board of Directors in discharging its oversight and decision making responsibilities, committees have been established to consider the audit, compliance, risk, budget, human resources, among other areas. Furthermore, the Board of Directors has adopted the Board of Directors Governance Structure, which elaborates the role of the Board committees.

3.3 The Issuer functions under the oversight of the Board of Governors and the Board of Directors. The senior management team comprises of the President and four Vice Presidents. The Board of Governors, Board of Directors and the senior management team have extensive experience in dealing with and managing multilateral development banks and are dedicated to building an organisation that holds itself to the highest standards of corporate governance and operational effectiveness.

3.4 As at the Programme Date, the organisational structure of the Issuer can be depicted as follows:



3.4 The Issuer's Articles of Agreement, Board-approved policies as well as Code of Business Conduct and Ethics can be accessed using the following link: <https://www.ndb.int/data-and-documents/ndb-core-documents/>.

3.5 Board of Governors

3.5.1 The Board of Governors is the highest decision making authority of the Issuer. Each member country appoints one Governor at the ministerial level and one Alternate Governor. Every year the Board of Governors elects one of the Governors to act as a chairperson. As at the Programme Date, the Chairperson of the Board of Governors is the Governor for South Africa.

3.5.2 All the powers of the Issuer vest in the Board of Governors. The Board of Governors is responsible for the approval of the General Strategy, expansion of membership, increase and decrease the capital stock, authorising the conclusion of general agreements for cooperation with other international organizations, approving the annual accounts, among other areas.

3.5.3 The Board of Governors is required to hold an annual meeting and additional such other meetings as may be provided for by the Board or called by the Board of Directors.

3.5.4 The following is a list of the members of the Board of Governors as at the Programme Date:

Name	Position
Eduardo Refinetti Guardia	Minister of Finance of Brazil
Anton Siluanov	Minister of Finance of Russia
Arun Jaitley	Minister of Finance of India
Kun Liu	Minister of Finance of China
Tito Mboweni	Chairman of the Board of Governors, Minister of Finance of South Africa

3.6 **Board of Directors**

3.6.1 The Issuer has a non-resident Board of Directors. Each of the founding members appoints one Director and one Alternate Director to the Board for a term of two years. The Directors may be re-elected. The President is also a member of the Board of Directors, but shall have no vote except a deciding vote in case of an equal division.

3.6.2 The Board of Directors is responsible for the conduct of the general operations of the Issuer, including decisions on business strategies and country strategies, loans, guarantees, equity investments, borrowing by the Issuer, setting basic operational procedures and charges, furnishing of technical assistance and other operations of the Issuer. The Board also approves the budget of the Issuer. The Board is required to meet at least quarterly. As at November 2018, the Board has met seventeen times.

3.6.3 The following is a list of the members of the Board of Directors as at the Programme Date:

Name	Position
Marcello de Moura Estevão Filho	Secretary for International Affairs, Ministry of Finance of Brazil, Chairman of the Board of Directors of New Development Bank
Sergei Storchak	Deputy Minister, Ministry of Finance of Russia
Kalyanaraman Rajaraman	Additional Secretary (Economic Affairs), Ministry of Finance of India
Shixin Chen	Director General, Department of International Economic and Financial Cooperation, Ministry of Finance of China
Dondo Mogajane	Director General, National Treasury of South Africa
Kundapur Vaman Kamath	President, New Development Bank

3.6.4 The Corporate Secretary of the Issuer is Mr Naveen Srivastava, whose address is at 35th Floor, BRICS Tower, 333 Lujiazui Ring Road, Pudong Area, Shanghai – 200120, China.

3.7 **Senior Management**

3.7.1 The Board of Governors elected Mr. Kundapur Vaman Kamath from India as the first President of the Issuer. The President is the chief of the operating staff of the Issuer and conducts the ordinary business of the Issuer under the direction of the Directors.

3.7.2 The Senior Management team is composed of the President and four Vice Presidents. The Vice Presidents are appointed from each founding member country other than the

country of the President.

3.7.3 The four Vice Presidents were appointed by the Board of Governors on the recommendation of the President.

3.7.4 The management team is highly experienced in areas such as multilateral banking, commercial banking, corporate finance and public policy.

3.7.5 As at the Programme Date, the following is a list and profile of the Senior Management team members:

Name	Profile
Kundapur Vaman Kamath (President)	Mr. Kamath started his career in 1971 with ICICI Bank, India's largest private sector bank. In 1988, he joined the Asian Development Bank in the private sector department. He returned to India in 1996 as Managing Director & Chief Executive Officer of ICICI Bank where he was a driving force behind ICICI Issuer's global expansion, making it India's first 'universal bank'. Mr. Kamath retired as Managing Director and Chief Executive Officer of ICICI Bank to become the non-executive Chairman from 2009 to 2015. Mr. Kamath also served on the Board of Schlumberger Limited and as Chairman of Infosys Limited, India's largest software company.
Sarquis José Buainain Sarquis (Vice President, Chief Risk Officer)	Since 1991, Mr. Sarquis has held several positions at the Ministry of External Relations in Brazil, among which are Head of International Economic Organisations and Adviser on international finance, investment, trade and development. More recently, he has been Deputy Chief of Mission at the Embassy in Tokyo (2014-2017) and previously, he was Minister-Counsellor for the Organisation for Economic Cooperation and Development (OECD) affairs at the Embassy in Paris (2009-2014). He has accumulated extensive experience in working with multilateral organisations, including the OECD, the International Monetary Fund, the World Bank, the World Trade Organisation and the United Nations. He has also lectured, researched and participated in major international conferences in the fields of macroeconomics, growth, trade and international finance.
Vladimir Kazbekov (Vice President, Chief Administrative Officer)	Mr. Kazbekov started his career in the Russian Ministry of Foreign Affairs, predominantly in Asian countries, where he served for nearly 20 years before being appointed as the Deputy Director of the Foreign Policy Department of the Presidential Executive Office of the Russian Federation. Mr. Kazbekov gained more than 15 years of experience in development banking at the Russian National Development Bank, Vnesheconombank, where he was appointed as an executive and contributed extensively to the development of the BRICS interbank cooperation mechanism.
Xian Zhu (Vice President, Chief Operations Officer)	Over the past three decades, Mr. Zhu assumed various senior management roles in the public sector. Most recently, Mr. Zhu served as Vice President and Chief Ethics Officer at the World Bank Group (WBG) from 2012 to 2015. Between 2002 and 2012, he served at the WBG as Strategy and Operations Director for South

Name	Profile
	Asia, Country Director for Bangladesh and Country Director for the Pacific Islands, Papua New Guinea, and Timor Leste. From 1999 to 2001, Mr. Zhu served as Executive Director for China in the WBG. In 2001, Mr. Zhu served in Asian Development Bank. Until the late 1990s, Mr. Zhu worked at China's Ministry of Finance in various capacities.
Leslie Maasdorp (Vice President, Chief Financial Officer)	Over the past 25 years, Mr. Maasdorp has occupied senior leadership roles in both private and public sectors. Most recently, he served as President of Bank of America Merrill Lynch for Southern Africa. Prior to that he served in a dual role as Vice-Chairman of Barclays Capital and ABSA Capital. In 2002, he was the first African to be appointed as International Advisor to Goldman Sachs International. Before his 13 years as a global investment banker, he served in several senior leadership roles in the Government of South Africa. In 1994, after the transition to democracy, he was appointed special advisor to the Minister of Labour and in 1999 was appointed as Deputy Director General of the Department of Public Enterprises. He is a former Chairman and CEO of Advtech, a leading provider of private education in South Africa.

3.8 The Issuer's approach to good corporate governance

- 3.8.1 The King Report on Corporate Governance for South Africa and the King Report and Code of Governance Principles (the **King IV Code**) applies to entities incorporated and resident in South Africa. As a multilateral development bank, the Issuer is not established nor is it resident in South Africa. Accordingly, the King IV Code is not applicable to the Issuer and the Issuer does not comply with the King IV Code. The Board of Governors and its committees are responsible for establishing effective leadership, ethical practices and ensuring the appropriate application of governance practices and principles. This is a common feature of multilateral development banks globally.
- 3.8.2 All activities of the Issuer are governed by Board-approved policies and the Code of Business Conduct and Ethics. Board-approved policies outline internal self-assessment mechanisms to ensure compliance to internal policies and processes. These mechanisms are aimed at managing risk, promoting transparency, and upholding responsible conduct and integrity. Accountability is also ascertained during internal audit and independent evaluation. The Issuer has also adopted Anti-Corruption, Anti-Fraud and Anti-Money Laundering Policy. The Board-approved policies and codes are available on the Issuer's website <https://www.ndb.int/data-and-documents/ndb-core-documents/>.
- 3.8.3 The Issuer is committed to promote the highest levels of accountability, responsible conduct, integrity and transparency, and the Board of Directors monitors the Issuer's application of its internal governance standards and governance policies.
- (a) **Accountability**
- Board-approved policies outline internal self-assessment mechanisms to ensure compliance to internal policies and processes. These mechanisms are aimed at managing risk, promoting transparency, and upholding responsible conduct and integrity. Policy compliance is continually monitored throughout the organisation and policies are regularly reviewed and updated as necessary. Accountability is also ascertained during internal audit and independent evaluation.
- (b) **Upholding responsible conduct and integrity**
- The Issuer and its employees recognise that trust in a financial institution is

based on responsible conduct and commitment to integrity in all its dealings. All activities of the Issuer are governed through a Board-approved Code of Business Conduct and Ethics that emphasizes the principles of transparency, accountability and integrity. The Issuer has further adopted anti-corruption and anti-money laundering principles to underscore its commitment to the global fight against corruption, money laundering and terrorism financing. Whistleblowing procedures are established and continuously reviewed to ensure that the Issuer is updated about alleged misconduct and instances of corruption and money laundering, if any, in the course of deploying its funds to projects or for corporate procurement purposes.

(c) **Transparency**

The Issuer is guided by an underlying presumption that information concerning its activities will be made available in a timely manner to the public in the absence of an appropriate reason for confidentiality, in accordance with the Issuer's Board approved Information Disclosure Policy. Transparency will strengthen the credibility of and the confidence in the institution and will allow the scrutiny of stakeholders and the public in general, which will help the Issuer to review and improve its procedures. Public information includes the following broad categories: Governance Information, Operational Information, Financial Information, Policies and Strategies of the Issuer.

3.8.4 The Issuer has established a number of appropriately constituted committees to support the appropriate application of governance practices and principles. The committees are described in more detail below and the links to the policies relating to the application of relevant governance practices and principles can be found on the Issuer's website <https://www.ndb.int/data-and-documents/ndb-core-documents/>.

3.9 **Committees**

3.9.1 The Articles of Agreement of the Issuer stipulate that the Board of Directors, in exercising its functions, shall appoint a Credit and Investment Committee or any such other committees as it deems advisable for carrying out the general operations of the Issuer. Consequently the Board of Directors has approved the constitution of several committees to assist it in discharging its oversight and decision making responsibilities.

3.9.2 The committees comprises of Board of Director members are the Audit, Risk and Compliance Committee and the Budget, Human Resources and Compensation Committee. The committees comprised of management are the Credit and Investment Committee, the Finance Committee, the Operations Sub-Committee and the Treasury Sub-Committee.

(a) **Audit, Risk and Compliance Committee**

The Audit, Risk and Compliance Committee of the Issuer is comprised of all of the Board members and is responsible for assisting the Board with regard to fulfilling its corporate governance oversight responsibilities for the audit, risk and compliance of the Issuer

The purpose of the Audit, Risk and Compliance Committee is to assist the Board of Directors in fulfilling its corporate governance oversight responsibilities with regard to:

- i. The integrity of the Issuer's financial statements;
- ii. Review and monitoring of the Issuer's independent registered auditors and their qualifications and independence;
- iii. The performance of the internal audit function and independent registered auditors;
- iv. The deployment of policies and assessing adequacy of outcomes;

- v. Compliance with legal and other requirements with a view to ensure accurate, timely and proper disclosures, transparency, integrity and quality of financial reporting;
- vi. Identification, evaluation and mitigation of credit, market and operational risks of the Issuer;
- vii. Overall responsibility for monitoring and approving the risk management framework and associated practices of the Issuer; and viii. Reviewing and approving risk disclosures statements in public documents or disclosures

The primary role of the Audit, Risk and Compliance Committee is to oversee the financial reporting and disclosure process, the compliance with the Issuer's Code of Business Conduct and Ethics, qualification and independence of the External and Internal Audit team, adequacy and reliability of the internal control systems, especially those relating to the reporting of the Issuer's financial statements, as well as effective implementation of the risk framework.

The Chairperson of the Audit, Risk and Compliance Committee is Mr. Dondo Mogajane of South Africa. The Chairperson is appointed through a consultative process of the Board facilitated by the Chairperson of the Board and shall not be the Chairperson of the Board of Directors. In the event that the Chairperson is not present at the meeting, the Audit, Risk and Compliance Committee shall elect an acting Chairperson. The Corporate Secretary acts as the secretary to the Audit, Risk and Compliance Committee.

The Audit, Risk and Compliance Committee meets quarterly or as needed.

(a) **Budget, Human Resources and Compensation Committee**

The purpose of the Budget, Human Resources and Compensation Committee is to oversee the budget, human resources and compensation related activities of the Issuer and undertake the functions provided for under the Code of Conduct for Board Officials.

To fulfill this obligation, the Budget, Human Resources and Compensation Committee relies on the Issuer's Management for the preparation and execution of budgets in accordance with organisational objectives; for preparation of and revisions to the human resources policies as well as associated policies related to compensation and benefits.

The Budget, Human Resources and Compensation Committee comprises of all members of the Board. The Chairperson of the Budget, Human Resources and Compensation Committee is appointed through a consultative process facilitated by the Chairperson of the Board. The Chairperson of the Budget, Human Resources and Compensation Committee shall not be the Chairperson of the Board of Directors or the Chairperson of any other Committee. The Chairperson is Mr. Shixin Chen of China. The Corporate Secretary acts as the secretary to the Committee.

The Budget, Human Resources and Compensation Committee meets quarterly or as needed.

(b) **Credit and Investment Committee**

The purpose of the Credit and Investment Committee is to assist the Board with regard to fulfilling its responsibilities for the credit activities of the Issuer.

The Credit and Investment Committee is expected to satisfy itself that the Issuer's credit activities are adequate and effective. In this regard, the specific responsibility that the Credit and Investment Committee will carry out on behalf of the Board is responsible for decisions on loans, guarantees, equity investments and technical assistance of no more than a limit amount to be established by the Board in due course.

The Credit and Investment Committee comprises of the President and four Vice-Presidents of the Issuer. The Chairperson of the Credit and Investment

Committee is the President of the Issuer. In the absence of the President, the Vice-Presidents may elect amongst themselves one of the Vice-Presidents to chair the meeting. The Corporate Secretary acts as the secretary to the Credit and Investment Committee.

The Credit and Investment Committee meets monthly or as needed.

(c) **Finance Committee**

The Finance Committee has oversight responsibility on financial matters of the Issuer relating to credit/operations, treasury and risks associated thereto. In this regard, the specific responsibilities relating to oversight of and recommendations to the Board is on the areas of financial policies and guidelines, financial operations including loan loss provisioning, Asset and Liability management (ALCO functions) and financial risk management

The Finance Committee comprises of the President and four Vice-Presidents. The Finance Committee is chaired by the President. In the absence of the President, the Vice-Presidents may elect amongst themselves one of the Vice-Presidents to chair the meeting. If a member of the Finance Committee ceases to be a staff member of the Issuer, a replacement will be appointed. The Corporate Secretary acts as the Secretary to the Finance Committee.

The Finance Committee meets monthly or as needed.

(d) **Operations Sub-Committee**

The Operations Sub-Committee is expected to satisfy itself that the Issuer's credit management activities are adequate and effective. In this regard, the specific responsibilities that the Operations Sub-Committee is to monitor credit specific financial policies, credit risk management and review of loan loss provisioning.

The Operations Sub-Committee comprises of two groups of members. Group A comprises of the four Vice-Presidents and Group B comprises of six Directors General from Treasury, Risk, Operations, Compliance, Finance and the General Counsel. The Operations Sub-Committee is co-chaired by the Vice-Presidents. If a member of the Operations Sub-Committee ceases to be a staff member of the Issuer, a replacement will be appointed. The designated person from the Risk department shall act as the Secretary to the Operations Sub-Committee.

The Operations Sub-Committee meets quarterly or as needed.

(e) **Treasury Sub-Committee**

The Treasury Sub-Committee is expected to satisfy itself that NDB's treasury activities are adequate and effective. In this regard, the specific responsibilities that the Treasury Sub-Committee carries out on are develop and monitor the treasury business strategy, treasury risk management including limit monitoring, liquidity, monitor Treasury specific policies and asset Liability Management (ALCO functions)

The Treasury Sub-Committee comprises of two groups of members. Group A comprises of the four Vice-Presidents and Group B comprises of six Directors General from Treasury, Risk, Operations, Compliance and the General Counsel. The Treasury Sub-Committee is co-chaired by the Vice-Presidents. If a member of the Treasury Sub-Committee ceases to be a staff member of the Issuer, a replacement will be appointed. The designated person from the Finance, Budget and Accounting department shall act as the Secretary to the Treasury Sub-Committee.

The Treasury Sub-Committee meets quarterly or as needed or as needed.

4. INVESTOR CONSIDERATIONS/RISK FACTORS

4.1 Risk management is a transparent and centralised function that is independent of business operations. Together with enhancing risk awareness and promoting a strong institutional risk prevention and awareness culture across the Issuer, standards and controls have been developed in a proactive manner to ensure that risks are effectively managed. The Issuer has a robust risk management framework, and its governance structure provides for independent and regular reporting of risk issues to the Audit, Risk and Compliance Committee of the Board of Directors that include the Issuer's performance across key risk indicators. The risk management framework is continually monitored and strengthened, commensurate with the development of the Issuer. The primary responsibility for risk management at an operational level rests with the management. Management and various committees are tasked with integrating the management of risk into the day-to-day activities of the Issuer, by monitoring related risk parameters and tolerance through policies and procedures under the strategy approved by the Board of Directors.

4.2 The Issuer is exposed to a variety of financial risks which includes credit risk, operational risk, liquidity risk and market risk including foreign exchange risk and interest rate risk. As a multilateral development bank, the Issuer aims to safeguard its capital base by taking prudent approaches and following international practices in identifying, measuring, monitoring and mitigating financial risks.

4.2.1 **Credit risk**

As the Issuer will provide financial support through loans, guarantees, equity investment and other financial activities, any possibility of the inability or unwillingness of borrowers or obligors to meet their financial obligation with the Issuer leads to credit risk. According to the nature of the Issuer's business, the principal sources of credit risks are:

- (a) Credit risk in its sovereign operations;
- (b) Credit risk in its non-sovereign operations; and
- (c) Obligors credit risk in its treasury business.

The Issuer mainly relies on external credit rating results from major international rating agencies to form an internal assessment of the credit quality of the treasury obligors. For sovereign and non-sovereign loans the operations division collects the latest information on borrowers and conducts a preliminary review as needed for arriving at the creditworthiness of the obligors. In cases where the loans are guaranteed by the governments of the individual countries, the credit risk is assessed on the guarantor. The risk division of the Issuer monitors the overall credit risk profile of the Issuer on a periodic basis. A prudential credit risk limit structure facilitates the management of risks associated to the Issuer's portfolio. Credit risk limits would apply to single countries, sectors, obligors and products.

4.2.2 **Operational risk**

The Issuer's operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, people, systems, or from external events.

The Issuer's operational risk management framework is built on three key principles:

- (a) Business units are responsible for directly managing operational risks in their respective functional areas;
- (a) A dedicated central operational risk team coordinates the process and assists business units to anticipate, identify, mitigate, and control operational risk; and
- (b) Oversight is provided by the Audit, Risk and Compliance Committee and independent control functions such as the Internal Audit division.

The Issuer's operational risk division has established processes and tools to regularly identify, assess, monitor and control the operational risk inherent in the Issuer's material products, activities, processes and systems, and operational risk reports are

prepared and submitted to the Finance Committee and to the Audit, Risk and Compliance Committee on a quarterly basis.

4.2.3 **Liquidity risk**

The Issuer's liquidity risk arises largely from the following two circumstances:

- (a) Insufficient liquidity to settle obligations or to meet cash flow needs, including but not limited to the inability to maintain normal lending operations and to support public or private projects in a timely manner; and
- (b) Inability to liquidate an investment at a reasonable price within the required period of time.

The Issuer utilises a set of risk measurement tools for identifying, monitoring and controlling liquidity risk. The Issuer maintains an appropriate mix of liquid assets as a source of liquidity for day-to-day operational needs, as well as for meeting emergency funding requirements. The Issuer also has the channel to borrow funds and issue debt securities in order to achieve its development mission and optimise liquidity. The Issuer monitors liquidity risk through the liquidity risk ratios and indicators, as prescribed in the liquidity risk management policy of the Issuer.

4.2.4 **Market risk**

Market risk is the risk that market rates and prices on assets, liabilities and off-balance sheet positions change, which results in profits or losses to the Issuer. The Issuer's market risk mainly consists of interest rate risk and exchange rate risk arising from the current portfolio. The Treasury and Portfolio Management Division of the Issuer makes investment and hedging decisions within the guidelines set in Board approved policies.

4.2.5 **Interest rate risk**

Interest rate risk is defined as the risk of adverse impact on the Issuer's financial position, including its income and economic value due to interest rate movements. The Issuer's lending and investment activities may expose the Issuer to interest rate risk. In addition, changes in the macro-economic environment may have a significant impact on the movement of interest rate curves for different currencies.

The Issuer has limited tolerance towards interest rate risks. The primary strategy for the management of interest rate risk is to match the interest rate sensitivity of individual currencies on both sides of the balance sheet. The tenor for which the interest is fixed on a financial instrument indicates the extent to which it is exposed to interest rate risk. Interest rate risk arises principally from the sensitivity associated with the net spread between the rate the Issuer earns on its assets and the cost of borrowings which funds those assets and the sensitivity of the income earned from funding a portion of the Issuer's assets with equity.

Accordingly, interest rate risk management aims to minimise mismatches of structure and maturities (re-pricing) of interest rate sensitive assets and liabilities in the Issuer's portfolios by adopting a match-funding principle complemented by duration gap analysis, interest rate repricing gap analysis and scenario analysis. The Issuer aims to maintain the duration up to the approved limits by generating a stable overall net interest margin that is not overly sensitive to sharp changes in market interest rates, but adequately responsive to general market trends. An adequate match-funding refers to the principles of funding that has broadly the same characteristics as the corresponding loans in terms of interest rate and currency. Such minimisation of mismatches protects the Issuer's net interest margin from fluctuations in market interest rates. The Issuer also undertakes derivative transactions to hedge interest rate risk.

The Issuer measures its interest rate exposure by using the interest rate re-pricing profile which is used to analyse the impact of interest rate change on its net interest income due to the re-pricing mismatch between assets, liabilities and off-balance sheet positions over a range of re-pricing buckets.

4.2.6 **Exchange rate risk**

The exchange rate risk the Issuer faces arises from the impact of exchange rate movements on net open positions in loans and the treasury portfolio. Movements in currencies, in which the Issuer transacts, relative to its functional currency (USD), may affect the Issuer's results.

The Issuer aims to reduce or limit exposures to the exchange rate risk arising from its normal course of business, while maximising its capacity to assume the risks of extending credit to clients (or borrowers) within its approved risk limits. The Issuer uses the net exchange position limit to minimize the exchange rate risk exposure. The Issuer seeks to match the currency of its assets with the currency of the corresponding funding source. The Issuer uses currency derivative contracts to align the currency composition of its equity and liabilities to its assets.

SETTLEMENT, CLEARING AND TRANSFER OF NOTES

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

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

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

Clearing systems

Each Tranche of 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 Notes will be cleared by 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 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 Participants who will comply with the electronic settlement procedures prescribed by the JSE and the CSD. The Notes may be accepted for clearance through any additional clearing system as may be agreed between the JSE, the Issuer and the Dealers.

Participants

The CSD maintains accounts for Participants. As at the Programme Date, the Participants which are approved by the CSD, in terms of the Applicable Procedures, as Settlement Agents to perform electronic settlement of funds and scrip are Citibank N.A. South Africa Branch, FirstRand Bank Limited, Nedbank Limited, The Standard Bank of South Africa Limited, Standard Chartered Bank, Johannesburg Branch, Société Générale, Johannesburg Branch and the South African Reserve Bank. Euroclear, as operator of the Euroclear System, and Clearstream will settle off-shore transfers in the Notes through their Participants.

Settlement and clearing

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 Notes is held in the CSD, the Noteholder, will be named in the Register as the holder of the Notes in that Tranche in accordance with the Applicable Procedures. All amounts to be paid in respect of Notes held in the CSD will be paid to the relevant Participants on behalf of the relevant Noteholder pursuant to the Applicable Procedures. All rights to be exercised in respect of Notes held in the CSD will be exercised by the relevant Noteholder.

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 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 Notes standing to the account of such Person shall be *prima facie* proof of such Beneficial Interest. However, the Noteholder, as the registered holder of such Notes named in the Register, will be treated by the Issuer, the Paying Agent, the Transfer Agent and the CSD as the holder of that aggregate Nominal Amount of such Notes for all purposes.

Payments of all amounts in respect of a Tranche of Notes which is listed on the Interest Rate Market of the JSE and/or held in uncertificated form will be made to the CSD, which in turn will transfer such funds, via the Participants, to the holders of Beneficial Interests. Each of the Persons reflected in the records of the CSD as the holders of Beneficial Interests in 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.

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

Transfers and exchanges

Subject to the Applicable Laws and the Applicable Procedures, title to Beneficial Interest held by Noteholders through the CSD will be freely transferable and will pass on transfer thereof by electronic book entry in the securities accounts maintained by the CSD or relevant Participants for such Noteholders.

Beneficial Interests may be exchanged for 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 Transfer Agent will be bound to record any trust in the Register or to take notice of or to accede to the execution of any trust (express, implied or constructive) to which any Note may be subject. Holders of Beneficial Interests vote in accordance with the Applicable Procedures.

JSE Debt Guarantee Fund Trust

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

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

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

SUBSCRIPTION AND SALE

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

The Dealers have in terms of the programme agreement dated on or about 25 March 2019, 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

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 South Africa in contravention of the Companies Act, Banks Act, 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, each Dealer 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 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 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 only to certain investors contemplated in section 96(1)(a) of the Companies Act; or
- (b) the total contemplated acquisition cost of Notes, for any single addressee acting as principal, is 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 Companies Act.

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

United States

The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the **Securities Act**) and may not be offered or sold within the United States or to, or for the account of 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 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(s) 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.

In addition, 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) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (b) 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
- (c) 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.

Provided that no such offer referred to in (b) to (d) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an “*offer of Notes to the public*” in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe 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.

Each Dealer has (or will have) represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that any commission, fee or non-monetary benefit received from the Issuer complies with the applicable rules set out in the Markets in Financial Instrument Directive 2014/65/EU. as may be amended or replaced from time to time (**MiFID II**).

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 under 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; and
- (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 Dealers represent that Notes may at any time lawfully be subscribed for or sold in compliance with any applicable registration or other requirements in any jurisdiction or pursuant to any exemption available thereunder nor assumes any responsibility for facilitating such subscription or sale.

SOUTH AFRICAN TAXATION

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

Taxation in respect of the Notes in general

South Africa is a member of the Issuer, and all relevant requirements under section 231 of the Constitution of the Republic of South Africa, 1996, have been complied with, such that the Issuer's Articles of Agreement, including all immunities from taxation for the Issuer under Article 34 thereof, are binding on South Africa

Withholding tax

Apart from the immunity from taxation in respect of any Notes issued by the Issuer provided for under Article 34(c)(ii) of the Issuer's Articles of Agreement, Article 34(a) of the Issuer's Articles of Agreement also provides that the Issuer will be immune from any obligation relating to the withholding or collection of any tax. Accordingly, no South African withholding taxes should be levied on any interest payable in respect of the Notes paid thereon to any Noteholder.

South Africa imposes a withholding tax on South African-sourced interest (see the section on "Income tax" below) paid to or for the benefit of a foreign person, at a rate of 15% of the amount of the interest, in terms of section 50A-50H of the Income Tax Act, 1962 (the **Income Tax Act**).

However, South African sourced interest that is paid to or for the benefit of a foreign person in respect of any "listed debt" is exempt from the withholding tax on interest. A "listed debt" is a debt that is listed on a "recognised exchange" as defined in the Income Tax Act. The JSE constitutes a "recognised exchange" in accordance with paragraph 1 of the Eighth Schedule to the Income Tax Act. The Notes will accordingly be listed on a "recognised exchange" and should therefore be exempt from withholding tax on interest, if it they are not otherwise immune from withholding tax on interest by virtue of Article 34(c)(ii) read with Article 34(a) of the Issuer's Articles of Agreement.

In the event that the Notes cease to be listed on a "recognised exchange" (and if no other exemptions under the Income Tax Act are applicable), and any tax immunity is withdrawn or does not apply, the rate of withholding tax may be reduced by the application of any double taxation agreements between South Africa and the relevant Noteholder's country of tax residence. In order to benefit from the application of such double taxation agreements non-resident Noteholders will be required to submit a declaration and undertaking in a prescribed form to the Issuer.

Securities transfer tax

The issue, transfer and redemption of the Notes, by the Issuer or by any Noteholder as the case may be, will not attract securities transfer tax under the South African Securities Transfer Tax Act, 2007 (the **STT Act**) because the Notes do not constitute "securities" as defined in the STT Act.

Value-added tax

No value-added tax (**VAT**) will be payable on the issue or transfer of the Notes, as the Notes constitute a "debt security" as defined in section 2(2)(iii) of the Value-Added Tax Act, 1991 (the **VAT Act**). The issue, allotment, drawing, acceptance, endorsement or transfer of ownership of a debt security is a financial service in terms of section 2(1)(c) of the VAT Act, which is exempt from VAT in terms of section 12(a) of the VAT Act.

Commissions, fees or similar charges raised for the facilitation, issue, allotment, drawing, acceptance, endorsement or transfer of ownership of the Notes that constitute "debt securities" will however be subject to VAT at the standard rate (currently 15%), except in certain circumstances where the recipient is a non-resident. 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 VAT Act.

Article 34(a) of the Issuer's Articles of Agreement also provides that the Issuer will be immune from any obligation relating to the payment, withholding or collection of any tax. Accordingly, no obligations to charge or collect VAT should arise for the Issuer in relation to the Notes. However, Article 34(a) should not exempt the Issuer from paying VAT properly chargeable by a VAT vendor under the VAT Act, on any consideration charged for goods and services rendered to the Issuer.

Income tax

A "resident", as defined in section 1 of the Income Tax Act, is subject to income tax on his/her worldwide 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 Notes. Non-residents of South Africa are subject to income tax on all income derived from a South African source (subject to domestic exemptions or relief in terms of an applicable double taxation agreement).

Interest income is deemed to be from a South African source, in terms of section 9 of the Income Tax Act, if that interest:

(a) is attributable to an amount incurred by a South African tax resident, unless the interest is attributable to a permanent establishment which is situated outside of South Africa; or

(b) is received or accrues in respect of the utilisation or application in South Africa by any person of any funds or credit obtained in terms of any form of "interest-bearing arrangement".

Accordingly, if the proceeds raised by the Issuer from issuing the Notes will be utilised or applied in South Africa, the Notes will give rise to South African-sourced interest.

Under section 10(1)(h) of the Income Tax Act, interest received by or accruing to a Noteholder who, or which, is not a resident of South Africa during any year of assessment is exempt from income tax, unless:

(a) that 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 received or accrued by or to that person; or

(b) the debt from which the interest arises is effectively connected to a permanent establishment of that person in South Africa.

If a Noteholder does not qualify for the exemption under section 10(1)(h) of the Income Tax Act, exemption from, or reduction of, any South African income tax liability may be available under an applicable double taxation agreement.

Noteholders are advised to consult their own professional advisors as to whether the interest income earned on the Notes will be exempt under section 10(1)(h) of the Income Tax Act or under an applicable double taxation treaty.

Under section 24J of the Income Tax Act, broadly speaking, any discount or premium to the principal amount of the Note will be treated as part of the interest income on the Note. Section 24J of the Income Tax Act deems interest income to accrue to a Noteholder on a day-to-day basis until that Noteholder disposes of the Note. The day-to-day basis accrual is determined by calculating the yield to maturity and applying this rate to the capital for the relevant tax period. Interest, as defined in section 24J of the Income Tax Act (including the premium or discount), may qualify for the exemption under section 10(1)(h) of the Income Tax Act.

Specific provisions relating to the fair value taxation of financial instruments for "covered persons" (as defined in section 24JB of the Income Tax Act) have been enacted and have been effective from 1 January 2014. Noteholders should seek advice as to whether this provision may apply to them.

To the extent that the disposal of the Note gives rise to an "adjusted gain on transfer or redemption of an instrument" or an "adjusted loss on transfer or redemption of an instrument", as envisaged in section 24J of the Income Tax Act, the normal principles are to be applied in determining whether such adjusted gain or adjusted loss should be subject to income tax in terms of the Income Tax Act.

Capital gains tax

Capital gains and losses of residents of South Africa on the disposal of the Notes are subject to capital gains tax, unless the Notes are purchased for re-sale in the short term as part of a scheme of profit making, in which case the proceeds will be subject to income tax. Any discount or premium on acquisition which has already been treated as interest for income tax purposes under section 24J of the Income Tax Act, will not be taken into account when determining any capital gain or loss. If the Notes are disposed of or redeemed prior to or on maturity, an "adjusted gain on transfer or redemption of an instrument", or an "adjusted loss on transfer or redemption of an instrument", as contemplated in section 24J of the Income Tax Act, must be calculated. Any such adjusted gain or adjusted loss is deemed to have been incurred or to have accrued in the year of assessment in which the transfer or redemption occurred. The calculation of the adjusted gain or adjusted loss will take into account, among others, all interest which has already been deemed to accrue to the Noteholder over the term that the Note has been held by the Noteholder. Under section 24J(4A) of the Income Tax Act, where an adjusted loss on transfer or redemption of an instrument realized by a Noteholder includes any amount representing interest that has previously been included in the income of the Noteholder, that amount will qualify as a deduction from the income of the Noteholder during the year of assessment in which the transfer or redemption takes place and will not give rise to a capital loss.

Capital gains tax under the Eighth Schedule to the Income Tax Act will not be levied in relation to the Notes disposed of by a person who is not a resident of South Africa unless the Notes disposed of are attributable to a permanent establishment of that person in South Africa.

To the extent that a Noteholder constitutes a "covered person", as defined in section 24JB of the Income Tax Act, and section 24JB applies to the Notes, the Noteholder will be taxed in accordance with the provisions of section 24JB of the Income Tax Act and the capital gains tax provisions would not apply.

Noteholders are advised to consult their own professional advisors as to whether a disposal of the Notes will result in a liability to capital gains tax.

Index-Linked Notes and Mixed Rate Notes

Payments in respect of Index-Linked Notes (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 Dealers may agree, as indicated in the Applicable Pricing Supplement.

Given the wide discretion in determining the nature of the return earned on the Index-Linked Notes, Noteholders are advised to consult their own professional advisors to confirm whether the tax treatment of such Notes will be the same as described above.

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. Given the convertible nature of the Exchangeable Notes, Noteholders are advised to consult their own professional advisors to confirm whether the tax treatment of such Notes will be the same as described above.

SOUTH AFRICAN EXCHANGE CONTROL

Capitalised terms used in this section headed “South African Exchange Control” shall bear the same meanings as those used in the Terms and Conditions, except to the extent that they are separately defined in this section this is 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 Exchange Control Regulations are subject to change at any time without notice. The contents of this section headed “South African 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.

Exchange Control Regulations

This Programme Memorandum has been prepared by the Issuer for purposes of issuing Notes in South Africa in accordance with Section H of the Currency and Exchanges Manual for Authorised Dealers (**Authorised Dealer Manual**). Section H of the Authorised Dealer Manual enables the Issuer, subject to provisions the requirements of Section H (including the prior written approval of the Financial Surveillance Department of the South African Reserve Bank), to issue Notes in South Africa, provided the Notes are listed on the JSE. Each Series of Notes issued pursuant to this Programme Memorandum, will be listed on the Interest Rate Market of the JSE, as required by Section H of the Authorised Dealer Manual.

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

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

Blocked Rands

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

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 Notes is held by an emigrant from the Common Monetary Area through the CSD, the securities account maintained for such emigrant by the relevant Participant will be designated as an “*non-resident*” account.

Any payments of interest and/or principal due to a Noteholder who is an emigrant from the Common Monetary Area will be deposited into such emigrant Noteholder’s Blocked Rand account, as maintained by an authorised foreign exchange dealer. The amounts are not freely transferable from the Common Monetary Area and may only be dealt with in terms of the Exchange Control Regulations.

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 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 Notes are to be dealt with. Such funds may, in terms of the Exchange Control Regulations, be remitted abroad only if the relevant Notes are acquired with foreign currency introduced into South Africa 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.

For purposes of this section, **Common Monetary Area** means South Africa, Lesotho, Namibia and Swaziland.

GENERAL INFORMATION

Capitalised terms used in this section headed "General Information" shall bear the same meanings as those used in the Terms and Conditions, except to the extent that they are separately defined in this section 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 as at the Programme Date have been given for the establishment of the Programme and the issue of Notes and for the Issuer to undertake and perform its obligations under the Programme Memorandum and the Notes.

Listing

The Programme Memorandum has been registered by the JSE on or about 25 March 2019. Notes to be issued under the Programme will be listed on the Interest Rate Market of the JSE or any other Financial Exchange.

Documents Available For Inspection

For so long as this Programme Memorandum is registered with the JSE, copies of the documents incorporated under the section headed "*Documents Incorporated by Reference*" will, when published, be available at the registered office of the Issuer as set out at the end of this Programme Memorandum. This Programme Memorandum, any supplement and/or amendment hereto, and the Applicable Pricing Supplements relating to any issue of listed Notes and the published audited annual financial statements of the Issuer will also be available on the Issuer's website at <https://www.ndb.int>. In addition, this Programme Memorandum, together with any supplement and/or amendment thereto, and the Applicable Pricing Supplements relating to any issue of listed Notes will be filed with the JSE which 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 annual financial statements.

Litigation

Save as disclosed herein, the Issuer is not and has not 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 material effect on the financial position of the Issuer or its Subsidiaries in the previous 12 months.

Auditors

Deloitte & Touche have acted as the auditors of the financial statements of the Issuer for the financial years ended December 2017 and 2016 and in respect of those years unmodified audit reports were issued.

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