

## Impala Aviva Plc Bond

### 5.125% Fixed-to-Floating 2030/50

30 June 2015

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Issuer Series	IMP AVIVA 5.125% / FLTG RTE NTS 04/06/50
ISIN / SEDOL	XS1246232604 / BZ0CSG2
Format	Senior Secured, Dated, Unsubordinated
Security	Aviva Plc Fixed-to-Floating 2030/50 Subordinated (Tier 2) debt
Security Rating	Baa1/BBB
Maturity Date	04 June 2050 (1st Call date of Security, 04 June 2030 and every coupon date thereafter, at 100)
Coupon (paid quarterly)	5.125% p.a. to 04 June 2020; then 3-month GBP Libor + 2.40% p.a. to 04 June 2030 (1st Call date of Security)
Step-up	If not called, 3-month GBP Libor + 3.70% p.a. to maturity
Issue Price	100.00
Minimum Denominations	£1,000 plus increments of £100
Listing & Trading	London Stock Exchange
Pricing	Committed on the LSE, Bloomberg
Issue Date	30 June 2015

The Impala Aviva 5.125% Fixed-to-Floating Rate Notes 2030/50 are issued by Investec Bank plc.

### Why Aviva Plc?

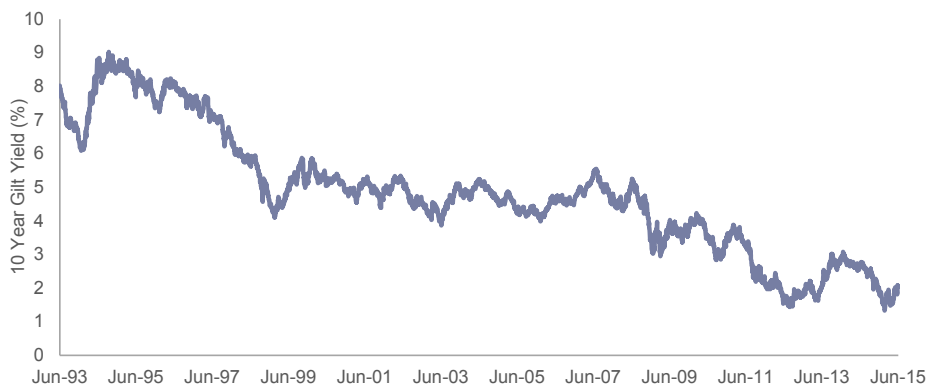
- UK's largest general insurer and a leading life and pensions provider, and Canada's second largest general insurer, Aviva is a British multinational company with over 29m customers across 16 countries, dating back over 300 years. Its 4 business segments are Life, General and Health Insurance and Asset Management (£264bn AUM)
- A FTSE 100 company with a market capitalization of £20.7bn (Bloomberg, 08/06/2015) and total assets of £286bn
- Aviva Plc has an issuer rating of A-/A3/A; its Subordinated Tier 2 debt (representing a majority of its obligations), is rated Baa1/BBB
- Ratings were recently affirmed by Moody's and S&P with a stable outlook following the acquisition of Friends Life
- Moody's stable outlook to reflect improvement in pro-forma leverage (high 20s), a stronger position in the UK market and improvement in capitalization post Friends Life acquisition
- All-share acquisition of Friends Life seen as bondholder-friendly and should improve leverage levels

Sources: Aviva Plc Annual Report and Accounts 2014; S&P Ratings Services, Research Update: U.K. Insurer Aviva PLC Ratings Affirmed On Shareholder Vote For Friends Life Deal; Outlook Stable – 08 Apr 2015; Moody's Investors Service, Credit Opinion: Aviva Plc – 05 Dec 2014

Continued overleaf

## Why is the Impala bond being offered as a Fixed-to-Floating Rate Bond?

- The initial fixed rate for 5 years enables investors to receive an attractive fixed coupon (5.125%) in the first 5 years of the investment horizon
- The floating rate coupon offered for the final 10/30 years of the investment addresses the market expectation of rising interest rates over the medium-to-long term. 3-month Libor is expected to be at 2.3%\* in 5 years' time
- The new Impala bond reduces the duration of the Aviva Plc bond from 10.2 to 4.4 years
- Bond investors are concerned about the impact of Gilt yields rising, especially over the medium-to-long term, resulting in greater price volatility in fixed rate bonds. These concerns have intensified over the last year given the volatility in yields
- Gilt yields remain close to all-time lows:



- Where will rates go in the future?

Source: Investec, Bloomberg

These figures refer to the past and past performance is not a reliable indicator of future results

- Investing in bonds which have a floating rate of income reduces interest rate exposure whilst ensuring income reflects changes in interest rates

## Risk and considerations

- Investors will retain credit exposure to the underlying credit, Aviva Plc Subordinated (Tier 2) debt. The price of the Impala Aviva Plc bond will therefore be affected by changes in the underlying credit
- In the event that Investec or the underlying credit becomes insolvent, investors will have exposure to the underlying bond (Aviva Plc Fixed-to-Floating 2030/50), in addition to the mark-to-market of the swap put in place by Investec
- The Impala bonds, although listed on the Official List of the UKLA and admitted to trading on the LSE, can only ever be as liquid as the underlying fixed coupon bond
- Investec undertake, under normal market conditions, to make a live daily market on the Impala bonds

\*Source: Investec, 08 June 2015

Please refer to the important information overleaf





*Out of the Ordinary™*

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