



DRAFT APPLICABLE PRICING SUPPLEMENT

ABSA BANK LIMITED

(incorporated in the Republic of South Africa with limited liability under company registration

number 1986/004794/06)

Issue of ZAR140,000,000 I2038 Replica Notes due January 2038

under its ZAR40,000,000,000.00 Master Structured Note Programme approved by the JSE Limited

This Applicable Pricing Supplement must be read in conjunction with the Master Structured Note Programme Memorandum dated 27 October 2015 and approved by the JSE Limited t/a The Johannesburg Stock Exchange on or about 09 October 2015, as amended and/or supplemented from time to time (the “**Master Programme Memorandum**”), prepared by Absa Bank Limited in connection with the Absa Bank Limited ZAR40,000,000,000 Master Structured Note Programme.

Any capitalised terms not defined in this Applicable Pricing Supplement have the meanings ascribed to them in Schedule 1 (Glossary of Terms) to Section II-A (Terms and Conditions of the Notes) of the Master Programme Memorandum.

This document constitutes an Applicable Pricing Supplement relating to the Notes described herein and issued by the Issuer. The Notes described herein are subject to the Terms and Conditions of the Note, as replaced, amended and/or supplemented by this Applicable Pricing Supplement. To the extent that there is any conflict or inconsistency between the provisions of this Applicable Pricing Supplement and the provisions of the Master Programme Memorandum, the provisions of this Applicable Pricing Supplement will prevail for purposes of the Notes governed by this Applicable Pricing Supplement.

This Applicable Pricing Supplement supersedes any previous term sheet, pricing supplement, confirmation, or other communication in respect of the Notes described below.

A handwritten signature in black ink, appearing to be 'J.A.', with the initials 'K.C.' written below it.

DESCRIPTION OF THE NOTES

1.	Issuer:	Absa Bank Limited
2.	Status of Notes:	Unsubordinated and Unsecured. (The default status of the Notes under the Master Structured Note Programme is 'unsubordinated and unsecured' per Condition 5 (<i>Status of Notes</i>) of the Master Programme Memorandum.)
3.	Listing:	Listed Notes
4.	Issuance Currency:	ZAR (South African Rand)
5.	Series Number:	2017-18
6.	Tranche Number:	ASN195
7.	Aggregate Nominal Amount:	ZAR140,000,000.00
	(a) Series:	ZAR140,000,000.00
	(b) Tranche:	ZAR140,000,000.00
8.	Interest:	Interest-bearing
9.	Interest Payment Basis:	Index Linked
10.	Automatic/Optional Conversion from one Interest/Redemption/Payment Basis to another:	Not Applicable
11.	Form of Notes:	Registered Listed Notes: The Notes in this Tranche are issued in uncertificated form and held by the Central Securities Depository.
12.	Issue Date:	28 July 2017
13.	Trade Date:	21 July 2017
14.	Nominal Amount per Note:	ZAR1,000,000.00
15.	Specified Denomination:	ZAR1,000,000.00 per Note. (Notes are subject to a minimum denomination of ZAR1,000,000.00 (One Million South African Rand)).

16.	Issue Price:	105.16173% (One Hundred and Five point One Six One Seven Three per cent.)
17.	Interest Commencement Date:	31 July 2017
18.	Maturity Date:	31 January 2038
19.	Applicable Business Day Convention:	Following Business Day Convention
20.	Definition of Business Day (if different from that set out in the Glossary of Terms:	Not different from definition in Glossary.
21.	Final Redemption Amount:	The Final Redemption Amount per Note will be equal to the Capital Value of the Note as determined in accordance with the provisions of Paragraph 25(c) below.
22.	Last Date to Register:	11 calendar days before each Interest Payment Date, i.e. each 20 July and 20 January of each calendar year during the period commencing on the Issue Date and ending on the Maturity Date.
23.	Books Closed Periods:	The Register will be closed for 10 calendar days prior to each Interest Payment Date, i.e. from each 21 July to the relevant Interest Payment Date and from each 21 January to the relevant Interest Payment Date of each calendar year during the period commencing on the Issue Date and ending on the Maturity Date.
24.	Value of aggregate Nominal Amount of all Notes issued under the Structured Note Programme as at the Issue Date	ZAR15,095,869,255.80
INDEX LINKED NOTES		Applicable
25.		
(a)	Type of Index Linked Notes:	Indexed Interest and Indexed Redemption Amount Notes
(b)	Index by reference to which Interest Rate is to be determined:	Headline Consumer Price Index (for all urban areas) – Statistical Release P0141 or any successor index and/or successor page.

<p>(c) Manner in which the Interest Rate / Final Redemption Amount is to be determined:</p>	<p>(i) Final Redemption Amount:</p> <p>If a Note is redeemed on the Maturity Date, the Final Redemption Amount of such Note will be equal to the Capital Value of that Note at the Maturity Date.</p> <p>The Capital Value of a Note will be determined and calculated by the Issuer according to the following formula:</p> $CV = SD * \text{Index Ratio}_{\text{Date}}$ <p>Where:</p> <p>“CV” means the Capital Value of the relevant Note;</p> <p>“SD” means the Specified Denomination of the relevant Note as specified above;</p> <p>“*” means “multiplied by”;</p> <p>“Index Ratio_{Date}” means a number determined and calculated by the Issuer in accordance with the formula:</p> $\text{Index Ratio}_{\text{Date}} = \frac{\text{RefCPI}_{\text{Date}}}{\text{Base CPI}}$ <p>Where:</p> <p>“Base CPI” means 77.6280671697466</p> <p>“RefCPI_{Date}” means in respect of a date on which a determination is to be made (the “Date”), the level of the CPI (“Reference CPI”) as determined by the Issuer as follows:</p> <p>(a) if the relevant Date is the first day of a calendar month, RefCPI_{Date} is the level of CPI for the fourth calendar month preceding the calendar month in which the relevant Date occurs; and</p> <p>(b) if the relevant Date occurs on any day other than the first day of any calendar month, then RefCPI_{Date} will be determined by the Issuer in accordance with the following formula:</p>



$$\text{RefCPI}_{\text{Date}} = \text{RefCPI}_j + \left(\frac{t-1}{D}\right) * (\text{RefCPI}_{j+1} - \text{RefCPI}_j)$$

Where:

“RefCPI_{Date}” means the relevant Reference CPI for the relevant Date;

“RefCPI_j” means the level of CPI for the first day of the fourth calendar month preceding the calendar month in which relevant Date occurs;

“RefCPI_{j+1}” means the level of CPI for the first day of the third calendar month preceding the calendar month in which the relevant Date occurs;

“t” is the calendar day corresponding to the relevant Date;

“D” is the number of days in the calendar month in which the relevant Date occurs.

(ii) Interest Amounts.

In respect of a Note, the Interest Amounts (per Note) will be determined and calculated by the Issuer in accordance with the following formula:

$$IA = CV * \left(\frac{C}{2}\right)$$

Where:

“IA” means the relevant Interest Amount;

“CV” means the Capital Value of the relevant Note as determined and calculated by the Issuer as specified in (i) above;

“C” means the Coupon, which is 2.25% (two point two five per cent.);

“*” means multiplied by.

For purposes of this Applicable Pricing Supplement the provisions of the 2008 ISDA Inflation Derivatives Definitions (the “Definitions”) are incorporated by reference – if there is any inconsistency between the provisions of this Applicable Pricing Supplement

	and the provisions of the Definitions, the provisions of this Applicable Pricing Supplement will prevail in respect of the Notes described herein.
(d) Interest Periods:	Means each 6 (six) month period commencing on and including one Interest Payment Date and ending, but excluding, the next Interest Payment Date, provided that the last Interest Period ends on the day preceding the Maturity Date specified above.
(e) Interest Payment Dates:	31 January and 31 July of each calendar year during the period commencing on the Issue Date and ending on the Maturity Date.
(f) Base CPI for Indexed-Linked Notes:	77.6280671697466
(g) Index Calculation Agent:	Statistics South Africa or its successor
(h) Provisions where calculation by reference to Index and/or Formula is impossible or impracticable:	The fall back provisions of the 2008 ISDA Inflation Derivatives Definitions incorporated by reference in this Applicable Pricing Supplement will be applied under these circumstances. If an adjustment to the Consumer Price Index is made, the provisions of the "Terms and Conditions of Issue" of the Republic of South Africa Government Issue Loan Number I2038" are hereby incorporated by reference.
(i) Minimum Interest Rate:	Not Applicable
(j) Maximum Interest Rate:	Not Applicable
(k) Other terms relating to the method of calculating interest (e.g.: Day Count Fraction, rounding up provision):	Not Applicable
(l) Other terms relating to Index Linked Notes:	Not Applicable
(m) Calendar Month:	For purposes of the Notes the term "calendar month" means each of the named months of the Gregorian Calendar commencing on the first day of such month and ending on the last day of such

	month.
PROVISIONS REGARDING REDEMPTION/MATURITY	
26. Redemption at the option of the Issuer:	No
27. Redemption at the Option of Noteholders:	No
28. Early Redemption Amount(s) payable on redemption for taxation reasons, Change in Law or on Event of Default (if required).	Yes
If yes:	
(a) Amount payable; or	The Early Redemption Amount determined by the Calculation Agent in accordance with Condition 8.5 (<i>Early Redemption Amounts</i>) of the Terms and Conditions of the Notes.
(b) Method of calculation of amount payable:	Not Applicable
GENERAL	
29. Financial Exchange:	JSE Limited t/a The Johannesburg Stock Exchange
30. Calculation Agent:	Absa Corporate and Investment Banking, a division of Absa Bank Limited or its successor.
31. Paying Agent:	The Issuer acting through its Corporate and Investment Banking division or its successor.
32. Specified office of the Paying Agent:	15 Alice Lane Sandton 2196 Gauteng Republic of South Africa
33. Transfer Agent:	The Issuer acting through its Corporate and Investment Banking division or its successor.
34. Provisions relating to stabilisation:	Not Applicable

35.	Stabilising manager:	Not Applicable
36.	Additional selling restrictions:	Not Applicable
37.	ISIN No.:	ZAG000145632
38.	Stock Code:	ASN195
39.	Method of distribution:	Private Placement
40.	If syndicated, names of Managers:	Not Applicable
41.	If non-syndicated, name of Dealer:	The Issuer acting through its Corporate and Investment Banking division or its successor.
42.	Governing law:	Law of the Republic of South Africa.
43.	Use of proceeds:	General corporate purposes
44.	Pricing Methodology:	Not Applicable
45.	Other provisions:	<p>Taxation</p> <p>Condition 9 titled "Taxation" in the section II-A of the Master Programme Memorandum titled "Terms and Conditions of the Notes" is deemed to be amended in relation to this Tranche of Notes by:</p> <p>(i) the replacement of the words after the dash in Condition 9.3 with the words "provided that this exception will only apply to that portion of the withholding or deduction which could lawfully have been so reduced",</p> <p>(ii) the deletion of Condition 9.8, and</p> <p>(iii) the insertion of the following additional paragraphs immediately after Condition 9.7:</p> <p>"9.8 where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council</p>

	<p>Directive 2003/48/EC (or any other directive implementing the conclusions of the 2312th Economic and Financial Affairs Council (ECOFIN) meeting of 26 and 27 November 2000) on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such directive; or</p> <p>9.9 held by or on behalf of a Noteholder in circumstances where such party could lawfully reduce the amount of taxation otherwise levied or leviable upon the principal or interest by virtue of any tax treaty or non-South African tax laws applicable to such Noteholder, whether by way of a tax credit, rebate deduction or reduction equal to all or part of the amount withheld or otherwise, and whether or not it is actually claimed and/or granted and/or allowed; or</p> <p>9.10 in respect of any present or future taxes, duties, assessments or governmental charges of whatever nature which are payable otherwise than by withholding from payment of principal or interest, if any, with respect to such Note; or</p> <p>9.11 where any combination of the</p>
	<p>scenarios or occurrences contemplated in Conditions 9.1 to 9.10 above occurs, the Issuer is not liable for or otherwise obliged to pay any taxes that may arise as a result of the ownership, transfer or</p>

	<p>redemption of any Note.</p> <p>If the Issuer becomes subject generally at any time to any taxing jurisdiction, authority or agency other than or in addition to the Republic of South Africa, references in Condition 8.2 (Redemption for Tax Reasons or due to a Change in Law) and Condition 9 (Taxation) to South Africa will be read and construed as references to the Republic of South Africa and/or to such other jurisdiction, authority or agency.”</p>
46. Issuer Rating and issue date:	<p>Issuer Rating: A long-term national rating of A1.za was assigned to the Issuer by Moody’s on 27 October 2016, to be reviewed by Moody’s from time to time. A long-term national rating of zaA was assigned to the Issuer by Standard & Poor on 05 April 2017, to be reviewed by Standard & Poor from time to time.</p>
47. Debt Listing Requirements:	<p>In accordance with Section 4.22 of the Debt Listing Requirements, the Issuer confirms that the Programme Amount has not been exceeded at the time of the issuing of the Notes.</p>

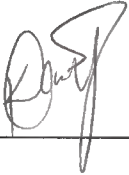
Responsibility:

The Issuer certifies that to the best of its knowledge and belief there are no facts that have been omitted which would make any statement false or misleading and that all reasonable enquiries to ascertain such facts have been made as well as that this Applicable Pricing Supplement contains all information required by law and the JSE Listing Requirements. The Issuer accepts full responsibility for the accuracy of the information contained in this Applicable Pricing Supplement and the annual financial report, the amendments to the annual financial report or any supplements from time to time, except as otherwise stated therein.



for and on behalf of

ABSA BANK LIMITED



Name: KELLY CHETTY

Capacity: ASSOCIATE PRINCIPAL

Date: 25/07/2017



Name: NICO LE ROUX

Capacity: PRINCIPAL

Date: 25/07/2017