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**APPLICABLE PRICING SUPPLEMENT**

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**ABSAs BANK LIMITED**

*(incorporated in the Republic of South Africa with limited liability under company registration number: 1986/004794/06)*

**Issue of ZAR15,011,000.00 Notes due November 2019**

**under its ZAR40,000,000,000 Master Structured Note Programme approved by the JSE Limited and the Stock Exchange of Mauritius Limited**

This Applicable Pricing Supplement must be read in conjunction with (i) the Master Structured Note Programme Memorandum dated 21 October 2013 and approved by the JSE Limited on or about 28 October 2013, prepared by Absa Bank Limited in connection with the Absa Bank Limited ZAR40,000,000,000 Master Structured Note Programme, as amended and/or supplemented from time to time (the “**Master Programme Memorandum**”) and (ii) the supplemental memorandum dated 29 November 2013 approved by the Stock Exchange of Mauritius Limited on or about 29 November 2013, as amended and/or supplemented from time to time (the “**Mauritius Supplemental 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 (i) the Glossary of Terms and/or (ii) Section I (*Introduction*) (2) (*Definitions*) of the Mauritius Supplemental Memorandum.

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

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

DESCRIPTION OF THE NOTES		
1.	Issuer	Absa Bank Limited ("Absa")
2.	Status of Notes	Unsubordinated and Unsecured  The default standard status of the Notes under the Master Structured Note Programme is ' <u>unsubordinated and unsecured</u> ' per Condition 5 ( <i>Status of Notes</i> ) on page 37 of the Master Programme Memorandum.
3.	Issuance Currency	ZAR (South African Rand)
4.	Series Number	2014-40
5.	Tranche Number	ASN041
6.	Aggregate Nominal Amount:	
	(a) Series	ZAR15,011,000.00  The ZAR denominated Aggregate Nominal Amount was converted at a USD/ZAR foreign exchange rate of USD01/ZAR 11.2239 on the Trade Date in order to determine the USD Aggregate Nominal Amount specified in paragraph 8 below.
	(b) Tranche	ZAR15,011,000.00
7.	Interest	Interest-bearing
8.	USD Aggregate Nominal Amount	USD1,337,439.54
9.	Settlement	Although each Note is issued and denominated in ZAR (South African Rand) and each payment will be made in ZAR (South African Rand), the Note Holder's exposure is to the Index as determined in USD (United States of America Dollars) terms. Whenever the Issuer has to make any payment in respect of the Notes, the relevant payment amount will, notwithstanding the remaining provisions of the Master Programme Memorandum, be calculated using the USD Aggregate Nominal Amount, but once the USD amount is calculated it will be

		converted to ZAR (South African Rand) at the USD/ZAR foreign exchange spot rate determined by the Calculation Agent on the date that will enable the Issuer, in accordance with the then prevailing foreign currency settlement convention in respect of the USD/ZAR currency pair, to make payment of the relevant ZAR amount on the relevant payment date, be it the Maturity Date or any earlier date following an early redemption of the Note.
10.	Interest Payment Basis	Index Linked
11.	Form of Notes	Registered Listed Notes: The Notes in this Tranche will be issued in uncertificated form and held by the CSD.
12.	Issue Date	21 November 2014
13.	Trade Date	14 November 2014
14.	Nominal Amount per Note	ZAR1,000.00
15.	Specified Denomination	ZAR1,000.00 per Note, notwithstanding the sentence in the Master Programme Memorandum which reads: "Notes will not be offered for subscription to any single addressee for an amount of less than R1,000,000" appearing under the "Selling Restrictions" for South Africa in "Section II-D: Subscription and Sale". For purposes of the Notes issued in terms of this Applicable Pricing Supplement, the selling restriction provisions referred to above will not apply.
16.	Issue Price	100%
17.	Interest Commencement Date	Issue Date
18.	Maturity Date	21 November 2019
19.	Applicable Business Day Convention	Following Business Day Convention
20.	Definition of Business Day (if different from that set out in the Glossary of	Not Applicable

Terms)		
21.	Final Redemption Amount	An amount in ZAR (South African Rand) to be determined and calculated by the Calculation Agent by converting the USD Aggregate Nominal Amount (USD1,337,439.54) into ZAR (South African Rand) by using the foreign exchange spot rate determined by the Calculation Agent on the date that will enable the Issuer, in accordance with the then prevailing foreign currency settlement convention in respect of the USD/ZAR currency pair, to make payment of the relevant ZAR amount on the Maturity Date.
22.	Last Date to Register	03 November 2019
23.	Books Closed Period(s)	The Register will be closed from 04 November 2019 until the Maturity Date.
24.	Default Rate	Not Applicable
25.	Value of aggregate Nominal Amount of all Notes issued under the Structured Note Programme as at the Issue Date	ZAR 5,924,831,239.01
<b>INDEX LINKED NOTES</b>		
26.	(a) Type of Index Linked Notes	Indexed Redemption Amount Notes
	(b) Formula by reference to which Interest Amount is to be determined	<p>In respect of each Note, an amount determined and calculated by the Calculation Agent in accordance with the following formula:</p> $IA = N * 120\% * \left( \max \left[ 0; \frac{I_f}{I_i} - 100\% \right] \right) * FXF$ <p>Where:</p> <p>"IA" means the Interest Amount;</p> <p>"N" means the Nominal Amount per Note as specified above;</p> <p>"max" means "the maximum of" or "the greater of";</p> <p>"I<sub>f</sub>" means means the official level of the Index as of the Valuation Time on 14 November</p>

		<p>2019;</p> <p>“I<sub>i</sub>” means means the official level of the Index as of the Valuation Time on 17 November 2014, being 147.8287;</p> <p>“FXF” means the “FX Fixing”, being the foreign exchange spot rate determined by the Calculation Agent on the date that will enable the Issuer, in accordance with the then prevailing foreign currency settlement convention in respect of the USD/ZAR currency pair, to make payment of the relevant ZAR amount on the Maturity Date;</p> <p>“*” means “multiplied by”; and</p> <p>“Index” means the Barclays Multi Asset Sharpe Risk Diversified RC 5% USD Index (Bloomberg Ticker: BXIIMR5U &lt;INDEX&gt;);</p>
(c)	Manner in which the Interest Rate / Interest Amount is to be determined	Not Applicable
(d)	Index Calculation Agent	Barclays Bank Plc
(e)	Interest Period(s)	One period commencing on and including the Issue Date and ending on and including the Maturity Date
(f)	Interest Payment Date(s)	21 November 2019
(g)	Calculation Agent	Absa Corporate and Investment Banking (a division of Absa Bank Limited) or an affiliate thereof
(h)	Provisions where calculation by reference to Index and/or Formula is impossible or impracticable	If the Issuer does not exercise its option to redeem the Notes early as contemplated below, the Issuer will make adjustment determinations and calculations based on its Hedge Positions (as defined below) referencing the relevant Index and/or the formulae contained in the relevant documentation pertaining to the relevant Hedge Positions and/or make similar adjustments as made by the calculation agent in respect of the relevant

		Hedge Positions.
(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	JSE approval required to trade this specific index
<b>PROVISIONS REGARDING REDEMPTION/ MATURITY</b>		
27.	Redemption at the option of the Issuer:	No, provided that the Issuer may redeem the Notes early for taxation reasons, Change in Law, Hedging Disruption, Increased Cost of Hedging, or for FX Disruption for more than 1 year, or for the case where the Issuer or affiliate of the Issuer determines in respect of its hedge positions that following an Index Cancellation, Index Modification or Index Disruption, the relevant hedge position cannot be adjusted to provide for such Index Cancellation, Index Modification or Index Disruption and the hedge position is terminated or for an Event of Default, or for an Additional Early Redemption Event.
28.	Redemption at the Option of Noteholders:	No
29.	Early Redemption Amount(s) payable on redemption for taxation reasons, Change in Law, Hedging Disruption, Increased Cost of Hedging, or for FX Disruption for more than 1 year, or for the case where the Issuer or affiliate of the Issuer determines in respect of its hedge positions that following an Index Cancellation, Index Modification or Index Disruption, the relevant hedge position cannot be adjusted to provide	An amount determined and calculated by the Calculation Agent, which amount will, notwithstanding the remaining provisions of the Master Programme Memorandum, be calculated using the USD Aggregate Nominal Amount, but once the USD amount is calculated it will be converted to ZAR (South African Rand) at the USD/ZAR foreign exchange spot rate determined by the Calculation Agent on the date that will enable the Issuer, in accordance with the then prevailing foreign

	for such Index Cancellation, Index Modification or Index Disruption and the hedge position is terminated or for an Event of Default, or for an Additional Early Redemption Event.	currency settlement convention in respect of the USD/ZAR currency pair, to make payment of the relevant ZAR amount on the relevant early redemption payment date.
	If yes:	
	(a) Amount payable; or	Not Applicable
	(b) Method of calculation of amount payable	The Early Redemption Amount determined by the Calculation Agent in accordance with Condition 8.5 of the Terms and Conditions of the Notes, subject to the provisions of this paragraph 29.
	<b>GENERAL</b>	
30.	Financial Exchange	JSE Limited t/a The Johannesburg Stock Exchange ("JSE")
31.	Calculation Agent	Absa Corporate and Investment Banking (a division of Absa Bank Limited) or an affiliate thereof
32.	Paying Agent	Absa Corporate and Investment Banking (a division of Absa Bank Limited) or an affiliate thereof
33.	Specified office of the Paying Agent	15 Alice Lane Sandton 2196 Gauteng South Africa
34.	Transfer Agent	Absa Corporate and Investment Banking (a division of Absa Bank Limited) or an affiliate thereof
35.	ISIN No.	ZAG000121807
36.	Stock Code	ASN041
37.	Method of distribution	Private Placement

38. Governing law	The law of the Republic of South Africa
39. Other provisions	<p>Applicable</p> <p>The Notes will be inward listed on the JSE in terms of the authority granted by the Financial Surveillance Department of the South African Reserve Bank.</p>
(a) Acknowledgement of Issuer's and the Issuer's Affiliates' hedge positions:	<p>The Note Holder acknowledges that the Issuer may obtain a hedge position from or establish a hedge position with or in respect of one or more of the Issuer's affiliates and that the relevant affiliate or affiliates may establish its or their own hedge positions, as the case may be.</p>
(b) Change in Law:	<p>The definition of "Change in Law" contained in the Terms and Conditions of the Notes is deleted and replaced with the following:</p> <p>"If on or after the Issue Date of the Notes:</p> <p>(A) due to the adoption of or any change in any applicable law or regulation (including, without limitation, any tax law), or</p> <p>(B) due to the promulgation of or any change in the interpretation by any court, tribunal or regulatory authority with competent jurisdiction of any applicable law or regulation (including, without limitation, any action taken by a taxing authority),</p> <p>the Calculation Agent determines in good faith that:</p> <p>(X) it has become, or will become illegal or contrary to such applicable law or regulation for the Issuer or (if applicable) an affiliate of the Issuer (each a "Hedging Party") to hold, acquire, deal in or dispose of any hedge positions, underlying securities or other property or assets comprised in an index, any currency, futures contracts, commodities or contracts in securities, options, futures, derivatives or foreign exchange relating to</p>



	<p>the Notes (collectively, "Hedge Positions"), or</p> <p>(Y) a Hedging Party will incur a materially increased cost in performing its obligations in respect of the Notes or its Hedge Positions in connection with the Notes (including, without limitation, due to any increase in tax liability, decrease in tax benefit or other adverse effect on its tax position), or</p> <p>(Z) a Hedging Party will be subjected to materially less favourable regulatory capital and/or liquidity treatment in respect of such Notes or any related Hedge Positions."</p>
<p>(c) Hedging Disruption:</p>	<p>If a Hedging Party is unable after using commercially reasonable efforts, to either:</p> <p>(i) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the equity price risk (or any other relevant price risk including, but not limited to, the currency risk) of entering into and performing its obligations with respect to the Notes or any Hedge Positions in connection with the Notes, or</p> <p>(ii) freely realise, recover, receive, repatriate, remit or transfer the proceeds of any Hedge Position in connection with the Notes between accounts within the jurisdiction of the Hedge Positions (the "Affected Jurisdiction") or from accounts within the Affected Jurisdiction to accounts outside of the Affected Jurisdiction,</p> <p>the Notes may be redeemed at the option of the Issuer at any time.</p>
<p>(d) Increased Cost of Hedging:</p>	<p>If a Hedging Party would incur a materially increased (as compared with circumstances</p>

	<p>existing on the Issue Date) amount of tax, duty, expense, fee or regulatory capital and/or liquidity charges (other than brokerage or commissions) to:</p> <p>(A) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the price risks (or any other relevant risk including, but not limited to, the currency risk) of entering into and performing its obligations with respect to the Notes or Hedge Positions in connection with the Notes, or</p> <p>(B) realise, recover or remit the proceeds of Hedge Positions in connection with the Notes between accounts within an affected jurisdiction or from accounts within the affected jurisdiction to accounts outside the affected jurisdiction,</p> <p>the Notes may be redeemed at the option of the Issuer at any time.</p>
<p>(e) FX Disruption:</p>	<p>“FX Disruption” means the occurrence of any event after the Issue Date that makes it for the Hedging Party unable, after using commercially reasonable efforts, to:</p> <p>(i) transfer, on or in respect of a valuation date, a payment date, an early termination date or the Maturity Date, through customary legal channels the proceeds of its Hedge Positions denominated in the settlement currency from accounts within the jurisdictions to which the Hedge Positions relate (each such jurisdiction, an affected jurisdiction) to (a) accounts outside such affected jurisdiction, (b) other accounts within such affected jurisdiction or (c) the accounts of a non-resident of such affected jurisdiction;</p> <p>(ii) transfer, on or in respect of a valuation</p>

	<p>date, a payment date, early termination date or the Maturity Date, through customary legal channels the proceeds of its Hedge Positions denominated in the local currency of the affected jurisdiction from accounts within the affected jurisdiction to (a) other accounts within such affected jurisdiction, (b) accounts outside such affected jurisdiction or (c) the accounts of a non-resident of such affected jurisdiction;</p> <p>(iii) convert the proceeds of its Hedge Positions denominated in the local currency into the settlement currency on or in respect of a valuation date, a payment date, early termination date or the Maturity Date through customary legal channels;</p> <p>(iv) convert the proceeds of its Hedge Positions denominated in the local currency into the settlement currency on or in respect of a valuation date, a payment date, an early termination date or the Maturity Date at a rate at least as favorable as the rate for domestic institutions located in the affected jurisdiction; or</p> <p>(v) obtain a rate or a commercially reasonable rate (as determined by the Calculation Agent), in each case, at which the proceeds of its Hedge Positions denominated in the local currency can be exchanged for the settlement currency on or in respect of a valuation date, a payment date, an early termination date or the Maturity Date.</p> <p>If an event or circumstance that would otherwise (but for this provision) constitute a Hedging Disruption also constitutes an FX Disruption, it will be deemed to be an FX Disruption and will not constitute a Hedging Disruption.</p>
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	<p>Upon the occurrence of an FX Disruption, the Issuer may give notice to the Note Holder that an FX Disruption has occurred whereupon the Issuer will determine to either:</p> <ul style="list-style-type: none"><li>(i) postpone its payment obligations until the first currency business day that is at least one settlement cycle following the date on which the FX Disruption ceases to exist or, if that would not be commercially reasonable, as soon as commercially reasonable thereafter; or</li><li>(ii) postpone the conversion of proceeds of its Hedge Positions denominated in the local currency into the settlement currency until the first currency business day on which such FX Disruption ceases to exist or, if that would not be commercially reasonable, as soon as commercially reasonable thereafter, or</li><li>(iii) redeem the Notes, if the FX Disruption is continuing on or after the date falling one year after the occurrence of the FX Disruption,</li></ul>
	<p>provided that in each case as set out in (i) and (ii) above the Issuer may adjust the payment obligations in respect of the Notes to account for any loss or costs incurred (or gains or benefits derived) by the Issuer in connection with the postponement.</p> <p>The Issuer will determine the relevant exchange rate as soon as reasonably practicable after taking into consideration all available information that it determines relevant, including any published official or industry-consensus rate of exchange; provided, however, that in anticipation of the cessation of the FX Disruption, the Issuer may postpone the determination of the exchange rate to such time as is reasonable and it will adjust the payment obligations in respect of the Notes to account for any loss or costs incurred (or gains or benefits derived) by the Issuer in connection</p>

	with the postponement of the determination of the exchange rate and any relevant payment obligations (including, any income or interest received and (internal or external) funding costs or other charges actually incurred.
(f) Index Cancellation:	The relevant index sponsor permanently cancels the relevant index and no successor index exists.
(g) Index Modification:	The relevant index sponsor announces that it will make a material change in the formula for or the method of calculating the relevant index or in any other way materially modifies the relevant index.
(h) Index Disruption:	On any valuation date the relevant index sponsor fails to calculate and announce the level of the relevant index.
(i) Additional Early Redemption Events:	<p>Each of the following constitutes an "Additional Early Redemption Event":</p> <p>(i) The failure by a Note Holder despite all its reasonable endeavours to obtain or maintain all applicable exchange controls approvals and any other regulations, licences or approvals (howsoever described) required in the Republic of South Africa to acquire and keep the Notes or the failure by the Issuer despite all its reasonable endeavours to obtain or maintain all applicable exchange controls approvals and any other regulations, licences or approvals (howsoever described) required in the Republic of South Africa to acquire and maintain a hedge position from or with or in respect of one or more of the Issuer's affiliates and/or the Issuer's affiliate fails despite all its reasonable endeavours to obtain or maintain all applicable exchange controls approvals and any other regulations, licences or approvals (howsoever described) required by it to establish or</p>

	<p>maintain its or their own hedge positions,</p> <p>(ii) If a force majeure event arises and is continuing. A force majeure (impossibility of performance) will arise if after the Issue Date:</p> <p>(aa) any confiscations, impairment of currency and/or security transfers, banking moratorium, standstill, waivers or deferral, or other restrictions, whether de facto or de iure (including any expropriation, confiscation, requisition or nationalisation of private property), imposed by a government or administrative authority, any court, tribunal, or any other entity de facto or de iure, or any other entity charged with the regulation of the financial markets (including the central bank), or</p> <p>(bb) the declaration of a national emergency, the occurrence of a natural or man-made disaster, civil unrest or act of terrorism, the imposition of martial law or declaration of war or further to any similar circumstance beyond the control of a party</p> <p>it becomes impossible (other than as a result of its own misconduct) for a party to perform any absolute or contingent obligation to make a payment or delivery or to receive a payment or delivery in respect of the Notes or to comply with any other material provision of this Term Sheet.</p> <p>(iii) A South African Sovereign Event occurs and is continuing in respect of</p>
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	<p>any affiliate of the Issuer. For purposes of this provision, a "South African Sovereign Event" means the occurrence of any of the following events:</p> <p>(aa) the failure of the South African Reserve Bank or any successor to it as the central bank and monetary authority of the Republic of South Africa to exchange, or to approve or permit the exchange of South African Rand (ZAR) for United States of America Dollars (USD) or any other action of any governmental authority of the Republic of South Africa (including the promulgation, operation or enforcement of any law, act, decree, regulation, ordinance, order, directive, policy or determination or modification of, or change in the interpretation of any of the foregoing) or any event in the Republic of South Africa (including a decree by the parliament of the Republic of South Africa or the President of the Republic of South Africa) that has the effect of restricting such exchange or the transfer of funds outside of the Republic of South Africa, or the transfer of South African Rand within the Republic of South Africa, or which causes U.S. Dollars to be unavailable in any legal exchange market thereof in the Republic of South Africa in accordance with normal practice, or</p> <p>(bb) a declaration by a governmental authority of the Republic of South Africa of any moratorium on, the required scheduling of, or required</p>
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	<p>approval of, the payment of any indebtedness, or any similar actions; or</p> <p>(cc) any expropriation, confiscation, requisition, nationalisation or other action by any governmental authority of the Republic of South Africa which deprives the relevant affiliate of all or a substantial portion of its assets in South Africa.</p>
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**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.

SIGNED at Sandton on 20 November 2014

for and on behalf of

**ABSA BANK LIMITED**



Name: **Chris Paizis**  
Capacity: **Managing Principal**

Who warrants his/her authority hereto



Name: **Wayne Dennehy**  
Capacity: **Managing Principal**

Who warrants his/her authority hereto