
APPLICABLE PRICING SUPPLEMENT OF THE TIER 2 NOTES

**Absa Group Limited**

(Incorporated with limited liability in South Africa under registration number 1986/003934/06)

Issue of ZAR2,676,000,000 Subordinated Tier 2 with Stock Code AGL03

Under its ZAR50,000,000,000 Domestic Medium Term Note Programme

This document constitutes the Applicable Pricing Supplement relating to the issue of the Tranche of Notes described in this Applicable Pricing Supplement.

This Applicable Pricing Supplement must be read in conjunction with the Programme Memorandum issued by Absa Group Limited dated 15 November 2019, as amended. 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.

Any capitalised terms not defined in this Applicable Pricing Supplement shall have the meanings ascribed to them in the Tier 2 Terms and Conditions. References in this Applicable Pricing Supplement to the Tier 2 Terms and Conditions are to the section of the Programme Memorandum "*Terms and Conditions of the Tier 2 Notes*". References to any Condition in this Applicable Pricing Supplement are to that Condition of the Tier 2 Terms and Conditions.

DESCRIPTION OF THE NOTES

1.	Issuer	Absa Group Limited
2.	Status of Notes	Subordinated Notes : Tier 2 Notes
3.	(a) Tranche Number	1
	(b) Series Number	26
4.	Aggregate Principal Amount	ZAR2,676,000,000
5.	Interest/Payment Basis	Floating Rate
6.	Form of Notes	Registered Notes
7.	Security	Unsecured

8.	Automatic/Optional Conversion from one Interest/Payment Basis to another	Not Applicable
9.	Issue Date	17 February 2020
10.	Business Centre	Johannesburg
11.	Additional Business Centre	Not Applicable
12.	Principal Amount	ZAR1,000,000
13.	Specified Denomination	Notes are subject to a minimum denomination of ZAR1,000,000
14.	Issue Price	100%
15.	Interest Commencement Date	17 February 2020
16.	Maturity Date	17 May 2030, subject to item 38 below (Redemption at the option of the Issuer)
17.	Specified Currency	ZAR
18.	Applicable Business Day Convention	Modified Following Business Day
19.	Calculation Agent	Absa Bank Limited, acting through its Corporate and Investment Banking division
20.	Specified Office of the Calculation Agent	15 Alice Lane, Sandown, Sandton, 2196
21.	Paying Agent	Absa Bank Limited, acting through its Corporate and Investment Banking division
22.	Specified Office of the Paying Agent	15 Alice Lane, Sandown, Sandton, 2196
23.	Transfer Agent	Absa Bank Limited, acting through its Corporate and Investment Banking division
24.	Specified Office of the Transfer Agent	15 Alice Lane, Sandown, Sandton, 2196
25.	Settlement Agent	Standard Chartered Bank, Johannesburg Branch
26.	Specified Office of the Settlement Agent	5 th Floor, No. 4 Sandown Valley Crescent, Sandton, 2196
27.	Issuer Agent	Absa Bank Limited, acting through its Corporate and Investment Banking division
28.	Specified Office of the Issuer Agent	15 Alice Lane, Sandown, Sandton, 2196

29.	Final Redemption Amount	ZAR2,676,000,000
	FIXED RATE NOTES	Not Applicable
	FLOATING RATE NOTES	Applicable
30.	Floating Rate Note Provisions	
	(a) Interest Payment Date(s)	Means 17 February, 17 May, 17 August and 17 November, in each year until the Maturity Date, commencing on 17 May 2020 and, subject to the terms hereof, ending on 17 May 2030 or, if such day is not a Business Day, the Business Day on which the interest will be paid, as determined in accordance with the applicable Business Day Convention (as specified in this Applicable Pricing Supplement)
	(b) Interest Period(s)	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 (each Interest Payment Date as adjusted in accordance with the applicable Business Day Convention)
	(c) Definitions of Business Day (if different from that set out in Condition 1 (<i>interpretation</i>) of the Terms and Conditions)	Not Applicable
	(d) Minimum Interest Rate	Not Applicable
	(e) Maximum Interest Rate	Not Applicable
	(f) Other terms relating to the method of calculating interest (e.g., Day Count Fraction, rounding up provision, if different from Condition 6 (<i>interest</i>) of the Terms and Conditions)	Not Applicable
31.	Manner in which the Interest Rate is to be determined	Screen Rate Determination

32.	Margin	213bps per annum to be added to the Reference Rate
33.	If ISDA Determination	Not Applicable
34.	If Screen Determination	
	(a) Reference Rate (including relevant period by reference to which the Interest Rate is to be calculated)	3 (three) month ZAR-JIBAR-SAFEX
	(b) Interest Rate Determination Date(s)	Means 17 February, 17 May , 17 August and 17 November, in each year until the Maturity Date, with the first Interest Determination Date being 12 February 2020
	(c) Relevant Screen Page and Reference Code	Reuters Screen SAFEX page under caption "Yield" (or on the SAFEX nominated successor screen for JIBAR)
35.	If Interest Rate to be calculated otherwise than by reference to the previous 2 sub-paragraphs, insert basis for determining Interest Rate/Margin/Fall back provisions	Not Applicable
36.	If different from the Calculation Agent, agent responsible for calculating amount of principal and interest	Not Applicable
	MIXED RATE NOTES	Not Applicable
	INDEXED NOTES	Not Applicable
	OTHER NOTES	Not Applicable
	PROVISIONS REGARDING REDEMPTION	
37.	Prior consent of Prudential Authority required for any redemption prior to the Maturity Date	Yes
38.	Redemption at the option of the Issuer (Call Option):	Yes
	(a) First Optional Redemption Date (Call)	17 May 2025
	(b) Optional Redemption Date(s) (Call)	The First Optional Redemption Date or any Interest Payment Date after the First Optional Redemption Date

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|-----|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------|
| (c) | Optional Redemption Amount(s) (Call) and method, if any, of calculation of such amount(s) | Principal Amount plus accrued interest (if any) to the date fixed for redemption |
| (d) | Minimum period of notice (if different to Condition 11.4 (<i>Redemption at the option of the issuer (Issuer Call)</i>) of the Terms and Conditions) | Not Applicable |
| (e) | If redeemable in part:

Minimum Redemption Amount(s)

Higher Redemption Amount(s) | Not Applicable |
| (f) | Approval(s) of Prudential Authority | Applicable |
| (g) | Other terms applicable on Redemption | Not Applicable |
| 39. | Early Redemption Amount(s) | Yes |
| (a) | Early Redemption Amount (Regulatory) | Principal Amount plus accrued interest (if any) to the date fixed for redemption |
| (b) | Early Redemption Amount (Tax) | Principal Amount plus accrued interest (if any) to the date fixed for redemption |
| (c) | Early Termination Amount | Principal Amount plus accrued interest (if any) to the date fixed for redemption |
| 40. | Do the Tier 2 Terms and Conditions or the provisions of this Applicable Pricing Supplement provide for automatic redemption of the Notes upon the occurrence of a trigger event(s)? If yes: | No |

NON-VIABILITY LOSS ABSORPTION

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|-----|------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------|
| 41. | Conversion upon the occurrence of a Non-Viability Trigger Event | Not Applicable |
| 42. | Write-off upon the occurrence of a Non-Viability Trigger Event | Yes, Condition 9.3 (<i>Write-off of Tier 2 Notes upon a Non-Viability Trigger Event</i>) applies |
| 43. | Option to dis-apply Non-Viability Loss Absorption Condition pursuant to Condition 9.4 (<i>Disapplication of Non-Viability Loss Absorption Condition</i>) | Applicable |

GENERAL

44.	Additional selling restrictions	Not Applicable
45.	Additional terms or special conditions	Not Applicable
46.	(a) International Securities Identification Number (ISIN)	ZAG000166125
	(b) Stock Code	AGL03
47.	Financial Exchange	JSE Limited
48.	Clearing System	Strate Proprietary Limited
49.	Method of distribution	Auction
50.	If syndicated, names of managers	Not Applicable
51.	Receipts attached? If yes, number of Receipts attached	No
52.	Coupons attached? If yes, number of Coupons attached	No
53.	Talons attached? If yes, number of Talons attached	No
54.	Credit Rating assigned to the Issuer(if any), date of such rating and date for review of such rating	Moody's National Long Term: Aa3.za affirmed on 6 November 2019, and reviews are expected annually
55.	Rating Agency (if any)	Moody's Investor Services
56.	Stripping of Receipts and/or Coupons prohibited as provided in Condition 15.4 (<i>Prohibition on stripping</i>) of the Terms and Conditions?	No
57.	Governing law (if the laws of South Africa are not applicable)	Not Applicable
58.	Other Banking Jurisdiction	Not Applicable
59.	Last Day to Register, which shall mean that the "Books Closed Period" (during which the Register will be closed) will be from each Last Day to Register to the applicable Payment Day until the date of redemption	By 17h00 on 7 February, 7 May, 7 August and 7 November or if such day is not a Business Day, the Business Day before each Books Closed Period, in each year until the Maturity Date

60.	Books Closed Period	The Register will be closed from 8 February to 17 February, 8 May to 17 May, 8 August to 17 August and from 8 November to 17 November (all dates inclusive) in each year until the Maturity Date
61.	Debt Sponsor	Absa Bank Limited, acting through its Corporate and Investment Banking division
62.	Stabilisation Manager (if any)	Not Applicable
63.	Pricing Methodology	Auction
64.	Authorised amount of the Programme	ZAR50,000,000,000
65.	Aggregate Outstanding Principal Amount of all Notes in issue on the Issue Date (excluding the current issue and any other Note(s) issued on the Issue Date)	ZAR16,097,000,000
66.	Set out the relevant description of any additional/other Terms and Conditions relating to the Tier 2 Notes (including covenants, if any)	Not Applicable
67.	Material Changes	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 and its subsidiaries since the date of the Issuer's latest unaudited interim financial statements for the reporting period ended 30 June 2019, dated 13 August 2019. As at the date of this Applicable Pricing Supplement, there has been no involvement by Ernst & Young, the auditor of the Issuer, in making the aforementioned statement
68.	Shareholders' approval	The Issuer will not issue and list a Tranche of Tier 2 Notes to which Conversion is applicable unless the Issuer shall have obtained the required shareholders' approval in accordance with the JSE Listings Requirements applicable to the Main Board of the JSE
69.	Exchange control approval	Not Applicable

RESPONSIBILITY

The Issuer certifies that to the best of its knowledge and belief there are no facts that have been omitted from this Programme Memorandum and this Applicable Pricing Supplement which would make any statement false or misleading and that all reasonable enquiries to ascertain such facts have been made and that this Applicable Pricing Supplement contains all information required by Applicable Law and, in relation to any Tranche of Notes listed on the Interest Rate Market of the JSE, the JSE Debt Listings Requirements. The Issuer accepts full responsibility for the accuracy of the information contained in this Programme Memorandum, this Applicable Pricing Supplement, the annual financial statements and the annual financial report of the Issuer and any amendments or supplements to the aforementioned documents from time to time, except as otherwise stated therein.

The JSE takes no responsibility for the contents of this Programme Memorandum, any Applicable Pricing Supplements, the annual financial statements and/or the annual report of the Issuer (and any amendments or supplements to the aforementioned documents from time to time). The JSE makes no representation as to the accuracy or completeness of any of the foregoing documents and expressly disclaims any liability for any loss arising from or in reliance upon the whole or any part of this Programme Memorandum, any Applicable Pricing Supplements, the annual financial statements and/or the annual report of the Issuer (any amendments or supplements to the aforementioned documents from time to time).

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.

As at the date of this Applicable Pricing Supplement, the Issuer confirms that the aggregate Principal Amount of all Notes Outstanding under this Programme does not exceed ZAR50,000,000,000, being the maximum aggregate Principal Amount of the Notes that may be issued under the Programme.

DISCLOSURE REQUIREMENTS IN TERMS OF PARAGRAPH 3(5) OF THE COMMERCIAL PAPER REGULATIONS – SEE Appendix "A"

Application is hereby made to list this issue of Notes on 17 February 2020 pursuant to the Absa Group Limited Domestic Medium Term Note Programme. The Programme was registered with the JSE on 15 November 2019.

ABSA GROUP LIMITED

By: _____

Name: _____

Capacity: Authorised Signatory

Date: _____

12 Feb 2020.

By: _____

Name: _____

Capacity: Authorised Signatory

Date: _____

12 Feb 2020

APPENDIX “A”

Disclosure Requirements in terms of paragraph 3(5) of the Commercial Paper Regulations

At the date of this Applicable Pricing Supplement:

Paragraph 3(5)(a)

The ultimate borrower is the Issuer.

Paragraph 3(5)(b)

The Issuer is a going concern and can in all circumstances be reasonably expected to meet its commitments under the Notes.

Paragraph 3(5)(c)

The auditor of the Issuer is Ernst & Young Inc.

Paragraph 3(5)(d)

As at the date of this issue:

- (a) the Outstanding Principal Amount of all Notes issued by the Issuer on Issue Date (excluding the current issue and any other Note(s) issued on the Issue Date) R ZAR 16,097,000,000 ; and
- (b) It is anticipated that the Issuer will issue additional Notes with an estimated nominal value of R7,000,000,000 during the remainder of its current financial year ending 31 December 2020 in addition to the Notes forming part of this issue of Notes.

Paragraph 3(5)(e)

Prospective investors in the Notes are to consider this Applicable Pricing Supplement, the Programme Memorandum and the documentation incorporated therein by reference in order to ascertain the nature of the financial and commercial risks of an investment in the Notes. In addition, prospective investors in the Notes are to consider the latest audited financial statements of the Issuer which are incorporated into the Programme Memorandum by reference and which may be requested from the Issuer.

Paragraph 3(5)(f)

There has been no material adverse change in the Issuer's financial position since the date of its last audited financial statements.

Paragraph 3(5)(g)

The Notes issued will be listed, as stated in the Applicable Pricing Supplement.

Paragraph 3(5)(h)

The funds to be raised through the issue of the Notes are to be used by the Issuer as operating capital for the purchase of a subsidiary's Tier 2 debt, which shall not be on lent to the general public of the Republic of South Africa.

Paragraph 3(5)(i)

The Notes are unsecured.

Paragraph 3(5)(j)

Ernst & Young Inc, the auditors of the Issuer, have confirmed that nothing has come to their attention to indicate that this issue of Notes issued under the Programme does not comply in all respects with the relevant provisions of the Commercial Paper Regulations (Government Notice 2172 in Government Gazette No, 16167 of 14 December 1994) published under Paragraph (cc) of the definition of the "business of a bank" in terms of Section 1 of the Banks Act, 1990).