



# Introduction

Agulhas Notes (the “Notes”) are designed for investors seeking pre-defined returns from what they expect to be relatively benign or even slightly downward trending markets over the medium term. In addition, the Notes are also attractive to investors wanting protection from all but the largest falls in markets and insist on a large buffer to be in place before any capital is at risk. Invested capital is at risk if any of the Underlying Assets close below the Protection Barrier level at Maturity. It is not the intention of the Note to track or replicate the performance of the Underlying Assets.

## Product Characteristics

**Issuer:** International Investment grade bank (S&P Global long term credit rating of A or better)

**Distributor:** Absa Bank Ltd

**Term:** 6 years

**Indicative Investment return:** Conditional annual coupons paid at maturity

**Underlyings:** Euro Stoxx 50 Index, S&P 500 Index

**Strike Date:** TBC - trades monthly

**Observation Dates:** Annual, starting in Yr 3

**Autocall Barrier Step Down Percentages:** Starting at 100% of strike level on the 3rd observation, stepping down by 6% pa from the 4th observation

Currency	Initial Autocall Barrier*	Final Autocall Barrier*	Indicative Investment return	Capital Protection Barrier*
USD	100%	80%	7.00% p.a.	60%
GBP	100%	80%	5.00% p.a.	60%

\*Expressed as a percentage of each Underlying Asset(s) initial level observed on Strike Date.

## Description

An investment with a 6-year maturity linked to a basket of Indices.

- **Conditional Investment Returns**

From the 3rd annual observation date, if all the Underlying Assets close at or above the relevant Autocall Barrier, the Investment return multiplied by the number of years the Note has been running for will be paid. Otherwise no investment return will be paid in that year, and the Note will continue for up to 6 years.

- **3 opportunities of early redemption**

From the 3rd annual observation date, the Notes can redeem early if all the Underlying Assets close at or above the relevant Autocall Barrier. On early redemption, the Notes return 100% of the invested capital

## Repayment at Maturity

In the case there is no early redemption, at the final valuation date:

- Six times the Investment return is paid if all the Underlying Assets close at or above the Final Autocall Barrier.
- The Notes will return 100% of invested capital as long as none of the Underlying Assets close below 60% of their initial level.
- Capital is at risk if any Underlying Assets close below the Protection Barrier of 60% of its initial level in which case investors will receive the invested capital decreased by the performance of the worst performing Underlying Asset thus resulting in a partial or total loss of their invested capital.

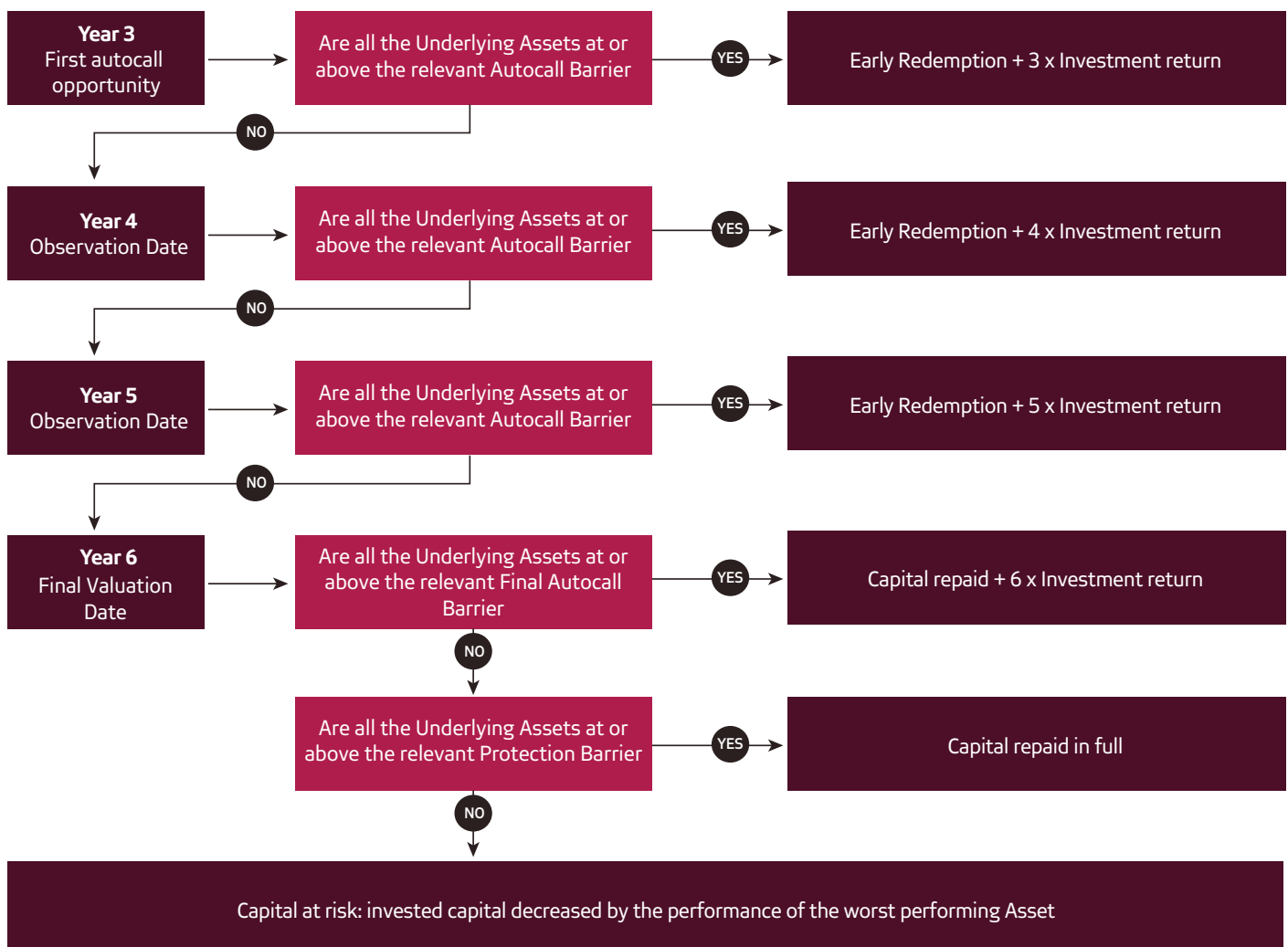
## Advantages

- Potential for pre-defined returns, in flat, rising or moderately falling market conditions.
- Early redemption if all of the Underlying Assets are equal or above the relevant Autocall Barrier for that year.
- Capital protection at Maturity if the Underlying Assets close at or above the Protection Barrier and there is no default by the issuer.

## Key risks

- Investment return potential capped since investors do not participate directly in any capital growth in the Underlying Assets.
- Risk of partial or total loss of capital: If any of the Underlying Assets close below the Protection Barrier at maturity, Capital repayment will be decreased by the performance of the worst Underlying Asset. In this case the return could be lower than a direct investment in the Underlying Assets.
- Risk of decreased return: Risk of no Investment return if any Underlying Asset closes below the relevant Autocall Barrier on each Observation Date.
- Risk of issuer: Risk of partial or total loss of capital and no income in the case of bankruptcy or payment default by the issuer.
- Selling out of note early may result in a capital loss: If the notes are sold or redeemed prior to maturity, the price will depend on numerous factors, including the level of volatility of the underlying indices, the remaining time to maturity, interest rates and the perception of the issuers credit quality, and may be less than the amount initially invested

## Payoff diagram



# Autocall Barriers

	Autocall trigger
Observation 1	100%
Observation 2	94%
Observation 3	86%
Final Observation	80% (60% European barrier)

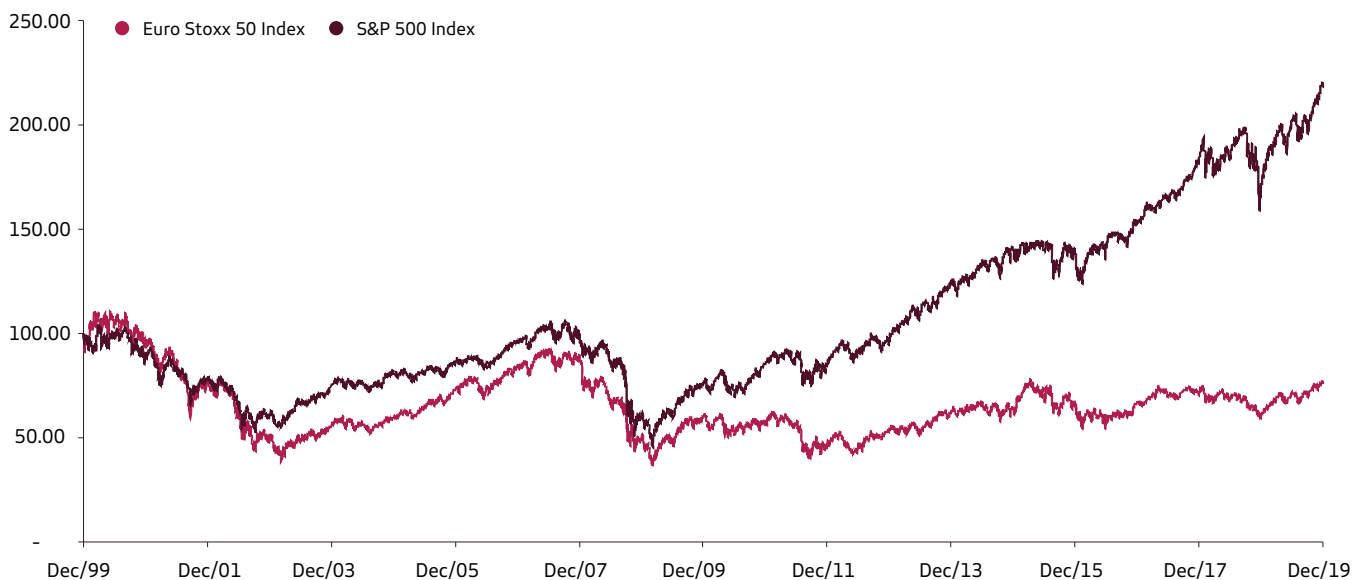
## The Underlyings

### Indices at Glance

The **EUROSTOXX 50** Index, Europe's leading blue-chip index for the Eurozone, provides a blue-chip representation of supersector leaders in the Eurozone. The index covers 50 stocks from 12 Eurozone countries. The Index is licensed to financial institutions to serve as underlying for a wide range of investment products such as Exchange Traded Funds (ETF), Futures and Options and structured products.

**Standard and Poor's 500** Index is a capitalization-weighted index of 500 stocks. The index is designed to measure performance of the broad domestic economy through changes in the aggregate market value of 500 stocks representing all major industries. The index was developed with a base level of 10 for the 1941-43 base period.

### Rebased Performance of the Indices



Source: Refinitiv, Absa Corporate and Investment Banking, January 2020

# Important information about the Investment

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Absa Bank Limited is a leading African bank. We have been serving clients locally for more than 100 years and we have one of the largest distribution networks across Africa. As a winner of major banking awards, we have the capacity to meet your in-country needs and deliver a wealth of local knowledge.

Absa Corporate and Investment Banking has a diverse footprint that extends from Cape Town to London, serving clients across 12 countries and an award-winning provider of structured products.

## Tax Implications

The tax implications of this product can be complex and depends on the facts and circumstances of each investor. Please obtain your own tax advice, relevant to your circumstances, prior to investing.

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If you have any questions about this Investment or any other Absa investments, please contact your financial adviser.

### Complaints

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