
MEDIA STATEMENT

South Africa issues two new bonds and conducts switch and tender offer

The Republic of South Africa has successfully placed US\$3 billion in new notes maturing in 2028 (12 year) and 2046 (30 year) in the international capital markets through an innovative one-day new issue and tender switch transaction. The amount was made up of approximately US\$700 million in a switch and tender offer and approximately US\$1.3 billion in new cash on the 12 year tranche bringing it to US\$2 billion while US\$1 billion in new cash raised in the 2046.

The 12 year bond was priced at a coupon rate of 4.3 per cent (at par value) which represents a spread of 273.8 basis points above the 10-year US Treasury benchmark bond. The 30 year bond was priced at a coupon rate of 5 per cent (at par value) which represents a spread of 271.9 basis points above the 30-year US Treasury benchmark bond.

The switch and tender offer was open to holders of the existing 2019 and 2020 maturities with an option to tender for cash or switch into the new 12 year tranche. The reason for the switch and tender offer is to allow the Republic of South Africa to pre-emptively manage refinancing risk resulting from upcoming redemptions of the bonds in 2019/2020, whilst offering investors the opportunity to adjust their portfolio exposures by switching into new longer duration bonds.

The transactions were more than two and a half times oversubscribed in aggregate with investor demand from across all the major centres in Asia, Europe and the United States. The South African government sees the success of the transaction as an expression of investor confidence in the country's sound macro-economic policy framework and prudent fiscal management.

National Treasury appointed Barclays with affiliate Barclays Africa Group Limited, HSBC Bank plc, J.P. Morgan and Nedbank Limited as dealer managers and joint-lead managers to arrange the tender switch and new issuance of the foreign currency denominated bonds. This appointment includes each bank's BEE partner, namely Quartile Capital, Nations Capital, Dew Partners and Rho Capital respectively. The proceeds from the bond issuance

will be used to partly finance government's foreign currency commitment as stipulated in the Budget 2016 document.

Issued by: National Treasury

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