



national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

MEDIA STATEMENT

REPUBLIC OF SOUTH AFRICA ISSUES TWO NEW BONDS IN THE INTERNATIONAL CAPITAL MARKETS

The Republic of South Africa has successfully placed US\$3 billion in bonds maturing in 2032 (10-year) and 2052 (30-year) in the international capital markets on 11 April 2022, with US\$1.4 billion and US\$1.6 billion placed in the 2032 and 2052 tranches respectively.

The 2022 Budget Review made provision for US\$3 billion equivalent to be raised in the international capital markets in 2021/22 to fund government's foreign currency commitments. Given the volatility in the market over the period, the decision to raise the foreign currency was delayed in accessing the market in a more constructive issuance window.

The 10-year bond priced at a coupon and re-offer yield of 5.875 per cent, which represents a spread of 309 basis points above the 10-year US Treasury benchmark bond. The 30-year bond priced at a coupon and re-offer yield of 7.300 per cent which represents a spread of 447 basis points above the 30-year US Treasury benchmark bond. The final yields reflect a tightening of 37.5bps and 45bps from Initial Price Thoughts on the 10-year and 30-year instruments respectively.

The transaction attracted an orderbook more than US\$7.1 billion (2.4 times oversubscribed) with investor demand across the United Kingdom, North America, Europe, Asia, Africa and others. With respect to investor profile, demand came from a combination of Fund Managers, Insurance and Pension Funds, Hedge Funds, Banks and other Financial Institutions.

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The South African government views the success of the transaction as an expression of continued investor confidence in the country's sound macro-economic policy framework and prudent fiscal management.

The National Treasury mandated Absa Bank/HSBC (consortium), Deutsche Bank/Nedbank (consortium) and Rand Merchant Bank as Joint Lead Managers. The empowerment partners for the respective banks were: Tsys Advisory, Nations Capital Advisors; Rho Capital; and THEZA Capital.

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