



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 was able to successfully place US\$5 billion in bonds maturing in 2029 (10-year) and 2049 (30-year) in the international capital markets on 23 September 2019, with US\$2 billion and US\$3 billion placed in the 2029 and 2049 tranches respectively. Due to favorable pricing and a sizeable order book, the Republic was able to pre-fund an additional US\$1 billion over the planned US\$4 billion. Pre-funding is the early issuance of an amount planned to be issued in future years. This is done to take advantage of good pricing and favourable market conditions while reducing future borrowing need.

The 10-year bond priced at a coupon rate and re-offer yield of 4.85% per cent which represents a spread of 313 basis points above the 10-year US Treasury benchmark bond. The 30-year bond priced at a coupon rate and re-offer yield of 5.75 per cent which represents a spread of 358.6 basis points above the 30-year US Treasury benchmark bond.

The transaction was 2.71 oversubscribed with investor demand across Europe, North America, Asia, South America, Middle East, Africa and others. In terms of investor type, demand was supported by a mixture of Fund Managers, Insurance and Pension Funds, Financial Institutions, Hedge Funds and others.

The South African government sees the success of the transaction, believed to be the largest ever out of Sub-Saharan Africa, as an expression of investor confidence in the country's sound macro-economic policy framework and prudent fiscal management.

The National Treasury mandated Citi, Deutsche Bank/Nedbank (consortium), Rand Merchant Bank, and Standard Bank as Joint Bookrunners. The empowerment partners for the respective banks are: Crede Capital Partners, Rho Capital; Theza Capital; and Africa Rising Capital.

The 2019 Budget Review made provision for US\$2 billion equivalent to be raised in the international capital markets in 2019/20 to fund government's foreign currency commitments. Of the US\$4 billion planned for 2018/19, only US\$2 billion was issued and the remaining US\$2 billion was deferred to 2019/20, bringing the total foreign borrowing requirement for the year to US\$4 billion.

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