DEBT MANAGEMENT REPORT 2014/15

national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

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OVERVIEW

Global economic growth in 2014 showed a reversal of the trends of previous years. Growth in developed markets improved, but remained subdued in emerging markets. Key emerging market countries, including Brazil, China and South Africa, all experienced weaker growth rates than had been expected. The quantitative easing (QE) programme of the United States (US) Federal Reserve Bank (Fed) was officially stopped in October 2014 after purchasing US$4.5 trillion worth of treasuries and mortgage-backed securities from the market since November 2008. As a result of QE, interest rates in the US and globally are at all-time lows. There is wide consensus that interest rates in the US will increase during 2015, but the timing thereof remains uncertain.

The Eurozone's problems continued in 2014. Stagnant economic growth, high debt levels and high unemployment rates were all concerns for the region's policy-makers. The European Central Bank (ECB) responded to these problems by cutting interest rates to a historic low of 0.05 per cent in September 2014 from 0.15 per cent. In January 2015, the ECB launched its long-awaited bid to revitalize the Eurozone economy and counter deflation with a €60 billion per month bond buying programme. The aim of the ECB is to buy more than

€1 trillion in assets, including government and private sector bonds, by September 2016, in its bid to raise Eurozone inflation to its target of 2 per cent.

During 2014/15, the South African economy continued to grow moderately. Real gross domestic product (GDP) growth was 1.5 per cent compared to 2.2 per cent the previous year. The key drivers behind the weak economic growth were both external and internal. The most significant internal constraints were lengthy strikes in the mining sector (particularly platinum and gold), unreliable electricity supply and low levels of investment by the private sector.

Despite all this, South Africa remained one of the favoured emerging markets for foreign investors. In 2014/15, there was a net capital inflow of approximately R43.9 billion into the country's domestic government bond market. In addition, the yields of domestic government bonds strengthened by an average of 67.7 basis points. This trend reflected continued investor confidence in government paper, evidenced by strong support for domestic government bond auctions by both resident and non-resident investors.

The size of the South African debt capital market increased in relation to the previous year, reaching R2 trillion in March 2015 from R1.8 trillion in March 2014. Government accounted for R1.29 trillion or 62.8 per cent of the total listed debt securities. Net issuance by the three top issuers, namely government, financials and state-owned companies (SOCs) added R160.1 billion, R39.4 billion and R28.8 billion respectively during the fiscal year.

Fixed-rate bonds were the funding instrument preferred by most issuers, and accounted for 68.4 per cent of total instruments issued during the year. Inflation-linked bonds and floating-rate notes were the second and third most preferred funding instruments, each accounting for 15 per cent of total listed debt.

In managing its debt exposure, government conforms to the World Bank's best practice benchmarks. As at 31 March 2015, Treasury bills represented 12.7 per cent of total domestic government debt; this was well within the maximum benchmark of 15 per cent. Long-term domestic debt maturing within five years represented 21 per cent; this was also within the benchmark of 25 per cent. To manage refinancing risk in the debt portfolio, government has in place a bond switch auction programme. A new bond switch auction programme was introduced during 2014/15 after consulting with market participants. As at 31 March 2015, R47.2 billion had been switched from the R203(8.25%:2017), R204(8.00%:2018), R207(7.25%:2020) and R208(6.75%:2021) bonds (the "%" represents the coupon rate and the year represents the maturity of the bond).

In 2014/15, South Africa maintained its investment grade credit ratings by all four of the solicited credit rating agencies: Moody's Investors Service (Moody's), Standard and Poor's (S&P), Fitch Ratings Inc. (Fitch) and Rating and Investment Information, Inc. (R&I). In June 2014, S&P downgraded South Africa's rating from "BBB" to "BBB-" (stable outlook), one notch above non-investment grade. In October 2014, R&I downgraded South Africa's rating from "A-" to "BBB+" (stable outlook). In November 2014, Moody's downgraded South Africa's rating from "Baa1" to "Baa2" (stable outlook). In December 2014, S&P affirmed the country's rating at "BBB-" (stable outlook) and Fitch at "BBB" (negative outlook).

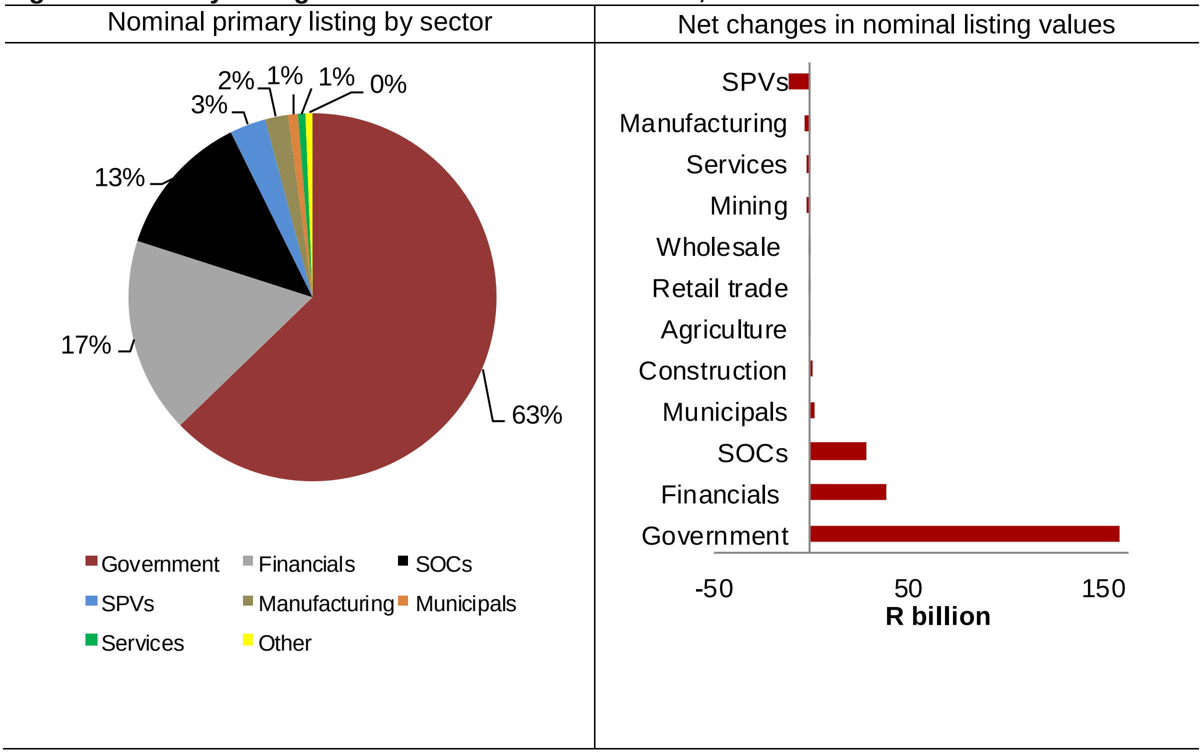
During 2014/15, SOCs showed a marked improvement in their ability to implement planned capital investment, spending 95 per cent of their budgets compared with 80 per cent in 2013/14. In total, R74.5 billion of SOCs' funding requirements was met through domestic borrowing whilst R29.2 billion was sourced from international capital markets. As at 31 March 2015, SOCs had secured R103.7 billion of their budgeted borrowing requirement of R113.3 billion. This amounted to total borrowing of 91.5 per cent of the budgeted borrowing requirement.

1. SOUTH AFRICAN DEBT CAPITAL MARKET

LISTING ACTIVITY IN THE PRIMARY DEBT CAPITAL MARKET

The South African debt capital market continued to grow during 2014/15, with total outstanding listed debt reaching R2.0 trillion as at 31 March 2015 from R1.8 trillion in March 2014. Issuance continued to be dominated by government long-term loans; these added an estimated R160 billion in net issuance during 2014/15. At R1.3 trillion, government debt now accounts for 63 per cent of total debt listed on the Johannesburg Stock Exchange (JSE), up from 61 per cent in March 2014.

Figure 1: Primary listings of debt securities on the JSE, 31 March 2015



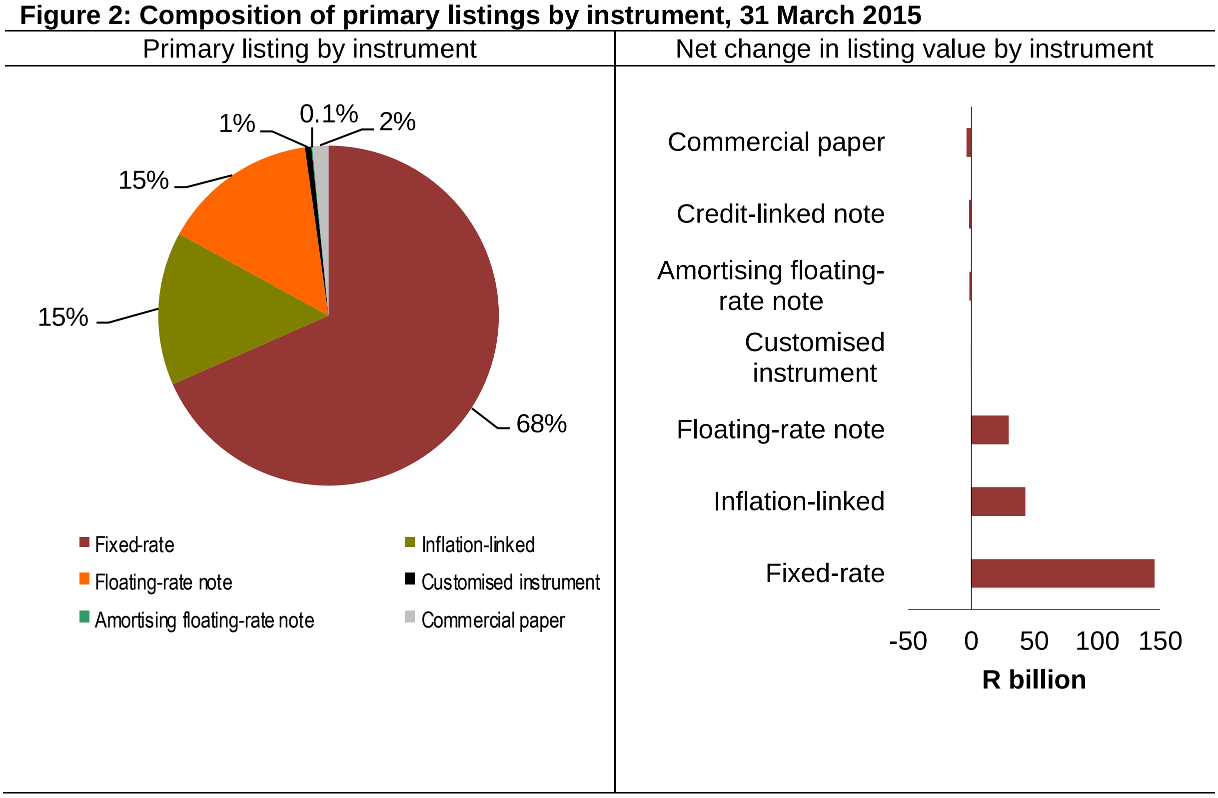
Source: Johannesburg Stock Exchange

Figure 1 shows the nominal primary listing by sector and the net changes in nominal listing values from 2013/14 to 2014/15. In line with the countercyclical fiscal policy that it has employed since the 2008 global financial crisis, government recorded the greatest increase in outstanding debt. In 2014/15, net issuance listings by special purpose vehicles (SPVs) continued to decline in line with the previous year's trend, with outstanding SPVs debt falling by R11.2 billion (16 per cent) compared with the previous year's decrease of R800 million (1 per cent).

SOCs raised an additional R28.8 billion in net issuance, bringing their overall debt to 13 per cent of the total outstanding listed debt. Financials added R39.4 billion in net issuance; this represented 17 per cent of the total listed amount. Government, SOCs and the Financials debt increased noticeably, while debt for municipals and the construction sector increased modestly. Outstanding debt in other sectors declined in 2014/15 due to lack of issuance, as shown in Figure 1.

Figure 2 indicates the composition of primary listings by instrument. Fixed-rate instruments continue to be issuers' most preferred debt instrument as they provide certainty about the cost of funding for the instrument's duration. Fixed-rate instruments account for 68 per cent of total primary listings on the JSE, whilst inflation-linked bonds and floating-rate notes each account for 15 per cent. Fixed-rate bonds increased by a net issuance of R145.7 billion, inflation-linked instruments by R42.9 billion and floating-rate notes by R29.7 billion in 2014/15.

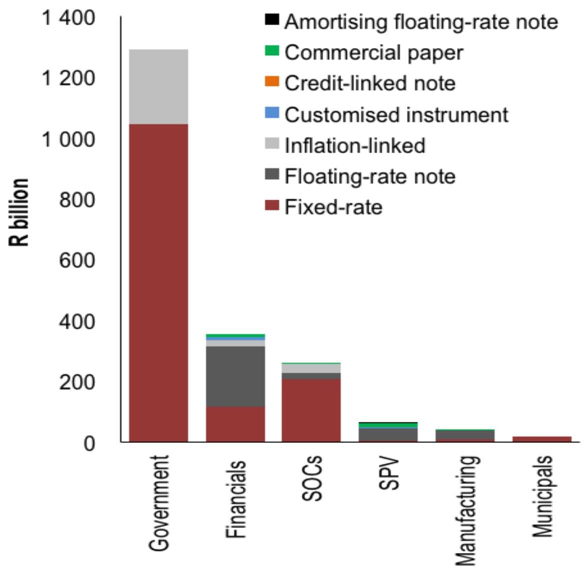
Figure 2: Composition of primary listings by instrument, 31 March 2015

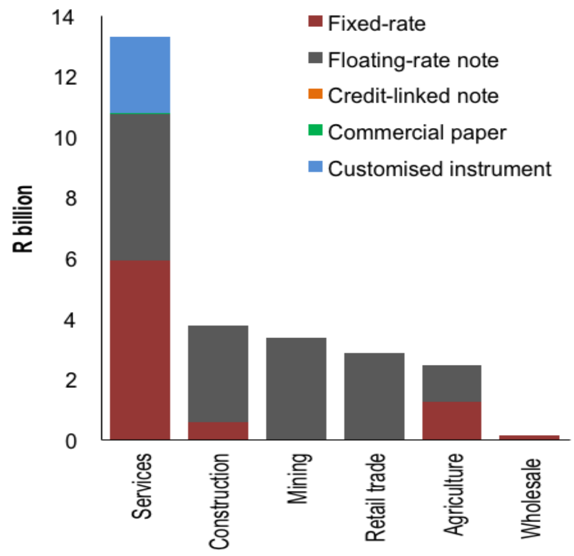


Source: Johannesburg Stock Exchange

Figure 3 shows the composition of outstanding debt per instrument type. Government fixed-rate debt as a percentage of total government listed debt makes up 81 per cent; the remaining 19 per cent consists of inflation-linked bonds. The majority of SOCs' funding is done through fixed-rate bonds; these make up 79 per cent of their total listed debt.

Figure 3: Sectoral composition of listings by instrument, 31 March 2015



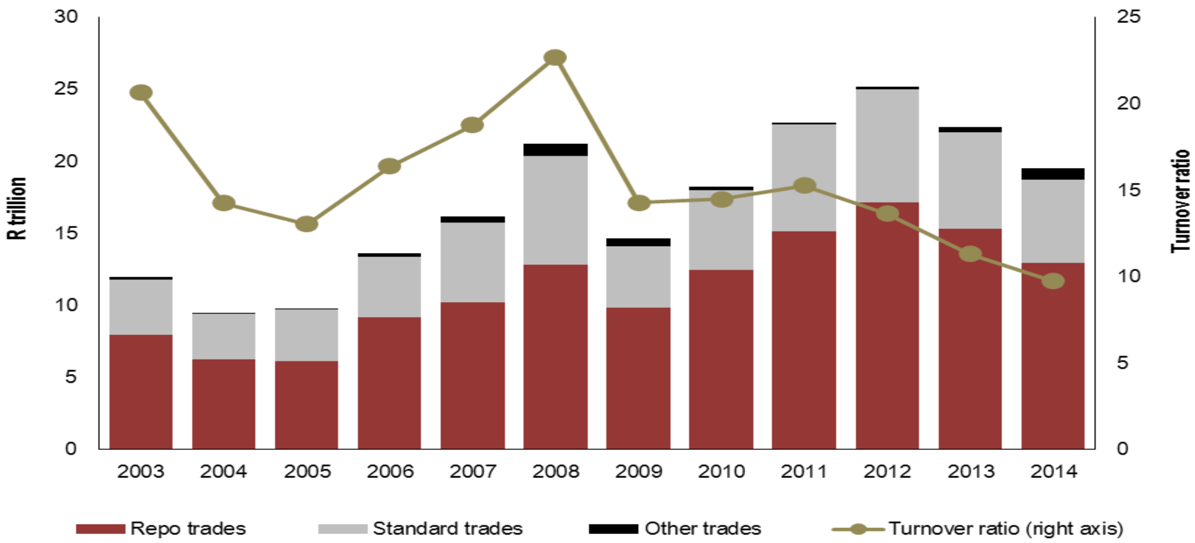


Source: Johannesburg Stock Exchange

SECONDARY MARKET ACTIVITY IN SOUTH AFRICAN BONDS

The decline in trading volumes on the JSE continued in 2014; turnover declined to R19.5 trillion from R22.4 trillion in 2013 and from R25.2 trillion in 2012. The repurchase (repo) market contributed significantly to the total trading volume, accounting for 67 per cent of 2014 trades. The turnover on the South African bond market is shown in Figure 4.

Figure 4: South African bond market turnover, 2003 – 2014



Source: Johannesburg Stock Exchange

The turnover ratio is a measure of bond market liquidity and is used to assess which bonds are most liquid or most traded. The ratio shows the extent of trading in the secondary market relative to the total amount outstanding; the higher the turnover ratio, the larger the amount of trading activities.

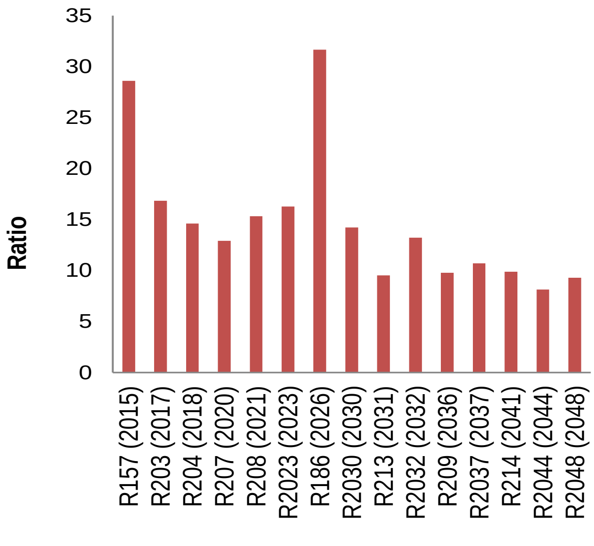
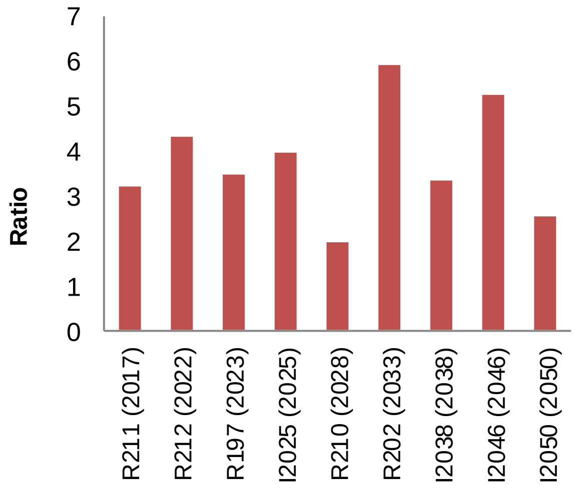
As in the previous years, the three-legged bonds R157(13.50%:2014/15/16) and R186(10.50%:2025/26/27) continued to be the most traded government bonds, with turnover ratios of 29 times and 32 times respectively. Due to the large outstanding amounts, these two bonds are highly liquid and are used by the market as benchmark bonds. In September 2014, the R157(13.50%:2014/15/16) bond with a total outstanding amount of R65.6 billion was split equally on a nominal basis into three new bonds; the R009(13.50%:2014), R158(13.50%:2015) and R159(13.50%:2016).The R009(13.50%:2014) was subsequently redeemed in September 2014.

Three legged bonds

A three-legged bond is a bond with three maturity dates. The bond is priced on the middle maturity (second leg); as a result, all three maturity dates have the same price. Two years prior to the maturity of the bond, investors are given the option to split the bond into three maturities where the principal amount is split equally. Following the redemption date of the first maturity, the split becomes automatic. The rationale for a three-legged bond is to build liquid benchmark bonds while managing government’s refinancing risk.

With lower outstanding amounts, the R158(13.50%:2015) and R159(13.50%:2016) bonds are expected to have lower liquidity than the initial R157(13.50%:2014/15/16) bond. During 2014/15, two new bonds were added to the government debt portfolio: the R2032(8.25%:2032) and R2044(8.75%:2043/44/45). The bonds were well received by the market, with turnover ratios of 13 and 8 times respectively. The total amount issued in these bonds reached R42.9 billion and R20.7 billion respectively during 2014/15.

Figure 5: Government bond turnover ratios, 2014/15

Fixed-rate bonds	Inflation-linked bonds
	

Source: Johannesburg Stock Exchange
**Turnover ratio on the R157(2015) includes turnover for all the three maturities including the R009 which matured on 14 September 2014.*

2. NATIONAL GOVERNMENT'S BORROWING REQUIREMENT AND FINANCING

BORROWING REQUIREMENT

The national government's net borrowing requirement is the main budget balance which includes National Revenue Fund (NRF) receipts and payments. Table 1 shows the preliminary outcome of government's gross borrowing requirement for 2014/15.

Table 1: National government's gross borrowing requirement, 2014/15

R million	Budget	Revised budget	Preliminary outcome
Main budget balance	**-179 781**	**-180 853**	**-178 900**
of which:			
National Revenue Fund receipts	***2 850***	***8 942***	***12 647***
Premiums on loan transactions	*-*	*4 650*	*8 197*
Revaluation profits on foreign currency transactions	*2 850*	*4 250*	*4 407*
Liquidation of SASRIA investment*	*-*	*40*	*40*
Other	*-*	*2*	*3*
National Revenue Fund payments	***-***	***-311***	***-1 526***
Premiums on loan transactions	*-*	*-243*	*-1 458*
*Defrayal of GFECRA** losses*	*-*	*-68*	*-68*
Borrowing requirement (net)	**-179 781**	**-180 853**	**-178 900**
Loan redemptions	**-50 007**	**-48 250**	**-48 835**
Domestic long-term	-35 005	-33 654	-34 240
Foreign	-15 002	-14 596	-14 595
Borrowing requirement (gross)	**-229 788**	**-229 103**	**-227 735**

Source: National Treasury
**South African Special Risks Insurance Association (SASRIA)*
***Gold and Foreign Exchange Contingency Reserve Account (GFECRA)*

Government's net borrowing requirement was R178.9 billion in 2014/15. NRF receipts totalled R12.6 billion and consisted mainly of R8.2 billion of premiums on loan transactions and revaluation profits of R4.4 billion on foreign currency transactions. There were NRF payments of R1.5 billion in 2014/15. These consisted of premiums on loan transactions due to debt portfolio restructuring and payments to defray realised losses on the GFECRA.

Table 2 indicates the preliminary outcome of government's financing programme for 2014/15. The gross borrowing requirement in 2014/15 was financed through issuing domestic short-term loans of R9.6 billion and domestic long-term loans of R191.3 billion;

foreign loans of R23.0 billion (dual tranche of US$1.6 billion equivalent and Sukuk US$500 million); and R4 billion drawn from surplus cash balances.

Table 2: Financing the national gross borrowing requirement, 2014/15

R million	Budget	Revised budget	Preliminary outcome
Domestic short-term loans (net)	**23 000**	**10 000**	**9 569**
Treasury bills	23 000	10 000	10 011
Corporation for Public Deposits	-	-	-442
Domestic long-term loans (gross)	**167 103**	**190 103**	**191 254**
Market loans	167 103	189 856	192 414
Loans issued for switches	-	247	-1 160
Foreign borrowing	**16 290**	**22 952**	**22 952**
Change in cash and other balances	**23 395**	**6 048**	**3 960**
Financing	**229 788**	**229 103**	**227 735**

Source: National Treasury

DOMESTIC SHORT-TERM BORROWING

Domestic short-term borrowing consists of Treasury bills issuance and borrowing from the Corporation for Public Deposits (CPD). The focus of government's medium-term funding strategy is on accumulation of cash to address large domestic bond redemptions in 2017/18 and beyond. In 2014/15, a net amount of R9.6 billion was raised from short-term domestic loans, consisting of R10 billion in Treasury bill issuance and net re-payment of R442 million to the CPD.

Table 3: Domestic short-term borrowing, 2014/15

R million	Opening balance	Net change	Closing balance	Weekly auction
Corporation for Public Deposits	**21 812**	**-442**	**21 370**	
Treasury bills	**192 206**	**10 011**	**202 217**	**7 215**
91-day	42 891	-9 686	33 205	2 685
182-day	42 358	3 732	46 090	1 780
273-day	49 253	7 077	56 330	1 450
364-day	57 704	8 888	66 592	1 300
Total	**214 018**	**9 569**	**223 587**	

Source: National Treasury

Treasury bills

Net issuance in Treasury bills in 2014/15 was reduced from R23 billion to R10 billion. This lower issuance reduced the refinancing risk in the Treasury bills portfolio and the sensitivity of government's debt-service costs to changing interest rates.

The 91-day Treasury bill weekly issuance levels were increased by R1 billion to R4.7 billion for a period of seven weeks to accommodate projected cash flow pressures towards the end of December 2014.

Auction performance

Treasury bill auctions are conducted on a weekly basis. Compared with the previous fiscal year, demand for Treasury bills improved significantly during 2014/15. Treasury bill auctions were only under-allotted by R3.3 billion, or 0.8 per cent of gross issuance.

Table 4: Treasury bill auction under-allotments, 2014/15

R million	Gross issuance	Under-allotment	Percentage of gross issuance
91-day	182 015	1 905	1.0
182-day	92 215	230	0.2
273-day	74 930	320	0.4
364-day	66 592	828	1.2
Total	**415 752**	**3 283**	**0.8**

Source: National Treasury

A summary of the auction bid-to-cover ratios and effective yields is given in Table 5. Detailed information on Treasury bill auctions for 2014/15 appears in Annexures "D" and "E".

Table 5: Treasury bill auction analysis, 2014/15

	91-day	182-day	273-day	364-day
Bid-to-cover-ratios (times)				
Highest	4.1	4.1	5.0	4.7
Lowest	0.9	1.0	1.0	1.1
Average	2.2	2.4	2.5	2.6
Effective yields (%)				
Highest	6.2	6.5	6.7	7.1
Lowest	5.8	6.1	6.2	6.1
Average	6.0	6.2	6.4	6.5

Source: National Treasury

Corporation for Public Deposits

The CPD is a wholly-owned subsidiary of the South African Reserve Bank (SARB). Its main function is to invest surplus cash received from provincial governments and SOCs. Provincial governments and selected SOCs are required to invest their surplus cash with the

CPD. Government uses these funds to finance a portion of its borrowing requirement and for bridging finance (money used for short-term liquidity management). Provincial governments may also borrow to finance their short-term cash shortfall.

In 2014/15, the government borrowed daily on average R30.7 billion from the CPD. This is significantly higher than the R23 billion of 2013/14.

DOMESTIC LONG-TERM BORROWING

Long-term borrowing consists of the issuance of fixed-rate bonds, inflation-linked bonds and retail savings bonds. Fixed-rate bond and inflation-linked bond auctions are conducted on a weekly basis in line with a pre-determined auction calendar. The fixed-rate bond auctions are conducted through a panel of primary dealers; inflation-linked bond auctions are open to all members of the JSE. Retail savings bonds are available to all individuals who are citizens or permanent residents of South Africa and in possession of a valid South African identity document.

Primary dealers

Primary dealers are a panel of banks which buy government bonds in the government's fixed-rate bond auctions. Investors buy government bonds by submitting their bids in the auction through the primary dealers. Primary dealers are obliged to adhere to the terms and conditions which can be found at http://.investor.treasury.gov.za.

In July 2014, one more primary dealer (HSBC Bank) was added to the panel. There are currently nine primary dealers:

- Barclays Africa Group
- Citibank
- Deutsche Bank
- FirstRand Bank Limited
- HSBC Bank
- Investec Bank Limited
- JPMorgan Chase Bank
- Nedbank Limited
- Standard Bank

Excluding non-competitive auctions, a nominal amount of R115 billion was issued in fixed-rate bonds in 2014/15 over 49 auctions. Non-competitive bid auctions give successful bidders a 48-hour window after the primary auction has closed to take-up an additional 50 per cent of their competitive bid auctions allocations at the yield at which the primary auction settled.

The fixed-rate bond auctions were well supported, with weekly nominal issuance levels remaining constant at R2.35 billion. The strong demand was demonstrated by the high subscription rates of 3.1 times on average, as shown in Figure 6.

Issuance was concentrated in the R2030(8.00%:2030) and the R2032(8.25%:2032) bonds with nominal issuance of R21 billion and R23.1 billion respectively. Total issuances by maturity area are also shown in Figure 6. The detailed summary of the weekly fixed-rate bond auctions is shown in Annexure “F”.

Figure 6: Issuance of fixed-rate bonds (excluding non-competitive bid auctions), 2014/15

Source: Bloomberg

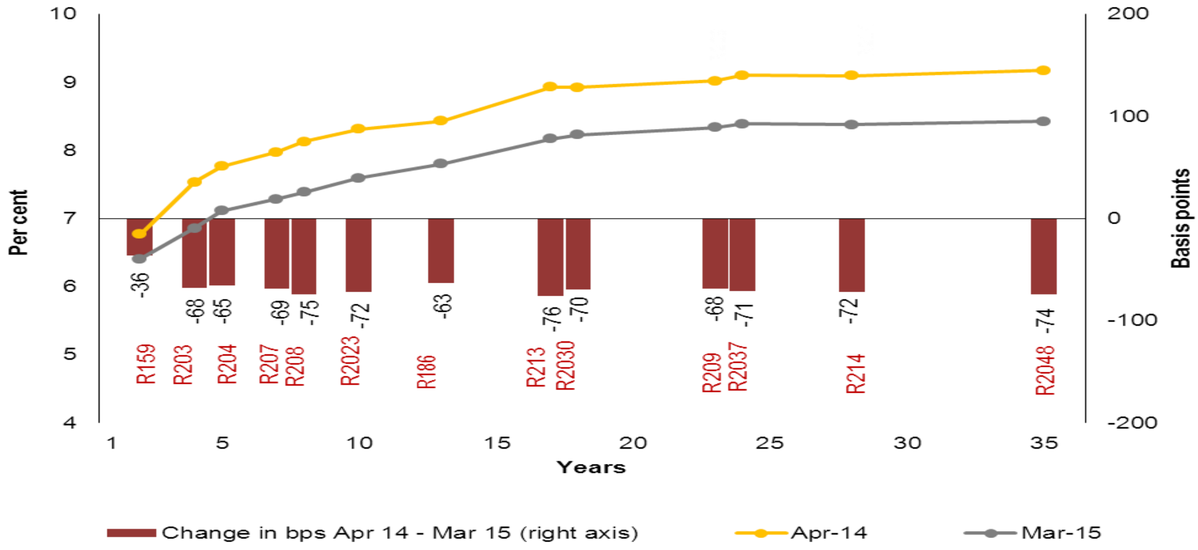
The two new fixed-rate bonds introduced during the year, the R2032(8.25%:2032) and the R2044(8.75%:2043/44/45), were auctioned for the first time on 10 June and 15 July 2014 respectively.

The R2032(8.25%:2032) bond was included on the All Bond Index (ALBI) in August 2014 and the R2044(8.75%:2043/44/45) bond in February 2015. The inclusion of these bonds on the index has helped to increase demand for them from fund managers tracking the index.

Yield curve movement

Sound monetary policy and prudent fiscal policy contributed to the decline in government borrowing costs, with yields on government bonds decreasing by an average of 68 basis points from the beginning of 2014/15. Figure 7 indicates the movement of the government's fixed-rate bond yields during the fiscal year.

Figure 7: Yield curve movement of fixed-rate bonds, 2014/15

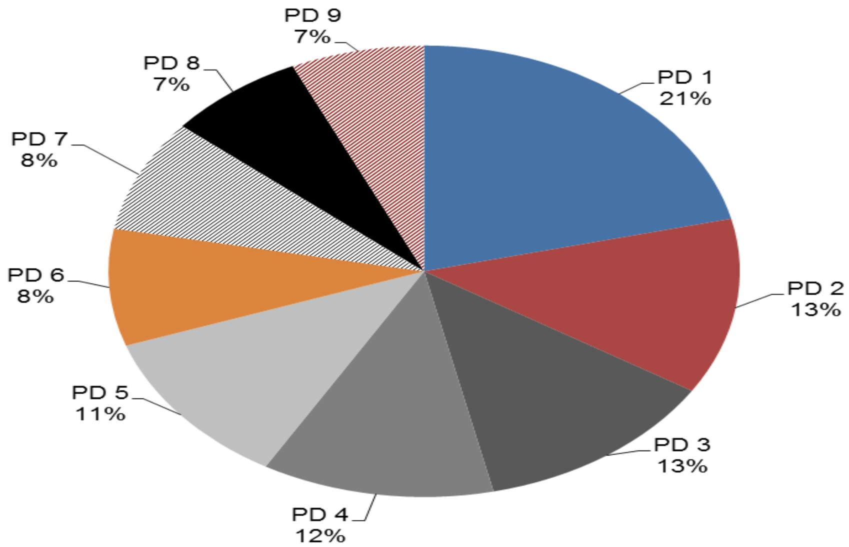


Source: Johannesburg Stock Exchange

Primary dealer performance

Figure 8 shows that primary dealer 1 (PD1) took 21 per cent of all fixed-rate bonds on offer, with the top five primary dealers taking up a total of 70 per cent. Throughout 2014/15, all primary dealers met their minimum bidding requirements of 13.1 per cent of the weekly auctioned amount per bond. The minimum bid requirement is a percentage ratio calculated as follows: 1/(number of primary dealers) plus 0.02 i.e. (1/9+0.02) per cent. Where nine primary dealers are appointed, each dealer is compelled to bid for at least 13.1 per cent of the amount on auction per bond.

Figure 8: Primary dealer participation in fixed-rate auctions, 2014/15



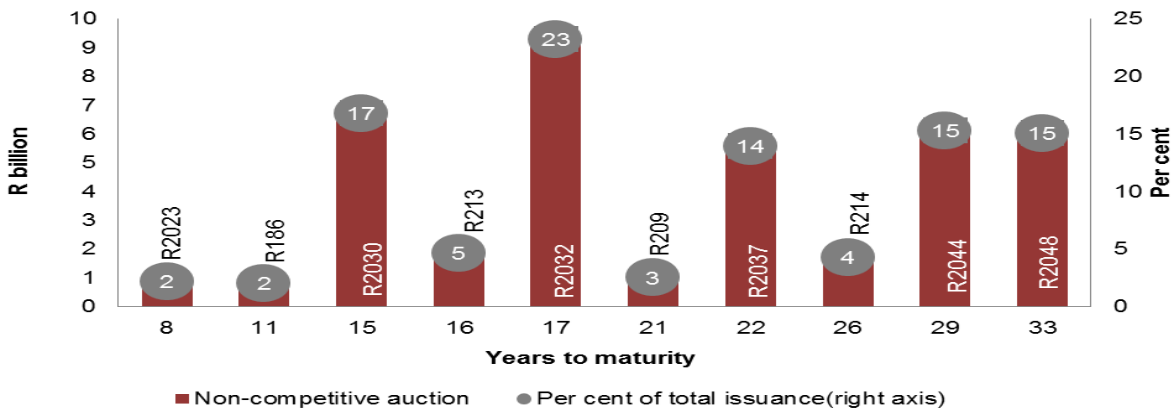
Source: National Treasury

Non-competitive bid auction performance

The non-competitive bid auction in fixed-rate domestic bonds was introduced as an incentive to primary dealers for their commitment to the primary auctions. In order to increase liquidity, the non-competitive auctions for the newly introduced bonds, the R2032 (8.25%:2032) and R2044 (8.75%:2043/44/45), were temporarily increased from 50 per cent to 100 per cent until the outstanding amounts reached R10 billion on each bond.

Figure 9 indicates that, during 2014/15, R39.7 billion was raised in non-competitive bond auctions. The highest take-up under the facility was on the R2030(8.00%:2030) and R2032(8.25%:2032) bonds.

Figure 9: Non-competitive auction performance per bond, 2014/15



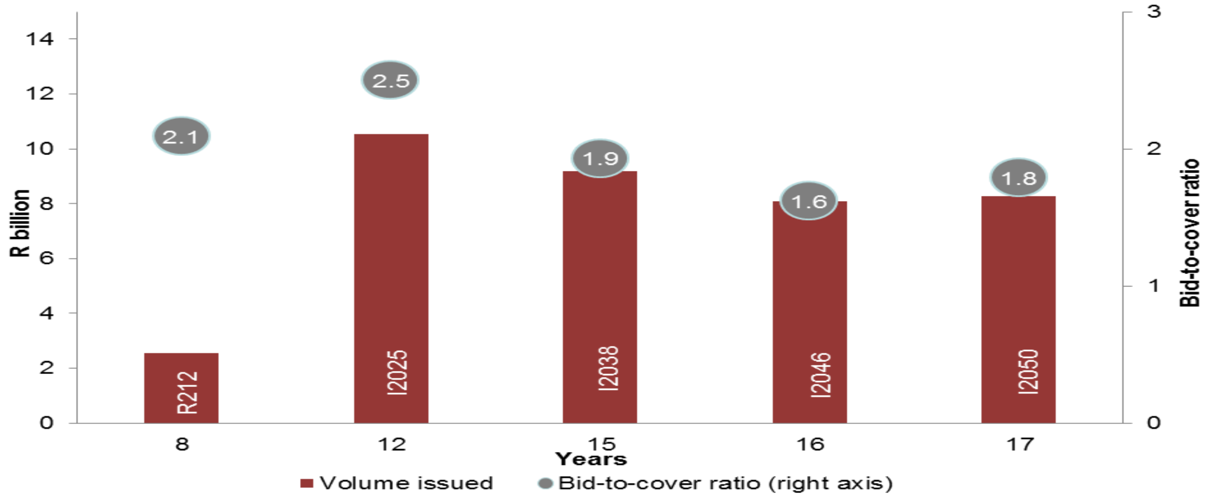
Source: National Treasury

Inflation-linked bonds

Demand for inflation-linked bonds remained strong during 2014/15, with a nominal amount of R38.7 billion issued from 49 inflation-linked bond auctions. Issuance on these bonds was concentrated in the I2025(2.00%:2025) and I2038(2.25%:2038) bonds, with nominal amounts of R9.9 billion and R9.2 billion issued respectively.

There were three undersubscribed inflation-linked bond auctions during the year; however, because of higher premiums, financing through these bonds remained ahead of target. Total nominal issuance by maturity area and bid-to-cover ratio is shown in Figure 10. The summary of the 2014/15 inflation-linked bond auctions and detailed information about the maturities and coupon rates are shown in Annexure "G".

Figure 10: Issuance of inflation-linked bonds, 2014/15

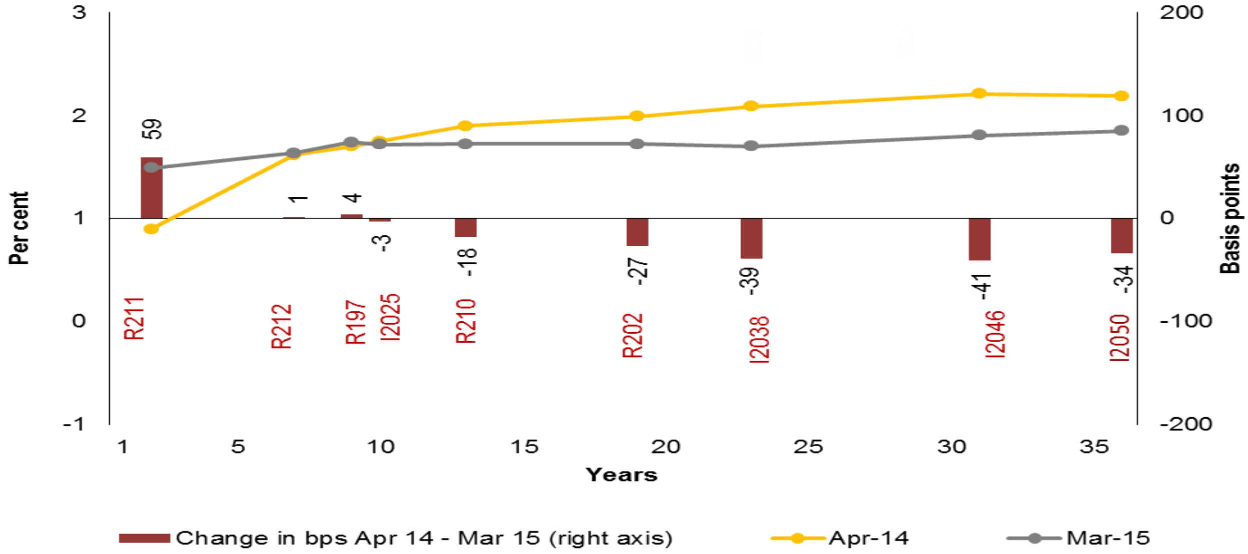


Source: Bloomberg

Real yields movement

The real yield on the shorter dated maturity bond, the R211(2.50%:2017), increased substantially by 59 basis points in 2014/15. During 2014/15, secondary market activity on this bond increased by 89 per cent to R81.1 billion, compared with R43.1 billion in 2013/14. During 2014/15, the real yields on the I2038(2.25%:2038) and the I2046(2.50%:2046) bonds decreased by 39 and 41 basis points respectively. The real yield on the longer dated bond, the I2050(2.50%:2049/50/51), decreased by 34 basis points.

Figure 11: Yield curve movement of inflation-linked bonds, 2014/15

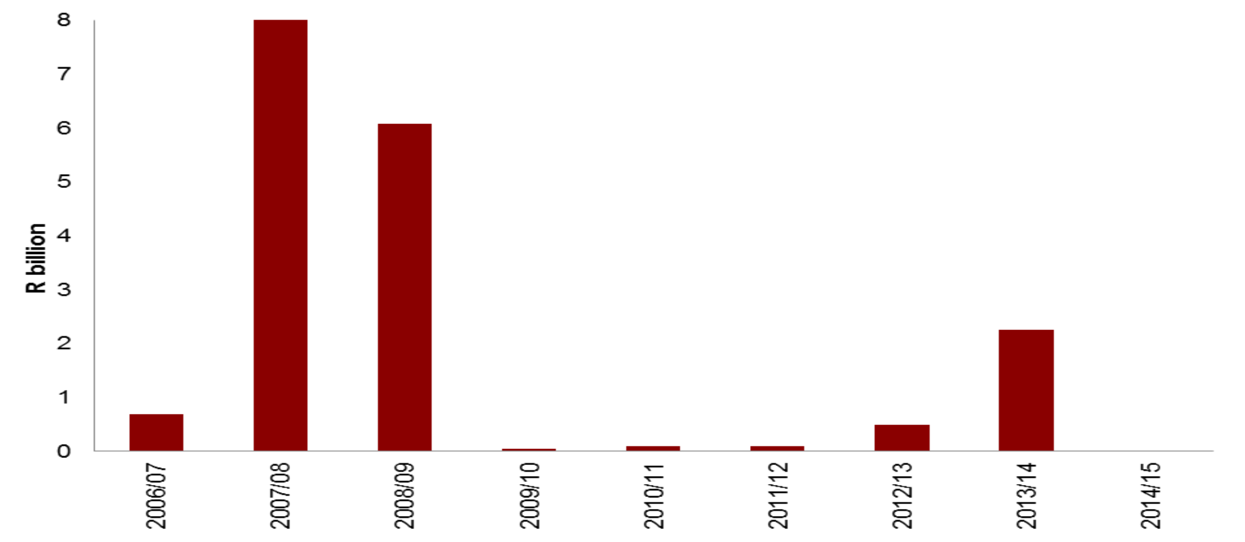


Source: Johannesburg Stock Exchange

Reverse repurchase transactions for inflation-linked bonds

The inflation-linked bond repo facility enables investors to borrow a debt instrument for up to 28 days. This enhances the tradability of inflation-linked bonds in the secondary market without increasing outright issuance during the auctions, and is open to market participants who have signed a master repurchase agreement with the SARB. Use of this facility has declined in recent years. As indicated in Figure 12, there was no take-up in 2014/15.

Figure 12: Take-up of inflation-linked bond reserve repo auctions, 2006/07 – 2014/15



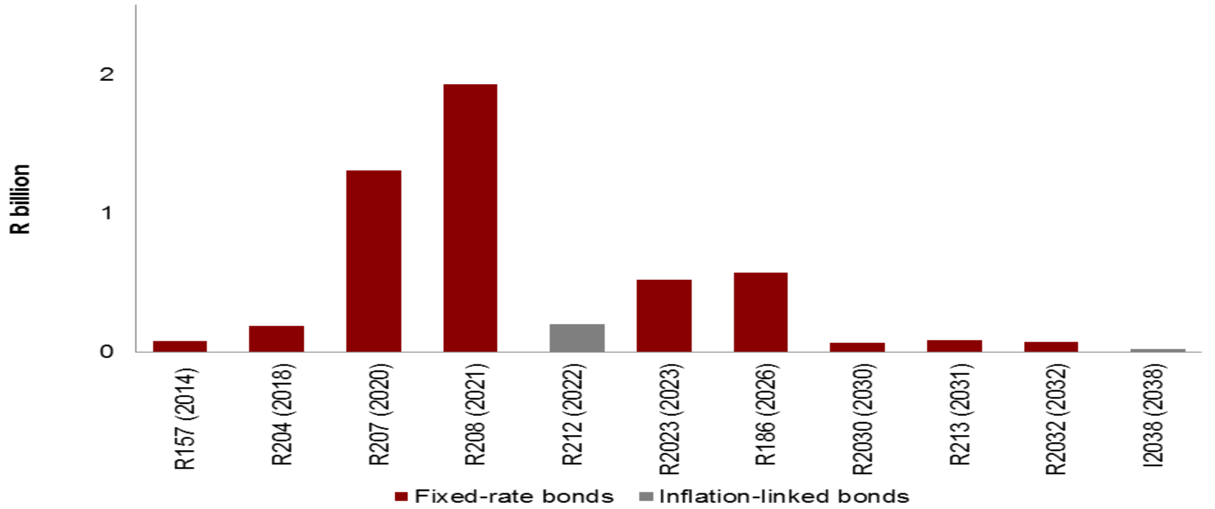
Source: National Treasury

Scrip lending facility

A certain percentage of trades in South African government bonds take place outside South African borders. These trades are settled through global central securities depositories (CSD) such as Euroclear. Due to differences in time zones and settlement cycles, with offshore markets settling on T+5 and the local market on T+3 (T represents trading day + number of days), a potential settlement failure could occur in the local bond market if there is a link back to local CSD participants on settlement date.

The National Treasury has an obligation to support the market for government bonds by acting as a lender of last resort to avoid settlement failures and subsequent systemic risk. The scrip lending facility is available strictly to primary dealers and is used only if other avenues of obtaining the scrip have been exhausted. As a lender of last resort, National Treasury provides an overnight scrip lending facility at zero interest rate. For 2014/15, a nominal amount of R5.1 billion was provided through this facility. Figure 13 shows the breakdown in utilisation of the scrip lending facility per bond.

Figure 13: Fixed-rate and inflation-linked bond scrip lending facility utilisation, 2014/15



Source: National Treasury

Buy-back of perpetual bonds

In 2014/15, National Treasury was successful in buying back a portion of illiquid bonds (the perpetual bonds) that were issued a long time ago. There were five perpetual bonds in the government domestic debt portfolio. A total of R2.8 million of perpetual bonds was successfully bought back; an amount of R68 thousand remains outstanding.The buy-back operations were carried out on a voluntary basis, with investors voluntarily surrendering these bonds. Efforts continue to locate the holders of the remaining perpetual bonds.

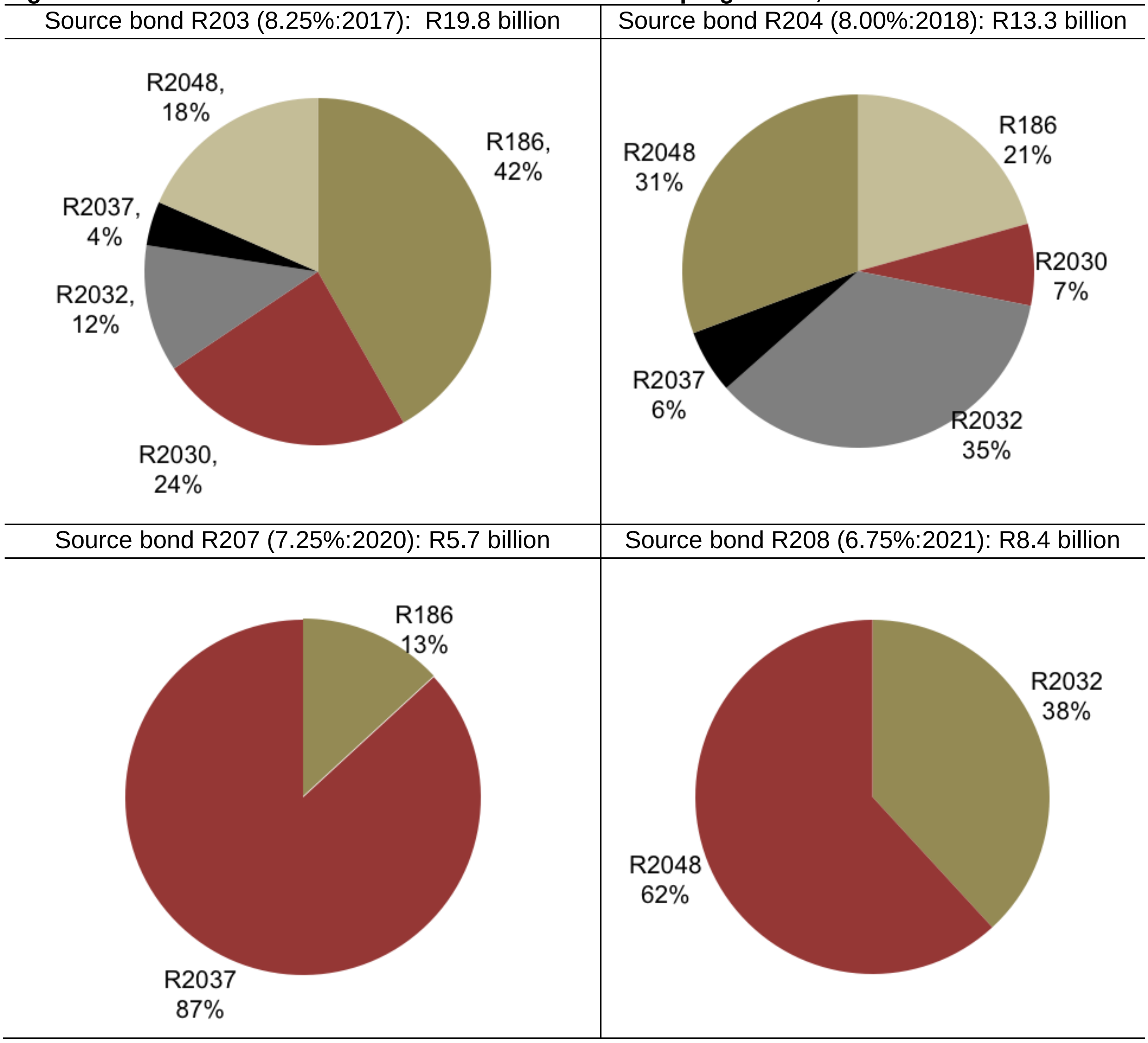
Bond switch auction programme

A switch programme is a liability management exercise where short-term debt is exchanged for long-term debt with the aim of reducing near-term exposure to refinancing risk. National Treasury has moved away from publishing a calendar for the bond switch auction programme. Under the new programme, bond switch auctions are conducted on an *ad hoc* basis. Details of the source bonds, destination bonds and the time of the auction are only made available to the public on the day before the auction.

A total of R50.5 billion was switched in 2014/15, easing pressure at the shorter end of the curve. The most preferred destination bonds were the R2023(7.75%:2023), R186 (10.50%:2025/26/27), R2032(8.25%:2032) and R2048(8.75%:2048). Figure 14 shows the sources and destination bonds for the 2014/15 bond switch auctions.

In August 2014, the SARB switched R3.5 billion of its R157(13.50%:2014/15/16) bond holding into the R2023(7.75%:2023) bond. The SARB utilises the bonds in the monetary policy portfolio for reverse repo transactions to drain liquidity from the market.

Figure 14: Destination bonds for the bond switch auction programme, 2014/15



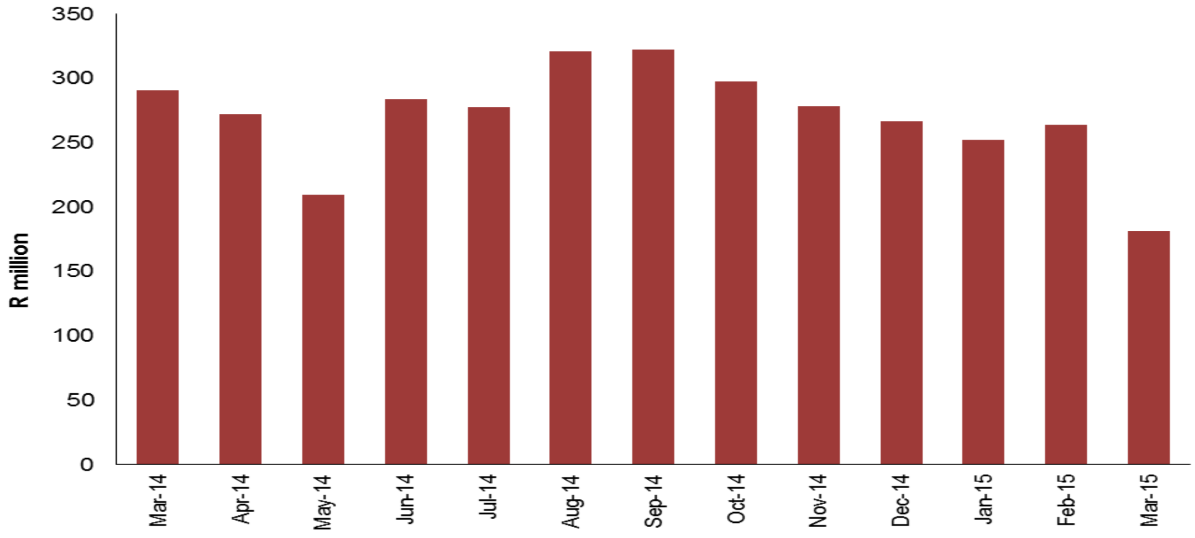
Source: National Treasury

Retail savings bonds

Since their inception in 2004, the main objective of the retail savings bonds has been to educate and to promote a savings culture in South Africa. In 2014/15, R2.8 billion worth of investments were received. The total outstanding amount as at March 2015 was R11.4 billion.

The lower demand for retail savings bonds can be linked to financial difficulties experienced by households in the current challenging economic environment and the introduction of similar retail savings products by the local banks. However, retail savings bonds remain an attractive investment vehicle. There was an average daily take-up of about R9 million during 2014/15.

Figure 15: Monthly retail savings bond deposits, including re-investments, 2014/15



Source: National Treasury

Approximately 60 per cent of the investors in retail savings bonds are aged 50 and older. Efforts are underway to increase the range of products on offer in order to attract younger investors; and work is in progress to replace the existing retail savings bond information technology system to improve efficiency. The new system is expected to start operating during 2015/16, and will accommodate the implementation of new products such as the proposed top-up bond and the tax-free retail savings bond accounts.

Interest rates on the fixed-rate, inflation-linked and financial co-operatives retail savings bonds are derived from the respective government bond yield curves and Treasury bill rates. The rates are published on the retail savings bond website (www.rsaretailbonds.gov.za). The interest rates for fixed-rate and financial co-operatives retail savings bonds are reviewed monthly while inflation-linked retail savings bonds rates are reviewed bi-annually. The interest rates on fixed-rate, inflation-linked and financial co-operatives retail savings bonds for 2014/15 are shown in Table 6.

Table 6: Interest rates on retail savings bonds, 2014/15

Percentage	Bond maturity		
Fixed-rate	**2-year**	**3-year**	**5-year**
2014/04/01	7.25	7.75	8.25
2015/03/31	7.25	7.75	8.00
Co-operatives	**1-year**	**2-year**	**3-year**
2014/04/01	6.55	7.25	7.75
2015/03/31	6.14	7.25	7.75
Inflation-linked	**3-year**	**5-year**	**10-year**
2014/04/01	1.00	1.25	2.25
2015/03/31	1.25	1.75	2.00

Source: National Treasury

Since the launch of the financial co-operatives retail savings bond in 2011, twelve co-operative financial institutions have invested a total of R4.0 million; these investments have been continuously rolled over.

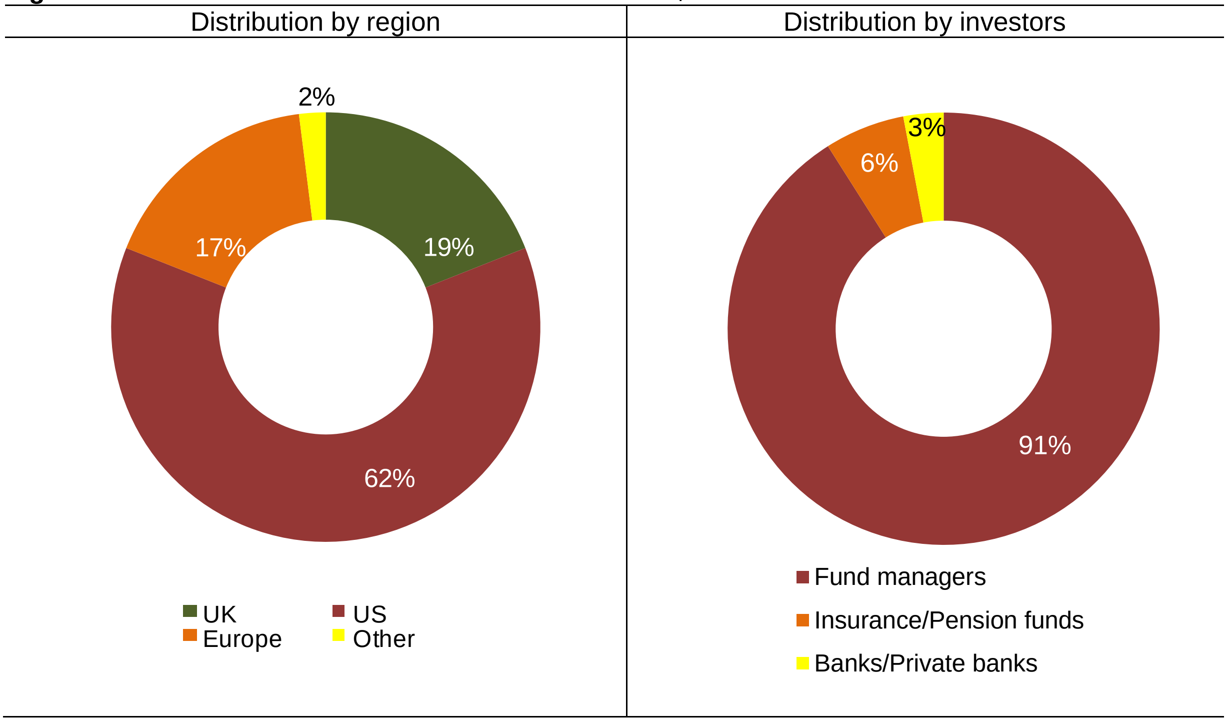
FOREIGN LONG-TERM BORROWING

Conventional market

The South African government borrows in the international capital market to finance part of its foreign currency commitments and to create benchmarks for other South African issuers. In 2014/15, South Africa successfully issued its first dual-tranche transaction in the dollar and euro capital markets. The 30-year US$1 billion note was priced at 220 basis points above the US Treasury benchmark bond. The deep and liquid dollar market allowed the sovereign to issue in the 30-year maturity area.

South Africa returned to the euro market in July 2014 after an absence of almost eight years; however, this did not deter appetite for the note. The 12-year €500 million note was priced at 225 basis points above the 12-year euro swap rate benchmark. This was achieved notwithstanding the fact that the sovereign did not conduct a physical roadshow in Europe to market the transaction. Figure 16 shows investor distribution for the dual-tranche transaction.

Figure 16: Investor distribution for South Africa's US$ and € dual-tranche bond issue



Source: National Treasury

Islamic market

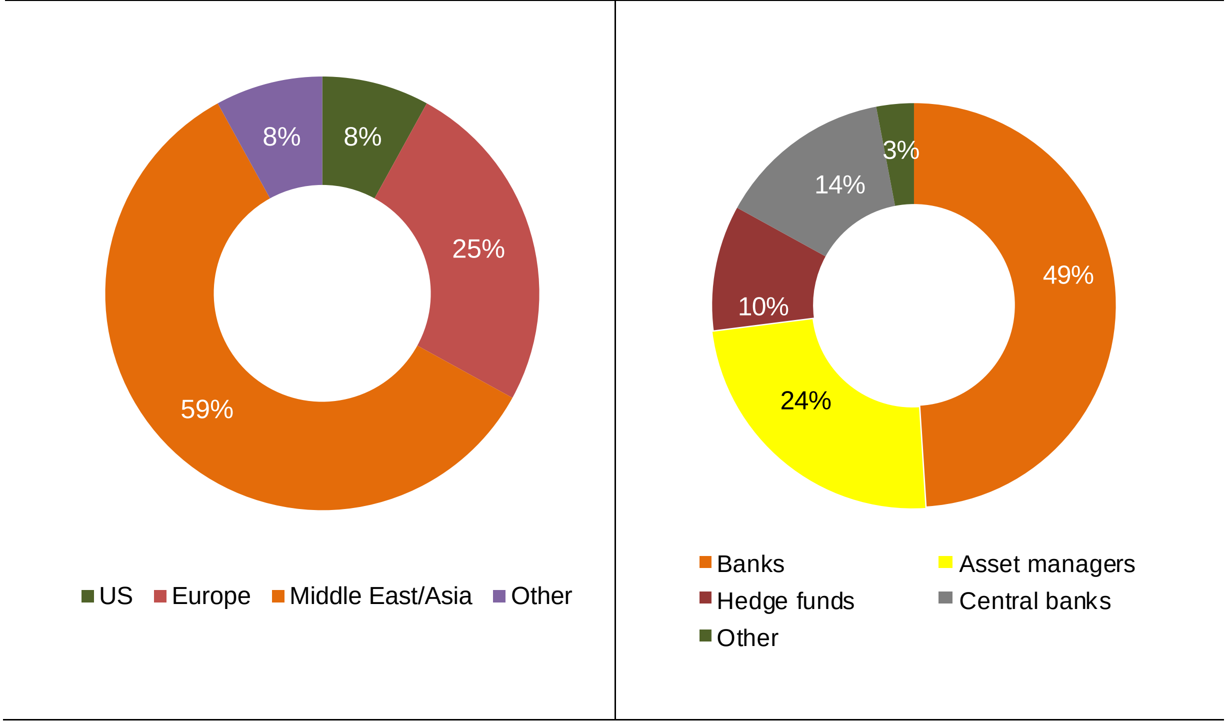
In September 2014, South Africa became the first African country to issue a dollar denominated Sukuk (Islamic bond). Sukuk, the plural of the term "Sukk", is the Arabic name for a financial certificate, or bond, which represents a proportionate interest in an underlying tangible asset and revenue. Sukuk holders are entitled to a periodic profit generated by the investment in the underlying asset(s). South Africa's debut Sukuk is based on the most commonly used structure, known as Al-Ijara, which represents securities with a usufruct interest over well-defined existing assets tied to a lease contract. The Department of Water and Sanitation transferred three dams and one water tunnel, the Sukuk assets, to a trust whose trustees were appointed by the Minister of Finance. The trust holds the rights of use in the Sukuk assets during the 5.75 year bond period for the benefit of the Sukuk holders.

The trust has no rights to dispose of the Sukuk assets or of the rights of use in these assets other than by transferring the rights back to the Department of Water and Sanitation at the end of the transaction. The trust has entered into a lease agreement over the assets with National Treasury as the issuer of the Sukuk. National Treasury pays rent on the assets for the tenure of the Sukuk; the rent is distributed by the trust in the form of periodic payments to the Sukuk holders. At maturity, the capital is repaid, the underlying assets are transferred back to the Department of Water and Sanitation and the lease agreement ends.

The Sukuk was priced at a profit (coupon) rate of 3.9 per cent, a spread of 180 basis points above the corresponding mid-swap rate. Listed on the Luxembourg Stock Exchange, the transaction was more than four times oversubscribed, with an order book of US$2.2 billion. The decision to issue an Islamic bond was informed by a drive to broaden the investor base and to set benchmarks for SOCs seeking diversified sources of funding for infrastructure development. Figure 17 shows the investor distribution of the Sukuk.

Figure 17: Investor distribution for South Africa's US$500 million Sukuk

Distribution by region	Distribution by investors



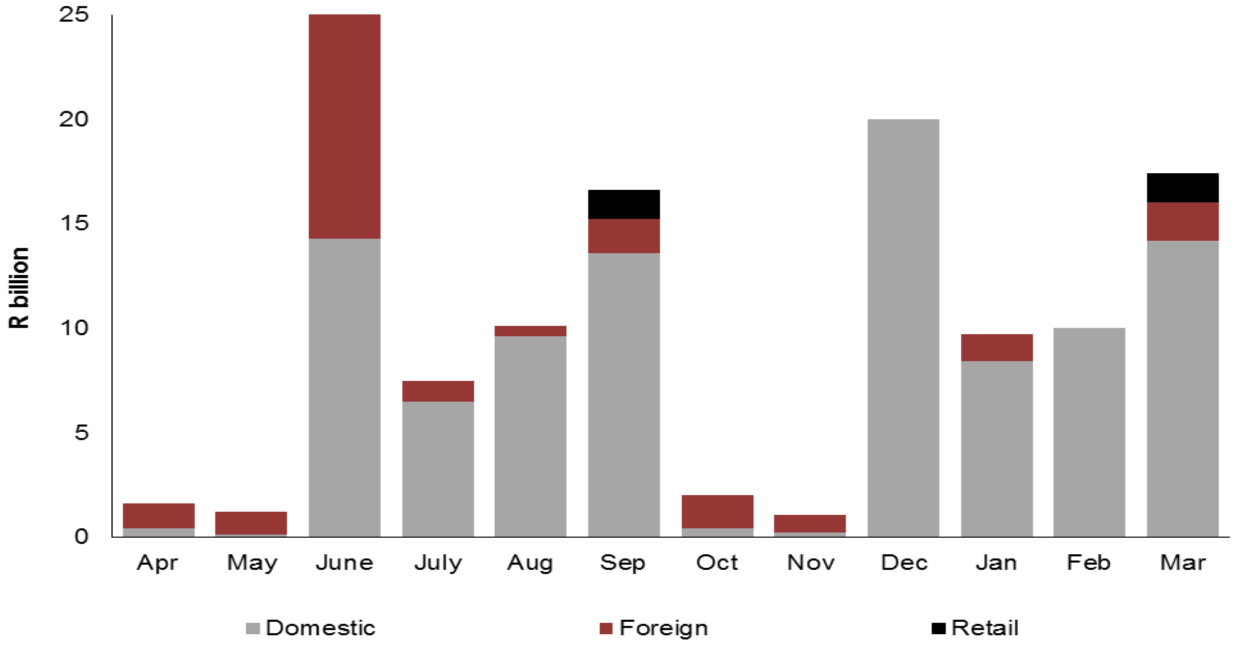
Source: National Treasury

INTEREST AND REDEMPTION PAYMENTS ON BONDS

Figure 18 shows government's monthly interest and redemption payments for 2014/15. The payments are split between long-term domestic, foreign and retail savings bonds. Domestic long-term bonds made up 81 per cent of total payments. In line with revenue inflows, the months of June and December typically have higher bond interest and redemption payments.

The US$ denominated bond (6.50%:2014) matured in June 2014 with a redemption amount of R10.9 billion equivalent. In the domestic debt portfolio, the R009(13.50%:2014) bond (the first leg of the R157(13.50%:2015) bond) and the R201(8.75%:2014) bond matured with redemption amounts of R24.5 billion and R6.4 billion respectively. Retail bond redemptions amounted to R2.8 billion.

Figure 18: Monthly schedule of interest and redemption payments on bonds, 2014/15



Source: National Treasury

The domestic debt redemption amount tabled in the 2014 Budget was revised downwards from R35.0 billion to R33.7 billion due to a bond switch.

GOVERNMENT CASH BALANCES

The primary objective of managing cash balances is to ensure that government has enough cash available to meet its commitments. Effective cash management also contributes to market stability by keeping government's weekly borrowing stable and predictable.

Cash management also plays a pivotal role in supporting collaboration between National Treasury and the SARB to manage market liquidity. Government's total cash includes deposits held by the SARB and commercial banks. Cash deposits with the SARB include rand sterilisation and foreign exchange deposits.

Sterilisation deposits are excess cash deposits made with the SARB to counter the effects of increased money supply as a result of the accumulation of reserves. These deposits are only available as bridging finance. The SARB has entered into foreign exchange swaps to neutralise sizable foreign direct investment flows. National Treasury is committed to assisting to unwind these maturing swaps when capacity is available.

Foreign exchange deposits consist of money borrowed in global capital markets and/or foreign currencies purchased in the domestic market. Foreign exchange deposits can be used to meet foreign currency commitments. The government’s cash balances as at 31 March 2014 and 31 March 2015 are shown in Table 7.

Table 7: National government's cash balances, 31 March 2014 – 31 March 2015

R billion	Mar-14	Mar-15
Reserve bank	**130.2**	**136.6**
Sterilisation deposits	67.2	67.2
Foreign currency deposits	63.0	69.4
Commercial banks	**53.7**	**53.1**
Tax and loan accounts	53.7	53.1
Total	**183.9**	**189.7**
Of which:		
Rand	*120.9*	*120.3*
Foreign currency deposits	*63.0*	*69.4*
US$ equivalent	*8.0*	*8.3*

Source: National Treasury

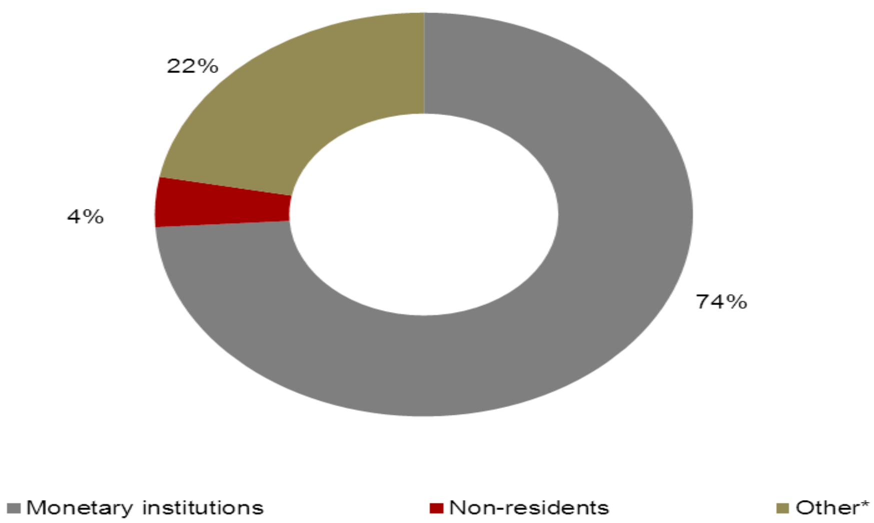
Total foreign currency commitments in 2014/15 amounted to US$2.6 billion. This consisted of redemptions of foreign loans amounting to US$1.4 billion and interest on loans and other departmental commitments amounting to US$1.2 billion. These commitments were financed through the settlement of foreign exchange forward contracts, issuance of foreign currency denominated bonds and interest earned.

3. HOLDINGS OF GOVERNMENT DEBT INSTRUMENTS

HOLDINGS OF TREASURY BILLS

As at 31 March 2015, the outstanding amount on Treasury bills was R202.2 billion. Of the total amount issued, 74 per cent is held by domestic commercial banks mainly to meet their prescribed liquid asset requirements. Non-residents hold only 4 per cent of the total. The remaining 22 per cent is held by pension funds, insurers and other financial institutions represented as “Other” in Figure 19.

Figure 19: Holdings of Treasury bills by investor type, 31 March 2015



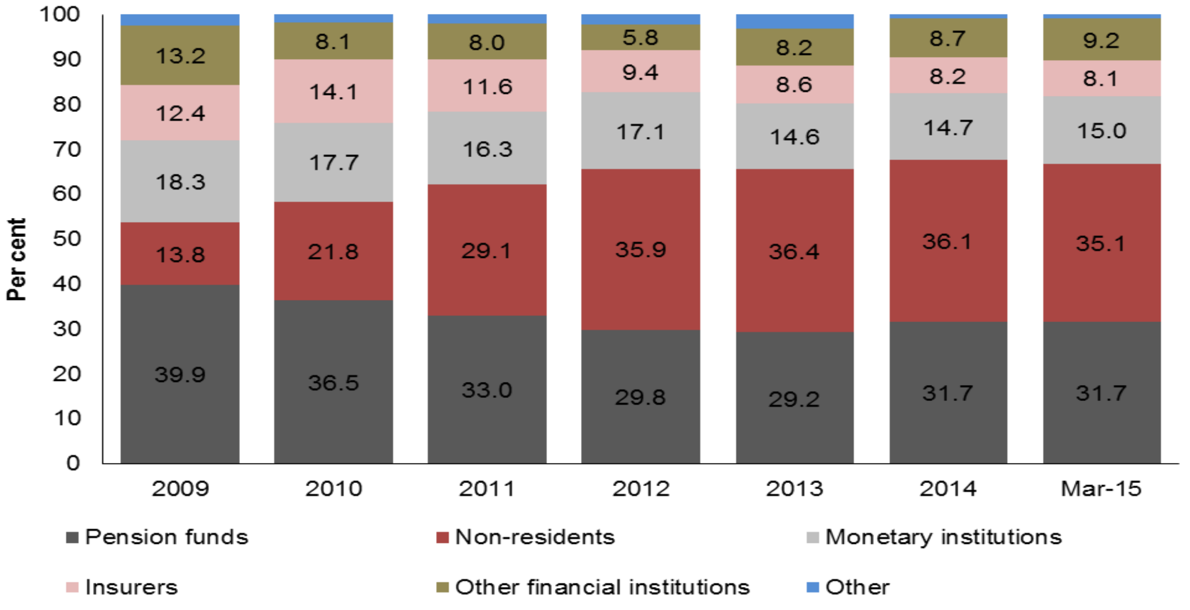
Source: National Treasury

**Other mainly comprised of pension funds, insurers and other financial institutions*

HOLDINGS OF DOMESTIC MARKETABLE GOVERNMENT BONDS

Global investors continue to see value in the South African government bond market. Non-residents purchased a net R43.9 billion of local currency government bonds in 2014/15, increasing total holdings to R450.7 billion as at 31 March 2015.

Figure 20: Holdings of domestic government bonds by investor type, 2009 – 31 March 2015

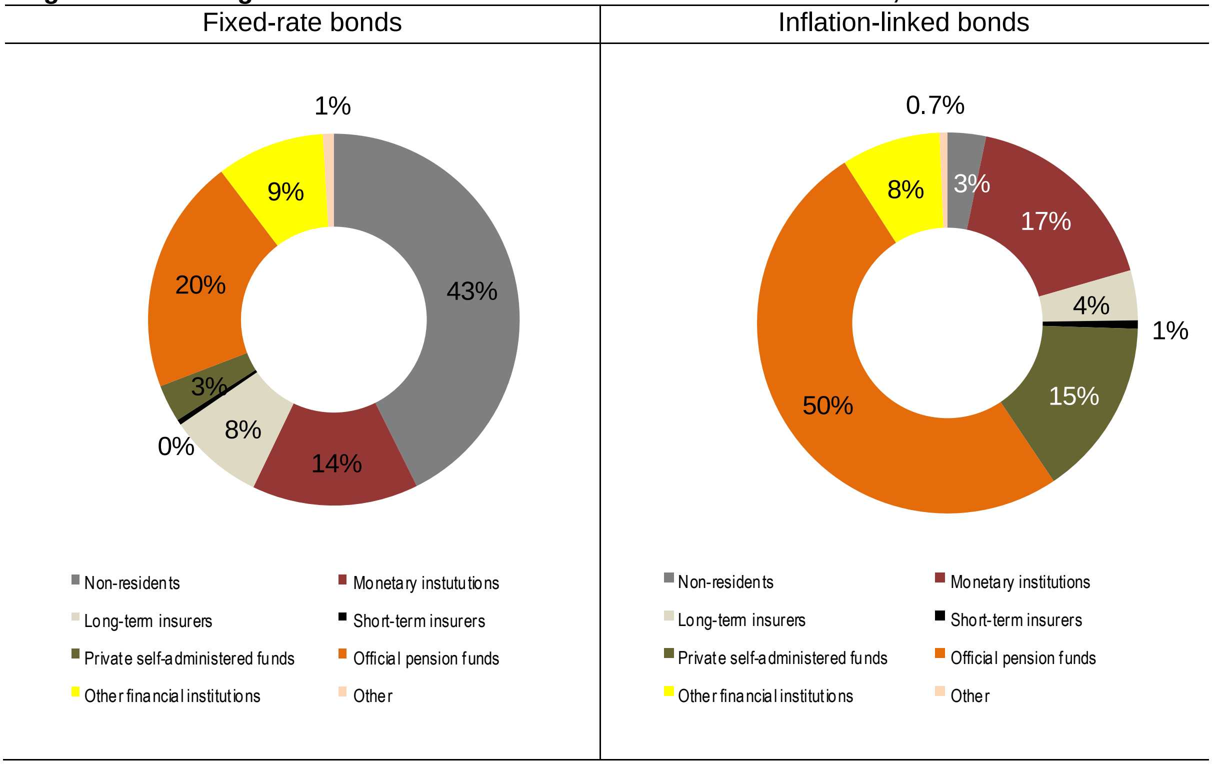


Source: Share Transactions Totally Electronic

As at March 2015, local pension funds had increased their holdings from 29.2 per cent in 2013 to 31.7 per cent. Holdings by insurers have continued to fall, from 14.1 per cent in 2010 to 8.1 per cent in March 2015.

Figure 21 shows that 43 per cent of fixed-rate bonds are held by non-residents and they are the largest holders. Local official pension funds remain the largest holders of government inflation-linked bonds, with a total holding of 50 per cent.

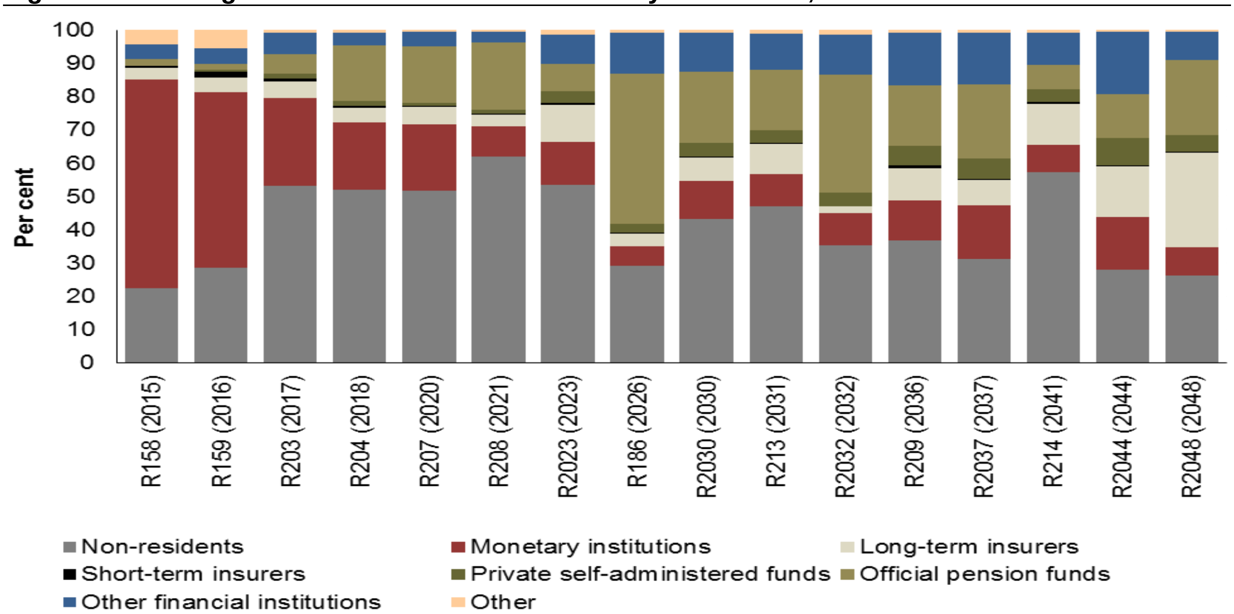
Figure 21: Holdings of domestic fixed-rate and inflation-linked bonds, 31 March 2015



Source: Share Transactions Totally Electronic

Figure 22 indicates that investment by monetary institutions is concentrated mainly in shorter dated government bonds. Pension funds hold a significant share of bonds with short to medium-term maturities, while non-residents spread their holdings across all maturities.

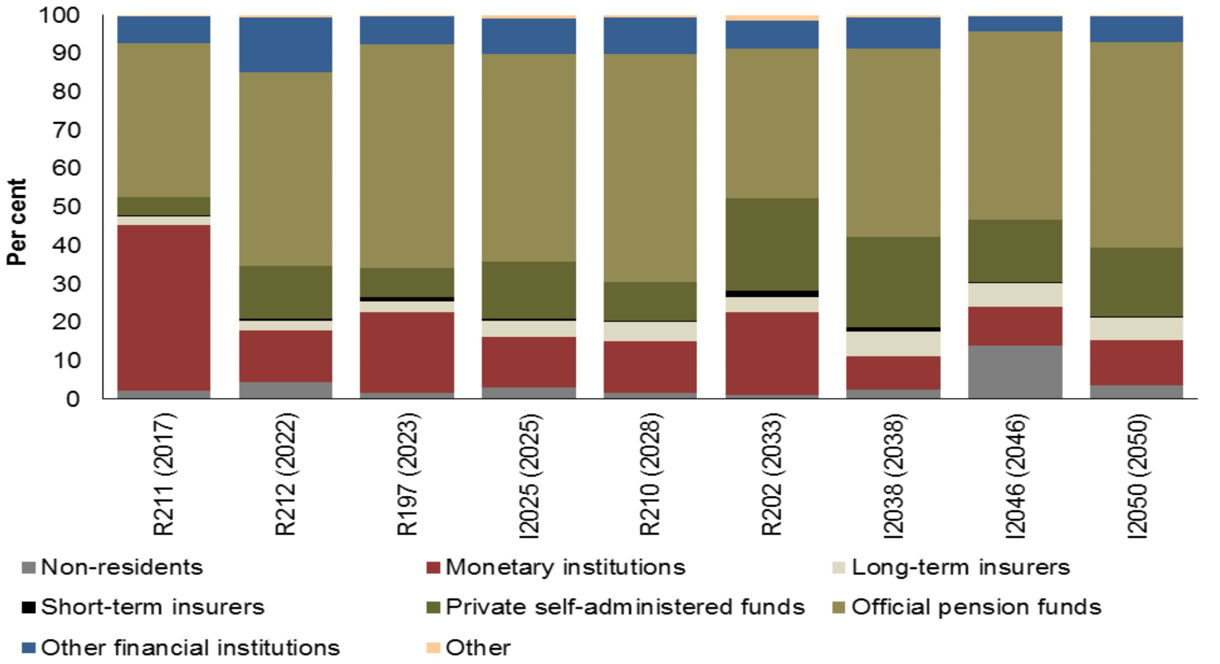
Figure 22: Holdings of domestic fixed-rate bonds by instrument, 31 March 2015



Source: Share Transactions Totally Electronic

Figure 23 shows holdings in inflation-linked bonds. Monetary institutions hold 43.1 per cent of the R211(2.50%:2017) bond, holding these bonds to replicate their short-term inflation-linked liabilities. Official pension funds hold longer-dated inflation-linked bonds, with 53.5 per cent of the ultra-long bond I2050(2.50%:2050). Official pension fund holdings of inflation-linked bonds are distributed across all maturities to match their liabilities. Private self-administered funds hold significant portions throughout the yield curve.

Figure 23: Holdings of domestic inflation-linked bonds by instrument, 31 March 2015

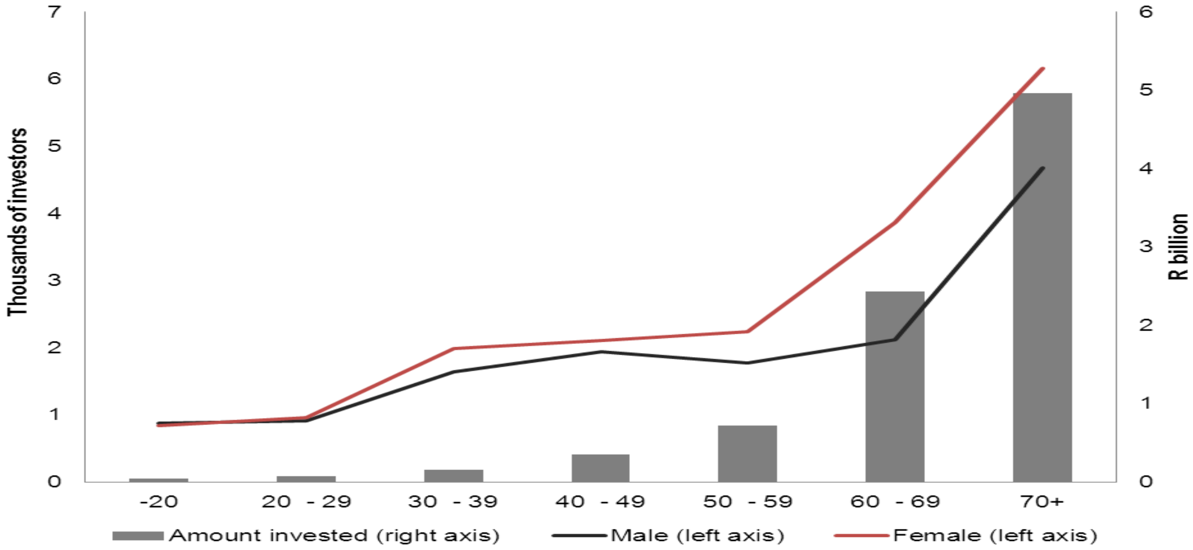


Source: Share Transactions Totally Electronic

RETAIL BONDS INVESTOR DEMOGRAPHICS

Figure 24 indicates that the majority of investors in retail savings bonds are over the age of 60. This may be attributed to the fact that these individuals are saving their retirement funds. More females than males are invested in these bonds.

Figure 24: Retail bond investor demographics, 31 March 2015



Source: National Treasury

4. GOVERNMENT DEBT PORTFOLIO AND RISK METRICS

SIZE OF GOVERNMENT DEBT

The size of government debt is influenced by its net borrowing requirement, currency and inflation fluctuations, and changes in cash balances. Government debt is presented on a gross and net basis as indicated in Table 8. Net loan debt stood at R1.6 trillion as at 2014/15, which equates to 40.8 per cent of GDP.

Government's gross exposure to loans raised in the international capital market was 9.3 per cent of total debt, or 4.6 per cent in net terms after taking into account foreign exchange deposits of US$8.3 billion.

Table 8: Total government debt, 2014/15

R billion	Budget	Revised	Preliminary outcome
Domestic debt			
Gross loan debt	1 630.7	1 630.5	1 632.1
Cash balances	-107.2	-112.2	-120.3
Net loan debt	1 523.5	1 518.3	1 511.8
Foreign debt			
Gross loan debt	147.2	161.0	166.8
Cash balances	-81.7	-95.3	-94.4
Net loan debt	65.6	65.7	72.4
Total gross loan debt	**1 777.9**	**1 791.5**	**1 798.9**
Total net loan debt	**1 589.1**	**1 584.0**	**1 584.2**
As percentage of GDP:			
Total gross loan debt	*46.9*	*46.2*	*46.4*
Total net loan debt	*41.9*	*40.8*	*40.8*
Foreign debt as percentage of:			
Gross loan debt	*8.3*	*9.0*	*9.3*
Net loan debt	*4.1*	*4.1*	*4.6*

Source: National Treasury

Table 9 shows the composition of domestic government debt by instrument type for the period 2013/14 and 2014/15.

Table 9: Composition of domestic debt by instrument, 2013/14 – 2014/15

R billion	2013/14 Outcome	2014/15 Preliminary outcome
Short-term loans	**214.0**	**223.6**
Shorter than 91-days	21.8	21.4
91-day	42.9	33.2
182-day	42.3	46.1
273-day	49.3	56.3
364-day	57.7	66.6
Long-term loans	**1 226.8**	**1 408.4**
Fixed-rate	917.9	1 039.9
Inflation-linked	298.7	358.7
Retail	9.5	9
Zero coupon	0.7	0.7
Total	**1 440.8**	**1 632.0**

Source: National Treasury

DEBT-SERVICE COSTS

The cost of servicing government debt is influenced by the volume of debt and by market variables such as interest, inflation and exchange rates. In 2014/15, debt-service costs amounted to R114.8 billion, or 3.0 per cent of GDP. This was R0.1 billion lower than the budgeted amount of R114.9 billion mainly due to the new foreign currency denominated bond (Sukuk) issued in 2014/15 only paying interest in 2015/16.

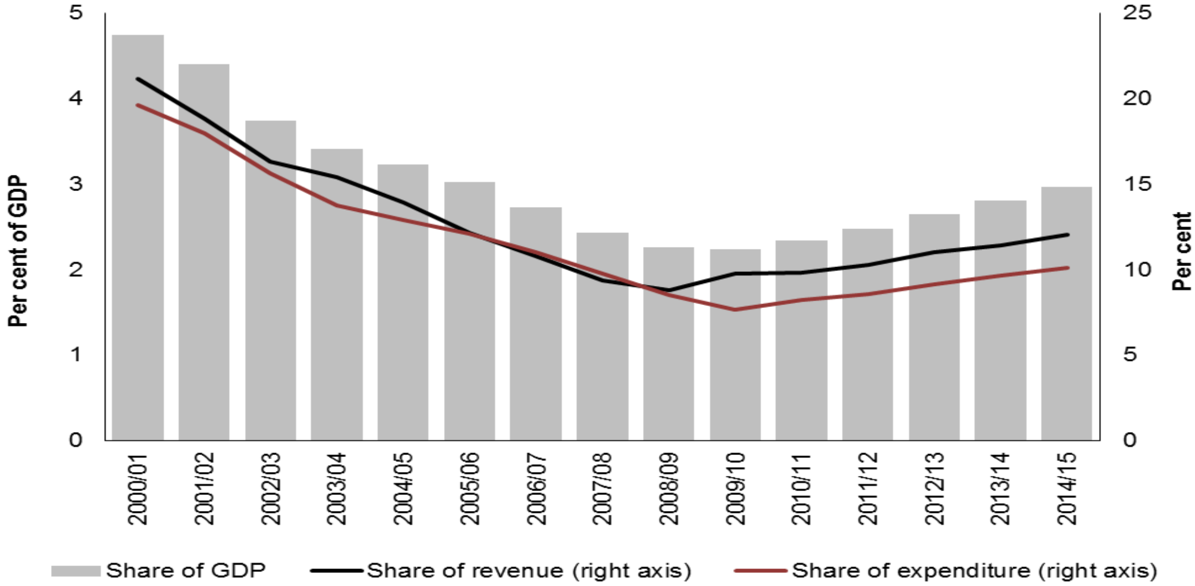
Table 10: Debt-service costs, 2014/15

R billion	Budget	Revised	Preliminary outcome
Domestic loans	**106.2**	**106.8**	**106.5**
Short-term	14.8	14.6	14.7
Long-term	91.4	92.2	91.8
Foreign loans	**8.7**	**8.2**	**8.3**
Total	**114.9**	**115.0**	**114.8**
As percentage of:			
GDP	*3.0*	*3.0*	*3.0*
Expenditure	*10.1*	*10.1*	*10.1*
Revenue	*11.9*	*12.1*	*12.0*

Source: National Treasury

Figure 25 shows that debt-service costs as a percentage of revenue, expenditure and GDP have increased since 2009/10. These ratios are projected to stabilise in the medium-term as government reduces its deficit and debt accumulation.

Figure 25: Debt-service costs, 2000/01 – 2014/15



Source: National Treasury

PORTFOLIO RISK BENCHMARKS

As at 31 March 2015, all risk benchmark indicators were below their respective limits and within their ranges. In 2014/15, the share of short-term debt (Treasury bills) as a percentage of total domestic debt decreased from 14 per cent in 2013/14 to 12.7 per cent. This 1.3 percentage point decrease was due to the 91-day Treasury bills weekly auction levels being reduced by R2 billion in January 2015.

In the same period, the share of long-term domestic debt as a percentage of total domestic debt maturing in five years decreased from 22.7 per cent to 21 per cent. The inflation-linked bond portfolio as a percentage of total domestic debt increased marginally from 22.1 per cent in 2013/14 to 22.4 per cent in 2014/15. This can be attributed to the lower revaluation due to slow growth in the consumer price index (CPI) in the second half of 2014.

The share of foreign debt as a percentage of total government debt increased slightly, from 9.3 per cent in 2013/14 to 9.4 per cent in 2014/15. This was as a result of the depreciation of the rand and the issuance of two new foreign currency denominated bonds.

Table 11: Performance of the government debt portfolio against risk benchmarks

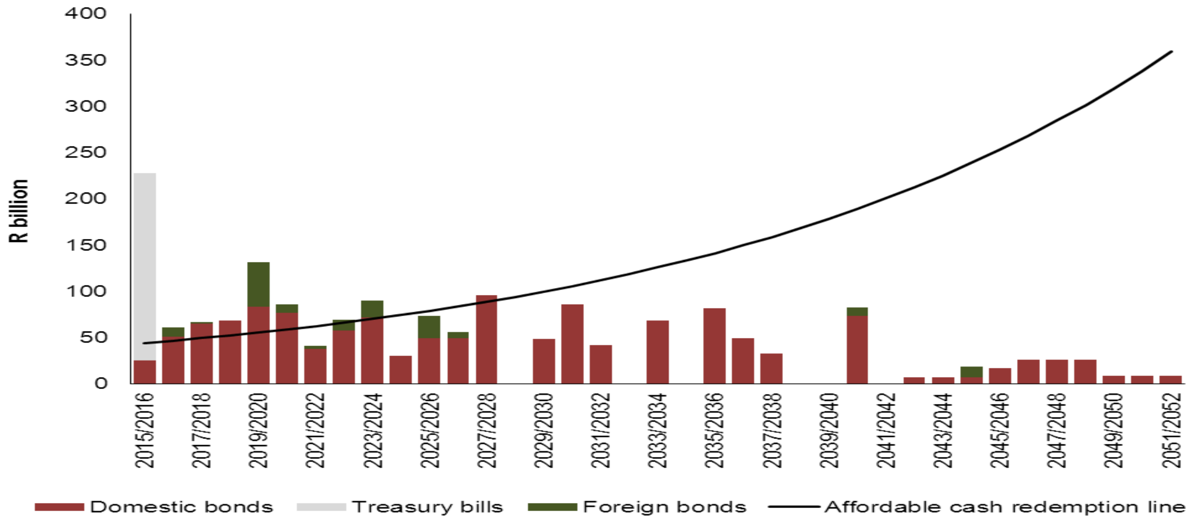
Benchmark description	Range or limit		
	Benchmark	**Mar-14**	**Mar-15**
Share of short-term domestic debt maturing in 12 months (Treasury bills) as percentage of total domestic debt	15%	14%	12.7%
Share of long-term domestic debt maturing in 5 years as a percentage of total domestic debt	25%	22.7%	21%
Share of inflation-linked bonds as a percentage of total domestic debt	20-25%	22.1%	22.4%
Share of foreign debt as a percentage of total government debt	15%	9.3%	9.4%
Average term-to-maturity (fixed-rate bonds and Treasury bills in years)	10-14	10.4	11.7
Average term-to-maturity (inflation-linked bonds in years)	14-17	14.9	14.9

Source: National Treasury

The maturity profile of the government debt portfolio is shown in Figure 26. The affordable cash redemption line indicates the government's affordability level for the repayment of debt. Any amount above this line is unaffordable and will therefore have to be switched. The affordable cash redemption line has been breached in the maturity areas from 2016/17 to 2020/21. This means that government faces refinancing risk in these areas. This risk is being managed through an on-going bond switch auction programme and the accumulation of cash. The programme is expected to reduce the share of debt maturing in five years, thereby reducing refinancing risk.

The maturity areas of the 2023/24 (R2023(7.75%:2023) and R197(5.50%;2023) bonds) and 2027/28 (R186(10.50%:2025/26/27) and R202(3.45%:2033) bonds) as shown in Figure 26 face issuance constraints as they have breached the affordable cash redemption line. Refinancing risk in these areas will also be managed through bond switches closer to maturity.

Figure 26: Maturity profile of government debt, 31 March 2015



Source: National Treasury
**Excluding CPD and retail savings bonds*

As stated in the 2013/14 Debt Management Report, government's debt portfolio risk benchmark indicators will remain in place for five years. However, the numeric limits and ranges will be assessed and reported on an annual basis. The same numeric benchmarks will therefore apply in 2015/16.

SOVEREIGN RISK ASSESSMENT

Sovereign credit ratings play an important role in the country's ability to access capital markets as they influence investor perceptions of the quality of a country's debt. Credit rating agencies perform annual reviews on South Africa's credit-worthiness. However, since the inception of the Credit Regulation Act 3 in 2013, European-based credit rating agencies are obliged to review their credit ratings every six months. South Africa continues to solicit ratings from four major credit rating agencies: Moody's, S&P, Fitch and R&I.

Table 12: Republic of South Africa's sovereign credit ratings

		Moody's	S&P	Fitch	R&I
Lower Risk	Investment Grade	Aaa	AAA	AAA	AAA
		Aa1	AA+	AA+	AA+
		Aa2	AA	AA	AA
		Aa3	AA-	AA-	AA-
		A1	A+	A+	A+
		A2	A	A	A
		A3	A-	A-	**A-**
		Baa1	**BBB+**	BBB+	**BBB+(stable outlook)**
		Baa2 (stable outlook)	**BBB**	**BBB (negative outlook)**	**BBB**
		Baa3	**BBB- (stable outlook)**	BBB-	BBB-
High Risk	Speculative Grade / Non - Investment Grade	Ba1	BB+	BB+	BB+
		Ba2	**BB**	**BB**	BB
		Ba3	BB-	BB-	BB-
		B1	B+	B+	B+
		B2	B	B	B
		B3	B-	B-	B-
		Caa1	CCC+	CCC+	CCC+
		Caa2	CCC	CCC	CCC
		Caa3	CCC-	CCC-	CCC-
		Ca	CC	CC	CC
		C	C	C	C
		D	D	D	D
Current rating					
Highest rating achieved					
1st credit rating assigned to RSA: *Moody's, S&P and Fitch - 1994*; *R&I - 1998*					

Source: National Treasury

In 2014/15, the country maintained its investment grade credit ratings assigned by all four of the solicited ratings agencies. In June 2014, S&P downgraded South Africa's credit rating from "BBB" to "BBB-"(stable outlook), one notch above non-investment grade. In October 2014, R&I also downgraded the country's credit rating to "BBB+" (stable outlook). In November 2014, the country was further downgraded by Moody's to "Baa2" (stable outlook) and in December 2014, S&P and Fitch affirmed the country's rating at "BBB-" (stable outlook) and "BBB" (negative outlook) respectively.

The main credit rating constraints highlighted by the agencies during 2014/15 were the deteriorating economic growth prospects; labour market instability; rising general government debt; a combination of high budget and current account deficits; and prolonged strikes in key sectors of the economy and their impact on growth. Due to the long-term nature of the identified risks to South Africa's credit rating, the ratings remain under considerable pressure, especially under prevailing macroeconomic conditions. However, government is committed to implementing the necessary structural reforms aimed at mitigating risks to the credit rating.

5. FUNDING PROGRAMMES OF STATE-OWNED COMPANIES

NATIONAL TREASURY'S ROLE IN RELATION TO STATE-OWNED COMPANIES

National Treasury is mandated to perform financial oversight over SOCs. This ensures that they comply with the applicable provisions of the Public Finance Management Act (PFMA). National Treasury is also responsible for monitoring and advising SOCs with regard to their strategic plans and financial performance. To enable National Treasury to monitor their progress, all SOCs are required to submit annual borrowing plans and quarterly updates on funding progress.

SOCs are classified into three categories: Schedule 2, 3A and 3B entities. Schedule 2 entities are major public entities that are allowed, in terms of Section 66(3)(a) of the PFMA, to borrow money with the approval of their Boards of Directors in conjunction with National Treasury. Examples of such entities are Eskom, Transnet Limited (Transnet), the Airports Company of South Africa (ACSA) and the Trans-Caledon Tunnel Authority (TCTA).

Schedule 3A SOCs are national public entities which are fully or substantially funded from the National Revenue Fund or by way of a levy imposed in terms of national legislation. These entities may borrow money only in exceptional circumstances and if fully compliant with the provisions of Section 66(3)(c) of the PFMA; the South African National Roads Agency (SANRAL) and the National Housing Finance Corporation are examples.

Schedule 3B entities are national government business enterprises that have been assigned the financial and operational authority to carry out certain business activities financed fully or substantially from sources other than the National Revenue Fund. These entities are allowed to borrow money if fully compliant with the provisions of Section 66(3)(b) of the PFMA; examples are Rand Water and Umgeni Water.

The issuance programmes of government and the SOCs are coordinated by the National Treasury through a published annual bond issuance calendar which consolidates the bond issuance plans of both government and the SOCs.

National Treasury monitors the status of contingent liabilities, which include guarantees extended to SOCs. Once a guarantee has been issued, National Treasury takes appropriate actions necessary to minimise any risks that may emerge.

FUNDING OUTCOME OF STATE-OWNED COMPANIES

In 2014/15, SOCs underspent on their capital projects by R6 billion. The main contributors were TCTA and Sanral which underspent by 55 per cent and 25 per cent respectively of their budgeted borrowing requirements. Eskom, Transnet and Sanral account for the bulk of capital expenditure. Table 13 shows the SOCs with the largest capital investment programmes.

Capital expenditure plans added R103.7 billion to SOCs debt in 2014/15. Table 13 shows the outcome of the borrowing activities of the 10 largest borrowing entities[1].

Table 13: Capital expenditure by state-owned companies, 2014/15

R million	Budget	2014/15 Outcome	% of budget
Capital expenditure	**109 600**	**103 700**	**95**
Of which:			
Eskom	*55 100*	*54 400*	*99*
Transnet	*30 600*	*33 900*	*111*
*SANRAL**	*9 700*	*7 300*	*75*
TCTA	*3 600*	*1 600*	*45*

Source: National Treasury
** Unaudited*

In 2014/15, domestic funding made up R74.5 billion of the SOCs funding, with the balance of R29.2 billion funded from international capital markets. As at 31 March 2015, SOCs had secured R103.7 billion of their budgeted borrowing requirement of R113.3 billion. This amounted to total borrowing of 91.5 per cent of the budgeted borrowing requirement compared with previous outcomes of 100 per cent in 2012/13 and 111 per cent in 2013/14. To meet the borrowing requirement, SOCs maximised issuance of debt on their Domestic Medium-Term Note programmes and Global Medium-Term Note programmes.

SOCs' domestic funding instruments consist of long-term bonds, commercial paper (CP) and loans from domestic banks and development finance institutions (DFIs) as shown in Table 14.

[1] The 10 largest SOCs are Eskom, Transnet, the Central Energy Fund, the Industrial Development Corporation, the Development Bank of Southern Africa, Rand Water, the Land Bank, SANRAL, South African Airways and the TCTA

Table 14: Borrowing by state-owned companies, 2014/15

R million	2013/14 Outcome	2014/15 Budget	2014/15 Outcome
Domestic loans (gross)	**64 900**	**69 500**	**74 500**
Short-term	27 000	29 800	36 300
Long-term	37 900	39 700	38 200
Foreign loans (gross)	**37 500**	**43 800**	**29 200**
of which:			
Multilateral institutions	*10 300*	*8 500*	*15 200*
Export credit agency financing	*8 700*	*17 400*	*1 700*
Total	**102 400**	**113 300**	**103 700**
As percentage of:			
Domestic loans	*63.1*	*61.3*	*71.8*
Foreign loans	*37.2*	*38.7*	*28.2*

Source: National Treasury

In 2014/15, CP was issued by Transnet, the TCTA, Eskom, the Development Bank of Southern Africa (DBSA) and Rand Water for liquidity management purposes such as funding working capital requirements and bridging finance. Domestic bond issuances by Eskom, Transnet, DBSA, the Industrial Development Corporation (IDC) and Rand Water totalled R25.9 billion.

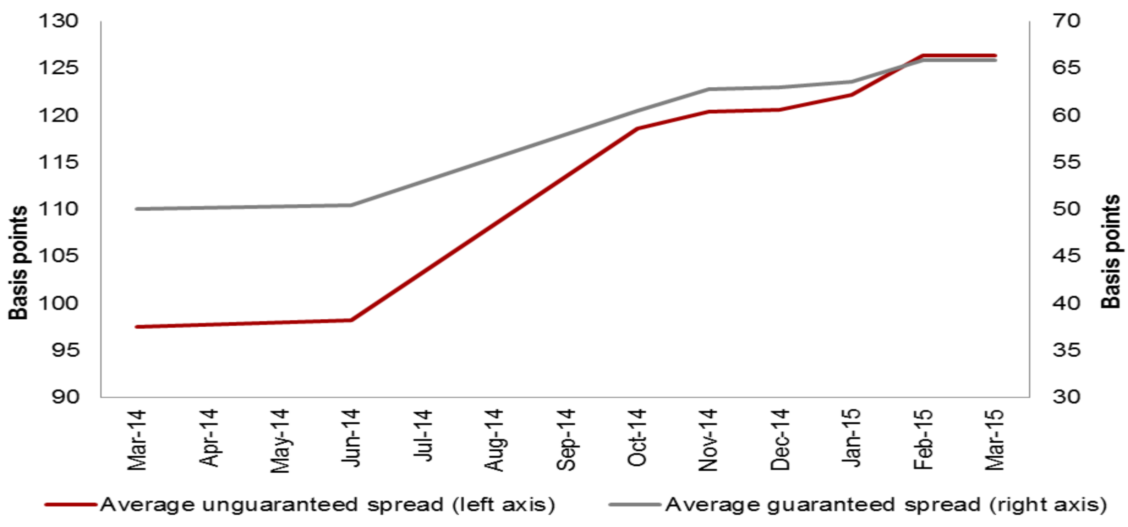
SOCs debt issuance in international capital markets consisted of issuance of foreign currency denominated bonds, export credit agency-backed financing and loans from multilateral agencies. With a 10 year US$1.25 billion issuance, Eskom was the only SOC to issue a bond in the international capital markets. The bond was priced at a coupon of 7.12 per cent and a yield of 7.37 per cent which represented a spread of 556 basis points above the corresponding 10-year US Treasury benchmark bond. Other foreign borrowing by SOCs was made up of draw-downs from committed facilities with multilateral institutions amounting to R15.2 billion and export credit agencies amounting to R1.7 billion.

FUNDING COSTS OF STATE-OWNED COMPANIES

The costs of funding for SOCs increased in 2014/15 due to increased risk aversion in the domestic market following the collapse of African Bank. This increased risk aversion led to decreased liquidity in the market and increased interest rates of SOCs and corporates. The credit rating downgrade of some SOCs also contributed to the increase in their borrowing costs.

SOCs' increased borrowing costs are reflected by higher credit spreads as shown in Figure 27. The credit spread is the difference between yields of SOCs' domestic bonds and the respective government benchmark bonds. During 2014/15, the average credit spreads on SOC guaranteed bonds widened by 50 basis points to 62 basis points. The credit spreads on non-guaranteed bonds also widened, from 74 basis points to 91 basis points, over the same period.

Figure 27: Credit spreads of state-owned companies, 2014/15



Source: Johannesburg Stock Exchange

GOVERNMENT'S EXPLICIT GUARANTEE PORTFOLIO

As at 31 March 2015, guarantees issued to SOCs amounted to R485.1 billion and total exposure (utilised guarantees) amounted to R224.9 billion. Eskom accounts for 72.2 per cent of the total guarantee portfolio. Contingent liabilities and their potential impact on government finances are continuously monitored. In terms of the internal credit risk assessment, the government's risk exposure from the guarantee portfolio is moderate to high.

Table 15: Guarantee exposure to major SOCs and DFIs, 2013/14 – 2014/15

R billion	2013/14		2014/15	
Institution	**Guarantee**	**Exposure**	**Guarantee**	**Exposure**
Total	**469.3**	**209.6**	**485.1**	**224.9**
of which:				
Eskom	*350.0*	*125.1*	*350.0*	*149.9*
SANRAL	*38.7*	*23.9*	*38.9*	*32.4*
Development Bank of Southern Africa	*29.6*	*25.6*	*28.1*	*4.1*
Industrial Development Corporation	*2.1*	*0.5*	*1.6*	*0.4*
Trans-Caledon Tunnel Authority	*25.7*	*20.5*	*25.6*	*20.8*
South African Airways	*7.9*	*5.0*	*14.4*	*8.3*
Transnet	*3.5*	*3.8*	*3.5*	*3.8*
Denel	*1.9*	*1.9*	*1.9*	*1.9*
Land Bank	*3.5*	*1.1*	*7.1*	*2.1*
South African Airways	*7.9*	*5.0*	*14.4*	*8.4*
South African Post Office	*0*	*0*	*1.9*	*0.3*
Telkom	*0*	*0*	*0.2*	*0.1*
SA Express	*0.5*	*0.5*	*1.1*	*0.5*
Other	*5.9*	*1.7*	*9.6*	*1.1*

Source: National Treasury

In 2014/15 , guarantees were issued to South African Airways (R6.5 billion), South African Express Airways (R600 million) and the South African Post Office (R100 million). During this period, Eskom raised R24.8 billion worth of funding against the guarantees and SANRAL raised R8.5 billion.

STATE-OWNED COMPANIES' CREDIT RATINGS

Table 16 shows the credit ratings of the eight SOCs that are rated by the major credit rating agencies. Eskom was downgraded by Moody's from "Baa3" to "Ba1" in November 2014 due to its weakening credit metrics, rising costs, weakened profitability and construction delays. SANRAL's rating was affirmed by Moody's in January 2015, with the outlook revised from negative to stable. The revision to the outlook was mainly due to delays in the implementation of the Gauteng Freeway Improvement Project and the deteriorating financial position as a result of lower than expected revenue collection.

Table 16: State-owned companies' credit ratings, 31 March 2015

	Fitch Ratings		Moody's Investors Service		Standard & Poor's	
	Long-term rating	Outlook	Long-term rating	Outlook	Long-term rating	Outlook
DBSA	AA+(zaf)	Stable	Baa2	Stable		
Denel	AAA(zaf)	Stable				
Eskom	BBB+(zaf)	Negative	Ba1	Stable	BB+	Negative
IDC	AA+(zaf)	Stable	Baa2	Stable		
Land Bank	AA+(zaf)	Stable				
SANRAL			A3	Stable		
TCTA	AA+(zaf)	Stable				
Transnet	AA(zaf)	Negative				

Source: National Treasury
(zaf) : National Rating

6. INVESTOR RELATIONS

INVESTOR ROADSHOWS

National Treasury runs an active investor relations programme and conducts domestic and international roadshows. The purpose of these is to strengthen relationships with investors and keep them informed about economic, fiscal, political and social developments in South Africa.

After the release of the Budget Review in February and the Medium-Term Budget Policy Statement (MTBPS) in October each year, National Treasury and the SARB conduct domestic and international investor roadshows. The following cities were visited in 2014/15: New York, Boston, Los Angeles, San Francisco, London, Munich, Frankfurt, The Hague, Geneva and Zurich.

Road shows were also conducted in the Middle-East and Asia. The purpose was to generate interest in the debut Sukuk issuance. The following cities were visited: Abu Dhabi, Riyadh, Kuala Lumpur, Doha and Dubai.

INVESTOR RELATIONS WEBSITE

The investor relations website (http://investor.treasury.gov.za) was introduced in June 2011 to provide institutional investors with relevant information. This includes the bond auction calendar, policy documents, economic indicators, details of pending events, investor presentations and links to other websites such as those of the SARB and Statistics South Africa.

MARKETING AND PROMOTION OF RETAIL SAVINGS BONDS

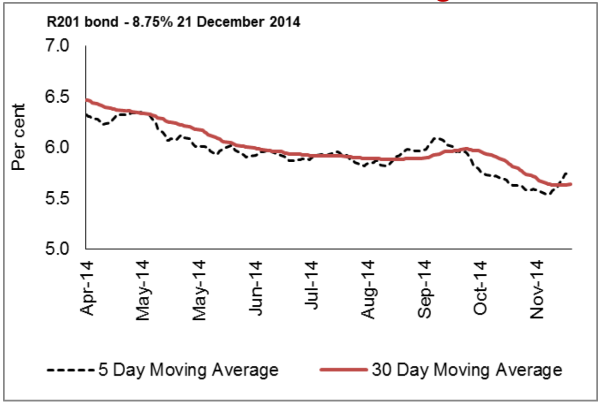
National Treasury conducts retail bond promotions throughout South Africa. During 2014/15, promotions took place in cities across all nine provinces at Pick 'n Pay stores and the South African Post Office. Promotions were also conducted at petrol ports close to the main toll gates on national roads during April and December peak holiday seasons.

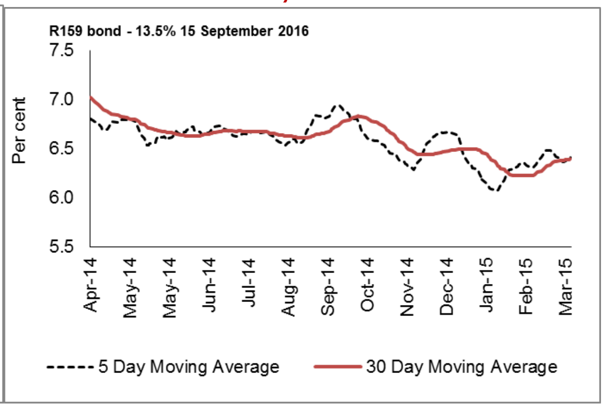
An extensive marketing campaign was implemented during the year to promote retail bonds in particular and savings in general. This included print, digital, billboard and radio campaigns as well as branding on local buses in main city centers. The arrival gates at international airports within South Africa were also branded. National Treasury also held promotions at various expos including the Retirement, Look and Feel Good, Kids & Baby and Baba Indaba expos, and the 2015 Rand Show.

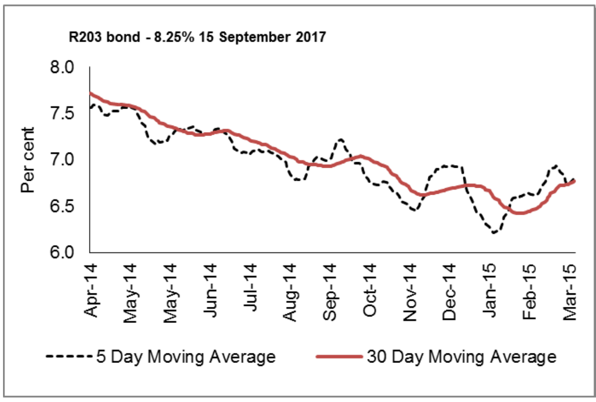
Annexure A: Maturity schedule of Treasury bills, 31 March 2015

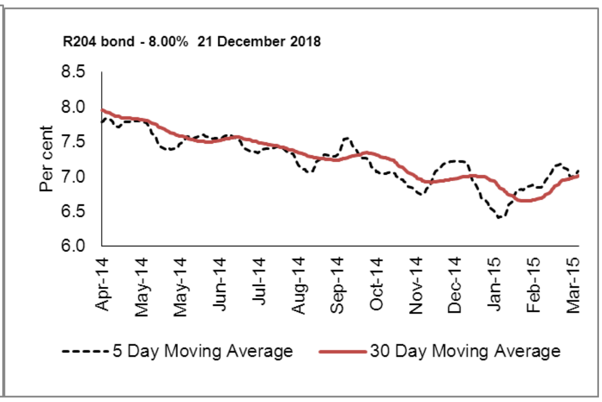
R million	91-day	182-day	273-day	365-day	Total
01/04/2015	2 685	1 780	1 450	1 120	7 035
08/04/2015	2 685	1 780	1 450	1 300	7 215
15/04/2015	2 685	1 780	1 450	1 300	7 215
22/04/2015	2 685	1 780	1 450	1 300	7 215
29/04/2015	2 685	1 780	1 450	1 300	7 215
06/05/2015	2 685	1 780	1 450	1 300	7 215
13/05/2015	2 685	1 590	1 450	1 300	7 025
20/05/2015	2 685	1 780	1 450	1 300	7 215
27/05/2015	2 685	1 780	1 450	1 300	7 215
03/06/2015	2 260	1 780	1 450	1 300	6 790
10/06/2015	2 260	1 780	1 450	1 300	6 790
17/06/2015	2 260	1 780	1 450	1 300	6 790
24/06/2015	2 260	1 780	1 450	1 300	6 790
01/07/2015	-	1 780	1 450	1 300	4 530
08/07/2015	-	1 780	1 450	1 300	4 530
15/07/2015	-	1 780	1 450	1 300	4 530
22/07/2015	-	1 780	1 450	1 300	4 530
29/07/2015	-	1 780	1 450	1 300	4 530
05/08/2015	-	1 780	1 450	1 300	4 530
12/08/2015	-	1 780	1 230	1 300	4 310
19/08/2015	-	1 780	1 450	1 300	4 530
26/08/2015	-	1 780	1 450	1 300	4 530
02/09/2015	-	1 780	1 450	1 300	4 530
09/09/2015	-	1 780	1 450	1 300	4 530
16/09/2015	-	1 780	1 450	1 300	4 530
22/09/2015	-	1 780	1 450	1 300	4 530
30/09/2015	-	-	1 450	1 300	2 750
07/10/2015	-	-	1 450	1 300	2 750
14/10/2015	-	-	1 450	1 300	2 750
21/10/2015	-	-	1 450	1 300	2 750
28/10/2015	-	-	1 450	1 300	2 750
04/11/2015	-	-	1 450	1 300	2 750
11/11/2015	-	-	1 450	1 300	2 750
18/11/2015	-	-	1 450	1 300	2 750
25/11/2015	-	-	1 450	1 135	2 585
02/12/2015	-	-	1 450	965	2 415
09/12/2015	-	-	1 450	1 300	2 750
17/12/2015	-	-	1 450	1 300	2 750
23/12/2015	-	-	1 450	1 300	2 750
30/12/2016	-	-		1 300	1 300
06/01/2016	-	-		972	972
13/01/2016	-	-		1 300	1 300
20/01/2016	-	-		1 300	1 300
27/01/2016	-	-		1 300	1 300
03/02/2016	-	-		1 300	1 300
10/02/2016	-	-		1 300	1 300
17/02/2016	-	-		1 300	1 300
24/02/2016	-	-	-	1 300	1 300
02/03/2016	-	-	-	1 300	1 300
19/03/2016	-	-	-	1 300	1 300
16/03/2016	-	-	-	1 300	1 300
23/03/2016	-	-	-	1 300	1 300
Total	**33 205**	**46 090**	**56 330**	**66 592**	**202 217**

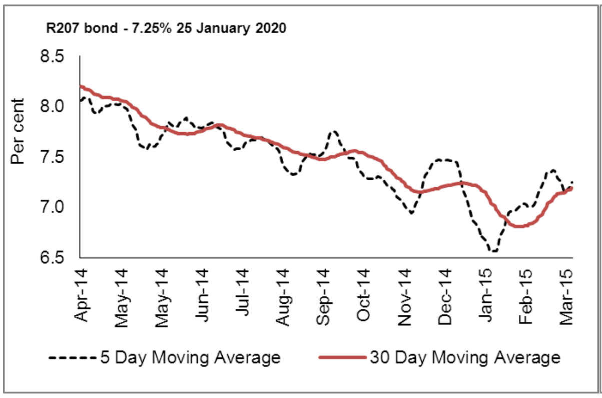
Annexure B: Yield trends of government fixed-rate bonds, 2014/15

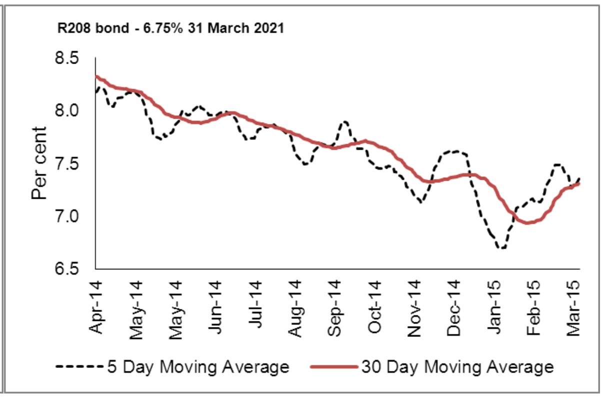


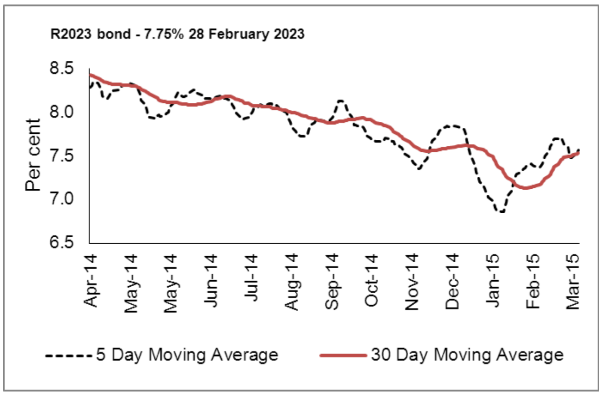


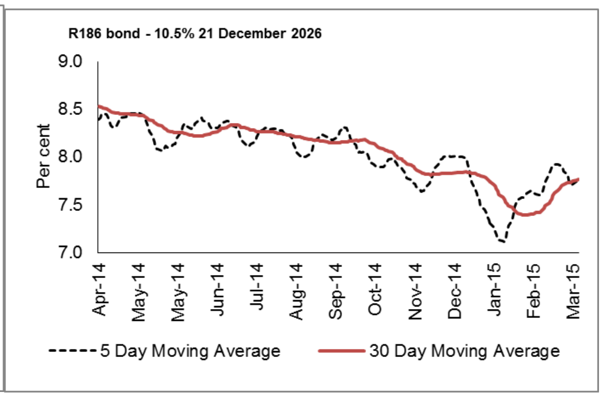




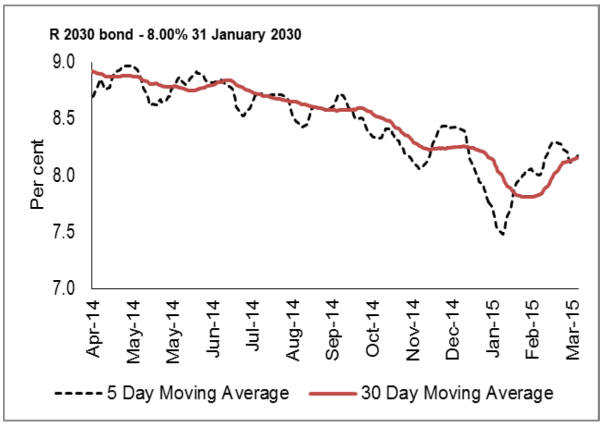


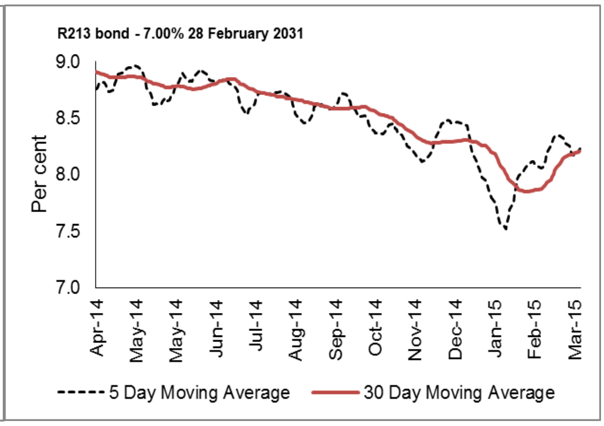


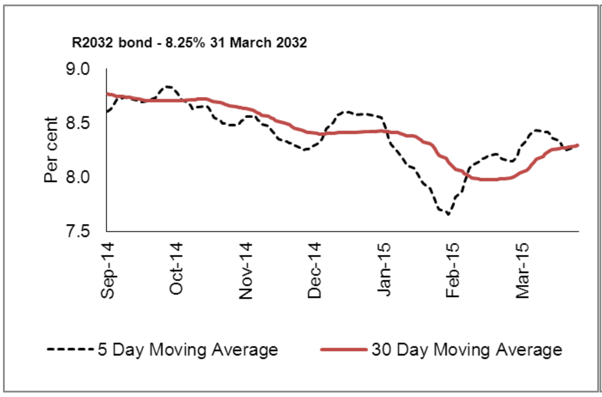


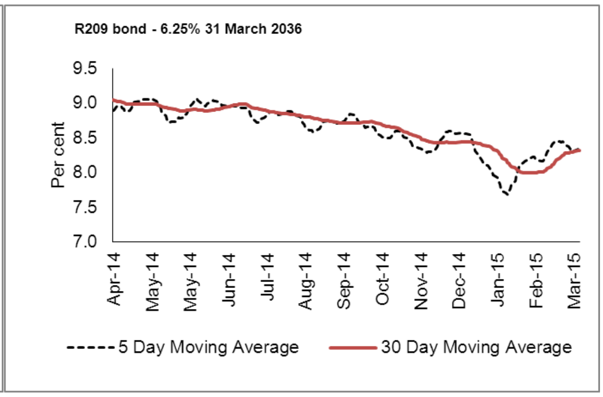


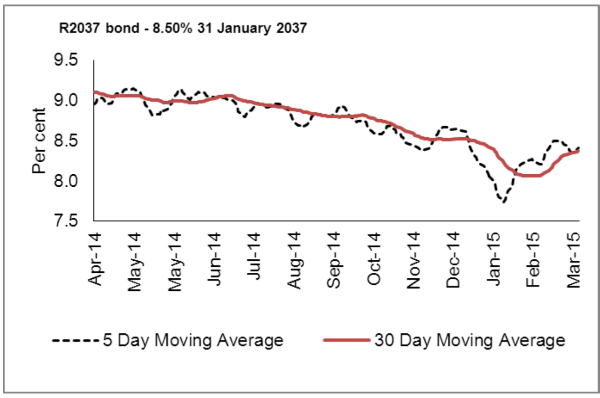
Annexure B: Yield trends of government fixed-rate bonds, 2014/15

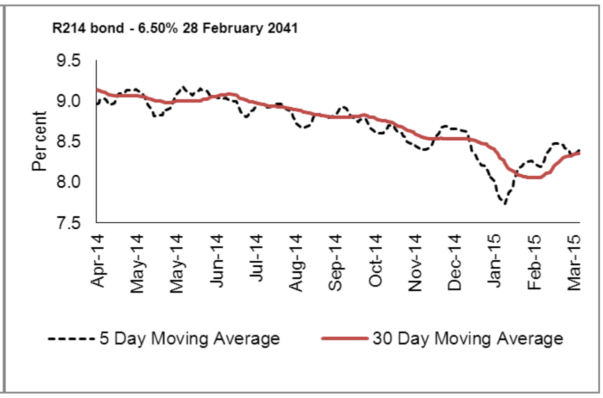


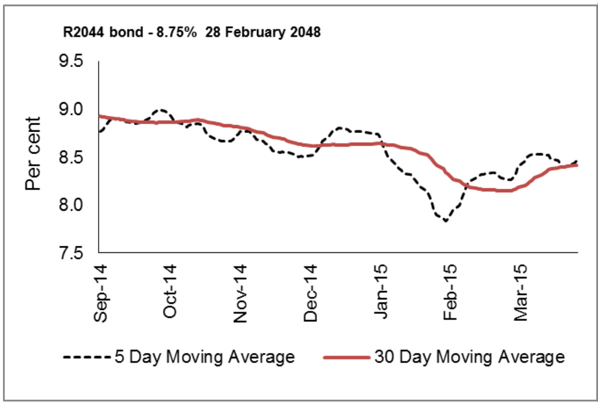


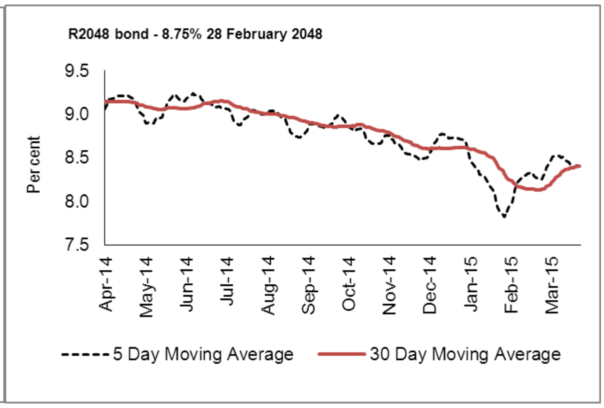












Annexure C: Fixed-rate bond yield spreads, 2014/15

Fixed-rate bond yield spreads, 01 April 2014

	R203 (2017)	R204 (2018)	R207 (2020)	R208 (2021)	R2023 (2023)	R186 (2026)	R2030 (2030)	R213 (2031)	R209 (2036)	R2037 (2037)	R214 (2041)	R2048 (2048)
R159 (2016)	79.5	103.5	131.5	145.0	158.5	168.5	209.0	205.5	219.5	227.0	227.0	234.5
R203 (2017)		24.0	52.0	65.5	79.0	89.0	129.5	126.0	140.0	147.5	147.5	155.0
R204 (2018)			28.0	41.5	55.0	65.0	105.5	102.0	116.0	123.5	123.5	131.0
R207 (2020)				13.5	27.0	37.0	77.5	74.0	88.0	95.5	95.5	103.0
R208 (2021)					13.5	23.5	64.0	60.5	74.5	82.0	82.0	89.5
R2023(2023)						10.0	50.5	47.0	61.0	68.5	68.5	76.0
R186 (2026)							40.5	37.0	51.0	58.5	58.5	66.0
R2030(2030)								-3.5	10.5	18.0	18.0	25.5
R213 (2031)									14.0	21.5	21.5	29.0
R209 (2036)										7.5	7.5	15.0
R2037(2037)											0.0	7.5
R214 (2041)												0.1

Fixed-rate bond yield spreads, 31 March 2015

	R203 (2017)	R204 (2018)	R207 (2020)	R208 (2021)	R2023 (2023)	R186 (2026)	R2030 (2030)	R213 (2031)	R209 (2036)	R2037 (2037)	R214 (2041)	R2048 (2048)
R159 (2016)	45.0	70.5	88.0	98.0	119.0	139.5	176.5	182.5	193.0	198.5	197.0	202.0
R203 (2017)		25.5	43.0	53.0	74.0	94.5	131.5	137.5	148.0	153.5	152.0	157.0
R204 (2018)			17.5	27.5	48.5	69.0	106.0	112.0	122.5	128.0	126.5	131.5
R207 (2020)				10.0	31.0	51.5	88.5	94.5	105.0	110.5	109.0	114.0
R208 (2021)					21.0	41.5	78.5	84.5	95.0	100.5	99.0	104.0
R2023(2023)						20.5	57.5	63.5	74.0	79.5	78.0	83.0
R186 (2026)							37.0	43.0	53.5	59.0	57.5	62.5
R2030(2030)								6.0	16.5	22.0	20.5	25.5
R213 (2031)									10.5	16.0	14.5	19.5
R209 (2036)										5.5	4.0	9.0
R2037(2037)											-1.5	3.5
R214 (2041)												-9.1

Change in basis points, 2014/15

	R203 (2017)	R204 (2018)	R207 (2020)	R208 (2021)	R2023 (2023)	R186 (2026)	R2030 (2030)	R213 (2031)	R209 (2036)	R2037 (2037)	R214 (2041)	R2048 (2048)
R159 (2016)	-34.5	-33.0	-43.5	-47.0	-39.5	-29.0	-32.5	-23.0	-26.5	-28.5	-30.0	-32.5
R203 (2017)		1.5	-9.0	-12.5	-5.0	5.5	2.0	11.5	8.0	6.0	4.5	2.0
R204 (2018)			-10.5	-14.0	-6.5	4.0	0.5	10.0	6.5	4.5	3.0	0.5
R207 (2020)				-3.5	4.0	14.5	11.0	20.5	17.0	15.0	13.5	11.0
R208 (2021)					7.5	18.0	14.5	24.0	20.5	18.5	17.0	14.5
R2023(2023)						10.5	7.0	16.5	13.0	11.0	9.5	7.0
R186 (2026)							-3.5	6.0	2.5	0.5	-1.0	-3.5
R2030(2030)								9.5	6.0	4.0	2.5	0.0
R213 (2031)									-3.5	-5.5	-7.0	-9.5
R209 (2036)										-2.0	-3.5	-6.0
R2037(2037)											-1.5	-4.0
R214 (2041)												-9.1

Annexure D: Summary of 91-day and 182-day Treasury bill auctions, 2014/15

	91-day				182-day			
Issue date	Bids received (R'm)	Allocated amount (R'm)	Bid-to-cover ratio(times)	Effective rate (%)	Bids received (R'm)	Allocated amount (R'm)	Bid-to-cover ratio(times)	Effective rate (%)
2014/04/04	3 287	3 685	0.89	5.87	1 740	1 740	1.00	6.34
2014/04/11	7 109	3 685	1.93	5.83	6 420	1 780	3.61	6.11
2014/04/16	6 630	3 685	1.80	5.84	5 915	1 780	3.32	6.14
2014/04/25	7 323	3 685	1.99	5.85	4 510	1 780	2.53	6.21
2014/05/02	6 981	3 685	1.89	5.86	5 020	1 780	2.82	6.24
2014/05/09	7 432	3 685	2.02	5.85	5 200	1 780	2.92	6.16
2014/05/16	8 568	3 685	2.32	5.79	3 705	1 780	2.08	6.17
2014/05/23	6 002	3 685	1.63	5.78	3 955	1 780	2.22	6.13
2014/05/30	6 633	3 685	1.80	5.78	2 220	1 780	1.25	6.14
2014/06/06	4 382	3 685	1.19	5.79	7 295	1 780	4.10	6.11
2014/06/13	4 201	3 685	1.14	5.86	3 010	1 780	1.69	6.13
2014/06/20	3 246	2 996	1.08	5.95	4 461	1 780	2.51	6.08
2014/06/27	4 965	3 685	1.35	6.06	3 291	1 780	1.85	6.13
2014/07/04	5 737	3 685	1.56	6.12	2 310	1 780	1.30	6.31
2014/07/11	5 795	3 685	1.57	6.14	2 395	1 780	1.35	6.33
2014/07/18	10 324	3 685	2.80	6.14	3 543	1 780	1.99	6.39
2014/07/25	11 103	3 685	3.01	6.11	5 100	1 780	2.87	6.34
2014/08/01	11 307	3 685	3.07	6.09	4 930	1 780	2.77	6.34
2014/08/08	7 968	3 685	2.16	6.07	3 370	1 780	1.89	6.36
2014/08/15	5 292	3 685	1.44	6.11	4 848	1 780	2.72	6.38
2014/08/22	8 851	3 685	2.40	6.11	3 641	1 780	2.05	6.34
2014/08/29	6 903	3 685	1.87	6.10	5 291	1 780	2.97	6.33
2014/09/05	8 660	3 685	2.35	6.10	3 172	1 780	1.78	6.33
2014/09/12	11 693	3 685	3.17	6.10	2 872	1 780	1.61	6.40
2014/09/19	10 540	3 685	2.86	6.08	2 995	1 780	1.68	6.38
2014/09/26	9 035	3 685	2.45	6.06	4 282	1 780	2.41	6.37
2014/10/03	9 398	3 685	2.55	6.05	6 480	1 780	3.64	6.36
2014/10/10	14 924	3 685	4.05	6.02	5 330	1 780	2.99	6.32
2014/10/17	12 936	3 685	3.51	5.96	6 096	1 780	3.42	6.24
2014/10/24	13 487	3 685	3.66	5.91	4 129	1 780	2.32	6.20
2014/11/07	9 054	4 685	1.93	5.92	2 590	1 590	1.63	6.15
2014/11/14	4 617	3 867	1.19	5.94	2 917	1 780	1.64	6.20
2014/11/21	6 156	4 685	1.31	6.00	2 770	1 780	1.56	6.14
2014/11/28	5 886	4 685	1.26	6.05	3 247	1 780	1.82	6.13
2014/12/05	6 472	4 685	1.38	6.09	2 220	1 780	1.25	6.26
2014/12/12	6 435	4 685	1.37	6.12	3 759	1 780	2.11	6.07
2014/12/19	5 791	4 685	1.24	6.18	4 820	1 780	2.71	6.38
2014/12/24	7 436	2 685	2.77	6.21	2 830	1 780	1.59	6.47
2015/01/02	5 195	2 685	1.93	6.23	2 530	1 780	1.42	6.54
2015/01/09	8 958	2 685	3.34	6.13	6 594	1 780	3.70	6.39
2015/01/16	7 099	2 685	2.64	6.06	6 300	1 780	3.54	6.20
2015/01/23	6 924	2 685	2.58	6.00	3 975	1 780	2.23	6.10
2015/01/30	4 906	2 685	1.83	6.00	3 535	1 780	1.99	6.11
2015/02/06	7 373	2 685	2.75	5.98	3 455	1 780	1.94	6.14
2015/02/13	8 180	2 685	3.05	5.99	4 182	1 780	2.35	6.15
2015/02/20	10 169	2 685	3.79	5.95	5 355	1 780	3.01	6.16
2015/02/27	7 008	2 260	3.10	5.93	5 437	1 780	3.05	6.15
2015/03/06	6 165	2 260	2.73	5.90	6 826	1 780	3.83	6.12
2015/03/13	6 101	2 260	2.70	5.87	7 095	1 780	3.99	6.12
2015/03/20	6 692	2 260	2.96	5.85	5 962	1 780	3.35	6.09
2015/03/27	4 500	2 555	1.76	5.87	6 355	1 845	3.44	6.08
2015/01/09	8 958	2 685	3.34	6.39	6 594	1 780	3.70	6.39
2015/01/16	7 099	2 685	2.64	6.20	6 300	1 780	3.54	6.20
2015/01/23	6 924	2 685	2.58	6.10	3 975	1 780	2.23	6.10
2015/01/30	4 906	2 685	1.83	6.11	3 535	1 780	1.99	6.11
2015/02/06	7 373	2 685	2.75	6.14	3 455	1 780	1.94	6.14
2015/02/13	8 180	2 685	3.05	6.15	4 182	1 780	2.35	6.15
2015/02/20	10 169	2 685	3.79	6.16	5 355	1 780	3.01	6.16
2015/02/27	7 008	2 260	3.10	6.15	5 437	1 780	3.05	6.15
2015/03/06	6 165	2 260	2.73	6.12	6 826	1 780	3.83	6.12
2015/03/13	6 101	2 260	2.70	6.12	7 095	1 780	3.99	6.12
2015/03/20	6 692	2 260	2.96	6.09	5 962	1 780	3.35	6.09
2015/03/27	4 500	2 555	1.76	6.08	6 355	1 845	3.44	6.08

Annexure E: Summary of 273-day and 364-day Treasury bill auctions, 2014/15

	273-day				364-day			
Issue date	Bids received (R'm)	Allocated amount (R'm)	Bid-to-cover ratio(times)	Effective rate (%)	Bids received (R'm)	Allocated amount (R'm)	Bid-to-cover ratio (times)	Effective rate (%)
2014/04/04	2 450	1 450	1.69	6.70	3 115	1 300	2.40	7.05
2014/04/11	2 000	1 450	1.38	6.35	2 930	1 300	2.25	6.54
2014/04/17	3 080	1 450	2.12	6.42	3 515	1 300	2.70	6.59
2014/04/25	3 055	1 450	2.11	6.53	3 505	1 300	2.70	6.75
2014/05/02	4 055	1 450	2.80	6.50	3 460	1 300	2.66	6.72
2014/05/09	4 285	1 450	2.96	6.38	4 035	1 300	3.10	6.56
2014/05/16	2 225	1 450	1.53	6.44	1 875	1 300	1.44	6.61
2014/05/23	1 350	1 350	1.00	6.45	1 455	1 300	1.12	6.57
2014/05/30	2 373	1 450	1.64	6.45	2 373	1 300	1.83	6.63
2014/06/06	4 300	1 450	2.97	6.47	4 225	1 300	3.25	6.62
2014/06/13	4 557	1 450	3.14	6.47	3 577	1 300	2.75	6.63
2014/06/20	3 240	1 450	2.23	6.49	3 300	1 300	2.54	6.67
2014/06/27	3 360	1 450	2.32	6.51	3 130	1 300	2.41	6.71
2014/07/04	2 940	1 450	2.03	6.56	4 410	1 300	3.39	6.73
2014/07/11	2 270	1 450	1.57	6.56	2 300	1 300	1.77	6.75
2014/07/18	3 060	1 450	2.11	6.53	4 645	1 300	3.57	6.70
2014/07/25	2 830	1 450	1.95	6.49	3 630	1 300	2.79	6.65
2014/08/01	2 165	1 450	1.49	6.55	4 130	1 300	3.18	6.65
2014/08/08	3 630	1 450	2.50	6.55	2 575	1 300	1.98	6.65
2014/08/15	3 375	1 450	2.33	6.56	3 595	1 300	2.77	6.67
2014/08/22	3 533	1 450	2.44	6.57	4 333	1 300	3.33	6.68
2014/08/29	2 795	1 450	1.93	6.56	3 793	1 300	2.92	6.67
2014/09/05	4 108	1 450	2.83	6.55	3 322	1 300	2.56	6.65
2014/09/12	3 630	1 450	2.50	6.61	3 280	1 300	2.52	6.73
2014/09/19	4 672	1 450	3.22	6.57	5 603	1 300	4.31	6.69
2014/09/26	2 820	1 450	1.94	6.55	3 542	1 300	2.72	6.65
2014/10/03	2 504	1 450	1.73	6.53	2 061	1 300	1.59	6.65
2014/10/10	3 146	1 450	2.17	6.53	3 440	1 300	2.65	6.61
2014/10/17	3 795	1 450	2.62	6.51	4 182	1 300	3.22	6.54
2014/10/24	5 750	1 450	3.97	6.40	1 852	1 300	1.42	6.50
2014/11/07	5 750	1 450	3.97	6.40	1 852	1 300	1.42	6.50
2014/11/14	2 025	1 450	1.40	6.37	4 937	1 300	3.80	6.37
2014/11/21	2 193	1 450	1.51	6.39	1 635	1 300	1.26	6.31
2014/11/28	3 970	1 450	2.74	6.39	1 715	1 300	1.32	6.34
2014/12/05	3 805	1 450	2.62	6.45	2 625	1 300	2.02	6.46
2014/12/12	2 800	1 450	1.93	6.52	3 440	1 300	2.65	6.45
2014/12/19	4 457	1 450	3.07	6.53	3 850	1 300	2.96	6.46
2014/12/24	3 750	1 450	2.59	6.56	3 850	1 300	2.96	6.46
2015/01/02	2 900	1 450	2.00	6.66	2 722	972	2.80	6.72
2015/01/09	4 810	1 450	3.32	6.46	4 776	1 300	3.67	6.48
2015/01/16	5 250	1 450	3.62	6.30	6 150	1 300	4.73	6.30
2015/01/23	5 150	1 450	3.55	6.18	4 550	1 300	3.50	6.17
2015/01/30	5 250	1 450	3.62	6.16	4 550	1 300	3.50	6.14
2015/02/06	4 785	1 450	3.30	6.21	3 900	1 300	3.00	6.17
2015/02/13	3 750	1 450	2.59	6.26	2 800	1 300	2.15	6.28
2015/02/20	5 794	1 450	4.00	6.25	2 815	1 300	2.17	6.33
2015/02/27	4 600	1 450	3.17	6.21	2 167	1 300	1.67	6.28
2015/03/06	4 037	1 450	2.78	6.22	2 215	1 300	1.70	6.28
2015/03/13	2 595	1 450	1.79	6.23	3 730	1 300	2.87	6.30
2015/03/20	7 200	1 450	4.97	6.19	4 369	1 300	3.36	6.27
2015/03/27	4 330	1 560	2.78	6.22	3 754	1 410	2.66	6.28

Annexure F: Summary of fixed-rate bond auctions, 2014/15

Issue date	Bond code	Maturity	Coupon(%)	Offer amount(R'm)	Allocated amount(R'm)	Bids received(R'm)	Clearing yield(%)
01/04/2014	R 214	28/02/2041	6.50	2 350	1 000	1 500	9.05
01/04/2014	R 2 023	28/02/2023	7.75		550	770	8.45
01/04/2014	R 213	28/02/2031	7.00		800	1 200	8.85
08/04/2014	R 2 030	31/01/2030	8.00	2 350	1 000	2 600	8.69
08/04/2014	R 209	31/03/2036	6.25		800	1 920	8.81
08/04/2014	R 2 048	28/02/2048	8.75		550	1 815	8.99
15/04/2014	R 2 030	31/01/2030	8.00	2 350	1 000	2 900	8.93
15/04/2014	R 2 037	31/01/2037	8.50		550	1 540	9.10
15/04/2014	R 2 048	28/02/2048	8.75		800	2 880	9.18
22/04/2014	R 2 023	28/02/2023	7.75	2 350	1 000	2 700	8.29
22/04/2014	R 2 037	31/01/2037	8.50		800	1 280	9.25
22/04/2014	R 2 048	28/02/2048	8.75		550	1 265	9.22
29/04/2014	R 186	21/12/2026	10.50	2 350	1 000	4 100	8.48
29/04/2014	R 209	31/03/2036	6.25		800	2 320	9.07
29/04/2014	R 2 023	28/02/2023	7.75		550	2 860	8.38
06/05/2014	R 209	31/03/2036	6.25	2 350	600	3 120	8.99
06/05/2014	R 214	28/02/2041	6.50		750	2 925	9.07
06/05/2014	R 2 030	31/01/2030	8.00		1 000	3 500	8.88
13/05/2014	R 2 030	31/01/2030	8.00	2 350	900	2 160	8.65
13/05/2014	R 2 037	31/01/2037	8.50		800	1 600	8.91
13/05/2014	R 2 048	28/02/2048	8.75		650	2 210	8.89
20/05/2014	R 213	28/02/2031	7.00	2 350	1 150	3 335	8.71
20/05/2014	R 209	31/03/2036	6.25		600	1 680	8.87
20/05/2014	R 2 048	28/02/2048	8.75		600	2 040	8.96
27/05/2014	R 2 030	31/01/2030	8.00	2 350	1 000	3 400	8.74
27/05/2014	R 2 037	31/01/2037	8.50		750	1 725	9.03
27/05/2014	R 2 048	28/02/2048	8.75		600	2 100	9.09
03/06/2014	R 2 023	28/02/2023	7.75	2 350	650	2 145	8.23
03/06/2014	R 2 030	31/01/2030	8.00		1 100	4 180	8.85
03/06/2014	R 2 048	28/02/2048	8.75		600	3 120	9.19
10/06/2014	R 2 030	31/01/2030	8.00	2 350	1 100	2 090	8.85
10/06/2014	R 2 032	31/03/2032	8.25		350	1 540	8.97
10/06/2014	R 2 048	28/02/2048	8.75		900	2 610	9.18
17/06/2014	R 186	21/12/2026	10.50	2 350	600	2 166	8.35
17/06/2014	R 2 030	31/01/2030	8.00		850	1 726	8.87
17/06/2014	R 2 048	28/02/2048	8.75		900	2 187	9.23
24/06/2014	R 213	28/02/2031	7.00	2 350	1 150	3 335	8.82
24/06/2014	R 2 032	31/03/2032	8.25		350	949	8.94
24/06/2014	R 214	28/02/2041	6.50		850	1 862	9.05
01/07/2014	R 2 030	31/01/2030	8.00	2 350	1 100	2 167	8.82
01/07/2014	R 2 032	31/03/2032	8.25		450	792	8.94
01/07/2014	R 2 048	28/02/2048	8.75		800	2 424	9.04
08/07/2014	R 2 032	31/03/2032	8.25	2 350	500	1 555	8.95
08/07/2014	R 2 037	31/01/2037	8.50		950	2 470	9.00
08/07/2014	R 2 048	28/02/2048	8.75		900	2 421	9.03

Annexure F: Summary of fixed-rate bond auctions, 2014/15

Issue date	Bond code	Maturity	Coupon(%)	Offer amount(R'm)	Allocated amount(R'm)	Bids received(R'm)	Clearing yield(%)
15/07/2014	R 2 030	31/01/2030	8.00		1 200	4 116	8.47
15/07/2014	R 2 032	31/03/2032	8.25	2 350	800	2 712	8.92
15/07/2014	R 2 044	31/01/2044	8.75		350	1 796	9.07
22/07/2014	R 2 030	31/01/2030	8.00	2 350	1 100	3 432	8.54
22/07/2014	R 214	28/02/2041	6.50		900	2 574	8.86
22/07/2014	R 2 044	31/01/2044	8.75		350	907	8.94
29/07/2014	R 2 030	31/01/2030	8.00		1 100	3 630	8.66
29/07/2014	R 2 032	31/03/2032	8.25	2 350	900	3 456	8.81
29/07/2014	R 2 044	31/01/2044	8.75		350	1 054	9.00
05/08/2014	R 2 030	31/01/2030	8.00	2 350	900	1 728	8.64
05/08/2014	R 2 032	31/03/2032	8.25		1 000	3 520	8.72
05/08/2014	R 2 044	31/01/2044	8.75		450	1 265	8.88
12/08/2014	R 2 032	31/03/2032	8.25		1 000	3 140	8.88
12/08/2014	R 2 037	31/01/2037	8.50	2 350	850	1 964	8.98
12/08/2014	R 2 044	31/01/2044	8.75		500	1 795	9.05
19/08/2014	R 2 032	31/03/2032	8.25	2 350	1 000	3 790	8.85
19/08/2014	R 2 037	31/01/2037	8.50		850	2 652	8.95
19/08/2014	R 2 044	31/01/2044	8.75		500	2 610	8.97
26/08/2014	R 2 032	31/03/2032	8.25		1 000	3 440	8.73
26/08/2014	R 2 044	31/01/2044	8.75	2 350	600	2 676	8.84
26/08/2014	R 2 048	28/02/2048	8.75		750	2 700	8.85
02/09/2014	R 2 032	31/03/2032	8.25	2 350	1 000	1 990	8.60
02/09/2014	R 214	28/02/2041	6.50		750	1 703	8.66
02/09/2014	R 2 044	31/01/2044	8.75		600	1 416	8.72
09/09/2014	R 2 032	31/03/2032	8.25		1 000	3 400	8.71
09/09/2014	R 2 044	31/01/2044	8.75	2 350	650	2 633	8.88
09/09/2014	R 2 048	28/02/2048	8.75		700	3 052	8.88
16/09/2014	R 2 032	31/03/2032	8.25	2 350	900	3 114	8.70
16/09/2014	R 2 044	31/01/2044	8.75		750	3 173	8.82
16/09/2014	R 2 048	28/02/2048	8.75		700	3 738	8.82
23/09/2014	R 2 032	31/03/2032	8.25		900	2 646	8.67
23/09/2014	R 2 037	31/01/2037	8.50	2 350	650	2 893	8.75
23/09/2014	R 2 044	31/01/2044	8.75		800	3 072	8.80
07/10/2014	R 2 037	31/01/2037	8.50	2 350	1 000	2 850	8.84
07/10/2014	R 214	28/02/2041	6.50		600	2 412	8.84
07/10/2014	R 2 044	31/01/2044	8.75		750	1 823	8.90
14/10/2014	R 2 032	31/03/2032	8.25		800	1 760	8.65
14/10/2014	R 2 044	31/01/2044	8.75	2 350	750	1 373	8.88
14/10/2014	R 2 037	31/01/2037	8.50		800	1 816	8.76
21/10/2014	R 2 032	31/03/2032	8.25		800	1 568	8.62
21/10/2014	R 2 048	28/02/2048	8.75	2 350	750	3 053	8.75
21/10/2014	R 2 030	31/01/2030	8.00		800	1 544	8.43
28/10/2014	R 2 030	31/01/2030	8.00		800	1 544	8.43
28/10/2014	R 2 032	31/03/2032	8.25	2 350	800	2 568	8.51
28/10/2014	R 2 048	28/02/2048	8.75		750	2 070	8.68

Annexure F: Summary of fixed-rate bond auctions, 2014/15

Issue date	Bond code	Maturity	Coupon(%)	Offer amount(R'm)	Allocated amount(R'm)	Bids received(R'm)	Clearing yield(%)
04/11/2014	R 2 032	31/03/2032	8.25	2 350	1 000	2 650	8.51
04/11/2014	R 2 037	31/01/2037	8.50		650	2 028	8.65
04/11/2014	R 2 044	31/01/2044	8.75		700	1 876	8.70
11/11/2014	R 2 030	31/01/2030	8.00		650	2 574	8.38
11/11/2014	R 2 032	31/03/2032	8.25	2 350	1 000	1 830	8.59
11/11/2014	R 2 048	28/02/2048	8.75		700	1 519	8.75
25/11/2014	R 213	28/02/2031	7.00	2 350	600	2 004	8.24
25/11/2014	R 2 032	31/03/2032	8.25		750	1 853	8.36
25/11/2014	R 2 044	31/01/2044	8.75		1 000	1 710	8.67
02/12/2014	R 209	31/03/2036	6.25		800	3 592	8.25
02/12/2014	R 213	28/02/2031	7.00	2 350	750	2 753	8.09
02/12/2014	R 2 032	31/03/2032	8.25		800	3 032	8.24
09/12/2014	R 209	31/03/2036	6.25	2 350	800	2 280	8.33
09/12/2014	R 2 032	31/03/2032	8.25		750	1 980	8.34
09/12/2014	R 2 044	31/01/2044	8.75		800	1 640	8.58
17/12/2014	R 2 030	31/01/2030	8.00		800	1 928	8.58
17/12/2014	R 2 032	31/03/2032	8.25	2 350	750	1 838	8.73
17/12/2014	R 2 037	31/01/2037	8.50		800	3 064	8.79
13/01/2015	R 2 037	31/01/2037	8.50		900	1 629	8.19
13/01/2015	R 214	28/02/2041	6.50	2 350	600	1 560	8.15
13/01/2015	R 2 048	28/02/2048	8.75		850	1 343	8.32
21/01/2015	R 2 030	31/01/2030	8.00		800	2 736	7.85
21/01/2015	R 2 032	31/03/2032	8.25	2 350	900	2 826	8.02
21/01/2015	R 214	28/02/2041	6.50		650	1 762	8.12
27/01/2015	R 2 030	31/01/2030	8.00		900	2 133	7.65
27/01/2015	R 2 032	31/03/2032	8.25	2 350	800	2 016	7.86
27/01/2015	R 2 044	31/01/2044	8.75		650	2 451	8.01
03/02/2015	R 2 030	31/01/2030	8.00		650	2 912	7.45
03/02/2015	R 2 044	31/01/2044	8.75	2 350	900	3 519	7.78
03/02/2015	R 2 048	28/02/2048	8.75		800	3 144	7.75
10/02/2015	R 2 030	31/01/2030	8.00		650	2 717	7.85
10/02/2015	R 2 044	31/01/2044	8.75	2 350	900	2 079	8.18
10/02/2015	R 2 048	28/02/2048	8.75		800	2 320	8.12
19/02/2015	R 2 030	31/01/2030	8.00		750	2 123	7.99
19/02/2015	R 2 032	31/03/2032	8.25	2 350	700	2 331	8.13
19/02/2015	R 2 048	28/02/2048	8.75		900	2 016	8.29
24/02/2015	R 2 030	31/01/2030	8.00		850	3 120	8.05
24/02/2015	R 2 037	31/01/2037	8.50	2 350	900	2 574	8.26
24/02/2015	R 2 048	28/02/2048	8.75		600	2 202	8.30
03/03/2015	R 2 032	31/03/2032	8.25		900	2 754	8.16
03/03/2015	R 2 037	31/01/2037	8.50	2 350	750	1 485	8.25
03/03/2015	R 214	28/02/2041	6.50		700	2 268	8.21
10/03/2015	R 2 032	31/03/2032	8.25		900	2 727	8.44
10/03/2015	R 2 037	31/01/2037	8.50	2 350	750	1 598	8.51
10/03/2015	R 2 044	31/01/2044	8.75		700	1 932	8.57
17/03/2015	R 213	28/02/2031	7.00		900	4 257	8.30
17/03/2015	R 2 037	31/01/2037	8.50	2 350	800	2 536	8.49
17/03/2015	R 2 044	31/01/2044	8.75		650	1 170	8.54

Annexure G: Summary of inflation-linked bond auctions, 2014/15

Issue date	Bond code	Maturity	Coupon(%)	Offer amount (R'm)	Allocated amount (R'm)	Bids received (R'm)	Clearing yield(%)
28/03/2014	I2025	31/01/2025	2.00		170	820	1.77
28/03/2014	I2038	31/01/2038	2.25	800	375	420	2.13
28/03/2014	I2050	31/12/2050	2.50		255	510	2.19
04/04/2014	I2025	31/01/2025	2.00		140	575	1.70
04/04/2014	I2038	31/01/2038	2.25	800	535	840	2.06
04/04/2014	I2050	31/12/2050	2.50		125	265	2.18
11/04/2014	I2025	31/01/2025	2.00		320	875	1.59
11/04/2014	I2038	31/01/2038	2.25	800	150	390	1.94
11/04/2014	I2050	31/12/2050	2.50		330	470	2.06
25/04/2014	I2025	31/01/2025	2.00		350	490	1.61
25/04/2014	I2038	31/01/2038	2.25	800	340	442	1.94
25/04/2014	I2050	31/12/2050	2.50		110	374	2.01
02/05/2014	I2025	31/01/2025	2.00		195	507	1.57
02/05/2014	I2038	31/01/2038	2.25	800	255	561	1.90
02/05/2014	I2050	31/12/2050	2.50		350	490	1.99
09/05/2014	I2025	31/01/2025	2.00		115	679	1.57
09/05/2014	I2038	31/01/2038	2.25	800	480	816	1.90
09/05/2014	I2050	31/12/2050	2.50		205	533	1.99
16/05/2014	I2025	31/01/2025	2.00		90	468	1.56
16/05/2014	I2038	31/01/2038	2.25	800	345	690	1.84
16/05/2014	I2050	31/12/2050	2.50		365	584	1.99
23/05/2014	I2025	31/01/2025	2.00		100	815	1.52
23/05/2014	I2038	31/01/2038	2.25	800	80	400	1.76
23/05/2014	I2050	31/12/2050	2.50		620	620	1.99
30/05/2014	I2025	31/01/2025	2.00		130	631	1.52
30/05/2014	I2038	31/01/2038	2.25	800	225	446	1.80
30/05/2014	I2046	31/03/2046	2.50		445	846	1.92
06/06/2014	I2025	31/01/2025	2.00		200	440	1.58
06/06/2014	I2038	31/01/2038	2.25	800	210	311	1.82
06/06/2014	I2046	31/03/2046	2.50		390	491	1.92
13/06/2014	I2025	31/01/2025	2.00		320	429	1.61
13/06/2014	I2038	31/01/2038	2.25	800	130	230	1.81
13/06/2014	I2046	31/03/2046	2.50		350	389	1.91
20/06/2014	I2025	31/01/2025	2.00		265	1 211	1.60
20/06/2014	I2038	31/01/2038	2.25	800	60	70	1.80
20/06/2014	I2046	31/03/2046	2.50		475	684	1.91
27/06/2014	I2025	31/01/2025	2.00		130	595	1.60
27/06/2014	I2038	31/01/2038	2.25	800	235	385	1.82
27/06/2014	I2046	31/03/2046	2.50		435	435	1.92
04/07/2014	R212	31/01/2022	2.75		200	220	1.49
04/07/2014	I2038	31/01/2038	2.25	800	300	399	1.82
04/07/2014	I2050	31/12/2050	2.50		300	579	1.99
11/07/2014	I2025	31/01/2025	2.00		375	551	1.61
11/07/2014	I2038	31/01/2038	2.25	800	170	350	1.82
11/07/2014	I2050	31/12/2050	2.50		255	485	1.99

Annexure G: Summary of inflation-linked bond auctions, 2014/15

Issue date	Bond code	Maturity	Coupon(%)	Offer amount (R'm)	Allocated amount (R'm)	Bids received (R'm)	Clearing yield(%)
18/07/2014	I2025	31/01/2025	2.00		385	504	1.62
18/07/2014	I2038	31/01/2038	2.25	800	300	300	1.86
18/07/2014	I2046	31/03/2046	2.50		115	415	1.91
25/07/2014	I2025	31/01/2025	2.00		250	400	1.70
25/07/2014	I2038	31/01/2038	2.25	800	190	300	1.90
25/07/2014	I2046	31/03/2046	2.50		360	529	1.94
01/08/2014	I2025	31/01/2025	2.00		300	450	1.72
01/08/2014	I2038	31/01/2038	2.25	800	295	484	1.90
01/08/2014	I2046	31/03/2046	2.50		205	789	1.95
08/08/2014	I2025	31/01/2025	2.00		300	309	1.61
08/08/2014	I2038	31/01/2038	2.25	800	220	319	1.71
08/08/2014	I2046	31/03/2046	2.50		280	440	1.90
15/08/2014	R212	31/01/2022	2.75		180	480	1.63
15/08/2014	I2038	31/01/2038	2.25	800	475	675	1.90
15/08/2014	I2046	31/03/2046	2.50		145	650	1.93
22/08/2014	R212	31/01/2022	2.75		285	701	1.60
22/08/2014	I2025	31/01/2025	2.00	800	100	300	1.68
22/08/2014	I2038	31/01/2038	2.25		415	859	1.88
29/08/2014	R212	31/01/2022	2.75		245	745	1.56
29/08/2014	I2025	31/01/2025	2.00	800	125	325	1.65
29/08/2014	I2038	31/01/2038	2.25		430	882	1.85
05/09/2014	R212	31/01/2022	2.75		200	200	1.57
05/09/2014	I2025	31/01/2025	2.00	800	175	175	1.68
05/09/2014	I2038	31/01/2038	2.25		335	335	1.85
12/09/2014	I2025	31/01/2025	2.00		210	210	1.74
12/09/2014	I2038	31/01/2038	2.25	800	360	518	1.87
12/09/2014	I2050	31/12/2050	2.50		230	329	1.93
19/09/2014	I2025	31/01/2025	2.00		235	376	1.75
19/09/2014	I2038	31/01/2038	2.25	800	345	380	1.89
19/09/2014	I2050	31/12/2050	2.50		220	374	1.93
26/09/2014	I2025	31/01/2025	2.00		390	546	1.74
26/09/2014	I2038	31/01/2038	2.25	800	260	536	1.87
26/09/2014	I2050	31/12/2050	2.50		150	585	1.90
03/10/2014	I2025	31/01/2025	2.00		330	620	1.74
03/10/2014	I2038	31/01/2038	2.25	800	315	639	1.86
03/10/2014	I2050	31/12/2050	2.50		155	419	1.93
10/10/2014	R212	31/01/2022	2.75		310	546	1.60
10/10/2014	I2025	31/01/2025	2.00	800	335	683	1.73
10/10/2014	I2038	31/01/2038	2.25		155	811	1.85
17/10/2014	I2025	31/01/2025	2.00		360	1 476	1.74
17/10/2014	I2038	31/01/2038	2.25	800	290	412	1.84
17/10/2014	R212	31/01/2022	2.75		150	417	1.55
24/10/2014	R212	31/01/2022	2.75		160	310	1.53
24/10/2014	I2025	31/01/2025	2.00	800	310	512	1.73
24/10/2014	I2038	31/01/2038	2.25		330	591	1.83

Annexure G: Summary of inflation-linked bond auctions, 2014/15

Issue date	Bond code	Maturity	Coupon(%)	Offer amount (R'm)	Allocated amount (R'm)	Bids received (R'm)	Clearing yield(%)
31/10/2014	R212	31/01/2022	2.75		215	415	1.56
31/10/2014	I2025	31/01/2025	2.00	800	270	616	1.72
31/10/2014	I2038	31/01/2038	2.25		315	665	1.78
07/11/2014	R212	31/01/2022	2.75		300	600	1.60
07/11/2014	I2025	31/01/2025	2.00	800	285	695	1.71
07/11/2014	I2038	31/01/2038	2.25		215	641	1.76
14/11/2014	I2025	31/01/2025	2.00		-	580	0.00
14/11/2014	I2046	31/03/2046	2.50	800	650	1 203	1.78
14/11/2014	I2050	31/12/2050	2.50		150	500	1.76
21/11/2014	I2025	31/01/2025	2.00		230	614	1.67
21/11/2014	I2046	31/03/2046	2.50	800	270	645	1.73
21/11/2014	I2050	31/12/2050	2.50		300	300	1.73
28/11/2014	I2025	31/01/2025	2.00		260	481	1.69
28/11/2014	I2046	31/03/2046	2.50	800	200	410	1.72
28/11/2014	I2050	31/12/2050	2.50		340	714	1.74
05/12/2014	I2025	31/01/2025	2.00		265	416	1.69
05/12/2014	I2046	31/03/2046	2.50	800	265	419	1.73
05/12/2014	I2050	31/12/2050	2.50		270	421	1.76
12/12/2014	I2025	31/01/2025	2.00		180	400	1.70
12/12/2014	I2046	31/03/2046	2.50	800	325	426	1.78
12/12/2014	I2050	31/12/2050	2.50		295	434	1.79
19/12/2014	I2025	31/01/2025	2.00		330	380	1.72
19/12/2014	I2046	31/03/2046	2.50	800	230	329	1.79
19/12/2014	I2050	31/12/2050	2.50		240	341	1.81
09/01/2015	I2025	31/01/2025	2.00		235	435	1.73
09/01/2015	I2046	31/03/2046	2.50	800	210	311	1.79
09/01/2015	I2050	31/12/2050	2.50		355	408	1.83
16/01/2015	I2025	31/01/2025	2.00		140	344	1.73
16/01/2015	I2046	31/03/2046	2.50	800	540	740	1.80
16/01/2015	I2050	31/12/2050	2.50		120	300	1.83
23/01/2015	I2025	31/01/2025	2.00		230	400	1.75
23/01/2015	I2046	31/03/2046	2.50	800	260	359	1.83
23/01/2015	I2050	31/12/2050	2.50		310	310	1.87
30/01/2015	I2025	31/01/2025	2.00		160	525	1.73
30/01/2015	I2046	31/03/2046	2.50	800	370	470	1.83
30/01/2015	I2050	31/12/2050	2.50		270	470	1.87
06/02/2015	I2025	31/01/2025	2.00		205	395	1.70
06/02/2015	I2046	31/03/2046	2.50	800	325	425	1.84
06/02/2015	I2050	31/12/2050	2.50		270	370	1.88
13/02/2015	I2025	31/01/2025	2.00		100	110	1.74
13/02/2015	I2046	31/03/2046	2.50	800	130	130	1.85
13/02/2015	I2050	31/12/2050	2.50		120	120	1.90
20/02/2015	I2025	31/01/2025	2.00		255	425	1.81
20/02/2015	I2046	31/03/2046	2.50	800	225	365	1.87
20/02/2015	I2050	31/12/2050	2.50		320	410	1.92

Annexure G: Summary of inflation-linked bond auctions, 2014/15

Issue date	Bond code	Maturity	Coupon(%)	Offer amount (R'm)	Allocated amount (R'm)	Bids received (R'm)	Clearing yield(%)
27/02/2015	I2025	31/01/2025	2.00		270	805	1.76
27/02/2015	I2046	31/03/2046	2.50	800	265	340	1.87
27/02/2015	I2050	31/12/2050	2.50		265	375	1.90
06/03/2015	I2025	31/01/2025	2.00		185	390	1.76
06/03/2015	I2046	31/03/2046	2.50	800	265	385	1.86
06/03/2015	I2050	31/12/2050	2.50		350	450	1.88
13/03/2015	I2025	31/01/2025	2.00		165	375	1.73
13/03/2015	I2046	31/03/2046	2.50	800	235	385	1.84
13/03/2015	I2050	31/12/2050	2.50		400	505	1.89
20/03/2015	I2025	31/01/2025	2.00		160	360	1.75
20/03/2015	I2046	31/03/2046	2.50	800	405	580	1.84
20/03/2015	I2050	31/12/2050	2.50		235	445	1.89
27/03/2015	I2025	31/01/2025	2.00		165	175	1.74
27/03/2015	I2046	31/03/2046	2.50	800	20	20	1.69
27/03/2015	I2050	31/12/2050	2.50		65	65	1.85

Annexure H: Glossary

All Bond Index	All Bond Indices are vanilla indices that are comprised of "vanilla" bonds from across the full range of maturities in the bond market. They serve as a useful measure of daily movements in the bond market.
Auction	A process in which participants can submit bids to purchase a given amount of a security at a specific price.
Average Term-to-Maturity	The average number of years remaining for government to repay its principal debt (usually excluding coupon payments) weighted by the size of each debt instrument in various maturities.
Basis points	One hundredth of one per cent.
Bond	A certificate of debt issued by a government or corporation guaranteeing payment of the original investment plus interest by a specified future date.
Bond switch auction Programme	A liability management exercise where short term debt is exchanged for long term debt; the purpose is to reduce near-term exposure to refinancing risk by exchanging short-term debt for long-term debt.
Benchmark bond	A bond that provides a standard against which the performance of other bonds can be measured. Government bonds are mostly used as benchmark bonds.
Contingent liability	A government obligation that will only result in expenditure upon the occurrence of a specific event such as a government guarantee.
Conventional market	A bond market where traditional bonds are issued and traded. These are bonds with an obligation to pay fixed interest at a fixed repayment date.
Coupon rate	The periodic interest payment made to bondholders during the life of a bond. Interest is usually paid twice a year.
Debt-service costs	The cost of interest on government debt and other costs directly associated with borrowing.
DMTN	A Domestic Medium-Term Note (DMTN) programme is a debt issuance note programme, registered with a securities exchange, continuously offered to investors through a dealer. Notes and bonds can range between 1 to 30 years in maturity. It allows an issuer to tailor its debt issuance to meet its financing needs over time.
Explicit guarantee	A financial guarantee under which a government agrees to become responsible for the financial obligations of a state-owned company.
GMTN	A Global Medium-Term Note (GMTN) programme is a debt issuance note programme, registered with international securities exchanges, continuously offered to investors through a Trust. Notes and bonds can range between 1 to 30 years in maturity. It allows a company to tailor its debt issuance to meet its financing needs over time.
Investment grade	Rating that indicates that a bond has a relatively low risk of default.
Liquidity	Ease of converting an asset into cash.

Non-investment grade Rating that indicates that a bond has a relatively high risk of default.

Perpetual bond A bond with no maturity date.

Primary dealer A firm that buys government securities directly from a government with the intention of reselling them to others, thus acting as a market maker for government securities.

Primary listing The main exchange on which a given stock is listed.

Provisions Liabilities for which the payment date or amount is uncertain. The provisions for multilateral institutions are the unpaid portion of government's subscription to these institutions, payable on request.

Public debt All money owed at any given time by any branch of government. Also referred to as government debt.

Refinancing risk The possibility that a borrower will not be able to refinance existing debt.

Risk benchmarks A set of debt portfolio indicators of interest rate, refinancing, inflation and foreign currency exposure and their numeric ranges and thresholds (limits).

Secondary market A market in which an investor purchases a security from another investor rather than from the issuer, subsequent to the original issuance in the primary market. It is also called the aftermarket.

Scrip lending facility This is an overnight facility offered by the National Treasury to primary dealers, where they can borrow a scrip at zero rate. The facility provides relief to the liquidity shortages experienced in the secondary market.

Special purpose A bankrupt-remote entity whose operations are limited to the

Vehicle (SPV) acquisition and financing of specific assets. Debt raised through these structures is ring-fenced; the only form of recourse is on the assets owned by the SPV.

STRATE Share Transactions Totally Electronic (STRATE) is the authorised central securities depository for electronic settlement of financial instruments in South Africa.

Sterilisation deposit These are are excess cash deposits made with the SARB to counter the effects of increased money supply as a result of the accumulation of reserves. These deposits are only available as bridging finance.

Sukuk Sukuk, the plural of the term "Sukk", is the Arabic name for a financial certificate, or bond, which represents or evidences a proportionate interest in an underlying tangible asset and revenue. Sukuk holders are entitled to a periodic profit generated by the investment in the underlying assets.

Yield A financial return or interest paid to buyers of government bonds. The yield takes into account the total of annual interest payments, the purchase price, the redemption value and the amount of time remaining until maturity.

Yield curve A graph showing the relationship between the yield on bonds of the same credit quality but different maturity at a given point in time.

Annexure I: Acronyms

ACSA	Airports Company of South Africa
ALBI	All Bond Index
ATM	Average term to maturity
BPS	Basis points (bps)
CEF	Central Energy Fund
CFI	Cooperative financial institution
CP	Commercial paper
CPD	Corporation for Public Deposits
CPI	Consumer price index
CSD	Central securities depository
DBSA	Development Bank of Southern Africa
DFI	Development finance institution
DMTN	Domestic Medium-Term Note
ECA	Export credit agency
ECB	European Central Bank
EM	Emerging market
Fed	US Federal Reserve Bank
Fitch	Fitch Ratings Inc.
GDP	Gross domestic product
GFIP	Gauteng Freeway Improvement Project
GMTN	Global Medium-Term Note
GFECRA	Gold and Foreign Exchange Contingency Reserve Account
ICASA	Independent Communications Authority of South Africa
IDC	Industrial Development Corporation
ILB	Inflation-linked bond
JSE	Johannesburg Stock Exchange
Moody's	Moody's Investors Service

MTBPS	Medium-Term Budget Policy Statement
NDP	National Development Plan
Non-comp	Non-competitive bid auction
NRF	National Revenue Fund
PFMA	Public Finance Management Act
PRASA	Passenger Rail Agency of South Africa
QE	Quantitative easing
R&I	Rating and Investment Information Inc.
Repo	Repurchase agreement
S&P	Standard and Poor's
SAA	South African Airways
SABC	South African Broadcasting Corporation
SANRAL	South African National Roads Agency Limited
SARB	South African Reserve Bank
SASRIA	South African Special Risks Insurance Association
SOC	State-owned company
SPV	Special purpose vehicle
STRATE	Share Transactions Totally Electronic
TCTA	Trans-Caledon Tunnel Authority
US	United States
WGBI	World Government Bond Index

Notes

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national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA