

DEBT CAPITAL MARKETS

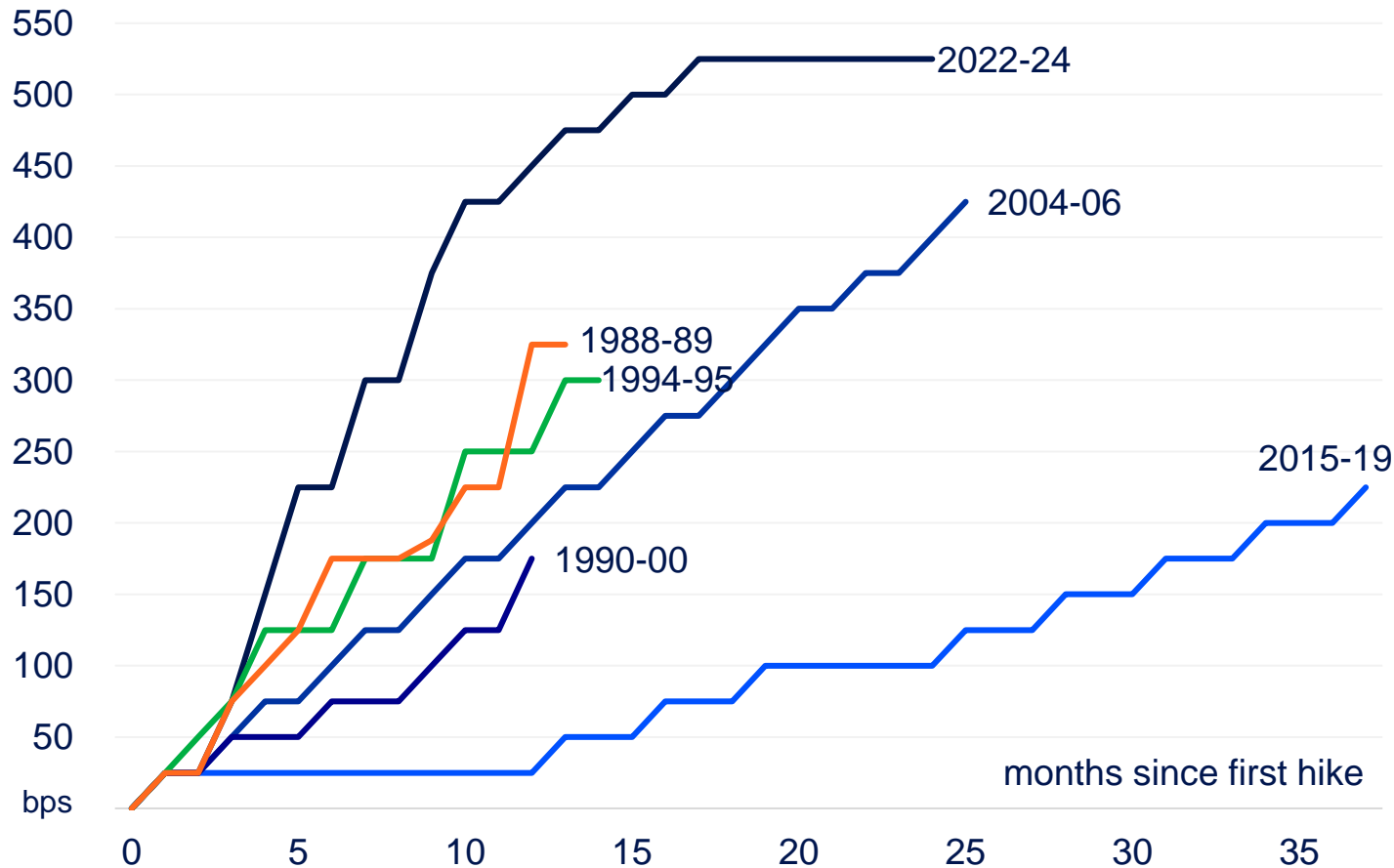
Trends & Evolution



International DCM

EM Eurobond market endured a particularly difficult 2022-23, mainly due to rising US rates

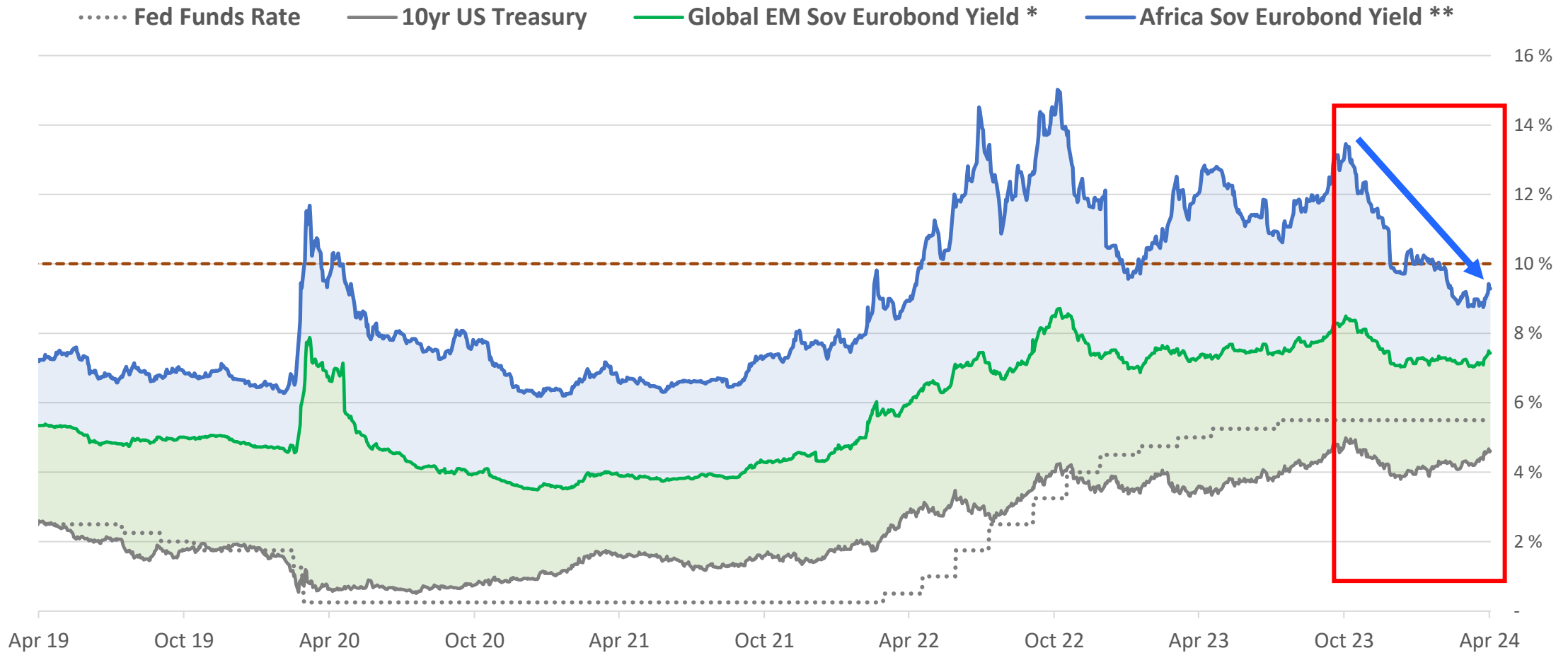
Movement in US Fed Funds rate (bps)



- The fastest and furthest rate hiking cycle in living memory
- 525bps of hikes in just 16 months
- Fed Funds upper bound currently 5.50% - a 23 year high
- Cuts expected soon?

International DCM

Wider EM bond market has moved in lockstep with US rates, but Africa has been in 'distressed' territory for much of the last 2 years

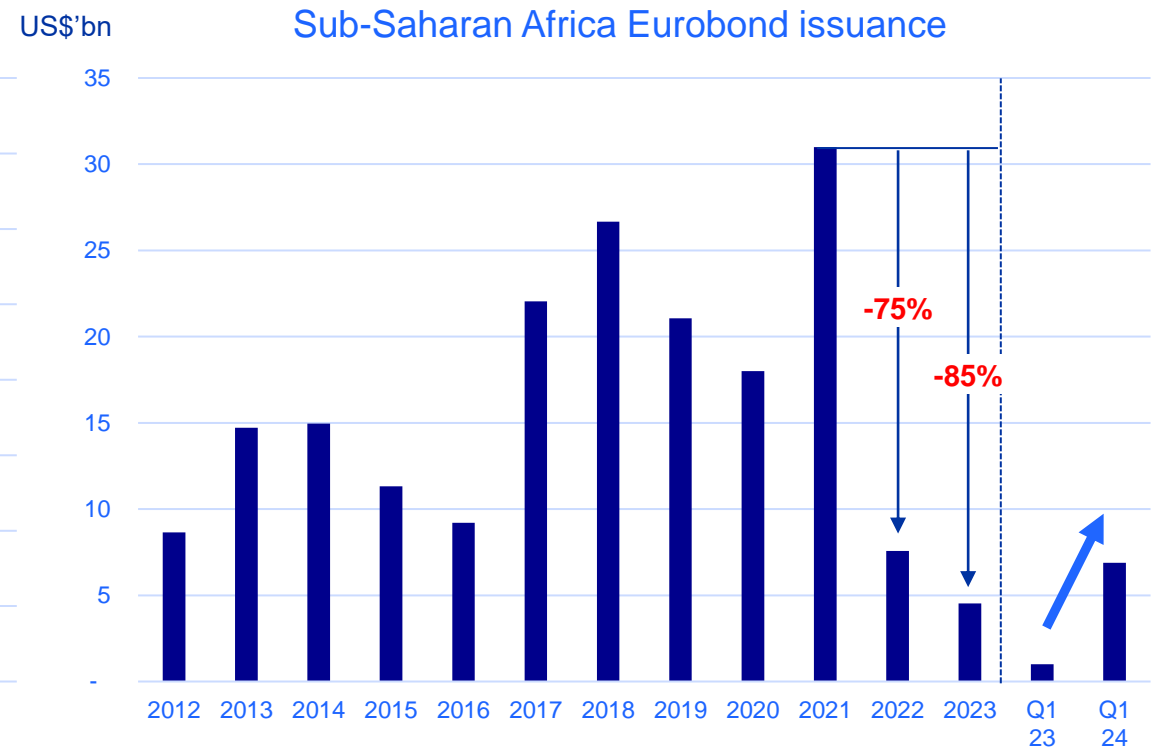
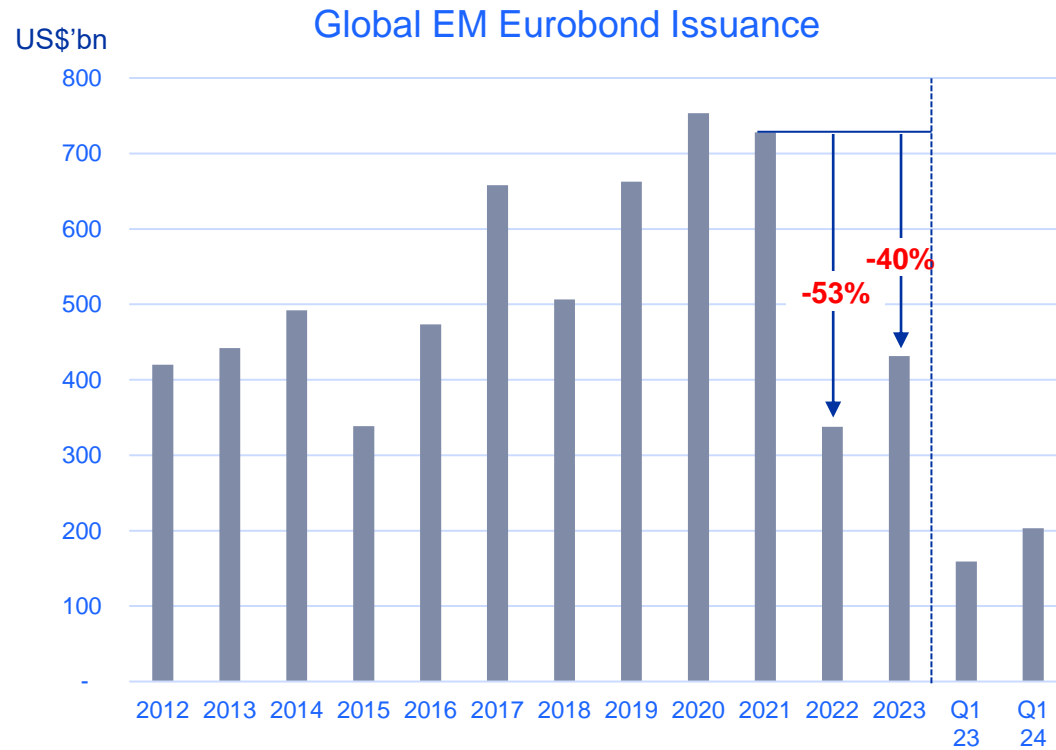


* Bloomberg EM USD Aggregate Yield to Worst Index (%)

** Standard Bank Africa Sovereign Bond Yield Index (%)

International DCM

African Eurobond issuance dropped 75-85% in 2022 / 2023, but recent uptick in activity has been hugely well supported



Three SSA sovereigns issued in Q1 24, raising a combined \$4.85bn, with total orderbooks in excess of \$17bn

REPUBLIC OF CÔTE D'IVOIRE



Republic of Côte d'Ivoire

Size
USD 1.1bn | USD 1.5bn

Rating
Ba3 (Moody's) / BB- (S&P) / BB- (Fitch)

Maturity
2033 | 2037

Coupon Rate
7.625% | 8.250%

Reoffer
7.875% | 8.500%

Settlement Date
Tuesday 30 January 2024

REPUBLIC OF BENIN



Republic of Benin

Size
USD 750m

Rating
B1 (Moody's) / B+ (S&P)

Maturity
2038

Coupon Rate
7.960%

Reoffer
8.375%

Settlement Date
Tuesday 13 February 2024

REPUBLIC OF KENYA



Republic of Kenya

Size
USD 1,500m

Rating
B3 (Moody's) / B (S&P) / B (Fitch)

Maturity
2031

Coupon Rate
9.750%

Reoffer
10.375%

Settlement Date
Friday, 16 February 2024

International DCM

Uncertain Eurobond markets has seen issuers look to diversify their investor base and actively manage maturities

\$500,000,000

Master Trust, acting solely with respect to

GABON BLUE BOND MASTER TRUST, SERIES 2

(Blue Bond Issuer)

6.097% BLUE LOAN REVENUE NOTES DUE AUGUST 1, 2038

\$1,100,000,000

THE REPUBLIC OF COTE D'IVOIRE

(Issuer)

7.625% SUSTAINABILITY BONDS DUE JANUARY 30, 2033

\$1,443,030,000

REPUBLIC OF KENYA

CAPPED TENDER OFFER AT PAR

\$2,000,000,000 6.875% NOTES DUE 24 JUNE, 2024

\$3,050,000,000

REPUBLIC OF ZAMBIA

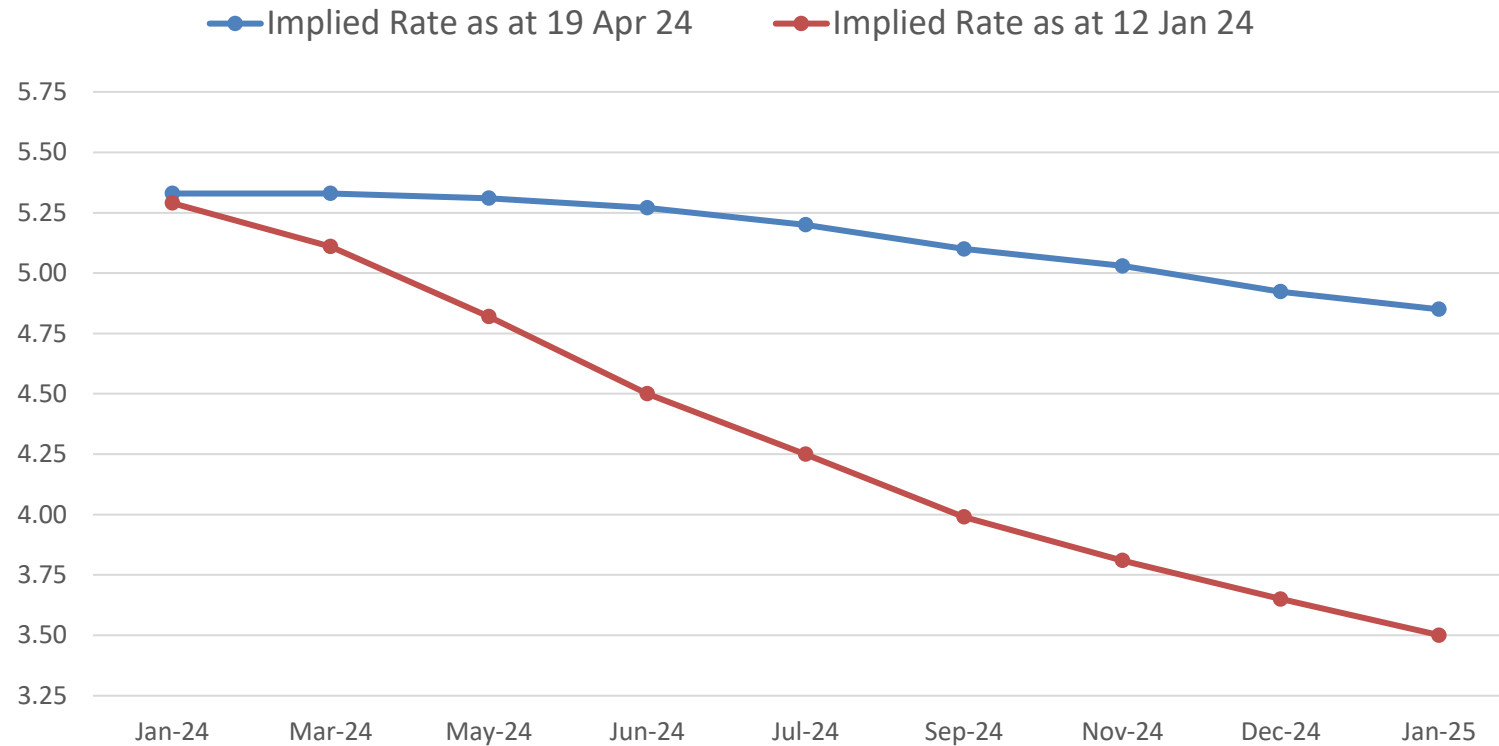
EUROBOND RESTRUCTURE

BOND A: \$1,700,000,000 AMORTISING STEP UP NOTE due 2033

BOND B: \$1,350,000,000 VALUE RECOVERY INSTRUMENT

Q1 24 has been strongest issuance quarter for CEEMEA in 2 years, but the **catalyst for a 'Fed Pivot' appears no closer**

Fed Fund rates expectations – futures market now pricing in just 1 25bps cut this year

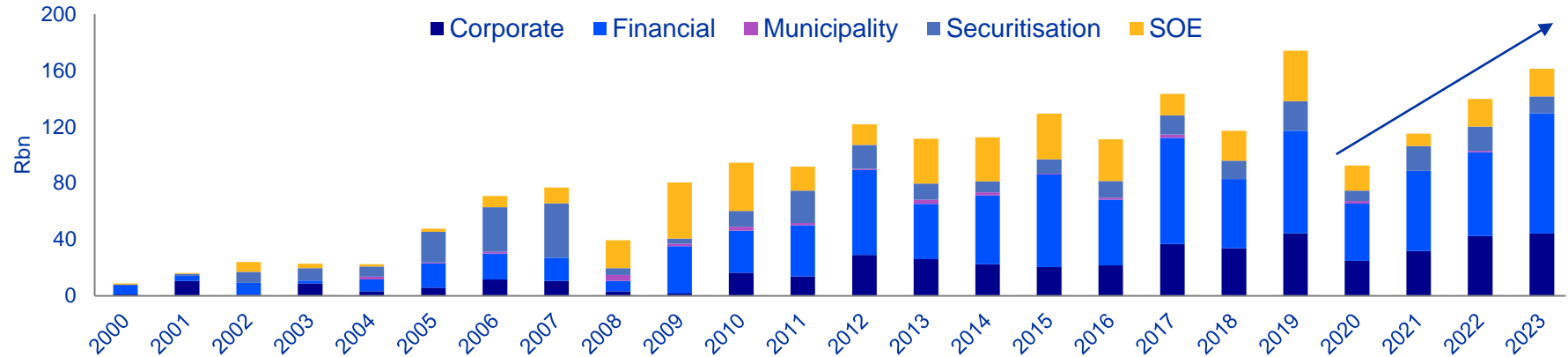


African Eurobond demand has returned, but remains expensive and prone to shocks

Despite offshore volatility, local DCM market has remained strong, stable and **corporate credit spreads historically tight**

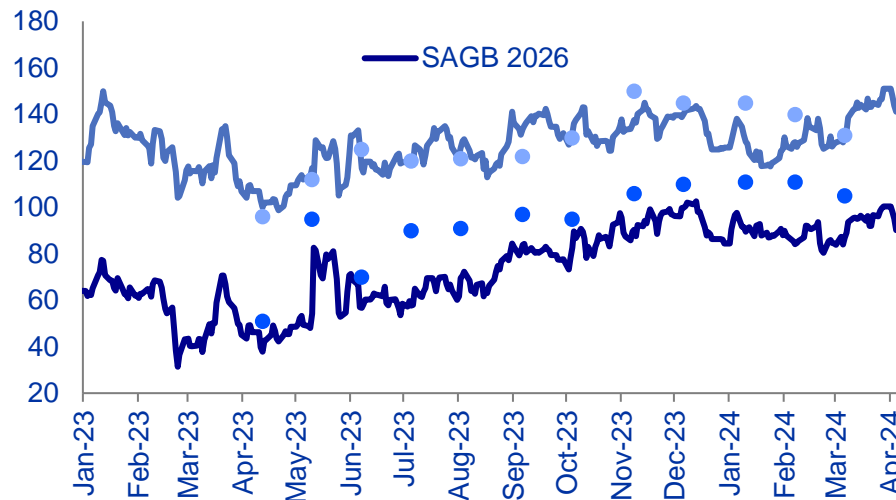
Issuance volumes ZAR'bn exc. sovereign

- The **South African Corporate Debt Capital Market** has evolved over time to become a very deep pool of liquidity for the South African Economy.
- Issuance growth has been matched with ever **greater demand for corporate credit**, pushing **credit spreads to cyclic lows**



Government Asset swap spreads (bps)

- South African government bond levels have widened over the last 18-months, and have seen significant **divestment from international funds**
- Since July 2022, the NT have introduced **monthly floating rate auctions**, raising a total R130bn, helping to remove pressure from the weekly fixed rate auctions



Proportion of SAGBs held by foreigners (%)



South Africa DCM

SA Government and corporates are expanding their bond offerings to **broaden the available investor base**

ZAR 121,360,000,000

(running total since Jul 2022)

REPUBLIC OF SOUTH AFRICA

FLOATING RATE NOTES DUE

JULY 11, 2027

SEPTEMBER 17, 2030

ZAR 20,386,000,000

RSA DOMESTIC SUKUK TRUSTEE RF PROPIETARY Ltd

(Issuer)

SUKUK AL IJARA NOTES DUE

MAR 31, 2029 / 2031 / 2034 / 2036

ZAR 1,512,000,000

STANDARD BANK GROUP Ltd

(Issuer)

SUSTAINABLE BASEL III ADDITONAL TIER I CAPITAL NOTES

CALLABLE MARCH 29, 2029

ZAR 2,831,000,000

NEW DEVELOPMENT BANK

INWARD LISTING - DOMESTIC MTN ISSUANCE

FLOATING RATE NOTES DUE

AUG 21 2026 / DEC 08 2026 / AUG 21 2028 / DEC 08 2028

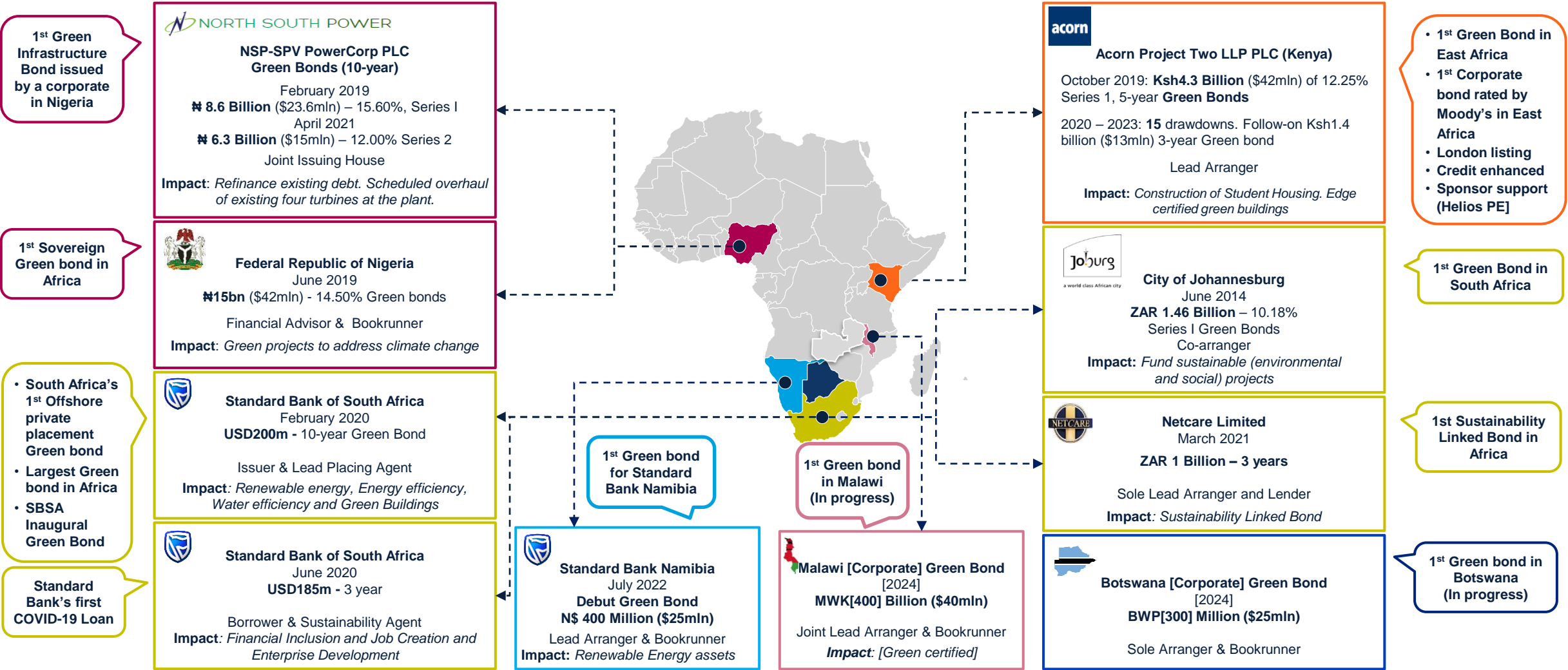
2024/25?

FIRST LOSS AFTER CAPITAL (FLAC)

BANK HOLDCO SENIOR PAPER

Africa regions DCM

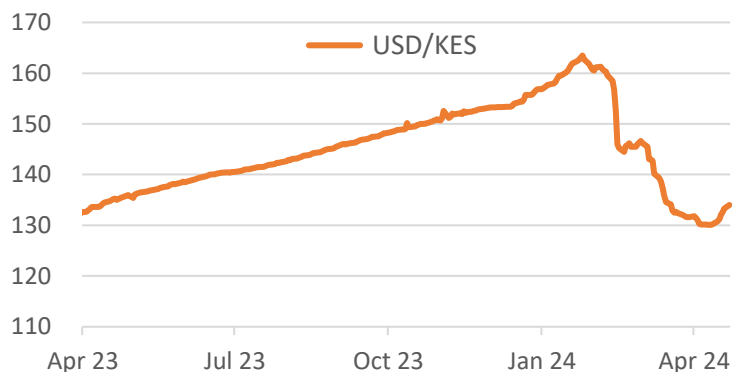
The continent has **embraced ESG issuance**, with further inaugural transactions expected in 2024



Africa regions DCM

Offshore demand for Africa LCY fixed income has been **reignited** by multiple credit positive events and **policy normalisation**

Kenya



Key events

- **\$1.5bn Eurobond issuance** Feb-24 removed near term dollar refi risk and protected reserves
- IMF extension and significant programme disbursements (DPO/ECF/EFF)
- Huge **KENIB '32 issuance in Feb (~\$1.7bn equivalent)** removed near term rollover risk and reignited offshore demand
- Investors adding positions in 5-10yr KENIBs
- KES liquidity hampering market functionality

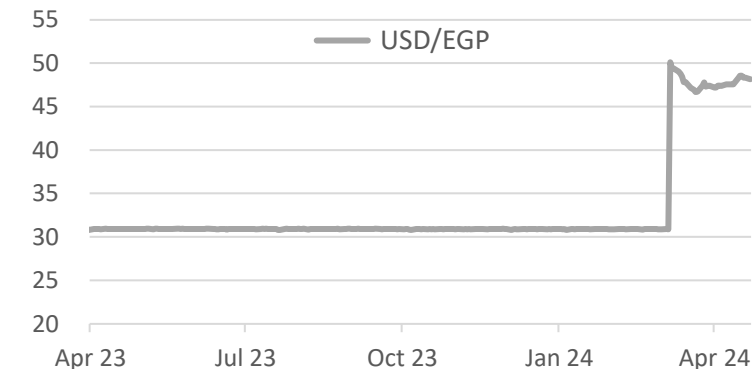
Nigeria



Key events

- Offshore demand for T-Bills had been absent for years due to FX peg and low rates
- **Naira deval 1st of Feb 2024, rates hiked to 24.75% from 18.50%**
- Offshore interest in 1yr T-Bills, and limited bond interest 5-10y tenors
- Severe NGN liquidity constraints hampering market functionality

Egypt



Key events

- **~\$57bn of external financing** from middle east and DFIs enabled currency flotation 5th March
- **USDEGP deval to 49.5**, with overnight rates hiked from **21 to 27%**
- 1-yr T-Bill rates adjusted to c.30%, now **~25%**
- Offshore interest mainly in the 1-yr T-Bill