2026 Market Practitioners Group

South African Reserve Bank

Credit market developments

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Credit-market landscape opening presentation



Ryan van Breda

Portfolio Manager
Perpetua

Themes to explore

01 **BENCHMARK TRANSITION & FLAC**

02 **PRIMARY MARKETS & PRICE DISCOVERY**

03 **SECONDARY-MARKET LIQUIDITY**

04 **ISSUANCE COSTS & MARKET ACCESS**

06

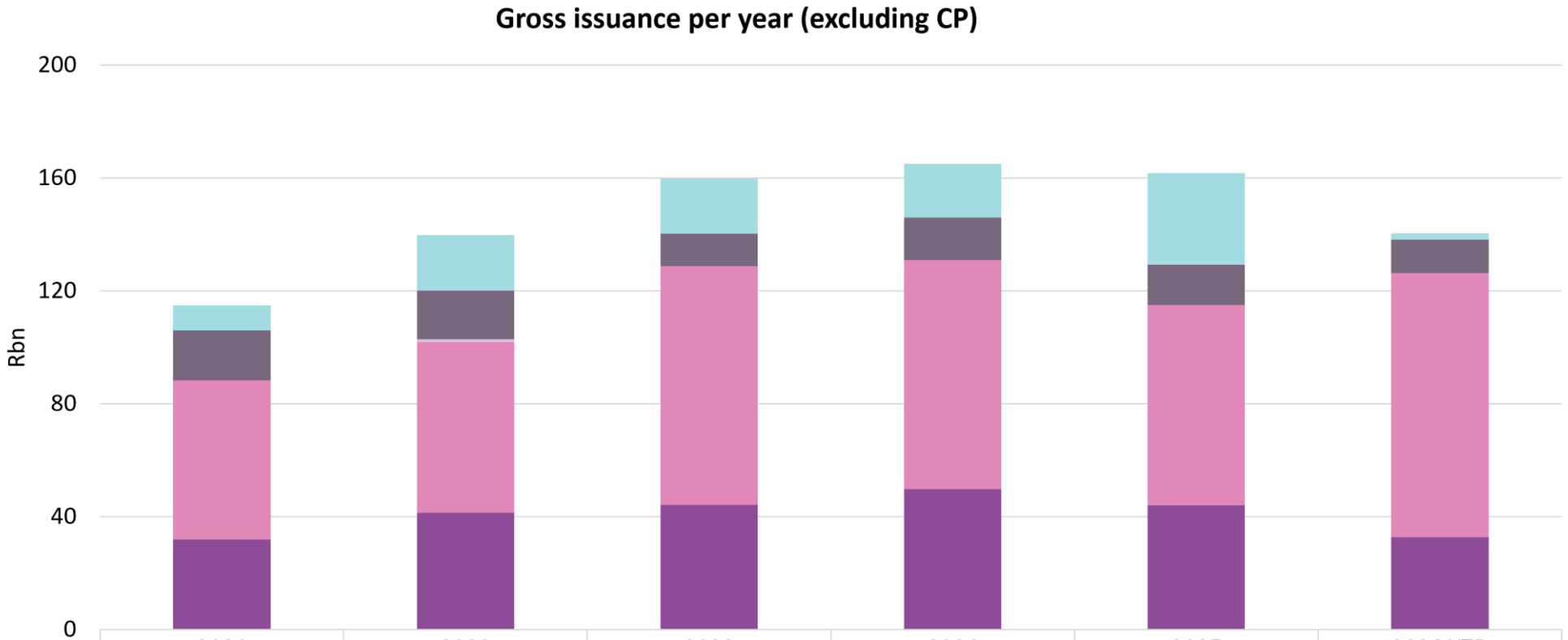
THEMES

CREDIT MARKET DEVELOPMENT

05 **CAPITAL STRUCTURE & INNOVATION**

06 **TECHNOLOGY, REGULATION & REFORM**

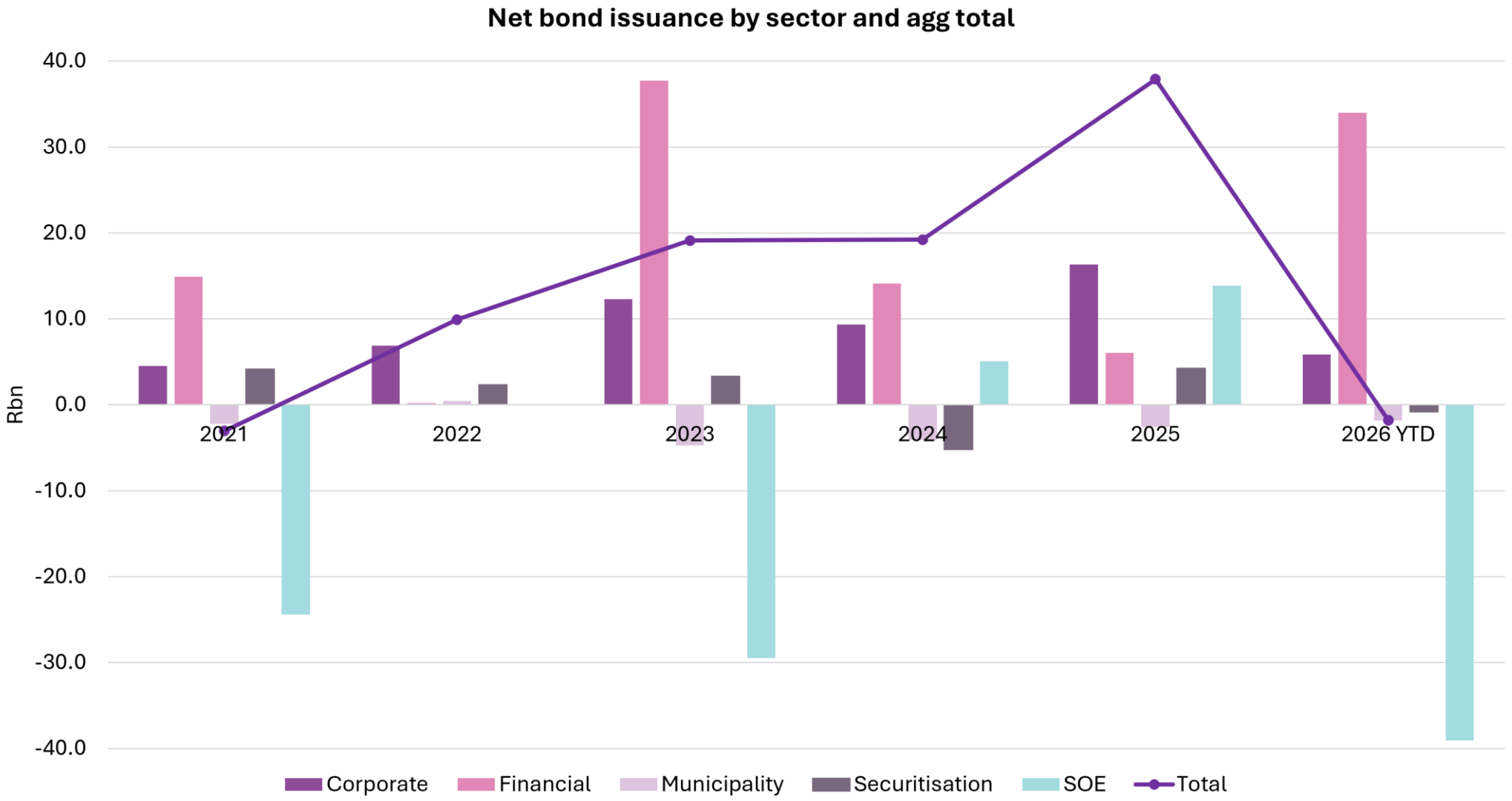
MARKET OVERVIEW



	2021	2022	2023	2024	2025	2026 YTD
SOE	8.8	19.7	19.6	19.0	32.4	2.2
Securitisation	17.7	17.2	11.6	15.2	14.4	11.8
Municipality		1.0				
Financial	56.4	60.5	84.6	81.0	70.9	93.6
Corporate	31.9	41.4	44.1	49.9	44.1	32.8

Source: Standard Bank Research; JSE (excluding CP, CLNs, Structured Notes); Data as at 30 September 2026

MARKET OVERVIEW



Source: Standard Bank Research; JSE (excluding CP, CLNs, Structured Notes); Data as at 30 September 2026

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01 / BENCHMARK TRANSITION & FLAC

We changed the benchmark. We changed the creditor position.

Why didn't investors demand more?

THE PRICING DISCONNECT



Illustrative spread comparison (basis points)

FLAC - THE SCALE AHEAD

bMFR

R338-361bn

Illustrative min FLAC requirement range under different capital-offset assumptions

iMFR

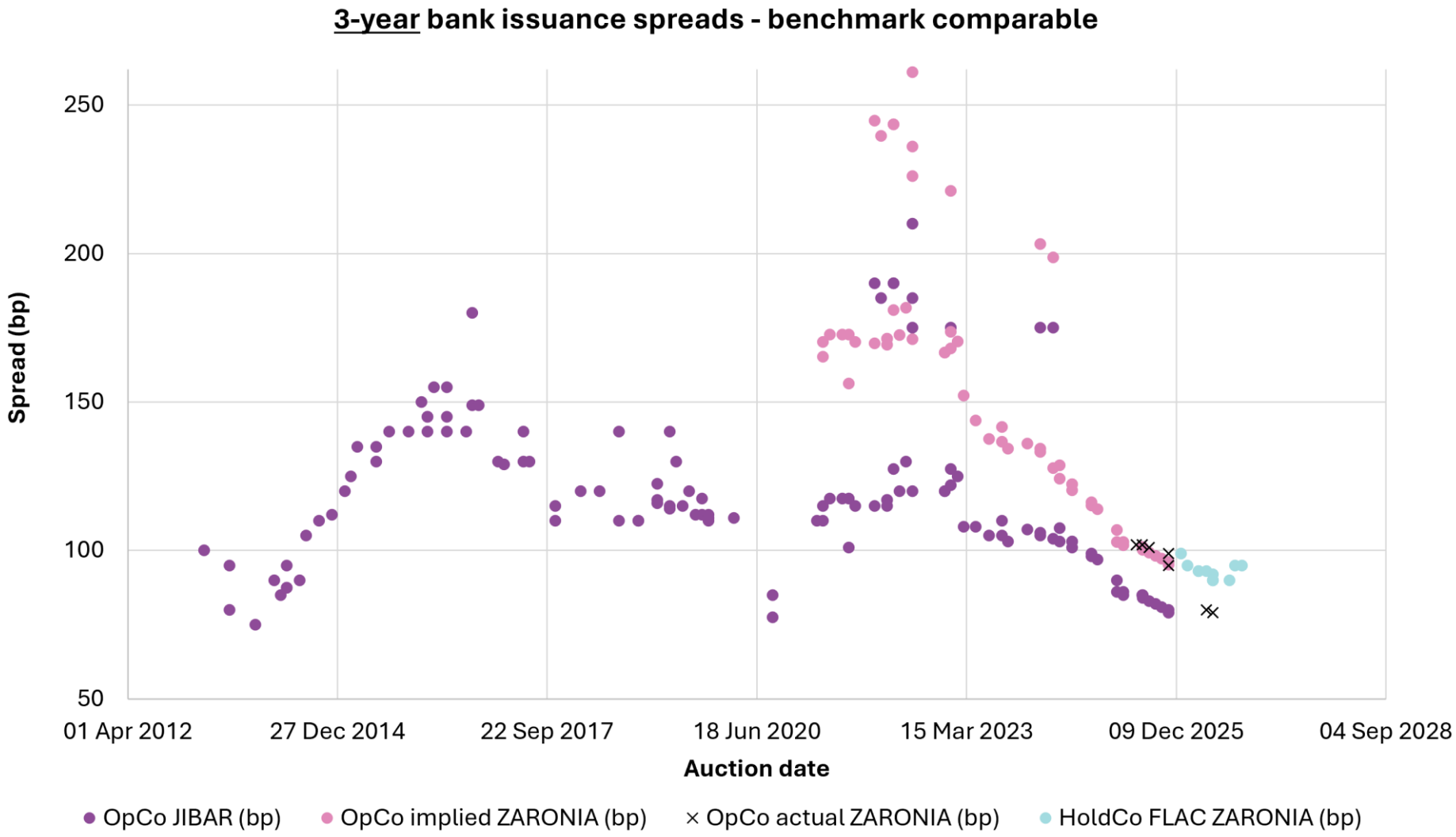
R338-425bn

R1.228tn non-government bond market

The market bid away much of the CAS. Will the next wave of FLAC supply force funding spreads wider?

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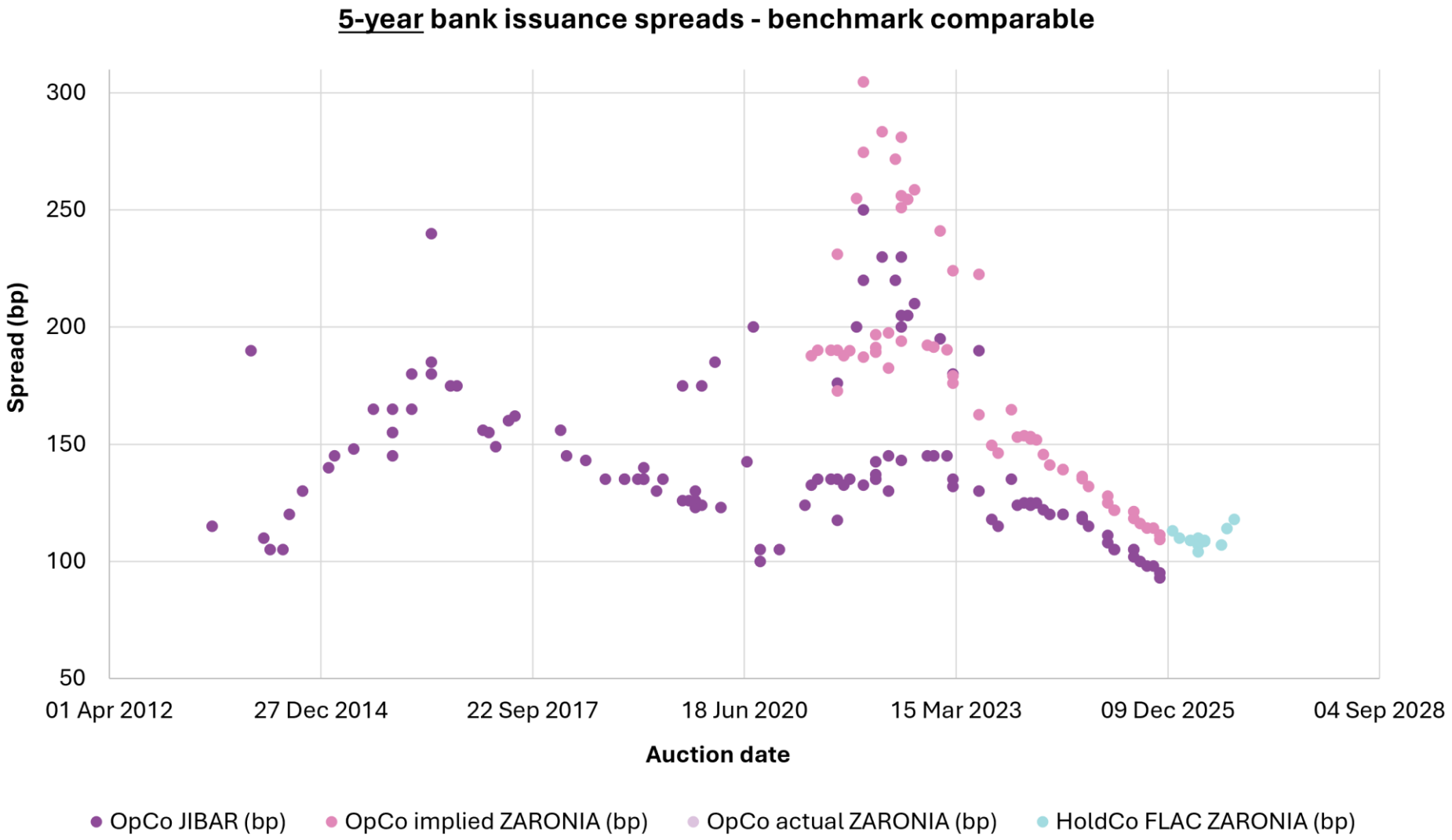
01 / BENCHMARK TRANSITION & FLAC



Source: Perpetua Research; JSE (excluding CP); Data as at 23 October 2026

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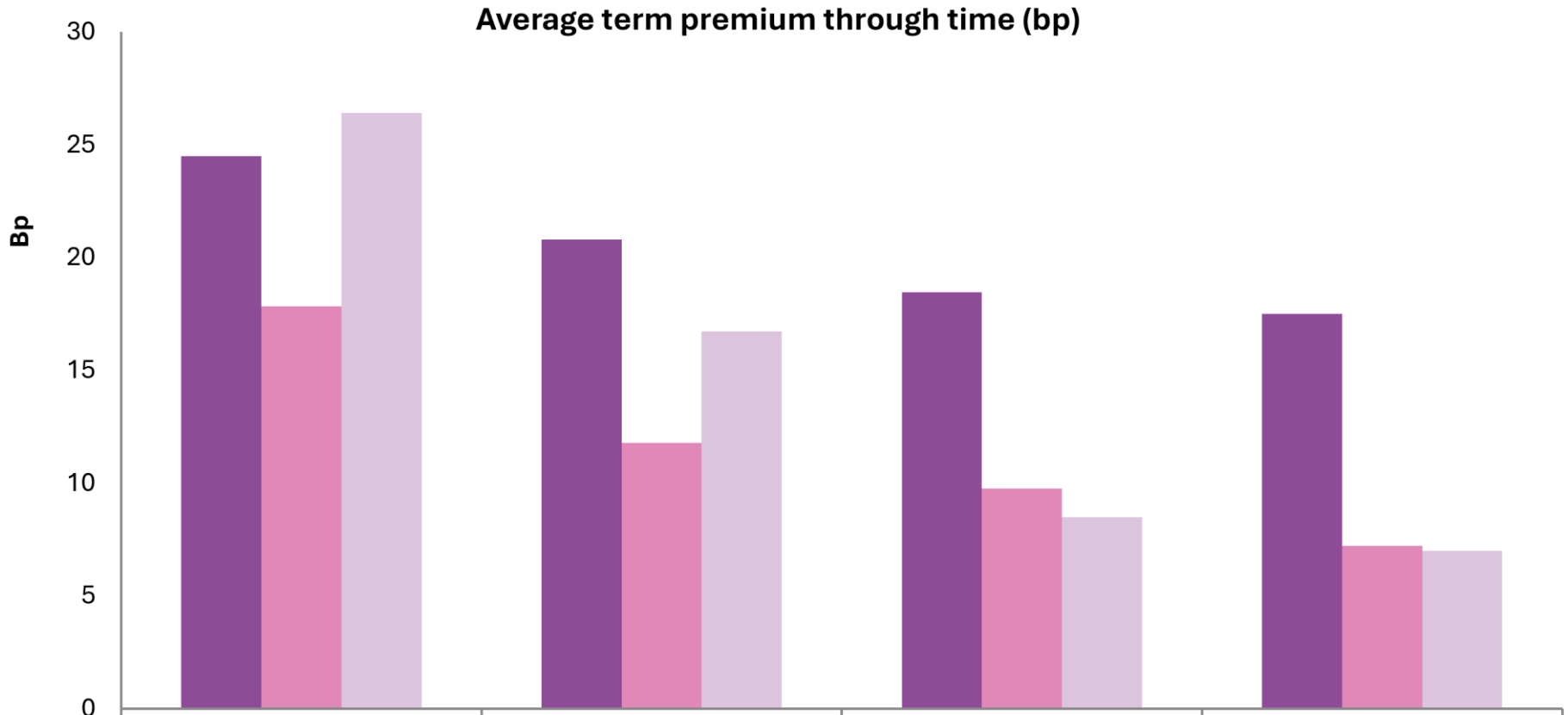
01 / BENCHMARK TRANSITION & FLAC



Source: Perpetua Research; JSE (excluding CP); Data as at 23 October 2026

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01 / BENCHMARK TRANSITION & FLAC



	2013-2018: OpCo/JIBAR	2019-2022: OpCo/JIBAR	2023-2025: OpCo/JIBAR	2026: HoldCo FLAC/ZARONIA
3y→5y	24.5	20.8	18.5	17.5
5y→7y	17.8	11.8	9.8	7.2
7y→10y	26.4	16.7	8.5	7.0

Source: Perpetua Research; JSE; Data as at 23 October 2026

01 / BENCHMARK TRANSITION & FLAC

We agreed on the benchmark. Have we agreed on how to disclose the yield?

HISTORICAL CONVENTION - 3M JIBAR

A known quarterly reference rate allowed a straightforward NACQ-to-NACA conversion:

$$NACA = (1 + NACQ/4)^{4} - 1$$

WHY THIS CHANGED

With daily compounded ZARONIA in arrears, there is no single 3-month term fixing at the start of the coupon period. The market now has to decide which NACA-equivalent yield should be disclosed.

01 PROPOSED MARKET STANDARD

COMPOUNDED REFERENCE RATE

Compounded ZARONIA NACA + current credit spread

Disclosure question:
What is the NACA-equivalent rate of the compounded ZARONIA component over the period, plus the current credit spread?

Interpretation:
Closest to the historical reference-rate-plus-spread convention. Proposed market standard.

02

SPOT DAILY ALL-IN

Current ZARONIA fixing + spread, converted to NACA

Disclosure question:
What annual compounded yield is implied by today's all-in ZARONIA fixing plus the current credit spread?

Interpretation:
Simple daily spot indicator. Does not reflect cumulative coupon-period accrual.

03

ACCRUED-INCOME IMPLIED

Accrued income implies a quarterly return, converted to NACA

Disclosure question:
Based on accrued income earned to date, what full-quarter return is implied, and what NACA yield does that quarterly return represent?

Interpretation:
Closest to legacy NACQ-to-NACA logic. Requires projection mid-period.

These options are not identical and should not be viewed as alternative calculations of the same number. Each answers a different disclosure question.

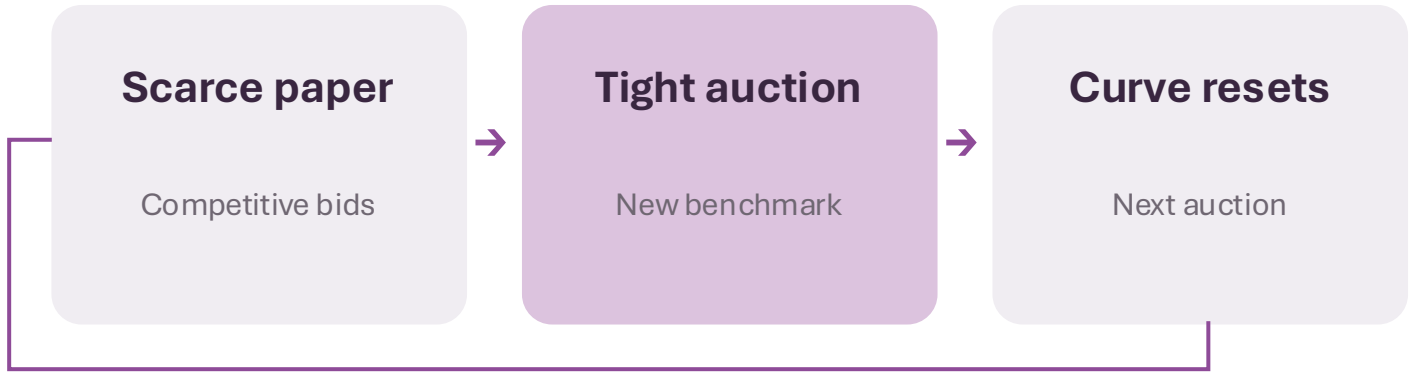
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02 / PRIMARY MARKETS & PRICE DISCOVERY

Are primary markets discovering fair value or simply clearing supply?

Competition for allocations can turn a clearing spread into the market's reference price.

HOW A CLEARING SPREAD BECOMES THE MARKET CURVE



Allocations and private placements can distort the price signal.

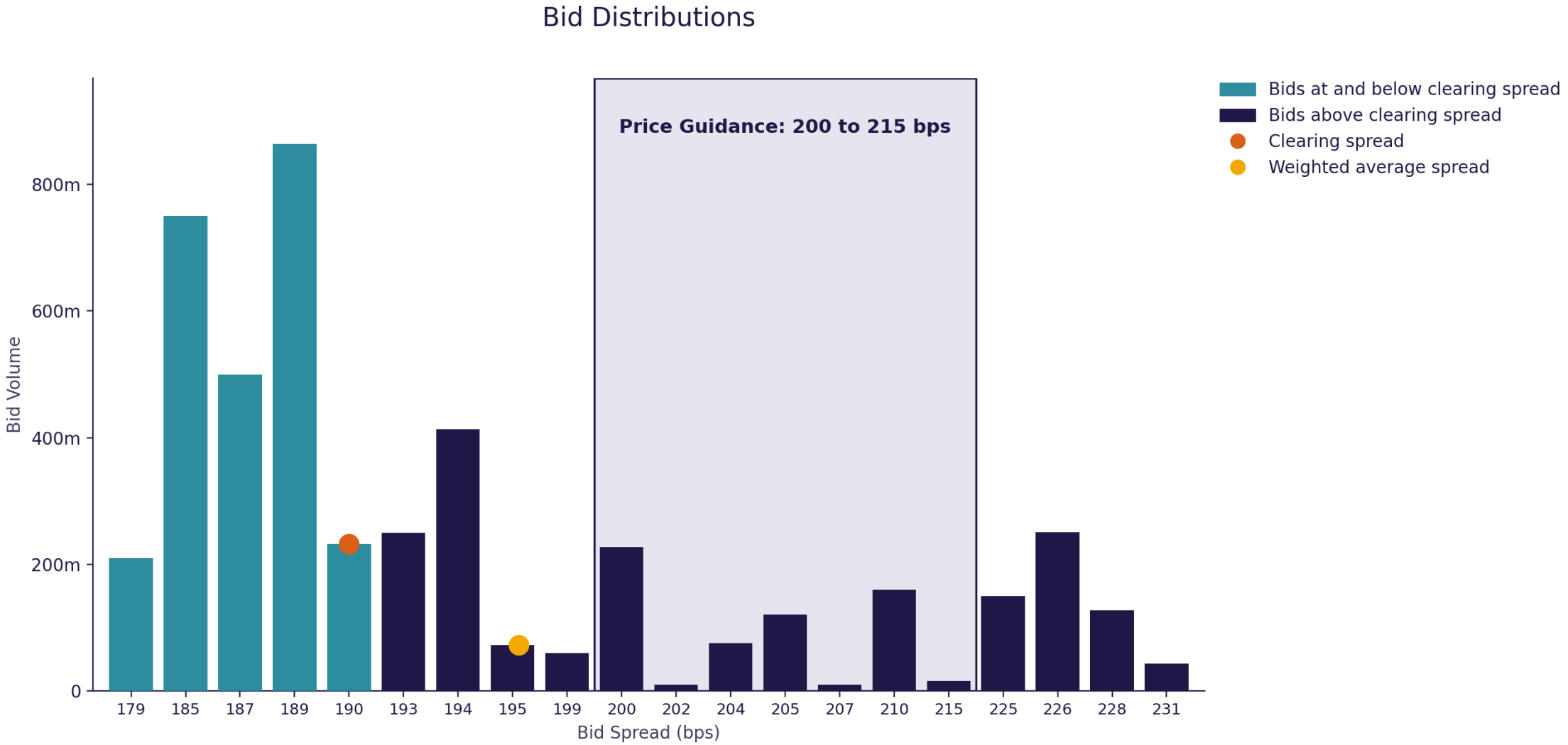
WHERE ARE WE ON THE CURVE

Investors collectively establish the curve through their auction bids

Do competitive allocations, arranger/bank bids and private placements produce an independent price signal?

ASISA's 30 day clear-market guideline and the transparency of private-placement prices.

02 / PRIMARY MARKETS & PRICE DISCOVERY



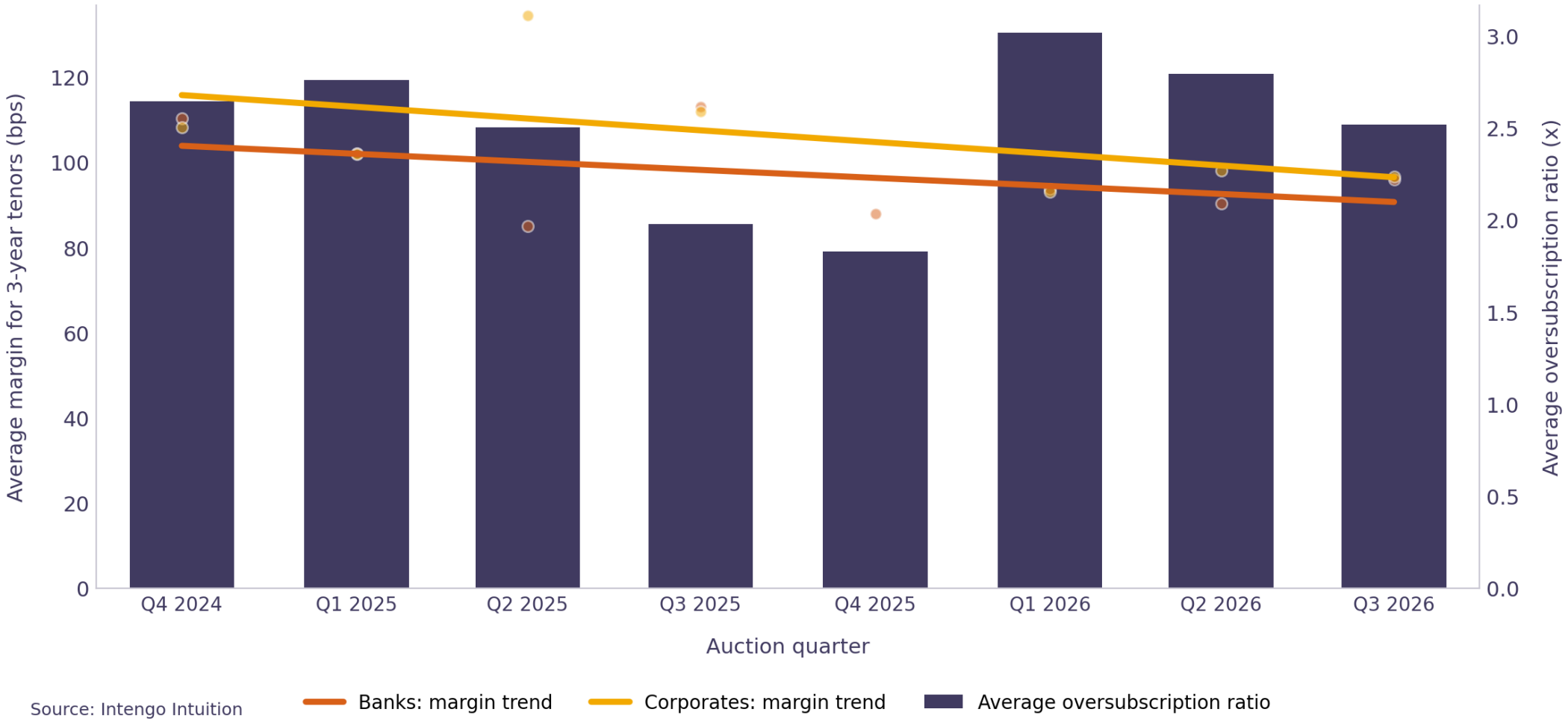
Source: Intengo Intuition

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02 / PRIMARY MARKETS & PRICE DISCOVERY

Margin compression alongside strong primary demand

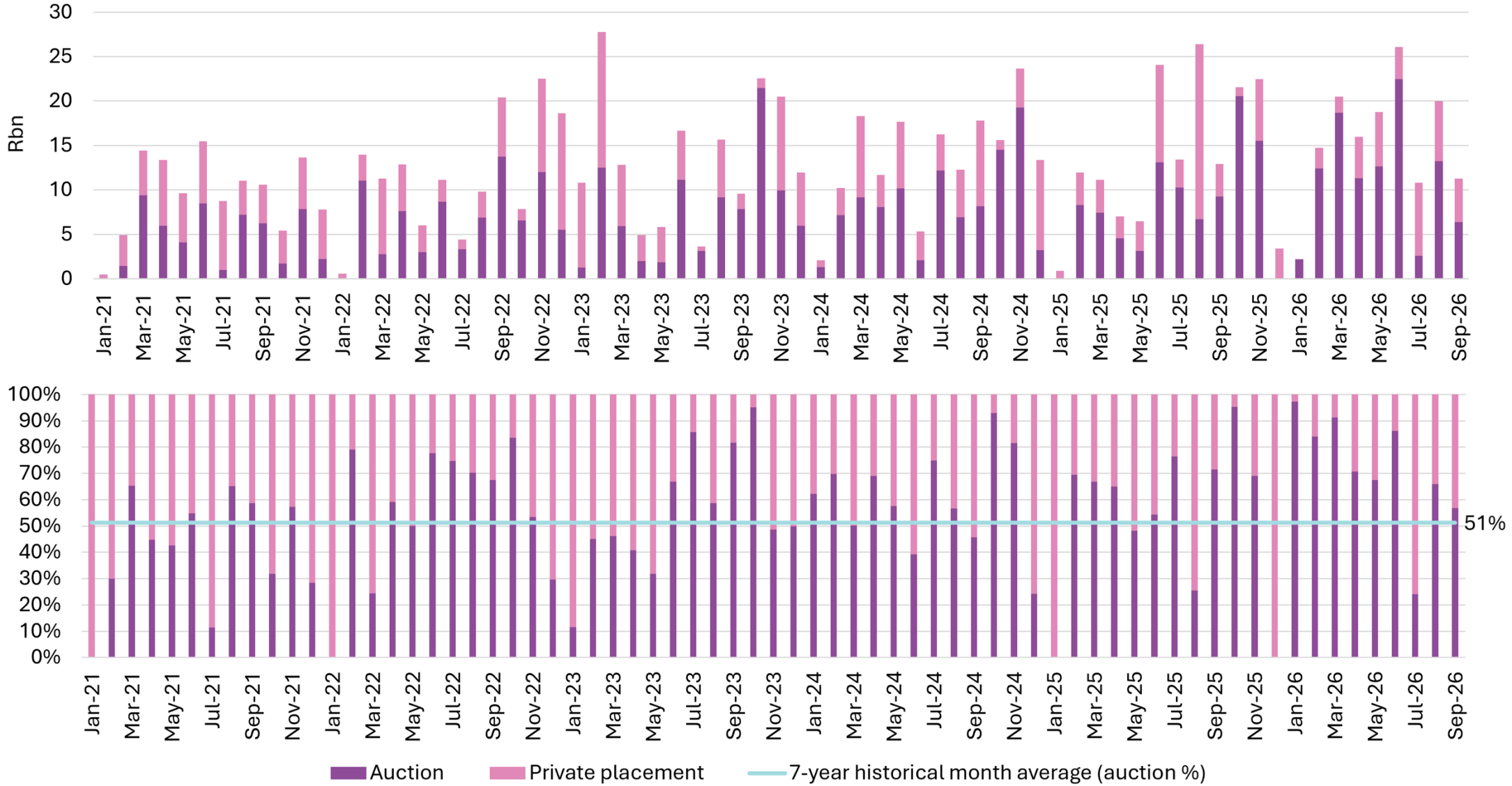
Nominal-weighted average margin and average oversubscription ratio for 3-year Bank and Corporate instruments



Source: Intengo Intuition

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02 / PRIMARY MARKETS & PRICE DISCOVERY



Source: Standard Bank Research; JSE (excluding CP); Data as at 30 September 2026

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03 / SECONDARY-MARKET LIQUIDITY

Can buy-and-hold become genuinely liquid?

Without changing the economics of market making, who provides continuous two-way prices?

THE LIQUIDITY EQUATION

Inventory funding	COST
Capital & spread risk	COST
Bid-offer / trading return	REVENUE

When costs outweigh returns, inventory disappears

REPORTED TRADING IS NOT EXECUTABLE LIQUIDITY

R12.5bn

Reported September 2026 bond turnover (including book-overs)

Two-way quotes • Executable size • Bid-offer cost • Independent repricing

Tightly held bonds can look stable while their economic risk is repricing.

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03 / SECONDARY-MARKET LIQUIDITY

Government bonds turn over ~6x faster than Financials + Corporates

Nominal traded in the last 12 months / nominal in issue (Financials + Corporates: 0.36x vs Government: 2.32x)



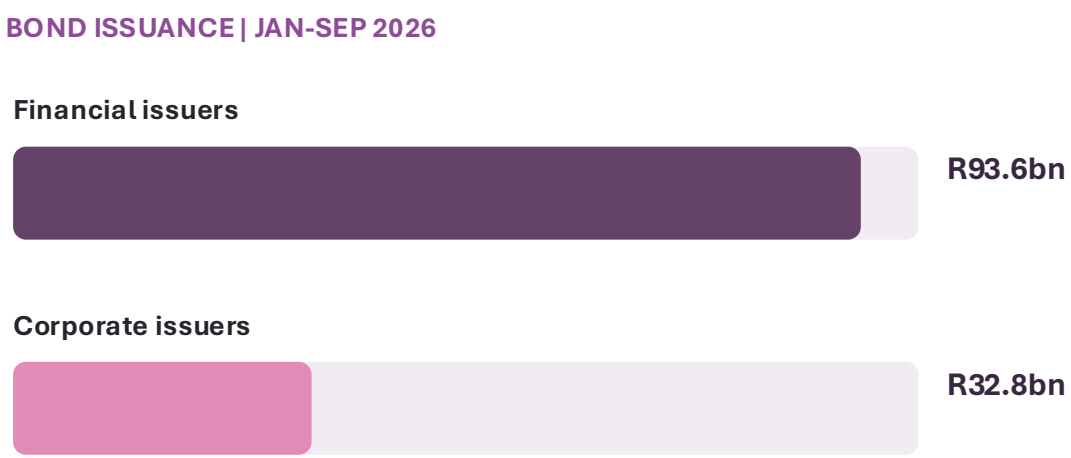
Source: Intengo Intuition

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04 / ISSUANCE COSTS & MARKET ACCESS

Are we restricting the supply of corporate credit?

Institutional demand is substantial - but non-financial issuance remains narrow.



Source: Standard Bank Research, September 2026 YTD; excludes CP, CLNs and Structured Notes.

WHAT COULD BE RESTRICTING ACCESS?

- Commercial-paper restrictions
- Legal and documentation costs
- Ratings, listing and compliance
- Limited institutional exemptions

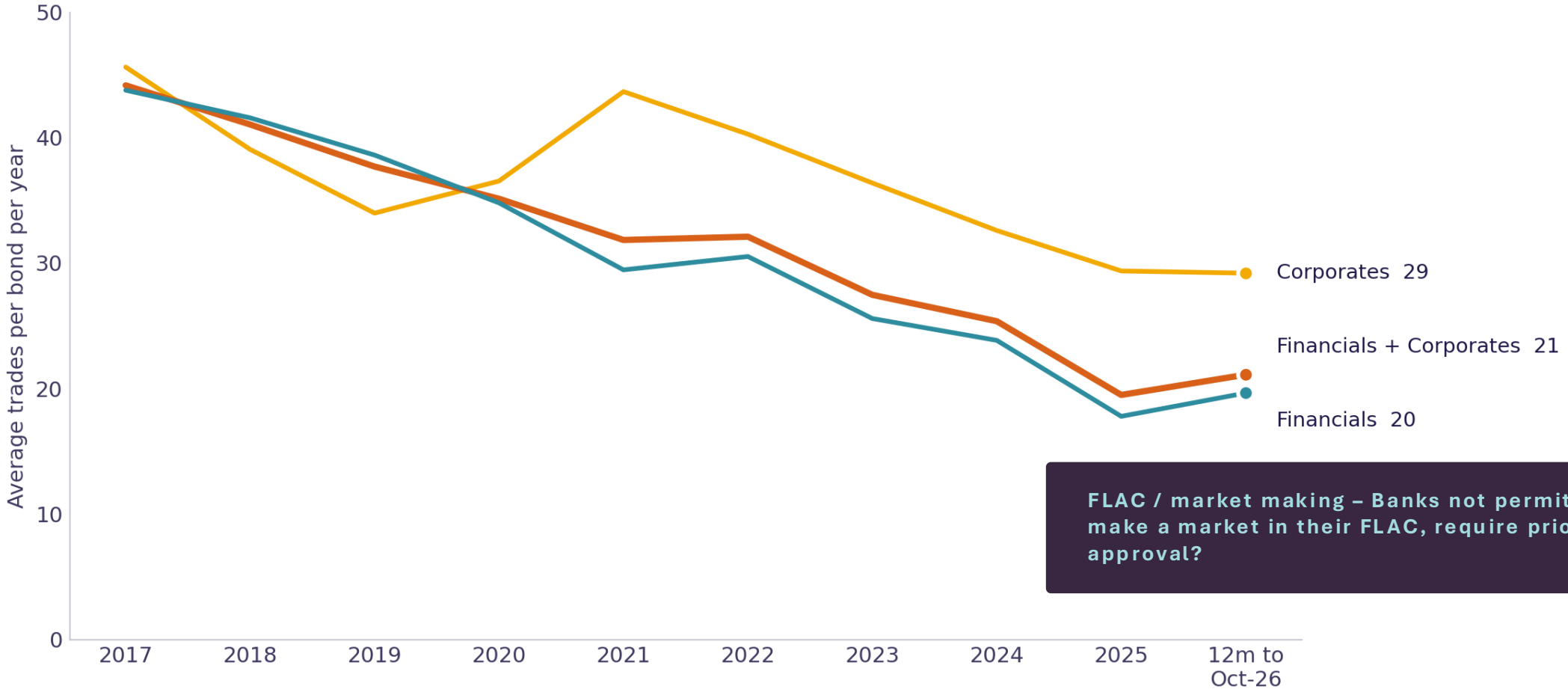
Should issuers have proportionate alternative pathways to sophisticated institutional investors?

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04 / ISSUANCE COSTS & MARKET ACCESS

Average outright trades per bond per year from 2017 to October 2026

Financials 44 to 20; Corporates 46 to 29.



FLAC / market making – Banks not permitted to make a market in their FLAC, require prior approval?

Source: Intengo Intuition

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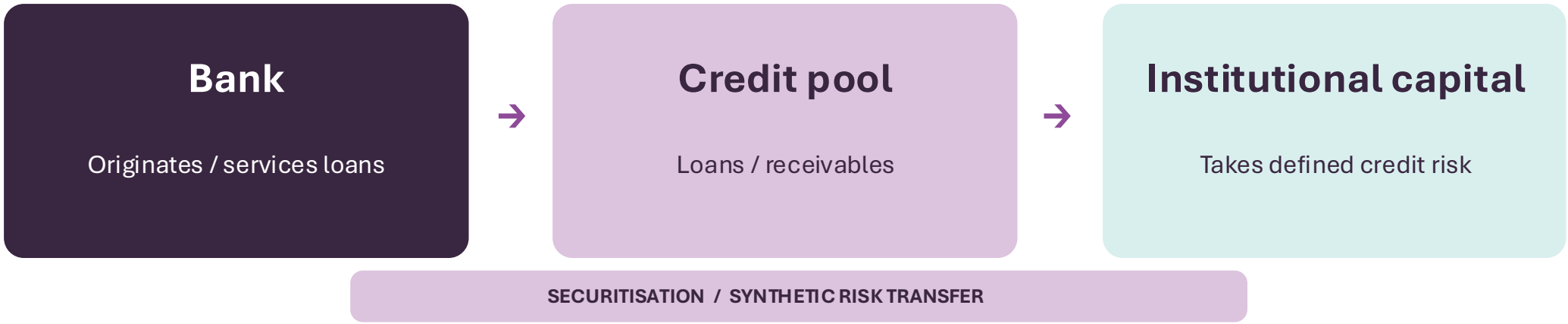
05 / CAPITAL STRUCTURE & INNOVATION

Can we deepen the market by making credit risk easier to transfer?

Securitization and SRT can connect bank assets with institutional capital - and release lending capacity.

Can capital treatment and ratings enable genuine risk transfer - and viable market making?

ILLUSTRATIVE CREDIT-RISK TRANSFER



Let originators make markets in their own-programme securities - with safeguards and proportionate capital treatment

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06 / TECHNOLOGY, REGULATION & REFORM

Which three reforms would move the market most over the next two years?

Focus effort where it improves how the market prices, funds and transfers credit risk.

01

Sharper price discovery

Transparent auctions and placements, better trade data and viable liquidity economics

02

Broader corporate access

Proportionate rules, simpler documentation and institutional pathways

03

Efficient risk transfer

Securitisation and SRT, calibrated capital treatment and transparent ratings

Technology is the enabler. The test is whether the market prices, trades and transfers risk better.

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Q & A



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