RSA Retail bonds were introduced in 2004 with 3 objectives

- Diversify financial instruments available in the market
- Provide a different, safer source of funding for government
- Improve financial inclusion and create awareness about the importance of saving

Retail Bonds currently make up less than 1% of total outstanding government bond issuance in South Africa.

Scope for growth? Absolutely
## Products

**RSA Retail Savings Bonds**

### Current Offering

<table>
<thead>
<tr>
<th>FIXED RATES</th>
<th>INFLATION LINKED RATES</th>
</tr>
</thead>
<tbody>
<tr>
<td>2 Year Fixed Rate</td>
<td>Inflation Linked 3 Year Bond: 3.50%</td>
</tr>
<tr>
<td>3 Year Fixed Rate</td>
<td>Inflation Linked 5 Year Bond: 4.50%</td>
</tr>
<tr>
<td>5 Year Fixed Rate</td>
<td>Inflation Linked 10 Year Bond: 5.00%</td>
</tr>
<tr>
<td></td>
<td><strong>5.00%</strong></td>
</tr>
<tr>
<td></td>
<td><strong>6.00%</strong></td>
</tr>
<tr>
<td></td>
<td><strong>7.75%</strong></td>
</tr>
</tbody>
</table>

No product innovation since launching
Product Landscape in South Africa

• Over 1500 different financial products offered
• We compete for savings with:
  – Banks
  – Collective investment schemes
    • Retail Hedge Funds
    • Long Only Asset Managers
    • 3rd party Asset Managers
  – Linked Investment Service Providers
  – Long-Term Insurance

And recently an explosion in Forex and Cryptocurrency schemes, both legal and illegal.
Market Share

- Figure 1
Market Share continued

- Figure 2
Challenges

- Negative Household Savings Rate (10 years negative barring 2)
- Weak Economy
- One of the lowest overall levels of financial literacy in the world according to OECD INFE 2016
- Highly competitive/extremely aggressive
- Product differentiation and innovation by the private sector
- Lack of innovation
- Lack of distribution
- Legacy ICT infrastructure
- Human resource constraints
Market Innovation
What we’ve tried to do in the past

- Payroll Bonds
- Tax Free Savings bonds
- Top Up Bond

- Government Employees Housing Scheme (GEHS) is a blue-print for our payroll bond
- Forging ahead with Payroll Bond and Tax-free bond though in the distant future
- Bond Listing Project
Features

BUY & SELL
Any listed retail bonds

NOTIFICATIONS
WATCH LIST
View portfolio
View live prices
CAPITAL RAISING
Apply for new listing from your phone

FEATURES
Free SDA account
Free share prices, alerts and ZAPS
Free market depth
FICA application done from phone using DocFox
Controlled Liquidity

Controlled liquidity can be applied to:
- Occupation
- % shareholding
- Staff
- Gender
- Selected stakeholders

<table>
<thead>
<tr>
<th>FICA</th>
<th>Purity</th>
<th>Restricted</th>
<th>Empowerment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Look-through principle – enhances the FICA process</td>
<td>Allow BEE shareholders to trade amongst each other without compromising on the overall BEE shareholding</td>
<td>Can restrict specific shareholders within the scheme to e.g. max 5% shareholding</td>
<td>Permit the listing of specific empowerment assets – divisions/mines</td>
</tr>
</tbody>
</table>
Distribution

Brokers

- Afrifocus Securities
- FIRSTRAND
- (absa)
- SAXO
- ANCHOR SECURITIES
- MACQUARIE
- WEALTHPORT
- Consilium
- EasyEquities
- INNOVATION WEALTH
- Independent Securities
- Peregrine Securities
- Sasfin beyond a bank
- Velocity Trade