



Absa Bank Media Release

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Absa appointed joint bookrunner in Africa's first USD corporate social bond

Absa Corporate and Investment Banking (CIB) was recently appointed by Bayport Management Ltd (Bayport) to be the joint book runner in the first ever USD social bond to be issued by a corporate in Africa.

The US\$260 million senior unsecured social bond, which is due in 2022, was heavily oversubscribed, reflecting investors' recognition of the positive social impact of Bayport's services on the markets in which the group operates. The bond has since been listed on the Nasdaq Stockholm Sustainable Bond List.

Social bonds are instruments whose proceeds exclusively finance or re-finance projects that deliver a wider social impact. In Bayport's case this includes job creation through small and medium-sized enterprises financing, as well as financial inclusion.

Absa's participation in the Bayport social bond is aligned to the bank's strategy to be force for good in society, which focuses on providing finance and assisting clients to achieve sustainable economic growth in the markets it operates, says David Renwick, Head of Investment Banking at CIB.

He says the Bayport social bond is the first to be raised by a corporate in Africa and its success shows the potential of attracting local and international investors through such instruments to finance investments and projects that have a direct and lasting impact in Africa.

“There is a definite trend from global investors to invest in more socially responsible projects and companies because they want to see their funds are being invested in responsible activities. Green bonds were the first type of socially responsible investing instruments and have been around for at least a decade. In Africa, green bonds have been issued in countries such as South Africa and Nigeria,” says Renwick.

“But social bonds are newer, and while there have been a few such bonds issued in the past, the International Capital Market Association (ICMA) published its Social Bond Guidelines in 2018 to provide a disclosure framework meant to promote integrity in the development of the market by clarifying the approach for issuing a social bond,” he says.

Renwick says Bayport chose Absa because of the long-term relationship the company has with the bank. “Because they wanted to issue in the international market, it was critical for them to partner with a bank that understands their business and risk profile. It therefore became a natural choice to appoint Absa as the only African bank on this transaction,” says Renwick.

He adds: “Absa is ready to assist other corporates interested in issuing social bonds because we have both the expertise and access to institutional investors and other global financial institutions with an appetite for these instruments.”

Bayport Capital Markets Executive, David Rajak, says the successful USD corporate social bond issue affirms that social relevance underpins Bayport’s business, and that the market recognises it.

“This, together with the group’s sustained robust financial performance, has helped drive a significantly broader base of investors compared to Bayport’s six previous bonds issues in the international capital markets. One of Bayport’s core values is to enable economic and self-empowerment by giving access to life-changing financial solutions, which is what we will do with the capital raised through the social bond”.

Rajak adds that “the social rating is an affirmation of Bayport’s customer-centric business model. “While our funding partners have long been aware of this, it is great to have it independently acknowledged as well. The social rating cements our commitment to be a socially responsible and relevant credit provider, and to lead market innovation in our industry.”

Bayport’s Botswana operation was the first credit provider in Africa and first payroll lender in the world to achieve Client Protection Certification by The Smart Campaign.

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About Absa Bank Limited

Absa Bank Limited ('Absa Bank') is a wholly-owned subsidiary of Absa Group Limited, which is listed on the Johannesburg Stock Exchange and is one of Africa's largest financial services groups. Absa offers a range of retail, business, corporate and investment banking and wealth management and insurance products and services primarily in South Africa and Namibia.

Absa Group is represented in 12 countries, with approximately 42 000 employees.

For further information about Absa, please visit our website www.absa.africa