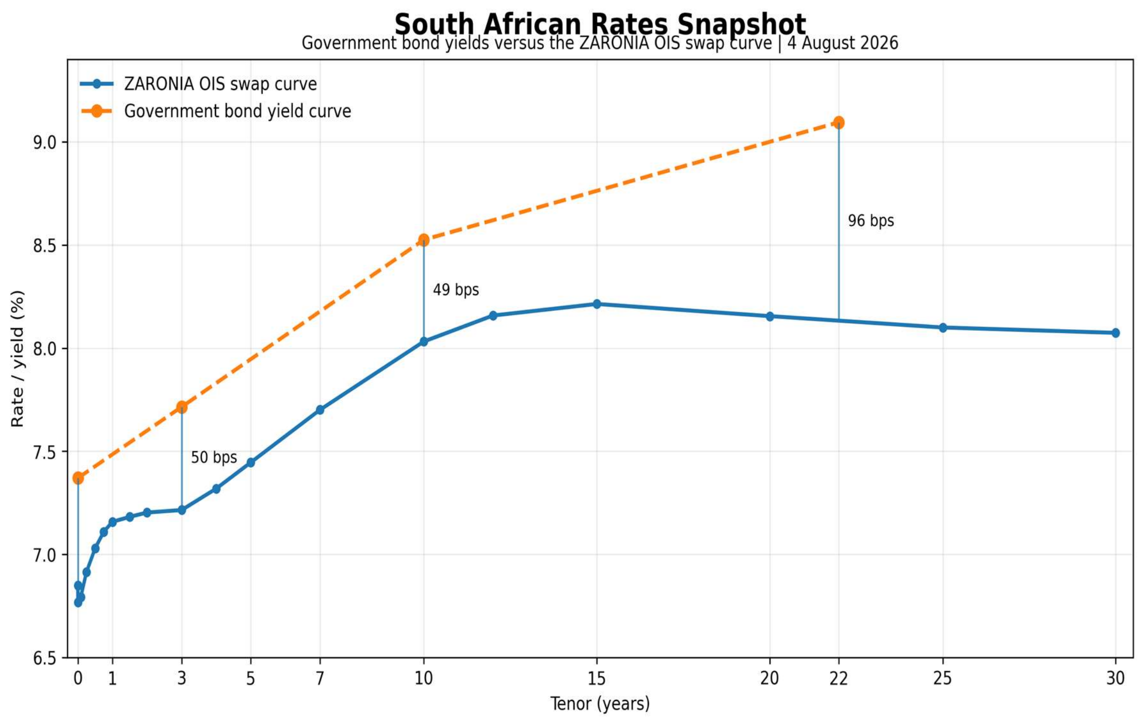
ZARONIA Market Intelligence

From Benchmark Reform to Market Maturity

Issue 1 | August 2026

Client Pricing • Executable OIS Curves • Liquidity Development



Source: Absa market indications dated 4 August 2026. Government curve based on R186, R2030, R209 and R2048 benchmark yields. Vertical differentials show government bond yield less interpolated ZARONIA OIS at the same tenor. Prepared by LKA for illustrative market analysis; not executable pricing.

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Executive Summary

Three months after the implementation of South Africa's 'No New JIBAR' initiative, the market is moving beyond benchmark replacement towards market maturity.

During July, LKA engaged directly with several major South African banks to better understand how the executable ZARONIA market is developing. Together with analysis of Bloomberg-derived interbank bid/ask observations supplied by Audere, these discussions provide an encouraging picture of market development.

The focus is increasingly shifting towards liquidity, executable pricing, implementation consistency and governance.

Key Messages

- Transition timetable remains unchanged.
- Executable interbank pricing has been confirmed.
- Client-facing transparency continues to evolve.
- Bid-offer spreads have narrowed materially since January 2026.
- Governance and implementation are now becoming the key differentiators.

Market Intelligence from South African Banks – July 2026

LKA contacted a number of leading South African banks during July to understand how ZARONIA pricing is being disseminated to clients.

ABSA – Continues to publish an indicative client ZARONIA curve.

Standard Bank – Confirmed executable interbank ZARONIA swap rates are available on Bloomberg under a Gold Standard CSA.

Nedbank – Internal curve with Bloomberg market reference; no daily client-facing curve currently published. Transition generally aligned with loan reset dates.

Investec – Intends to publish a daily client mid-rate curve. Executable indications available on request.

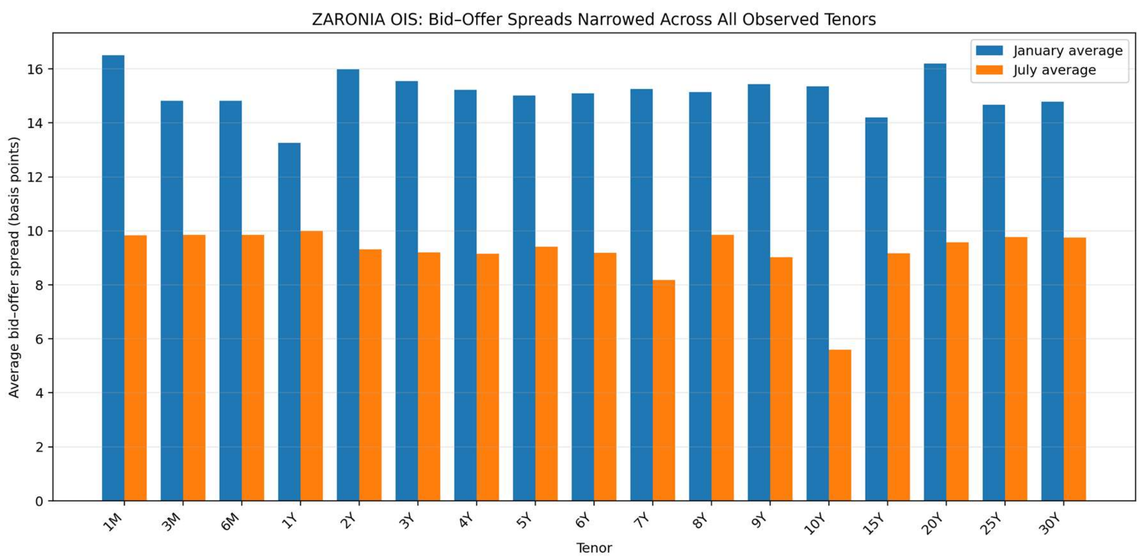
RMB – Confirmed that it has both a client ZARONIA OIS curve and executable market pricing. LKA understands that client pricing capability is established and will continue to monitor how this information is distributed.

Institution	**Client Pricing**	**Executable Pricing**	**LKA Observation**
ABSA	Indicative curve	No	Established client publication.
Standard Bank	Bloomberg interbank	Yes	Executable interbank OIS pricing under Gold Standard CSA.
Nedbank	Internal curve	Bloomberg market reference	Transition aligned with loan reset dates; no daily client publication currently.
Investec	Planned daily mid-rate	On request	Client publication planned; executable indications available bilaterally.
RMB	Confirmed	Confirmed	Client and executable pricing capability confirmed directly by RMB.

Figure 1. Summary of LKA's July–August 2026 market sounding across South Africa's principal project finance lenders. The institutions have adopted different approaches to client-facing pricing, but discussions indicate that executable ZARONIA pricing capability is established across the market.

Taken together, these discussions suggest that South Africa's transition has progressed beyond benchmark selection. The focus is increasingly shifting towards liquidity, transparency and consistent implementation across funding and hedging markets.

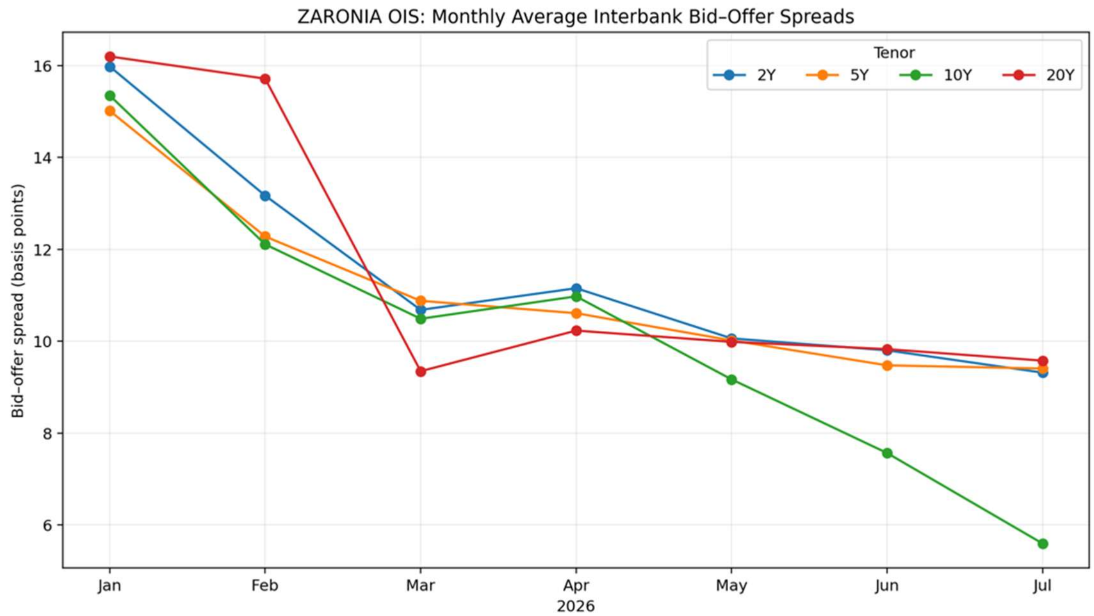
Liquidity Monitor



Source: LKA analysis of Bloomberg-derived interbank ZARONIA OIS bid and ask observations supplied by Audere. Bid–offer spreads are a liquidity proxy and do not evidence executable depth or transaction size.

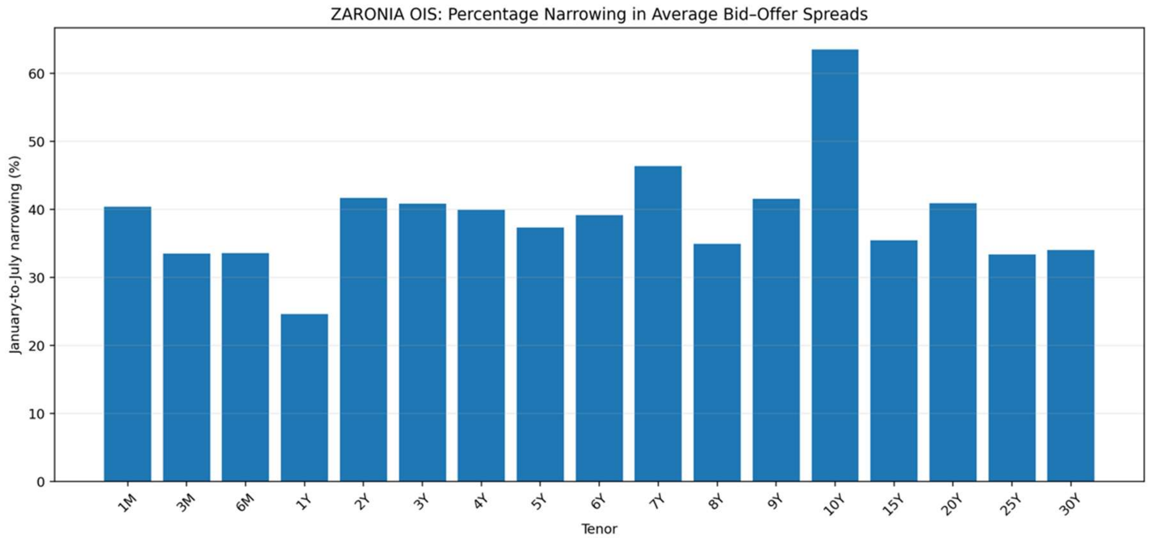
Figure 2: Average ZARONIA OIS bid-offer spreads by tenor (January versus July 2026). Observed bid-offer spreads narrowed across all maturities during the period, consistent with improving pricing efficiency. Bid-offer spreads are one indicator of market development and should not be interpreted as evidence of executable market depth or transaction capacity.

Analysis of Bloomberg-derived interbank pricing indicates that average bid-offer spreads have narrowed across all observed maturities between January and July 2026. This is consistent with improving pricing efficiency, although spread width alone should not be interpreted as evidence of executable market depth or transaction capacity.



Source: LKA analysis of Bloomberg-derived interbank ZARONIA OIS bid and ask observations supplied by Audere. Bid-offer spreads are a liquidity proxy and do not evidence executable depth or transaction size.

Figure 3. Monthly average interbank ZARONIA OIS bid-offer spreads for selected benchmark maturities. The gradual narrowing observed during 2026 is consistent with the continued development of the interbank market following the introduction of the "No New JIBAR" initiative.



Source: LKA analysis of Bloomberg-derived interbank ZARONIA OIS bid and ask observations supplied by Audere. Bid-offer spreads are a liquidity proxy and do not evidence executable depth or transaction size.

Figure 4. Percentage reduction in average bid-offer spreads by tenor between January and July 2026. Improvements have not been uniform across the curve, illustrating that market development continues to evolve at different rates across maturities.

Why This Matters

For infrastructure sponsors, benchmark reform extends beyond documentation. Treasury teams should consider debt and hedge alignment, consistency across lenders, implementation timing, pricing transparency and governance throughout the transition.

LKA Perspective

Benchmark readiness has largely been achieved. The next phase of the transition will be defined by market readiness: liquidity, pricing transparency, executable pricing and consistent implementation.

Looking Ahead

Future editions will monitor:
• Executable liquidity
• Bid-offer evolution
• Client-facing curves
• Cross-currency developments
• Project finance implementation
• Market conventions

About LKA

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