



DEBT MANAGEMENT OFFICE NIGERIA

NIGERIA SUCCESSFULLY ACCESSES THE INTERNATIONAL CAPITAL MARKETS EVEN IN THESE TURBULENT TIMES*

On July 2, 2013 Nigeria successfully returned to the markets with a USD 1 billion dual-tranche international Bond offering: USD 500 million 5-year Bond and USD 500 million 10-year Bond at Coupons of 5.125% and 6.375% p.a., respectively. The issuance came on the back of highly volatile international financial markets, which saw sharp drops in prices of equities and bonds following expectations of a tapering of Quantitative Easing by the U.S. Federal Reserve Bank. The anticipation of reduced liquidity and higher interest rates, saw investors sell-off some assets especially those from the Emerging Markets (EM) sector. During this period of market turmoil, investors became averse to EM risk, switching significant portion of their holdings into cash and near-cash assets and away from tenored assets.

2. The success level of the two new Nigeria international bonds against the backdrop of volatile financial markets in which only a few new deals were priced, is further captured in the high levels of subscription recorded for each of the two new issues and the ability to tap both the medium and long-term parts of the yield curve. The two tranche offering gave Nigeria the opportunity to achieve an overall cheaper cost of borrowing (the 5-year Bond was priced 125 bps cheaper than the 10-year Bond) while also creating new 5-year and 10-year Sovereign Benchmark reference points. The issue summary is as follows:

Bond	Amount Offered	Total Subscription	Times Subscribed	Coupon
5-year	USD 500mn	USD 1,730 mn	3.46	5.125%
10-year	USD 500mn	USD 2,225.50 mn	4.451	6.375%
Total	USD 1,000mn	USD 3,955.50 mn	3.9555	

3. The transaction was distributed primarily to U.S investors, followed by those in Europe, Asia and other regions of the world. The types of investors that participated in the transaction included Fund Managers, Private Banks/ Banks , Pension/Insurance Funds and other investors.

4. The strong sponsorship and demand for Nigeria's sovereign debt securities in the International Capital Markets (ICM) was evident during the Roadshow in Europe and the U.S., where top institutional investors considered Nigeria to be one of the top performers among EM countries and certainly one of only a few African countries with the appropriate credit story for investors during this time. In addition, they acknowledged that Nigeria had been consistent in implementing macro-economic and structural reforms over the past ten

years, leading to landmark achievements in the banking, power and agricultural sectors as well as, the establishment of the Sovereign Wealth Fund. This perception was already reflected in the price of Nigeria's debut international bond in 2011, where the secondary market performance even in volatile conditions was stronger than the bonds of a number of EM countries.

5. The transaction marked the largest international public benchmark bond issuance from a sub-Saharan African Sovereign in 2013 year-to-date and testifies to investors on-going interest in the unlocked potentials in Nigeria.

July 2, 2013.

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