Nigeria leads the way as appetite for bonds emerges out of Africa

First Bank launched a 10-year $175m dollar-denominated subordinated debt offering. Arranged and marketed solely by Merrill Lynch, the hybrid bond issue was priced to yield 9.75%.

A spokesman for First Bank confirmed that the issue had been launched to raise finance for retail banking expansion plans as well as to boost its capital adequacy ratio.

The offer followed the $350m January issue by Guaranty Trust Bank of Nigeria, also in the high-yielding class, paying at launch 8.625%.

Guaranty Trust Bank was the first Nigerian corporate to access international markets and follows encouragement from the country's central bank for the sector to look beyond domestic horizons for funding.

Analysts said that Guaranty Trust's and First Bank's trailblazing would not only encourage other banks from the country but had also helped the London market calculate its appetite for such issues.

In one stunning morning's work **GlaxoSmithKline** got a £1bn 35-year offer away – and without even having to go on the stump to get investors onside.

Just as extraordinary was that the offer was the largest long-date sterling-denominated corporate bond of its kind and the fact that GSK had not tapped the markets in such a way in six years.

Joint bookrunning the offer for the pharmaceuticals giant, HSBC and Lehman Brothers gave initial guidance of a price of 85 to 90 basis points over equivalent gilts and ended up pricing at 87bps over, after closing an order book which had attracted £1.3bn of interest at 2pm after marketing had started at 9.15am that morning.

GSK Group Treasurer Sarah-Jane Chilver-Stainer said: "We did not do a roadshow before the deal as everything that we could say to investors about GSK is already publicly available.

"We wanted to lock in a historically attractive long-term interest rate."

GSK has been active buying in shares, with £2bn of equity issuance earmarked to be bought back this year.

Big appetite at the long-dated end of the market saw **Tesco** get away a €600m euro-denominated 40-year bond – the second at the long end of the market from the supermarket giant this year.

A spokesman for Tesco said the group was attempting to diversify its book: although it had short-dated euro borrowing before this deal it had nothing in the European currency at the long end.

More than three times oversubscribed, the offer was lead-managed by Deutsche Bank, HSBC and RBS and was priced at 78 basis points over mid-swaps with a coupon of 5.125%.

Tesco's 50-year £500m sterling fixed-rate bond in February was similarly oversubscribed.

Volatility in global financial markets failed to thwart a £400m offering from **WPP** which was able to tap market support after initially signalling a £350m fundraising.

There had been jitters on the marketing and advertising giant's roadshow in London and Edinburgh ahead of the issue amid a shake-up on the worldwide equity and credit derivative markets.

But in the end the offer was five times oversubscribed and priced at 98 basis points over gilts against the initial guidance of 100 to 105 basis points.

The 10-year fixed-rate issue was set to pay a coupon of 6% and was lead-managed by Barclays, Citigroup and HSBC.

Other storms in financial markets, specifically in the US sub-prime lending industry, failed to dent the Eurobond debut of the **Bank of America**.

The BoA raised €4bn in a two-tranche offering of five and 10-year bonds after an extensive roadshow by bookrunners ABN Amro, Banc of America Securities and Deutsche Bank.

With €7.5bn of interest in the order book, the bookrunners settled at 2bps over mid-swaps on the five-year issue and 6bps over on the 10-year bonds.

Chris Halmy of BoA's treasury department said the bank had intended to benchmark its first Eurobond issue against equivalent UK issuers while it was the European investors who determined the bonds were issued with five and 10-year maturities. He said BoA had previously done very little fundraising outside of the US.

Robert Lea is City Correspondent of *The London Evening Standard*.

EQUITIES

ISSUER	AMOUNT	TYPE	NO OF SHARES	TRANCHE OFFER PRICE	PRICING DATE	EXCHANGE	BOOKRUNNER
Smurfit Kappa Group	$1,943m	IPO	78,787,879	$21.45	13/03/2007	Dublin, London	Citigroup, Deutsche Bank, Davy Stockbrokers, Goldman Sachs
Rexel SA	$1,017m	IPO	46,981,142	$21.65	04/04/2007	Paris	BNP Paribas, Calyon, JPMorgan, Lehman Brothers, Merrill Lynch

IPO=Initial Public Offering

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