FGN Savings Bond- Launched March 2017

https://www.dmo.gov.ng/fgn-bonds/savings-bond

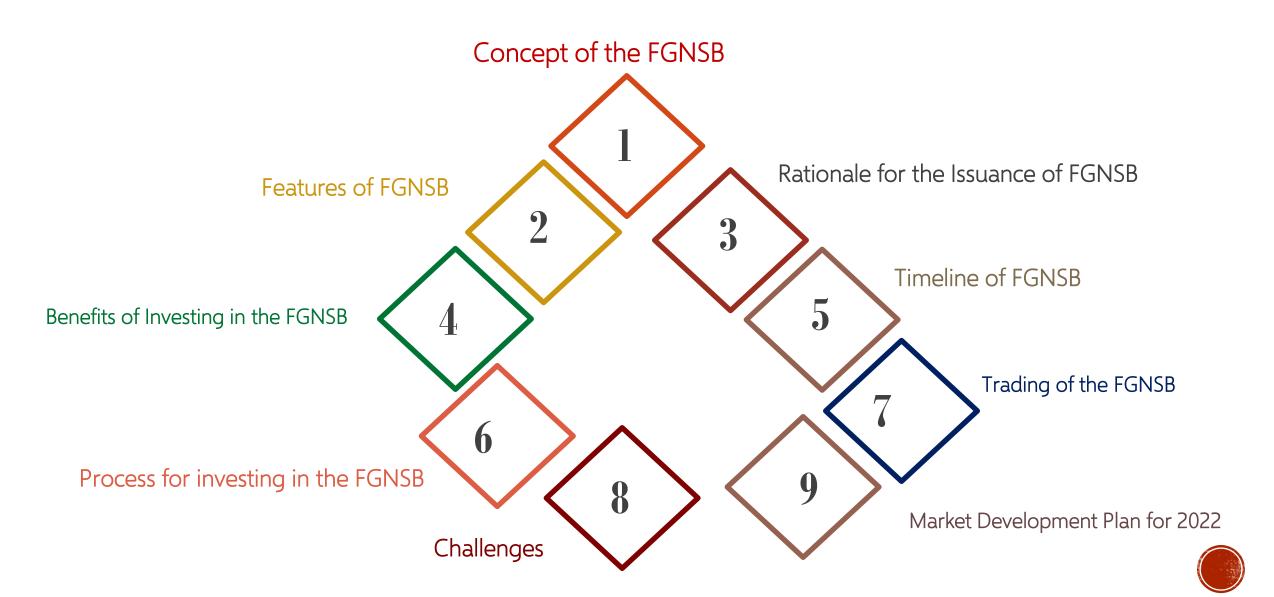
FEDERAL GOVERNMENT SECURITIES – SAVINGS BOND

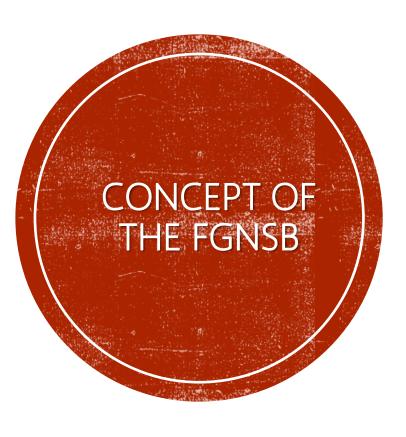
Presented at the

DCMD PROJECT RETAIL INVESTORS TRAINING SESSION

January 27, 2022

OUTLINE





- In recognition of the importance of deepening the fixed income securities market to Nigeria's development, the Debt Management Office (DMO) in March 2017, introduced the FGN Savings Bond (FGNSB) to provide a Federal Government Security for retail investors as well as, mobilize resources from the general public to support the Government's financing needs.
- FGNSB are Sovereign Debt Securities issued by the DMO for and on behalf of the Federal Government of Nigeria (FGN).
- The FGNSB provides an opportunity for retail investors to contribute to national development while also improving the savings culture in Nigeria.
- It is a risk-free investment in the Domestic Debt Market, which is backed by the 'full faith and credit' of the FGN.



- **Issuer**:
- **Unit of Sales:**

N1,000.00 per unit subject to a minimum subscription of \$5,000.00and in multiples of \$1,000.00thereafter, subject to a maximum of

Interest Payment:

- **Issuance Method:**
- **Redemption:**
- **Tenor**:
- Listing:

Collateral:

The Federal Government of Nigeria

№50,000,000.00.

Quarterly

Offer for Subscription

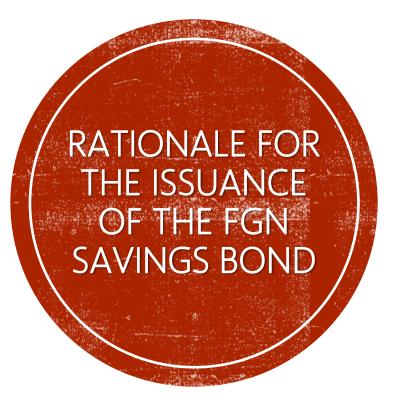
Bullet repayment at maturity

Security/Collateral: Backed by the full faith and credit of the FGN and charged upon the general assets of Nigeria

Two (2) and Three (3) Years

Listed on the FMDQ Securities Exchange and the Nigerian **Exchange** Limited

Acceptable as collateral for loans by banks



The FGN Savings Bond was introduced into the domestic fixed income market to:

- Provide opportunity to all citizens to contribute to national development, thereby promoting financial inclusion.
- Enable all citizens participate in and benefit from the favourable returns available in the capital market.
- Deepen the national savings culture in the country and increase the rate of capital formation.
- Diversify funding sources for the Government.

Acceptable as collateral for loans by banks.

A secure investment with the Federal Government, with no risk of default.

Interest income is paid quarterly directly into the Bondholders account.

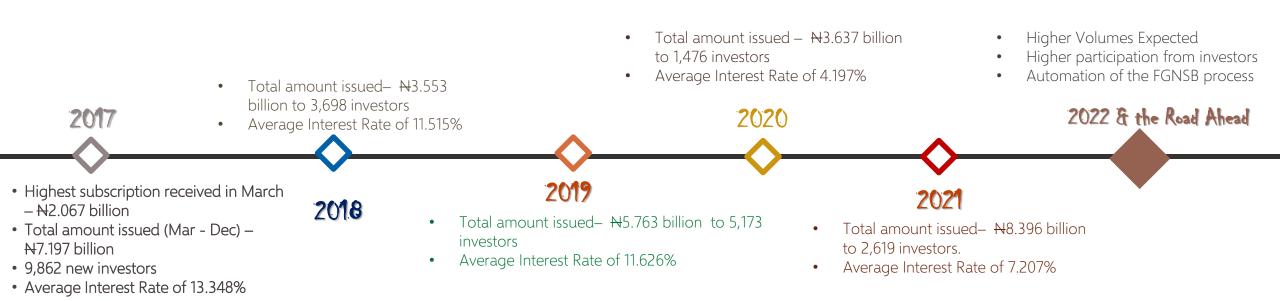
BENEFITS OF INVESTING IN THE FGNSB Investors can sell for cash in the secondary market before maturity.

Good for savings towards retirement, marriage, school fees, house projects, etc.

Retail Investors have the opportunity to directly participate in national development

Additional investment opportunities for small savers

Timeline of FGN Savings Bond





Offer for Subscription begins with announcement publication of the Offer for Subscription. Investors submit forms and pay to an Authorised FGN Distribution Agent (Accredited Stockbroking Firms) within the 5-day offer period. Distribution Agents forward subscriptions and remit payments to the DMO through the Government Stockbroker (CLS Stockbrokers Ltd).

Allotted Bonds are credited to the CSCS Accounts of the Investors.

INVESTING IN THE FGNSB -THE PROCESS



TRADING OF THE FGN SAVINGS BOND

- Investors who wish to redeem their investment at any time before maturity can sell by filling a mandate form authorizing their stockbroker to sell their investment in the secondary market on the FMDQ Securities Exchange Limited or the Nigerian Exchange Limited.
- The price of the FGN Savings Bond is published on the websites of the FMDQ and the Nigerian Exchange Limited. Investors can also contact their stockbrokers for the price.
- The Government Stockbroker is required to make two-way quotes for the FGNSB to facilitate trading of retail investors in the secondary market.

SOME CHALLENGES



Manual Process

The subscription process is still mostly manual and as such creates room for errors.

Plans to automate the Subscription process are ongoing and should be completed in 2022



Slow Market Penetration Due to lack of awareness by retail investors.

Continuous engagements with stakeholders and market participants.



Incomplete/Wrongly Filled Application Forms

An incomplete or wrongly filled application form can lead to delay in coupon payments and repayment at maturity.

Ensure your Form is completely and correctly filled to avoid delays. This should also be reduced once the system has been automated





- Automating the Subscription Process
- Engagements with Stakeholders
- Sensitisation Workshops



SEIZE THE OPPORTUNITY

The Offer for Subscription for the February 2022 FGN Savings Bond opens soon!

- Offer Opened: February 7, 2022
- Offer Closes: February 11, 2022



THANK YOU FOR LISTENING

