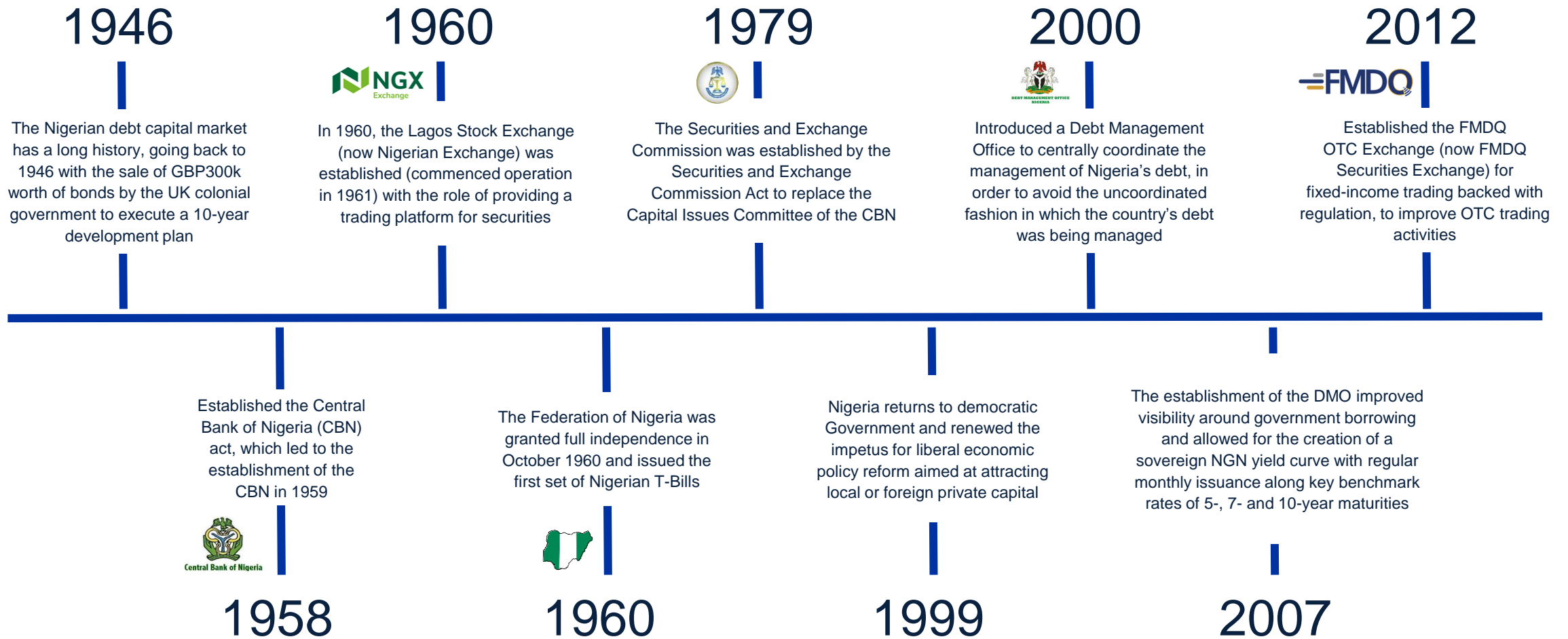


OVERVIEW OF THE NIGERIAN DEBT CAPITAL MARKETS

January 27, 2022

HISTORICAL DEVELOPMENT OF THE DEBT CAPITAL MARKET IN NIGERIA



Source: The Central Bank of Nigeria (CBN), CFA Institute Research Foundation, Nigeria DMO

MARKET INFRASTRUCTURE AND STAKEHOLDERS

Issuer Categories



Federal Government of Nigeria



States in Nigeria



Supranationals



Banks and other Corporates

Select Market Participants / Intermediaries

Exchanges



Clearing Houses



Depositories





Facilitators




Ratings Agencies



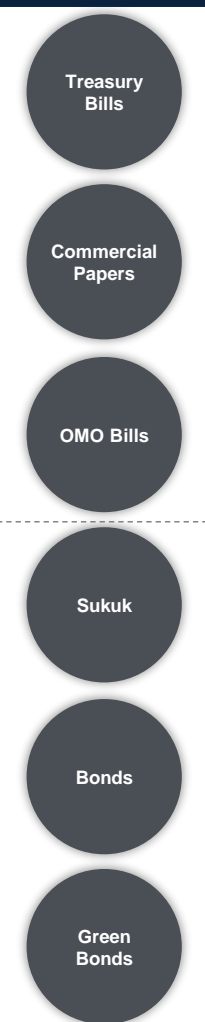
Oversight Responsibilities

Investors



Product Categories



The Securities and Exchange Commission is the apex regulator of the Nigerian Capital Market, supervised by the Federal Ministry of Finance. FMDQ Exchange maintains regulatory oversight over commercial papers

MARKET STATISTICS AND ANALYSIS

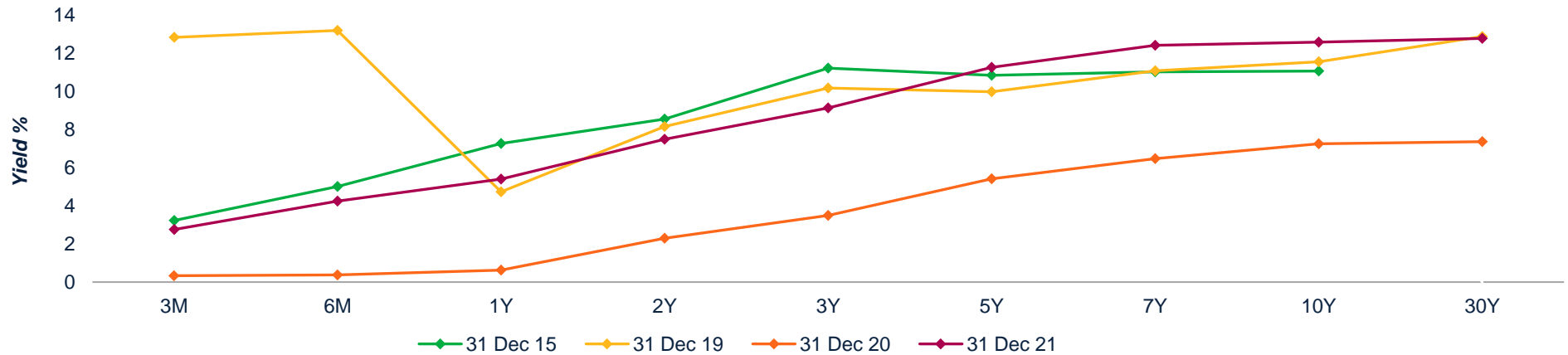
In terms of issuance trends, the local debt market has traditionally been dominated by government bonds

Nigerian corporates continue to look to capital markets as an alternative and complementary source of financing for their working capital and capital expenditure requirements

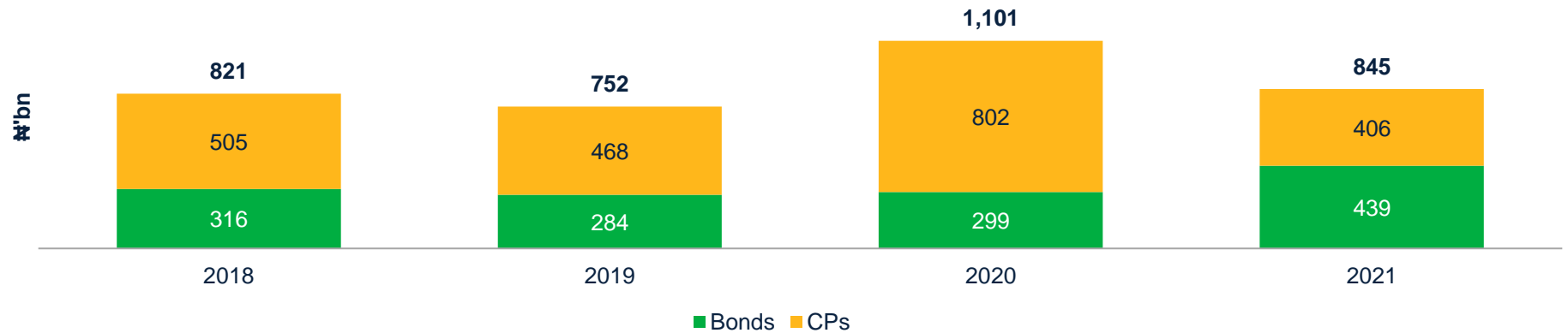
Corporate debt issuance spiked in 2020 as firms took advantage of a single digit interest rate regime on account of policy initiatives put in place in a bid to stimulate economic recovery

The debt capital markets performance of 2020 has resulted in more and more corporates looking to the debt capital markets for their funding needs

Nigeria Sovereign Yield Curve



Corporate Instruments Listed and Quoted on FMDQ Exchange (NGNbn)



Source: FMDQ Securities Exchange

MARKET TYPES, OFFER TERMS AND TERMINOLOGIES

Market Types

Primary market

Secondary market

Offering Types

Public Offering

Private Offering

Common Offering Terms and Terminologies

Issuer	The entity that sells or issues securities to holders
Sponsor	An entity with substantial interest / control in and over the Issuer, where the issuer is a Special Purpose Vehicle / Entity
Guarantor	Entity that guarantees the debt incurred by the Issuer
Rating	Designations used by Ratings Agencies to give relative indications of credit quality in relation to companies or securities
Tenor	The period between the issuance of a security and its final maturity
Term to maturity	The length of time between the purchase of a security and its final maturity
Benchmark	Typically the sovereign or other equivalent instrument having a term to maturity equivalent to the instrument
Spread	The difference between the yield on the instrument being issued / purchased and applicable benchmark
Coupon Rate	The contractual rate of return
Use of Proceeds	The specification in the financing documentation of what the proceeds of the financing will be used for
Redemption Basis (Bullet / Amortising)	Bullet - when the entire principal of a security is due and payable on the maturity date Amortising – when required periodic repayment is in instalments of portions of the principal prior to their final maturity

BENEFITS OF INVESTING IN THE DEBT CAPITAL MARKETS



Savings



Transparency



Inflation Hedge



Investment



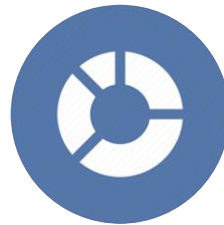
Potential Tax Benefits



Relative Liquidity



Capital Gains



Diversification



Collateral

RISKS TO BE CONSIDERED BY POTENTIAL INVESTORS

Prior to making any investment decision, investors would need to confirm they meet the eligibility requirements of the oversight authorities

They would also need to carefully consider the potential and actual risks applicable to the instruments and issuers

In the fixed income space, FGN Bonds and T-Bills are the most actively traded instruments

There is limited active secondary market trading for corporate debt instruments and thus, most retail investors will need to hold these instruments to maturity

Risk	Description
Default Risk	This is the risk associated with the issuer defaulting on its repayment obligations with respect to the security
Economic Risks	The risks affecting the economy with which the Issuer operates will likely have significant impact on the operating performance of the Issuer, which may as well affect the security or the fulfilment of the Issuer's obligations
Liquidity Risk	Corporate debt instruments can be relatively illiquid, constraining an investors (especially a retail investor's) ability to trade the instrument in the secondary market. Should an investor need to liquidate an investment ahead of its maturity, there is a risk of capital diminution as the level of interest rates in the market at that time may influence the attractiveness of the instrument in the secondary market
Risk of Capital Diminution	In a scenario where the instrument is to be liquidated and the level of interest rates in the market is above the return element of the instrument, an investor could get out less than the initial principal invested
Reinvestment Risk	Interest rates prevailing at the time of coupon or principal payments may differ from what existed at the time of issuance

SELECT INVESTOR PROTECTION MECHANISMS



Eligibility Requirements for Issuers and Investors



Credit Rating Assignment



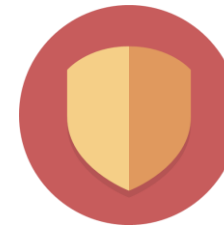
Post Listing / Quotation Requirements



Disclosure / Transparency Requirements



Legal Due Diligence



Security / Guarantee Enhancements



Registration / Approval Process



Audit of Financial Statements



Trustee Protection

RECENT BOND, GREEN BOND AND SUKUK ISSUANCES IN NIGERIA

	Date	Issuer	Amount (N'bn)	Description	Rating	Tenor (years)	Coupon Rate
<i>The BUA Cement PLC 7-year ₦115bn series 1 bond is the largest corporate bond Issuance till date in the Nigerian debt capital markets</i>	Dec-21	FGN Roads Sukuk Company 1 PLC	250.0	Series 4 Sukuk	Sovereign	10	13%
	Dec-21	Lagos State Government	137.0	Series 4 Bonds	A+/GCR; A+/Agusto	10	13%
	Dec-21	Sundry Foods Limited	2.5	Series 1 Bonds	Bbb+ / Agusto, A- / GCR	5	13%
	Oct-21	Ardova PLC	13.9	Series 1 Tranche A Bonds	A- (GCR); A (DataPro)	7	13%
	Oct-21	Ardova PLC	11.4	Series 1 Tranche B Bonds	A- (GCR); A (DataPro)	10	14%
	Oct-21	MTN Nigeria Communications PLC	90.0	Series 2 Bonds	Aa (Agusto & Co); AAA (GCR)	10	13%
<i>Lagos Free Zone 20-year ₦10.5bn series 1 infrastructure bond is the longest-tenored bond by a corporate in Nigeria</i>	Sep-21	LFZC Funding SPV PLC	10.5	Series 1 Bonds	AAA (Agusto), AAA (GCR)	20	9%
	Jun-21	C&I Leasing PLC	10.0	Series 2 Bonds	Bbb+ (Agusto); BBB+ (GCR)	7	16%
	May-21	Dangote Cement PLC	3.6	Series 1 Tranche A Bonds	AAA (GCR); Aa3.ng (Moody's)	3	11%
	May-21	Dangote Cement PLC	10.4	Series 1 Tranche B Bonds	AAA (GCR); Aa3.ng (Moody's)	5	13%
	May-21	Dangote Cement PLC	35.9	Series 1 Tranche C Bonds	AAA (GCR); Aa3.ng (Moody's)	7	14%
	May-21	MTN Nigeria Communications PLC	110.0	Series 1 Bonds	Aa (Agusto & Co); AA (GCR)	7	13%
<i>Ardova Plc 7-year & 10-year ₦25.3bn series 1, tranche A & B bonds represent the largest bond issuance from an Oil and Gas player in Nigeria</i>	Apr-21	NSP-SPV PowerCorp PLC	6.3	Series 2 Green Bonds	A (Agusto & Co.), A -(GCR)	10	13%
	Mar-21	Mecure Industries Funding SPV PLC	3.0	Series 1 Bond	Bbb+ (GCR); BBB+ (DataPro)	5	13%
	Feb-21	FSDH Funding SPV PLC	7.1	Series 1 (Tranche A) Bonds	A (Agusto); A- (GCR)	5	9%
	Feb-21	FSDH Funding SPV PLC	5.0	Series 1 (Tranche B) Bonds	A (Agusto); A- (GCR)	5	8%
	Jan-21	Fidelity Bank PLC	41.2	Series 1 Bonds	A- (Agusto & Co.), A (DataPro)	10	9%
	Dec-20	BUA Cement PLC	115.0	Series 1 Bonds	AA- (DataPro), A (Agusto)	7	8%
<i>The Federal Government of Nigeria 10 year ₦250bn Series IV Sukuk is the largest Sukuk issuance till date</i>	Dec-20	CardinalStone Financing SPV Plc	5.0	Series 1 Bond	Bbb- (Agusto); BBB- (GCR)	5	7%
	Dec-20	FBNQuest Merchant Bank Limited	8.0	Series 2 Bond	A (DataPro)	10	6%
	Dec-20	Flour Mills of Nigeria PLC	25.0	Series 4 Tranche B Bonds	A- (Agusto); A- (DataPro)	7	6%
	Dec-20	Flour Mills of Nigeria PLC	4.9	Series 4 Tranche A Bonds	A- (Agusto); A- (DataPro)	5	6%
	Nov-20	Coronation Merchant Bank	25.0	Series 1 Bond	A (Agusto), A+ (DataPro)	5	6%
	Nov-20	Nigeria Mortgage Refinance Company PLC	10.0	Series 3 bonds	Aaa (Agusto)	7	7%
<i>Access Bank PLC issued the largest green bond by a bank (₦15bn) in Nigeria</i>	Oct-20	TSL SPV PLC	12.0	Series 1 Guaranteed Bonds	Aaa/ Agusto; AAA/DataPro	10	10%
	Jul-20	Nova Merchant Bank	10.0	Series 1 Bonds	Bbb-/Agusto; A/DataPro	7	12%
	Jun-20	FGN Roads Sukuk Company 1 PLC	162.6	Series 3 Sukuk	Sovereign	7	11%
	May-20	United Capital PLC	10.0	Series 1 Bonds	Bbb+/Agusto; Ai/DataPro	5	13%
	May-20	Axxela Funding 1 PLC	11.5	Series 1 Bonds	BBB+ / GCR; Bbb+ / Agusto	7	14%
	Apr-20	Dangote Cement PLC	100.0	Series 1 bond issue	AAA (GCR); Aa3.ng (Moody's)	5	13%
<i>NSP SPV PowerCorp issued the largest green bond by a non-bank corporate in Nigeria (₦8.5bn)</i>	Mar-20	Lapo MFB SPV PLC	6.2	Series 2 Bonds	BBB+ (GCR)	5	13%
	Feb-20	Flour Mills of Nigeria	7.5	Series 3 Tranche B Bonds	BBB+ / GCR; Bbb/Agusto	5	11%
	Feb-20	Flour Mills of Nigeria	12.5	Series 3 Tranche A Bonds	BBB+ / GCR; Bbb/Agusto	3	10%
	Feb-20	FBN Quest Merchant Bank	5.0	Series 1 Bond	A/Agusto	3	11%
	Jan-20	Lagos State Government	100.0	Series 3 Bonds	A+/GCR; A+/Agusto	10	12%
	Jan-20	Ondo State Government of Nigeria	14.8	Series 1 Bonds	A (Data Pro)	7	13%
<i>Lagos State Government 10-year ₦137bn series 4 bonds represents the largest bond issuance from a subnational</i>	Dec-19	Eat & Go Finance SPV	11.5	Series 1 Bonds	BBB/GCR; Bbb/Agusto	7	14%
	Nov-19	Tak Agro Plc	15.0	Series 1 Bond	Bbb+ / Agusto	7	16%
	Oct-19	Interswitch Limited	23.0	Series 1 Bond	Aa / Agusto	7	15%
	Aug-19	Gel Utility Funding SPV	13.0	Series 1 Bonds	AAA/Agusto	15	15%
	Jun-19	Union Bank of Nigeria	30.0	Series 3 Bonds	Bbb+/Agusto; BBB+/DataPro	10	16%
	May-19	Primero BRT Securitization SPV PLC	16.5	Series 1 Bond	BBB/GCR; A/DataPro	7	17%
Mar-19	Access Bank Plc	15.0	Green Bond	Aa-(Agusto)	5	16%	

RECENT COMMERCIAL PAPER ISSUANCES IN NIGERIA

A number of blue-chip corporates including the likes of Dangote Cement PLC, MTN Nigeria Communications PLC, Stanbic IBTC Bank PLC, TotalEnergies Marketing Nigeria PLC (formerly Total Nigeria PLC) and Dufil Prima Food PLC all have registered commercial paper programmes and continue to provide the market with an adequate supply of these premium securities

Date	Issuer	Amount (N'bn)	Description	Rating	Tenor (days)	Yield
Live	Stanbic IBTC Bank PLC	Up to 20bn	Series 3 Commercial Paper	AA+.ng (GCR); AAA.nga (Fitch)	269	9.64%
	FSDH Merchant Bank Limited	Up to 20bn	Series 6 Commercial Paper	A (Agusto); A- (GCR)	181	9.42%
	FSDH Merchant Bank Limited	Up to 20bn	Series 7 Commercial Paper	A (Agusto); A- (GCR)	268	10.50%
Dec-21	TrustBanc Holdings Limited	2.6	Series 4 Commercial Paper	A- (DataPro)	180	13.50%
Dec-21	DLM Capital Group Limited	1.2	Series 1 Commercial Paper	A (DataPro)	180	13.50%
Dec-21	DLM Capital Group Limited	1.0	Series 2 Commercial Paper	A (DataPro)	270	14.50%
Nov-21	Neveah Limited	2.7	Series 1 Commercial Paper	BBB (DataPro)	180	17.00%
Nov-21	Dangote Cement PLC	15.2	Series 1 Commercial Paper	AA+ / GCR; Aa3.ng / Moody's	90	8.50%
Nov-21	Dangote Cement PLC	8.0	Series 2 Commercial Paper	AA+ / GCR; Aa3.ng / Moody's	180	9.00%
Nov-21	Dangote Cement PLC	17.8	Series 3 Commercial Paper	AA+ / GCR; Aa3.ng / Moody's	270	10.00%
Sep-21	Mixta Real Estate PLC	1.3	Series 46 Commercial Paper	A2 (DataPro)	268	16.00%
Sep-21	Mixta Real Estate PLC	1.3	Series 45 Commercial Paper	A2 (DataPro)	182	14.50%
Sep-21	Valency Agro Nigeria Limited	2.7	Series 3 Commercial Paper	BBB (DataPro)	270	15.25%
Sep-21	Valency Agro Nigeria Limited	4.6	Series 2 Commercial Paper	BBB (DataPro)	182	13.75%
Sep-21	TrustBanc Holdings Limited	4.2	Series 3 Commercial Paper	A- (DataPro)	180	13.50%
Aug-21	Prima Corporation Limited	3.6	Series 1 Commercial Paper	A- (DataPro)	180	13.75%
Aug-21	Eunisell Limited	3.5	Series 1 Commercial Paper	BBB (GCR)	270	17.57%
Aug-21	Mixta Real Estate PLC	4.7	Series 44 Commercial Paper	A2 (DataPro)	270	17.50%
Aug-21	Mixta Real Estate PLC	1.0	Series 43 Commercial Paper	A2 (DataPro)	179	16.00%
Aug-21	United Capital PLC	4.2	Series 7 Commercial Paper	A (DataPro); A- (Agusto)	270	12.50%
Aug-21	United Capital PLC	1.6	Series 5 Commercial Paper	A (DataPro); A- (Agusto)	180	11.91%
Aug-21	United Capital PLC	14.0	Series 6 Commercial Paper	A (DataPro); A- (Agusto)	270	13.00%
Aug-21	Mixta Real Estate PLC	2.1	Series 42 Commercial Paper	A2 (DataPro)	270	17.50%
Aug-21	Coronation Merchant Bank Limited	1.3	Series 19 Commercial Paper	A+ (Agusto); A- (GCR)	179	11.91%
Aug-21	Coronation Merchant Bank Limited	23.7	Series 20 Commercial Paper	A+ (Agusto); A- (GCR)	270	13.53%
Jul-21	TrustBanc Holdings Limited	1.7	Series 2 Commercial Paper	A- (DataPro)	180	14.50%
Jul-21	FSDH Merchant Bank Limited	2.3	Series 3 Commercial Paper	A (Agusto), A- (GCR)	116	8.74%
Jul-21	FSDH Merchant Bank Limited	1.8	Series 4 Commercial Paper	A (Agusto), A- (GCR)	188	11.10%
Jul-21	FSDH Merchant Bank Limited	15.5	Series 5 Commercial Paper	A (Agusto), A- (GCR)	270	12.75%
Jul-21	Mixta Real Estate PLC	4.7	Series 44 Commercial Paper	A2 (DataPro)	270	17.50%
Jul-21	Mixta Real Estate PLC	3.2	Series 41 Commercial Paper	A2 (DataPro)	268	17.50%
Jul-21	Mixta Real Estate PLC	0.9	Series 40 Commercial Paper	A2 (DataPro)	180	16.00%
Jul-21	Coleman Technical Industries Limited	0.2	Series 1 Commercial Paper	BBB-(GCR); Bbb- (Agusto)	181	8.88%
Jul-21	Coleman Technical Industries Limited	3.8	Series 2 Commercial Paper	BBB-(GCR); Bbb- (Agusto)	269	15.61%
Jun-21	Mixta Real Estate PLC	2.6	Series 39 Commercial Paper	Bbb-(DataPro)	90	19.00%
Jun-21	Mixta Real Estate PLC	0.9	Series 37 Commercial Paper	Bbb-(DataPro)	180	16.00%
Jun-21	Mixta Real Estate PLC	1.6	Series 38 Commercial Paper	Bbb-(DataPro)	270	17.50%
Jun-21	FBNQuest Merchant Bank Limited	7.3	Series 19 Commercial Paper	A- (GCR)	269	11.00%
May-21	Coronation Merchant Bank Limited	0.1	Series 17 Commercial Paper	A+ (Agusto); A2 (GCR)	180	7.00%
May-21	Coronation Merchant Bank Limited	11.4	Series 18 Commercial Paper	A+ (Agusto); A2 (GCR)	268	11.00%
May-21	Mixta Real Estate PLC	1.0	Series 36 Commercial Paper	Bbb-(DataPro)	268	12.50%
May-21	TrustBanc Holdings Limited	0.2	Series 1 Commercial Paper	A- (DataPro); Bbb+ (Agusto)	270	11.97%

THANK YOU
