

FMDQ Admits the ₦3.15bn LAPO MFB SPV PLC Bond to its Platform

Corporate institutions have continued to successfully tap the Nigerian debt capital markets (DCM) to access stable long-term finance to fund key activities that ultimately translate to the development of the economy at large. Coming shortly on the heels of the recent listing of the Viathan Funding PLC Power Bond, FMDQ OTC Securities Exchange (“FMDQ” or the “OTC Exchange”) admitted on its platform, the first ever microfinance bank bond in Nigeria – the LAPO MFB SPV PLC Series 1 ₦3.15bn 17.75% 5-year Fixed Rate Senior Unsecured Bond (the “LAPO MFB SPV Bond”) under a ₦20.00bn Bond Issuance Programme.

To commemorate the listing of the bond, a ceremony was held at the FMDQ offices on Tuesday, March 27, 2018, where the OTC Exchange played host to the issuer, represented by Dr. Godwin Ehigiamusoe, Managing Director, LAPO Microfinance Bank Limited (“LAPO Microfinance”), alongside other senior executives from LAPO Microfinance; the co-sponsors to the issue on FMDQ, United Capital PLC, represented by Mr. Jude Chiemeka, Managing Director, United Capital Securities Limited and Mr. Tolu Osinibi, Executive Director, FCMB Capital Securities Limited and other parties to the issue.

Welcoming the guests to the Ceremony, Ms. Jumoke Olaniyan, Associate Vice President, Market Architecture Division, FMDQ, applauded the issuer for having successfully raised ₦3.15bn from the domestic capital markets, and for indubitably setting the pace for other microfinance banks planning to raise capital in the Nigerian DCM. She further commended the issuer for joining the league of corporate entities whose debt profiles have been raised via the value-packed listings and quotations service offered by FMDQ. She reiterated the OTC Exchange’s commitment to continually align its strategies and innovation to serve and provide the much-needed support to the players in the DCM.

Speaking during his special address, Dr. Godwin Ehigiamusoe, highlighted that, the demand for capital from micro, small and medium businesses is high, and as a pro-poor financial institution, LAPO Microfinance is committed to the social and economic empowerment of low-income households through provision of access to responsive financial services on a sustainable basis. With excellent corporate governance, experienced management, committed staff and extensive footprints across Nigeria, LAPO Microfinance is poised to deliver its core mandate of enhancing financial inclusion by continuously tapping the Nigerian DCM to raise capital to improve lives of the underprivileged.

Delivering the Registration Member (Listings) remarks, Mr. Jude Chiemeka, highlighted, "we are delighted to have acted as financial adviser and issuing house in the successful execution of the LAPO MFB SPV Series 1 bond issue, which is the first of its kind in the microfinance industry. Coming from a successful 2017, United Capital remains committed to making significant contributions to the OTC Exchange and to the success of our esteemed clients through our expertise in capital raising. We believe listing this instrument on the exchange will pave the way for other microfinance banks and allow them explore other funding sources available thereby establishing a robust domestic capital markets."

Similarly, FCMB Capital Markets Limited, represented by Mr. Tolu Osinibi, during his remarks stated, “we appreciate having been given the opportunity by the issuer to play a leading role on this landmark transaction, where FCMB Capital Markets Limited acted as lead issuing house on the first ever bond issuance by a microfinance institution in Nigeria's capital markets. The success of this transaction speaks to LAPO’s institutional strength and an affirmation of this strength by investors in the bond. Following this success, we expect to see LAPO become a repeat issuer, and anticipate that this landmark transaction will open-up the capital markets to other microfinance institutions that meet the criteria.

"In a statement given by the Chairman of the Board of Directors of African Local Currency Bond (“ALCB”) Fund, one of the key investors in the bond, Mr. Karl Von Klitzing commented that ALCB Fund was delighted to have anchored the first bond issued by a microfinance bank in Nigeria. Mr. Klitzing stated, “LAPO provides financial services to underserved Nigerians, predominantly, women, for micro enterprise, farming and housing. With two investment grade ratings (national scale), the company has demonstrated bankability in the Nigerian capital markets. ALCB Fund has been involved since inception, providing technical assistance for ratings, accounting and legal services. We look forward to further successful bond issuances of LAPO MFB SPV Bond under its ₦20.00bn issuance programme in 2018- 2020.”

As an OTC Exchange positioned to bring revolutionary changes in the Nigerian DCM, FMDQ, with the collective efforts of its varied stakeholders shall continue to deliver on its value-adding initiatives, ranging from development of its Listings & Quotations franchise, to product & market development, transparency & information, governance & regulation and education. The listing of the bond on FMDQ’s platform validates the OTC Exchange’s conscious drive to support the goals of corporate businesses and to deepen the Nigerian DCM by steadfastly availing its efficient platform for the registration, listing and quotation of debt securities. FMDQ is indeed proud to be associated with institutions doing what they can to support the sustainable development goals of the nation, whilst playing its part in said development.