

Nigeria Sovereign Investment Authority Annual Report & Accounts 2021

A Decade of Stewardship

ANNUAL REPORT & ACCOUNTS

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A Decade of Stewardship

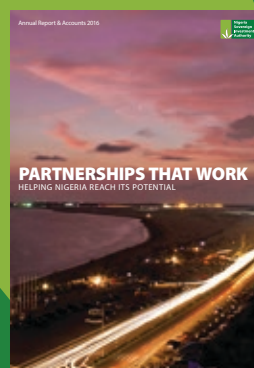
In just a decade, Nigeria Sovereign Investment Authority (NSIA), has grown its Total Comprehensive Income 10-fold, from ₦1.46 billion to ₦147 billion, to become a highly respected sovereign wealth fund. While this is a remarkable achievement, of even greater significance is how the Authority's strategic investments in education, healthcare, agriculture, toll roads and other critical sectors have done so much to improve the quality of life for Nigerians in such a short period of time.

The impact of our focus on building and investing in the nation's infrastructure is positive for the country's economy and status. Better road transport links, and the shorter journey times that have resulted, are improving access to more remote parts of the country, decentralising investment, and encouraging regional commerce to flourish.

As good stewards of Nigeria's fiscal savings and investing same for the benefit of all Nigerians, we are proud to have helped make our country more resilient to economic and other shocks, as witnessed during the Covid-19 pandemic.

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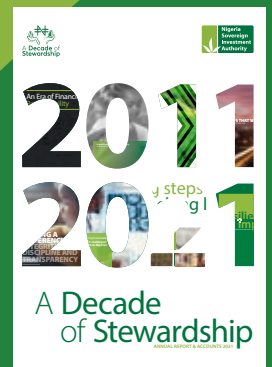
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The Nigeria Sovereign Investment Authority ('NSIA' or the 'Authority') is a globally-focused Nigerian investment institution with investments in the international market and in key sectors of the Nigerian economy.

NSIA was established by an Act of Parliament – the Nigeria Sovereign Investment Authority (Establishment, etc.) Act 2011 – to receive, manage and invest Nigeria's Sovereign Wealth Fund (SWF) through three ring-fenced funds on behalf of the three tiers of the Federation's government: the Stabilisation Fund (SF), Future Generations Fund (FGF) and Nigeria Infrastructure Fund (NIF).

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About NSIA

The Nigeria Sovereign Investment Authority ('NSIA' or the 'Authority') is a globally-focused Nigerian investment institution with investments in the international market and in key sectors of the Nigerian economy.

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The SF is intended to support the country's fiscal stability and serves as a reserve of fund from which the government may make withdrawals to meet budgetary shortfalls. The FGF is a savings fund, which accumulates savings for future generations of Nigerians by investing in long-term assets. The NIF invests in critical infrastructure in Nigeria that will attract foreign investment, support economic diversification and boost long-term economic growth

From the outset, the federation's contributions to the Authority were allocated to the SF, FGF and NIF in the ratio of 20:40:40 respectively. In 2017, the Board approved a new ratio that allocates 20% of future capital contributions to the SF, 30% to FGF and 50% to NIF.

NSIA started operations in October 2012, using US\$1 billion seed capital to start investment activity a year later. The positive performance of the funds, and confidence in NSIA's management, encouraged President Muhammadu Buhari to approve additional contributions of US\$750 million to the Authority between 2016 and 2020.

Since 2018, NSIA has received about US\$1 billion from the government to invest in projects under the Presidential Infrastructure Development Fund (PIDF), which the government appointed NSIA to manage in 2017. NSIA is also the fund manager for the Presidential Fertiliser Initiative (PFI) and manages other third-party funds on behalf of government agencies. The Authority's total Assets Under Management (AUM), which includes its core capital, the funding for PIDF and third-party funds under NSIA management, had increased to US\$3.5 billion by end 2021.

The Authority maintains strategic investment partnerships with multi-lateral development finance institutions, national development banks and private sector institutions, including the United Kingdom's Foreign and Commonwealth Office (FCO, formerly DfID); International Monetary Fund (IMF); World Bank (WB); Islamic Development Bank (IDB); African Development Bank (AfDB); Africa Finance Corporation (AFC); and the German Development Bank (KfW Bankengruppe).

NSIA has developed the capacity to invest directly in Nigeria's domestic infrastructure and to co-invest with project developers and financiers. Our areas of focus in domestic infrastructure include agriculture; gas industrialisation; healthcare; motorways; innovation and technology; and power. NSIA has executed and closed key projects in these critical sectors and hopes to expand to other areas of need and investment opportunity, particularly as we begin to deploy our new Environmental, Social and Governance (ESG) framework.

NSIA's successful investments and various recognitions have helped validate a strong corporate governance culture. The Sovereign Wealth Fund Institute (SWFI) ranked NSIA joint-second in its global rating of more than 56 SWFs. NSIA has remained the highest-ranked SWF in Africa since 2015.

NSIA is a member of the International Forum of Sovereign Wealth Funds (IFSWF) and subscribes to the Santiago Principles on best practices for managing SWFs.

The Mandate Funds

Stabilisation Fund

The Stabilisation Fund is intended to safeguard against budgetary deficits. It is a last resort from which government may withdraw annually to meet budget shortfalls brought about by falls in the oil price or other budgetary constraints.

Future Generations Fund (FGF)

The Future Generation Fund is a savings fund that invests over the long term to provide savings for future generations of Nigerians.

Nigeria Infrastructure Fund (NIF)

The Nigeria Infrastructure Fund invests in domestic infrastructure that aligns with national priorities, offers potential for attractive commercial returns and high social impact, creates opportunities for co-investment with NSIA and promotes environmental sustainability.

Our Corporate Philosophy



Our Mission

NSIA's mission is to play a leading role in driving sustained economic development for the benefit of all Nigerians through:

- building a savings base for the Nigerian people
- enhancing the development of Nigeria's infrastructure
- providing stabilisation support in times of economic stress



Our Vision

To establish NSIA as a leading global sovereign wealth fund, which plays a key role in promoting investments for Nigeria's economic development.



Our Values

The Authority's fundamental beliefs and culture are driven by three guiding principles:



Integrity

We are uncompromising in our adherence to the tenets of probity, character and accountability in all our endeavours.



Discipline

Within the ambit of our enabling Act, we conscientiously apply ourselves in all we do.



Transparency

Our activities are clear and consistent with best practices.

These are the ideals against which we evaluate all actions, relationships, and investments.

A Decade of Stewardship

An aerial photograph showing a wide, muddy river. In the foreground, a large concrete bridge is under construction, with several lanes of roadbed visible. The background shows a densely populated urban area with many buildings and structures. The sky is overcast.

The growth and accomplishments of NSIA over the last 10 years are a reflection of our tenacity and focus on excellence. When we were formed in 2011, some questioned the value NSIA would deliver to the country. A decade later, NSIA is helping to deliver high priority projects under key programmes such as the Presidential Infrastructure Development Fund (PIDF), Presidential Artisanal Gold Mining Development Initiative (PAGMI) and Presidential Fertiliser Initiative (PFI). Our signature infrastructure projects are enhancing the quality of life of millions of Nigerians in terms of healthcare, food security, power, road infrastructure and transportation, and much more.

Nearly completed construction work at the site of the Second Niger Bridge.



Chairman's Statement

I am pleased to present the 2021 Annual Financial Results and Accounts of the Nigeria Sovereign Investment Authority. The accounts underscore the strength of the institution, the quality of the management, the impact of global, regional, and local trends and of course, the support provided by our numerous stakeholders most especially the Federal and State Governments through the National Economic Council (NEC).



Mr Farouk Mohammed Gumel
Chairman, Board of Directors

As a newly constituted Board, we must recognise the fact that the Authority's successes, both financially and operationally reflect the world-class systems, processes and controls put in place by the previous Boards. Our commitment is to sustain, and where necessary enhance these systems, processes, and controls to ensure that NSIA continues to deliver on its mandate to Nigeria and Nigerians.

Financial Highlights

Despite the challenging macroeconomic environment, NSIA delivered outstanding results, consistent with the last nine years of operations where the Authority performed profitably. At the Group level, the total comprehensive income for the year was ₦146.97 billion, and ₦142.95 billion at the Authority level. While this is a decline from the performance of the prior year (2020 Group: ₦160.06 billion, 2020 Authority: ₦161.37 billion), it nonetheless reflects a sustained positive performance through the combination of net gain on financial assets, profit from infrastructure subsidiary investments (for the Group), and other income including net foreign exchange transaction gains.

Chairman's Statement *continued*

It is noteworthy that the infrastructure subsidiaries of NSIA have started to generate profitable returns, despite an environment that remains quite challenging. In addition to financial gains, these infrastructure investments have unlocked the potential of many sectors and industries thereby creating jobs and bringing prosperity to host communities. This outcome is positive for NSIA and underpins our strategy to broaden our investments in infrastructure projects.

Macroeconomic Outlook

NSIA's results were achieved against the backdrop of lingering weaknesses and uncertainty in the global economy. The aggressive post-Covid economic recovery in the first half of 2021 which buoyed the investment climate was dampened in the latter part of the year because of global inflationary pressures, a slowdown in China, and disruption to global supply chains which adversely impacted commodities and other critical consumables. Today, these factors continue to restrain market sentiment and undermine the global recovery.

Beyond the inflationary pressures above and the inconsistent monetary policy responses globally, the geopolitical tension in Eastern Europe further compounded the uncertainties in the global investment climate in the second half of 2021, especially in the energy and food space.

These global trends were mostly mirrored locally as the Nigerian economy experienced escalating inflation, a deteriorating security environment in certain areas, vandalism of oil infrastructure leading to government revenue shortfalls, and a depreciating currency. These factors adversely impacted Nigeria's investment climate and productivity for a large part of the year.

Despite these challenges, the fundamentals of the domestic and global economies remained positive. The IMF in its October 2021 World Economic Outlook projected global real output growth of 5.9 percent for the year and 4.9 percent for 2022. According to the report, Sub-Saharan Africa will grow at 3.7 percent in 2021 and at 3.8 percent in 2022. Nigeria's GDP growth rate was projected at 2.6 percent in 2021, and 2.7 percent in 2022. Although this is positive, the downside risks remain strong, and an accelerated growth rate is required to pull Nigerians out of poverty and reduce unemployment.



NSIA Board members with the Hon. Minister of Finance, Budget and National Planning, Ms Zainab S. Ahmed, conducting a site visit to the Second Niger Bridge, one of the PIDF Projects.

Our Growth Strategy and Economic Imperatives

We identified the need to increasingly align the investments of the Authority with the country's economic priorities. In this regard, the Board acknowledged the effectiveness of the existing direct investment strategy of NSIA in the following sectors: agriculture, healthcare, financial services, roads, gas industrialisation and renewable energy, and social investment in education. The Board, towards the end of 2021, expanded the sectors of focus to include technology and innovation given the potential of these sectors to drive significant value, attract investments, and support the country in its quest to transition into a digital economy powerhouse.

NSIA has remained profitable across its three core funds – the Stabilisation Fund, Future Generations Fund, and Nigeria Infrastructure Fund. However, the growth and successes recorded across the funds are significantly constrained by NSIA's limited capital. NSIA's core Assets Under Management (AUM) grew to approximately US\$2.2 billion. When we factor the Federal Government's indirect contributions through the Presidential Infrastructure Development Fund (PIDF), the AUM amounts to US\$3.5 billion. Comparing this with the SWF industry's worldwide managed assets of more than US\$10.5 trillion, it is evident that the Authority needs a sustainable growth plan. We remain grateful for the contributions received thus far especially under the prevailing and global economic challenges. However, as a Board, one of our most pressing priorities remains to grow the AUM.

Accordingly, NSIA, learning from the experiences and expertise of other successful Sovereign Wealth Funds (SWFs) has developed an alternative funding strategy in consultation with government agencies to takeover and rehabilitate Federation assets. We will also raise third-party funding (including from other SWFs) for Nigeria-based infrastructure projects, and

Chairman's Statement *continued*

Overall, our three core funds – Stabilisation Fund, Future Generations Fund and Nigeria Infrastructure Fund – closed the year in positive territory and outperformed their respective benchmarks.

recycle existing invested capital in subsidiaries. From these consultations, the responses have been incredibly positive from Government Ministries, Departments and Agencies (MDAs) as well as our international financial partners who are looking to expand their footprints in the Nigerian market on the back of the Authority's successes and the depth of opportunities available in the country.

Already, NSIA has a track record in managing assets and programmes on behalf of the government through the Presidential Infrastructure Development Fund (PIDF) and the Presidential Fertiliser Initiative (PFI). Prior to the involvement of NSIA in 2017, the country had only four fertiliser blending plants that together could not meet a sizeable proportion of the local demand. As at the end of 2021, the number of functioning blending plants had increased to 71, with production capacity in excess of domestic demand.

In spite of the PFI successes, we are concerned that the recent Russia-Ukraine impasse will impact supply and pricing of potash, a key component of fertiliser. Nonetheless, we are exploring alternatives to alleviate the supply challenges including, but not limited to, sourcing from Canada and other parts of the world. As we continue to search for solutions, experts are predicting a very high probability of global raw material scarcity and a disruption of the world's fertiliser supply chain in 2022.

Similarly, the PIDF projects have had considerable progress as a result of NSIA's intervention. The Second Niger Bridge and the Lagos-Ibadan Expressway are nearly completed and scheduled for commissioning in Q4 2022. The Abuja-Kaduna-Kano Road project was re-scoped due to certain design changes and as a result, it is behind our original scheduled timeline. That said, all hands are on deck to ensure that we catch up on lost time.

Asset Management as a key pillar for growth

As a Board, learning from our PFI and PIDF successes as well as the experiences of other SWFs, we believe Asset Management will be a key pillar for NSIA's growth. This is why we approved a new strategy underpinned by this approach. From our engagements with various MDAs, a number of underutilised strategic and commercially viable assets have been shortlisted for the pilot phase of this project. The terms of these partnerships are being fine-tuned with the overarching objective of ensuring that NSIA secures the assets, injects its proprietary capital and attracts third-party funding to operationalise and optimise the assets.

Technology and Innovation

In pursuit of its strategy to support technology and innovation, NSIA launched the Innovation Fund in 2021, by investing in a data centre and a submarine cable that will provide broadband internet to Nigeria. The Authority plans to deploy capital in emerging technologies to facilitate Nigeria's economic development and support the transition to a digital economy. This strategy is consistent with the long-term aspirations of NSIA and has received the support of the Board.

Sustainability

During the year, the Board approved the Environmental, Social, and Governance (ESG) plan of NSIA. The plan is centred around three key themes – integration of ESG considerations in the investment process, developing ESG into a profitable asset class, and enhancing the practices of NSIA to building sustainability into its activities. Discussions have reached an advanced stage in a partnership being forged with a global oil trading firm to co-develop and invest in projects that eliminate or avoid carbon emissions thereby generating carbon credits that will be traded in the burgeoning carbon credit markets.

NSIA has also partnered with sustainability-conscious organisations in the fight to reduce global warming among other climate change events, including the United Nations, World Bank, AfDB, and IFC. During the year, NSIA became a signatory to the One Planet Sovereign Wealth Fund Initiative (OPSWF), a programme launched to combat global warming through advocacy, carbon emission reduction practices, and investments in climate-resilient projects and infrastructure.

In 2021, NSIA started to work on an ESG Fund that will invest in green development and support projects that mitigate climate change. The Authority will continue to increase its commitment and support for meeting the Nigerian Nationally Determined Contributions (NDCs) under the Paris Climate Agreement and the achievement of the United Nation's Sustainable Development Goals (SDGs).

Chairman's Statement *continued*



The Second Niger Bridge under construction – Catalytic, high priority infrastructure is a priority for the Board.

Board Departure

During the year, Stella Ojekwe-Onyejeli, one of the founding members of NSIA and a member of the inaugural NSIA Board, retired from the Authority after serving her maximum two terms as Executive Director. On behalf of the Board, I would like to place on record our appreciation for her contribution to the growth of the institution and wish her well in her future endeavour.

Outlook

We expect that challenges will persist in 2022 and beyond. Economic recovery is still fragile across the globe and is expected to remain a critical factor for performance. However, NSIA has shown a consistent ability to outperform its peers during unfavourable market conditions.

The Board is grateful to the Executive and Legislative arms of Government for the Petroleum Industry Act (PIA). The Act has made provisions for further capital contributions to NSIA. We expect that with a larger pool of capital, the Authority will be better positioned to deliver impactful projects with higher risk-adjusted returns.

We have a great institution, energised with talented and resourceful people. We will therefore continue to refine our strategy and drive through its implementation. The Board remains confident that the Authority's business model, strategic priorities, and key growth platforms will deliver stakeholder value on an immediate and sustainable basis. As a Board, we will continue to pursue growth opportunities within the ambit of the NSIA mandate.

Appreciation

I would like to thank His Excellency, President Muhammadu Buhari, for his trust in the Board to provide oversight on one of the most important public institutions in Nigeria. I would also like to thank His Excellency, Vice President Yemi Osinbajo who serves as the Chairman of the National Economic Council for exemplary oversight and guidance of the Authority's Governing Council over the years.

My appreciation goes to all the members of the Governing Council for the trust they have placed in the Board and management of NSIA, as custodians of a part of our commonwealth. I thank the Hon. Minister of Finance, Budget, and National Planning, Ms Zainab Shamsuna Ahmed, for her unwavering support, and all other stakeholders for their continued trust and interest in the Authority.

I would also like to appreciate the other members of the Board as well as the Executive Management team and staff of NSIA. Your commitment to service is admirable and highly appreciated.

Thank you.

Mr Farouk Mohammed Gumel

Chairman
Board of Directors

Chief Executive Officer's Review

I am delighted to present the highlights of the performance of the Nigeria Sovereign Investment Authority ("NSIA") for the year ended 31 December 2021. The 2021 report is our ninth annual report and published in our tenth year of operations. It is the last financial results that I will be presenting as the Managing Director and Chief Executive Officer of the Authority, as I serve out my two terms in October 2022.



Mr Uche Orji
Managing Director and Chief Executive Officer

I am deeply honoured and grateful for the opportunity to lead a team of incredible professionals who have built NSIA from a dream into a respectable Sovereign Wealth Fund.

Financial Highlights

Despite the considerable macroeconomic challenges in the domestic and global markets, NSIA posted a solid performance in 2021, its ninth year of consistent profitability. Across all the various performance metrics, NSIA has delivered positive and incremental growth.

At the Group level, we delivered a Total Comprehensive Income (TCI) of ₦147 billion. Although this represents an 8 percent drop compared to the ₦160 billion posted in 2020, the result reflects the resilience of the Authority's strategy despite the challenging market conditions. You will recall that while presenting the 2020 report a year ago, we did guide the market on the significant risk of inflation on the horizon and the potential impact on the overall performance of NSIA. Consequently, the post-Covid recovery was dampened as concerns over inflation grew in the second half of the year. This development continues to agitate investors and cause sharp volatility in asset prices.

Chief Executive Officer's Review *continued*

The Authority's balance sheet improved significantly. Total Assets grew to ₦1.22 trillion in 2021, up by 25% from ₦981 billion in 2020 while Net Assets grew 19.0% to ₦919.73 billion in 2021 from ₦772.75 billion recorded in 2020.

Our diversified asset allocation strategy delivered favourable returns during the year. However, the stellar performance by the Developed Markets investments was partly offset by the Emerging Markets as a result of the performance of China, the largest economy in EM, led by the slump in the technology sector.

Overall, our three core funds of NSIA – Stabilisation Fund, Future Generations Fund, and Nigeria Infrastructure Fund – closed the year in positive territory and outperformed their respective benchmarks. We also continued to see robust performance from our growing number of Private Equity and Venture Capital portfolios.

Fund Report

Future Generations Fund (FGF)

Under the current allocation strategy, 30 percent of the Authority's total contribution is deployed to the FGF and in line with the fund's mandate. The FGF was invested in a diversified portfolio of growth investments across markets.

The FGF portfolio is split across different asset classes and strategies – 30 percent in Public Equity, 25 percent in Private Equity and Venture Capital, 20 percent in Absolute Return strategies, and 25 percent in Other Diversifiers. During the 2021 financial year, the Fund posted a return of 12% (in USD terms), led by the Private Equity, Developed Equity, and Hedge Funds.

Stabilisation Fund

20 percent of the contributions to NSIA are allocated to the Stabilisation Fund. This fund is designed to provide a cushion to the federation in times of economic stress, underscoring the conservative investment approach of the fund. The Stabilisation Fund is invested in high-grade fixed-income instruments to ensure capital preservation and liquidity.

At the end of December 2021, 21 percent of the fund was invested in a portfolio of US treasury bonds tracking the Bloomberg Barclays' US Treasury bond 1-3-year index. The fund returned 1.60 percent (in USD terms) for the year, with the subset of the structured product returning 3.69 percent (in USD terms) for the year.

Both the Lagos-Ibadan Expressway and the Second Niger Bridge are scheduled for completion in Q4 2022.

Nigeria Infrastructure Fund

The Nigeria Infrastructure Fund (NIF) is focused primarily on developing critical national infrastructure in Nigeria. The Fund is allocated half (50 percent) of the capital contributions to NSIA. During the period under review, the Authority made significant progress in expanding the pipelines of projects in this portfolio, closed a number of infrastructure projects, and accelerated the process of optimising existing investments of this fund across the various sectors of focus.

I am pleased to report that our infrastructure investments continue to deliver value and catalyse critical sectors as we have begun to record positive impacts from our direct investments in these projects. More fundamentally, we have achieved significant results in our effort to attract third-party capital to the Nigeria infrastructure thereby expanding our capacity to take on large ticket projects.

Some of the highlights of our achievements under the NIF are detailed below:

The Presidential Fertiliser Initiative: The restructuring of the Presidential Fertiliser Initiative (PFI) into a profit-oriented venture, which started in 2020, has now been successfully concluded. The programme which had continued to consume public sector finances through subsidies recorded a ₦9 billion profit in 2021, saving the government of significant costs and creating ancillary value across the value chain.

When we took over the management of the PFI, there were only about four, moribund blending plants in the country. We now have over 70 fully functioning fertiliser blending plants with a combined average annual output of 1.5 million metric tonnes, a production level that exceeds total local demand in 2021. This is indeed a remarkable accomplishment. From an acute deficit in local production, the industry's total capacity is now large enough to meet domestic demand and supply export markets.

NSIA has now exited the programme and transferred the PFI business to the Ministry of Finance Incorporated (MOFI) under the Ministry of Finance, Budget, and National Planning. Notwithstanding this transfer, NSIA continues to support the effort in a project management capacity.

Chief Executive Officer's Review *continued*

The restructuring of the Presidential Fertiliser Initiative (PFI) into a profit-oriented venture, recorded a ₦9 billion profit in 2021, saving the government significant costs and adding value across the chain.

Agriculture: We completed the development of NSIA's first, fully integrated agriculture projects in collaboration with UFF – Pandagric Novum – in Nasarawa State. The project, which entails the cultivation of grains on over 3,500ha of farmland, feed, maize and oil mills, as well as 75,000 tons of storage infrastructure, is now fully operational. The feed mill has an installed capacity of 147 metric tons per annum, while newly installed silos (two) and bunkers (six) provide 5,000 tons of grain storage capacity each and will optimise grain handling and reduce post-harvest losses.

NSIA has entered into a long-term partnership agreement with the Federal Ministry of Water Resources for the development of similar projects in Gurara, Kaduna State, and will look to maximise the lessons and successes of the Pandagric project such as an average yield of 6 tons per ha, to support the entire agriculture sector.

Healthcare: In 2021, we took steps to accelerate the optimisation of the projects in our healthcare portfolio. As at the end of 2021, the NSIA/LUTH Cancer Centre treated 5,000 unique patients and administered 150,000 chemotherapy sessions, thereby supporting the effort of the monetary authority to conserve FX among other benefits. Our two diagnostics centres in Kano and Umuahia also achieved record patronage during the year under review.

With the successful roll-out of these pilot projects, we have left remarkable footprints in the healthcare sector. We have commenced the process of expanding our healthcare projects across the country by rolling out 23 new centres dedicated to serving different spectrums of the healthcare value chain.

Road Infrastructure: In 2021, we recorded significant progress in the projects under the Presidential Infrastructure Development Fund (PIDF). As of the end of the year, the Second Niger Bridge (2NB), one of the major projects under our PIDF achieved 90 percent completion level. Similarly, the Lagos-Ibadan Expressway (LIE) project, was at 80 percent completion. However, the Abuja-Kano Road (AKR) which was re-scoped and expanded, achieved a lower level of completion.

Even though we anticipate some delay in the completion of two of the three projects as a result of the expansion to AKR and security challenges, the PIDF project has delivered exceptional results for the benefit of Nigerians. Overall, the projects are on course for completion as planned with both LIE and 2NB scheduled for Q4 2022 while AKR is tentatively scheduled for Q4 2024.



Laying asphaltic base course for the Lagos-Ibadan Express.

Financial Markets Infrastructure: NSIA's investments in financial market infrastructure remain some of the most successful ventures of the Authority and we are very pleased with the impact they continue to make in unlocking value in different sectors of the Nigerian economy. The Infrastructure Credit Guarantee Company Limited (InfraCredit), one of our key financial market infrastructure companies, has grown into a major player in the infrastructure guarantee space in the continent. InfraCredit provides naira-denominated credit enhancement instruments to infrastructure projects in several sectors of the economy. The company has continued to deliver on its mandates of attracting capital to industries at attractive rates and delivering excellent returns to its shareholder. During the year, Leadway Assurance Company Limited acquired a minority stake in the company, consistent with the long-term plan of NSIA to gradually reduce its stake in InfraCredit which saw investments by InfraCo Africa in 2020, and Africa Finance Corporation (AFC) in 2019. NSIA currently owns a 31 percent interest in InfraCredit, from a wholly-owned subsidiary at commencement. We are in discussions with other potential investors to ensure the business is adequately capitalised and our risks are diversified.

From a portfolio standpoint, our investments in the financial market sector have proven catalytic, offering decent financial and social returns. Save for NG Clearing Ltd., the nation's first counterparty clearing house which only just began operations, all the companies we have built or invested in, including InfraCredit, Nigeria Mortgage Refinance Company (NMRC), Family Homes Funds Limited (FHFL), and Development Bank of Nigeria (DBN) – where we represent the shareholding of the Federal Government, are all profitable businesses.

Chief Executive Officer's Review *continued*



Kano Solar Project earth works.



NSIA Managing Director and Chief Executive Officer, Mr. Uche Orji, in discussion with the site engineers at the Second Niger Bridge.

Renewable Energy: Also in 2021, we commenced the construction of a 10MW solar power plant in the Challawa Industrial Area in Kumbotso Local Government Area of Kano State on behalf of the Federal Government of Nigeria. The power plant which is projected to cost US\$15 million on completion in Q4 2022, will provide a template for investments in renewable energy across the country. We also signed an agreement with IFC to develop a renewable energy platform.

Gas Industrialisation: NSIA is pleased to report that we reached a major milestone in our industrialisation plan in 2021 with the development of the NSIA-OCP Multipurpose Industrial Platform Project in partnership with OCP Morocco for the production of Ammonia, a basic raw material for fertiliser production. We are at an advanced stage in the development of the project with major developmental costs and studies completed and requisite agreements reached with counterparties for the supply and transportation of gas to the project located in Akwa Ibom State. The construction is projected to commence in 2022. Once completed, this project will support the industrialisation plan of the country and address some of the challenges to industrialisation in Nigeria.

Innovation & Technology: Sequel to the launch of our innovation programme in 2020, NSIA made its first investment in digital infrastructure in 2021. NSIA invested in a data centre, located in Lagos, as part of our overall strategy of expanding our footprint in innovation and emerging technologies. Similarly, NSIA invested in a partnership to deliver submarine cable systems in Nigeria to enable increased access to high-speed internet connectivity. The Authority has also launched the Innovation Fund during the year, targeted at promoting innovation in diverse areas, principally agri-tech, pharmacology, biotechnology, data networking and storage, and fintech.



Minister of State for Petroleum Resources, Chief Timipre Sylva, led the Nigerian delegation (including NSIA) to Morocco for bilateral meetings on production of Ammonia in Nigeria.

ESG and Sustainability

During the year, NSIA became a member of the One Planet Sovereign Wealth Fund (OPSWF), a bold step toward supporting the global effort to combat the menace of climate change. This development represents a significant stride for the Authority as we shape our ESG strategy both for the intermediate and the long term. As part of the overall ESG strategy, NSIA has taken a three-pronged approach of developing ESG into a healthy asset class, taking steps to incorporate ESG practices in our investment processes, and ensuring that the operations of the Company are geared towards emission reduction.

Consequently, we sought and obtained the approval of the Board to develop a robust ESG strategy that focuses on developing an ESG Fund in partnership with credible institutions towards making an investment in carbon emission reduction projects and projects targeted at land degradation neutrality. Similarly, we commenced the process of developing a sustainability framework that helps to strengthen our investment processes to support climate-resilience outcomes, manage ESG risks, measure our sustainability impact, and actively engage the market on the impact of our projects across various sectors of the Nigerian economy.

Chief Executive Officer's Review *continued*

We estimate that local treatment and diagnostic facilities are already saving Nigerians about US\$100 million in both medical care and international travel annually.

The economic and social impacts of NSIA's infrastructure projects have been considerable. Over 8,000 indirect jobs have been created by the 2NB project. Beyond employment creation, the bridge, which connects Anambra and Delta States, will cut travel time for millions of Nigerians and create a corridor for the movement of goods and services thereby contributing to the growth of the economy. Similarly, the LIE, one of the oldest and busiest routes in Africa will unlock significant economic activities and support the seamless movement of people in and out of Africa's largest city by population. When completed, the LIE which currently creates over 6,000 direct and indirect jobs will cut travel time significantly and reduce the enormous hardship faced by travellers and businesses given that the LIE is the major connecting node to the major seaports in Nigeria.

The healthcare portfolio of NSIA remains one of the investments with significant economic and social impacts. The healthcare businesses are offering easier access to world-class facilities to Nigerians at less cost and helping to increase the wellness of the people. Our oncology centre has provided over 150,000 chemotherapy sessions to over 5,000 unique patients. The diagnostic facilities in Kano and Umuahia have together served over 250,000 patients. These facilities came on stream during the Covid-19 travel restrictions when access to healthcare abroad was severely constrained. They are also helping the country conserve foreign exchange from medical tourism. Our estimate is that the treatment and diagnostic facilities are already saving Nigerians about US\$100 million in both medical care and international travel tickets annually.

In education, the investment in Bridge Academies has continued to help less-privileged children to gain access to high-quality education. To date, over 750,000 pupils across two states have benefited from the initiative. The beneficiary programmes include the EdoBEST programme in Edo State and EKOEXCEL programme in Lagos.

The restructuring of the PFI programme has helped to improve food security in the country by improving agricultural yield and limiting food inflation. Equally important is the fiscal savings the government is now enjoying from ending the fertiliser subsidy regime. Having developed the value chain of the commodity, the industry is now able to produce more than its combined output in the 10 years before we took over the management of the fertiliser initiative. According to data from the Fertiliser Producers and Suppliers Association of Nigerian (FEPSAN), over 100,000 direct and indirect jobs have been created through this project since its inception.

Track Record of Competence

Today, NSIA is one of the most respected SWFs globally, and given the track record in managing complex projects, the Authority has continued to attract projects under the Presidential Initiatives and management of third-party funds seeking exposure to Nigeria's infrastructure sector. The PIDF, PFI, and other third-party initiatives underpin the public trust in the ability of NSIA to optimise public sector spend and drive the growth of the infrastructure stock in Nigeria. On the back of our financial and social performance, NSIA has forged a healthy relationship with its numerous stakeholders on the public and private sector ends of the spectrum. In October 2020, we returned US\$150 million from the Stabilisation Fund to the government to cushion the effect of the pandemic on public finance. In so doing, we demonstrated our capacity to fulfil one other key statutory obligation of NSIA, which is to provide financial support to the government during periods of economic stress.

Appreciation

By the end of next year, there will be new leadership at NSIA. So, I want to thank all our stakeholders – His Excellency President Muhammadu Buhari GCON, His Excellency Vice President Yemi Osinbajo GCFR, the 36 state governors, local government chairmen, the first, second, and the third Boards of NSIA, all the members of the Governing Council, all the ministers, specifically the Minister of Finance, Budget and National Planning, our host, the Minister of the Federal Capital Territory, and the Governor of the Central Bank of Nigeria for their support all through the past nine years that I have led this great institution. Special thanks to President Muhammadu Buhari for his unwavering support, including approving capital contribution to NSIA during a period of economic recession.

As we commence the transition in 2022, I am confident that the Board will successfully guide the process toward smooth and seamless outcomes with quality leadership. On behalf of the Management of NSIA, I would like to thank the new Board for its support.

Finally, I would like to thank the Management and staff of the Authority for their unwavering support, diligence, and professionalism over the last nine years and I wish NSIA the very best for the future.

Chief Executive Officer's Review *continued*

Outlook

Despite the difficulties of Covid and other macroeconomic headwinds that characterised 2021, the year 2022 may prove to be the most difficult both in the global and local context. From the raging global inflation to the Russia-Ukraine war, the world is faced with significant downside risks that are leading central banks all over the world to take extreme steps. These actions will have significant impacts on the outlook for growth in the major economies and debilitating effects on emerging markets from limited liquidity available to developing countries to inflationary pressure as a result of commodity prices. For the first time in a long time, the food crisis is becoming a concern not only for vulnerable economies but a wide range of emerging markets and predominantly African economies. As interest rates begin to rise in the developed markets, especially in the United States, we expect investment outflows to the US with a significant impact on the yield on emerging market debt.

In Nigeria, the economy is faced with an array of economic risks including the scarcity of foreign exchange, rising inflation, insecurity, and declining revenue to fund public projects. These challenges are further exacerbated by the upcoming general election, in 2023, which typically impacts the attractiveness of the economy to foreign investment.

Consequent to all of these, NSIA is taking steps to strengthen the resilience of the business through the pursuit of a diversified asset portfolio and prioritising sectors and investments with long-term growth potentials. Notwithstanding these steps, it is important to emphasise that the financial performance for 2022 will be severely impacted by the global headwinds and ongoing market correction.

Overall, we see a vibrant and fairly capitalised institution in the medium to long term on the back of the investments we have made, our ability to attract third-party capital, and the long-term growth plan that is anchored on an expanded asset management role and our foray into ESG. We have begun the process of institutionalising asset management as a key pillar of growth and with the recent passing of the Petroleum Income Act, NSIA will accelerate engagement with stakeholders to develop the framework for securing the Royalty for Price as designed by the Act. More fundamentally, the ongoing engagements with various agencies for the asset management business of NSIA to manage public assets will accelerate the growth of the Authority and expand its asset base similar to other SWFs including the Ethiopian Sovereign Wealth Fund.



Mr Uche Orji delivering a speech during the NSIA – OCP Agreement signing for creation of the Ammonia and Diammonium Phosphate Plant in Nigeria.

In conclusion, I believe NSIA has over the last nine years, built a solid foundation and more importantly, the public trust to endear the institution to investment, both local and foreign. We have hired new staff at the senior level, strengthened our processes, and deepened our relationships with funding institutions to create access to funding for our projects pipeline. All of these steps and the maturity of our processes have prepared NSIA for future growth.

Once again, I would like to thank our various stakeholders for their support all through the years and wish everyone the very best.

Mr Uche Orji

Managing Director and Chief Executive Officer

Investment Milestones

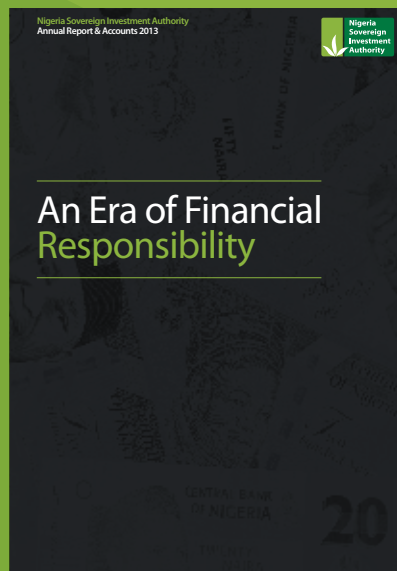
Mr Uche Orji with the Former Coordinating Minister of the Economy/ Minister of Finance and Former NSIA Chairman at the ground-breaking ceremony for the Second Niger Bridge.



President Ebele Goodluck Jonathan unveils plaque during the ground-breaking ceremony with the Second Niger team.



NSIA Management meets the President Muhammadu Buhari and Vice President Yemi Osinbajo for the first time in 2015.



2012-13

- First NSIA Board inaugurated by President Dr Ebele Goodluck Jonathan, GCFR, GCON.
- Signed MOU with Africa Finance Corporation & General Electric.
- Established Nigeria Mortgage Refinance Company (NMRC) in partnership with Federal Ministry of Finance (FMOF), Federal Ministry of works, Housing and Urban Development (FMWHUD), Central Bank of Nigeria (CBN) and World Bank/IFC.
- Invested in Fund for Agricultural Finance in Nigeria (FAFIN) with Federal Ministry of Agriculture & Rural Development (FMARD) and the German Development Bank (KfW).

2014

- Commenced Second Niger Bridge Project.
- FGN transferred US\$550 million to NSIA to be managed on behalf of Nigerian Bulk Electricity Trading (NBET) Plc and Debt Management Organisation (DMO).
- NSIA invested US\$100 million in Seven Energy from third-party Managed Funds.
- NSIA's healthcare subsidiary signs Memorandum of Understanding (MoU) with six federal healthcare institutions across the country.

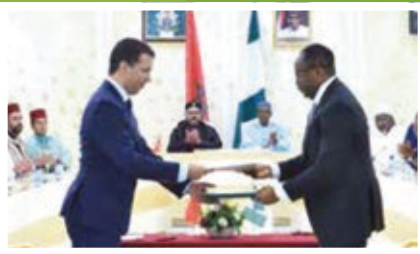
2015

- New mandate from the Federal Government to manage 25% of funds accruing to the FGN's Stabilisation Accounts.
- MoU with Ogun State Government and Lafarge Africa Plc to undertake Land Degradation Neutrality Project.
- Held first Governing Council (GC) meeting with the National Economic Council (NEC).
- Additional US\$250 million capital approved for allocation to NSIA.
- Completed Early Works III and advanced negotiation of Concession Agreement for Second Niger Bridge.
- The Vice President of FGN commissioned a task force for the establishment of Presidential Infrastructure Development Fund (PIDF) and names NSIA as Project Manager.

NSIA signs agreement with Old Mutual to create US\$700 million Agriculture and Real Estate fund.



NSIA MD and MD Ithmar Capital signing agreement in the presence of Mohammed VI, the King of Morocco and the HE Muhammadu Buhari, President of Nigeria.



NPK 20:10:10 fertiliser bagged under the Presidential Fertiliser Initiative.



2nd Board Inaugurated by Acting President Yemi Osinbajo.



2016

- Started the Presidential Fertiliser Initiative (PFI) through our subsidiary NAIC-NPK Ltd.
- Signed MoU with Ithmar Capital Morocco for strategic investments in key sectors of the Nigerian economy.
- Established an Agriculture Fund with UFF Agri Fund of South Africa (target fund size of US\$200 million).
- Established US\$500 million Real Estate Fund with Old Mutual Africa Property Management Company of South Africa.
- Received approval from the National Council on Privatisation (NCP) and the Honourable Minister of Finance to invest in pre-privatisation phase of the Nigeria Commodities Exchange.
- Incorporated and operationalised Family Homes Funds Ltd (FHFL), an initiative designed to create a blended pool of long-term funds to provide affordable homes and mortgages.

2017

- Second NSIA Board appointed by President Muhammadu Buhari, GCFR.
- Established InfraCredit in partnership with GuarantCo (a part of the Private Infrastructure Development Group (PIDG)).
- Additional US\$250 million capital injection, as committed by National Economic Council (NEC).
- More than 8 million bags of NPK 20:10:10 produced as part of the Presidential Fertiliser Initiative (PFI).
- Invested in Education sector through Bridge International Academies.
- Invested in the Chapel Hill Denham Nigeria Infrastructure Debt Fund.

Investment Milestones *continued*

Groundworks on the Abuja-Kano Road Project.



President Muhammadu Buhari delivering the keynote address at the Commissioning of NLCC.



2018

- Received US\$650 million from the Federal Government to manage under the PIDF.
- Invested US\$260 million under the PIDF. Project portfolio includes Abuja-Kano Road, Lagos-Ibadan Expressway, Second Niger Bridge, East-West Road, and Mambila hydropower.
- Commenced US\$10 million Cancer Treatment Centre project at the Lagos University Teaching Hospital (LUTH).
- Commenced diagnostic centre projects at Aminu Kano Teaching Hospital (AKTH), Kano State and Federal Medical Centre Umuahia (FMCU), Abia State.
- Began development of the 750 KMT ammonia terminal with OCP Group of Morocco.
- Made commitment in Project Panda (Novum), a food and poultry feed production project, in Nasarawa State.
- Return on investment (ROI) in Naira terms, for NSIA core funds: Stabilisation Fund (11.5%); Future Generations Fund (3.3%); Nigeria Infrastructure Fund (13.8%).
- Africa Finance Corporation (AFC) invested US\$25 million in NSIA-incubated InfraCredit, leading to joint ownership.
- Operationalised the Development Bank of Nigeria with control over a 20% stake on behalf of the Ministry of Finance Incorporated (MOFI).

2019

- The Federal Government contributed an additional net sum of ₦70.3 billion to PIDF for which NSIA serves as fund and investment manager.
- Deployed ₦208.2 billion across the three PIDF road and bridge construction projects: Second Niger Bridge, Lagos-Ibadan Expressway and Abuja-Kano Road.
- Nigeria, Jersey and the US concluded an agreement to invest the US\$311.8 million recovered assets across the three PIDF projects.
- First allocations to the venture capital sector, to G-squared IV and Ingressive Capital Fund, to increase our footprint in West Africa.
- Reinstated a total of 31 blending plants with a combined annual installed capacity of more than five million metric tons of fertiliser.
- Invested US\$5 million in Babban Gona, a scalable agriculture franchise that tackles constraints in smallholder farming.
- NEC approved an additional investment of US\$250 million in the Authority.
- His Excellency, President Muhammadu Buhari, GCFR, inaugurated the US\$11 million NSIA-LUTH Cancer Centre at the Lagos University Teaching Hospital (LUTH).
- DBN, in which NSIA controls a minority stake on the Government's behalf, lent more than ₦10 billion to micro, small and medium enterprises (MSMEs) by year end.

NSIA Commissioned Diagnostic Centres in Kano and Umuahia.



Inspecting Second Niger Bridge as it nears completion.



2020

- Received an additional contribution of US\$250 million from the Federal Government.
- The Board approved the inclusion of Gas Industrialisation and Technology/Innovation in its focus sectors area.
- NIF completed the operationalisation of its diagnostics project companies: NSIA-Kano Diagnostic Centre and NSIA-Umuahia Diagnostics Centre.
- Invited to serve as Fund and Project Manager on Kano Solar Project (now Haske), a 10MW solar power plant to be cited in Kumbotso, Kano State.
- Advancement in the NSIA-OCP Basic Chemicals Platform, the NSIA's pilot gas industrialisation project.
- Undertook PFI restructuring.
- Disbursed approximately ₦92.2 billion towards the construction of the PIDF's priority toll-road projects – Lagos-Ibadan Expressway, Abuja-Kano Road, and Second Niger Bridge.

CBN	Central Bank of Nigeria
DMO	Debt Management Office
FMARD	Federal Ministry of Agriculture and Rural Development
FMoF	Federal Ministry of Finance
FMWHUD	Federal Ministry of Works, Housing and Urban Development
IFC	International Finance Corporation
NBET	Nigeria Bulk Electricity Trader Plc
NMRC	Nigeria Mortgage Refinance Company
PIDF	Presidential Infrastructure Development Fun
WB	World Bank

2021

- Third NSIA Board inaugurated by President Muhammadu Buhari, GCFR.
- Successfully completed restructuring of PFI into a profit-oriented venture.
- Recorded over 70 fully functioning fertiliser blending plants; combined average annual output of 1.5 million MT exceeded local demand in 2021.
- Completed the retrofitting of the NSIA-UFF Agric Project, Panda-Agric Novum in Nasarawa State.
- NSIA/LUTH Cancer Centre treated 5,000 unique patients and administered 150,000 chemotherapy sessions.
- Commenced roll out of 23 new health centres.
- Second Niger Bridge and Lagos-Ibadan Expressway reached 90 percent completion and set for completion in Q4 2022.
- Leadway Assurance Company Limited acquired a minority stake in InfraCredit, which is consistent with the Authority's long-term plan.
- Commenced the construction of a 10MW solar power plant in the Challawa Industrial Area in Kumbotso LGA in Kano State on behalf of the Federal Government.
- Reached a major milestone in the development of the NSIA-OCP Multipurpose Industrial Platform Project in partnership with OCP Morocco for the production of Ammonia.
- Made first investments in digital infrastructure: a data centre located in Lagos and a partnership to deliver submarine cable systems in Nigeria.
- Launched the NSIA Innovation Fund.
- Became a member of the One Planet Sovereign Wealth Fund (OPSWF).

Funds Management

Market Overview

The global economy recovered from the pandemic induced recession of 2020, showing growth in 2021. According to International Monetary Fund (IMF) data, global output growth was 5.9 percent in 2021, driven largely by monetary measures and mass vaccinations against Covid-19. Towards the end of the year, however, the economic outlook became uncertain as the Omicron variant of coronavirus was discovered – causing new spikes in infections – and with growing concerns over rising inflation.

According to IMF's broad taxonomy, growth was even across the Advanced Economies, which posted 5.0 percent real GDP growth rate and the Emerging and Developing Economies, 6.5 percent. While the reopening of economies commonly drove growth, the risks to it varied. In the United States, for example, the softening of aggressive fiscal stimulus, earlier withdrawal of monetary accommodation and supply shortages negatively impacted the growth outlook, prompting the IMF to cut its forecast for the world's largest economy by 1.2 percent. Nevertheless, US GDP growth was strong at 5.6 percent.

In China, the pandemic continued to disrupt economic activities, particularly in the context of the country's zero-tolerance Covid-19 policy. The financial stress reported by property developers also dampened the outlook. These factors combined to weaken growth by 0.8 percent, although China still posted a superb 8.1 percent real GDP growth rate for the year.

Except for Japan, which grew at 1.6 percent, all other major economies and regions – including the Eurozone – posted growth rate of 2.7 percent or above.

By year-end, economies began to see rising inflation figures. In the US, inflation rose to 7 percent in December, 5 percent in the Eurozone, 3.1 percent in Germany and 5.4 percent in the United Kingdom. However, in China, inflation at 1.44 percent remained within its long-term target, while in Japan, the Consumer Price Index (CPI) grew by an annualised 0.8 percent.

The rise in global inflation was fuelled by supply chain bottlenecks and higher energy prices. But while the supply of goods and services was expected to improve – as economies adapted to diminishing risks from the pandemic thanks to better supplies of vaccine and other control measures – the military build-up by Russia along its border with Ukraine significantly increased the risk of runaway inflation. Such a dire scenario, coupled with associated geopolitical instability, raised the spectre of economic uncertainty.

Market Overview *continued*

As the year closed, policymakers faced major dilemmas. While carefully targeted social spending had become a policy imperative, such programmes in the advanced economies could prolong voluntary employment and further drive price increases and sub-optimal output. Record levels of public debt in developing countries, where such interventions are sorely needed, raised questions about the ability to fund the necessary fiscal stimulus. The timing and pace of interest rate normalisation, to counter inflationary pressure and prevent the risk of stagflation, looked like a formidable challenge for policymakers and for investors looking to generate good inflation-adjusted returns on investment.

Financial Markets

2021 was a year of two halves for global financial markets. The growth trend towards the end of 2020 continued into the first half of 2021. According to the World Federation of Exchanges (WFE), the roll-out of Covid-19 vaccines, additional government stimulus packages, savings accumulated during the pandemic and greater confidence in the economic recovery all helped to boost the markets. The WFE data showed that domestic market capitalisation rose 34.3 percent compared to H1 2020. The value of share trading and the number of trades went up by 16.9 percent and 18.8 percent, respectively. The capital raised through IPOs recorded an increase of 426.9 percent, while the number of IPO listings went up by 118.9 percent and the average size of an IPO increased 141 percent. Exchange traded derivatives volumes also rose by 36 percent.

Market momentum began to cool in the second half of the year. Energy prices started to soar, just as fresh disruption to supply chains became apparent. In November, the discovery of the more transmissible Omicron variant of Covid-19 raised fresh fears about the pandemic. Towards the end of the year, concerns about inflation getting out of control, the interest rate outlook and geopolitical tension began to weigh on markets. However, these negative developments did not completely offset markets' stellar performance in H1, making 2021 an overall positive year for investment markets.

Developed Market

US

US equities market witnessed high volatility in 2021. Although there was downward pressure on asset prices towards the end of the year, US equities did very well. The S&P 500 gained 26.9 percent in 2021, while the Dow Jones Industrial Average (DJIA) finished the year with gains of 18.7 percent and the NASDAQ Composite was up by 21.4 percent.

To capitalise on investors' risk appetite, many privately-held businesses transitioned to publicly-traded companies, using Special Purpose Acquisition Companies (SPACs) deals. The tech sector also boomed. According to a report by Goldman Sachs, five tech stocks – Microsoft, Google, Apple, Nvidia and Tesla – accounted for 51 percent of the S&P 500's return from April. Cryptocurrency also gave a good showing in 2021, with its total market capitalisation tripling during the year. Non-fungible Tokens (NFTs) also gained popularity as an emerging asset class, but it remains to be seen how these will fare over the long term.

Data shows a positive end of year for stock and derivative markets, with market capitalisation, trading volumes and capital raised through IPOs reaching record levels. According to WFE, the New York Stock Exchange (NYSE) set a new world monthly record in May 2021 of US\$24.55 billion for capital raised through IPOs, surpassing the record set by Aramco following its listing on the Saudi Stock Exchange (Tadawul) in December 2019.

Market Overview *continued*

Europe

Europe recorded stellar performance across its economies and markets in 2021, headlined by 5.2 percent average GDP growth rate in the Eurozone, 7.2 percent in the UK and double-digit growth across the main equity market indexes. The pan-European benchmark, Stoxx 600, ended the year 22 percent up. France's CAC index grew by about 29 percent, while the German DAX gained approximately 16 percent. According to S&P Indices Versus Active Funds (SPIVA).

European fund managers enjoyed a similar trend, with all categories seeing returns of more than 10 percent for the year.

The FTSE 100 had its best year since 2016. It ended 2021 14.3 percent up. The more domestically-focused FTSE 250 index, which tracks the performance of medium-sized UK stocks, also had a good year, closing with a 14.6 percent gain.

The performance was buoyed by the reopening of the economy following the Covid-19 lockdowns, pandemic stimulus packages and record low interest rates. Fears about the outbreak of the Omicron variant towards the end of the year were also subdued. The forward guidance by the President of the European Central Bank (ECB), Christine Lagarde, that the reserve bank would be unlikely to start hiking interest rates in 2022, also further boosted investor confidence.

Japan

The Nikkei 225 Index was up 4.91 percent in 2021, closing at 28,791.71 points, its highest year-end finish since 1989. Economic indicators were also positive, particularly inflation, which bucked the trend in the other Advanced Economies.

But it was a volatile year for the country. In August, a resurgence of Covid-19 infections forced the extension of the state of emergency and further tightening of restrictions, throwing the economic recovery off track. But the economy bounced back towards the end of the year, with GDP growing by 5.4 percent in Q4, bringing the year's growth to 1.9 percent.

Apart from the large-scale vaccination effort, the appointment of new Prime Minister Fumio Kishida, who had signalled a strong foreign policy and a stimulus package to support growth through to 2022, lifted the economy and markets. With inflation subdued, consumer spending was also boosted and strong demand for Japanese exports further strengthened the economy.

Emerging Market

Emerging Market giants, China and India, drove global growth in 2021, with GDP growth of 8.1 percent and 9 percent, respectively. This positive economic data notwithstanding, the MSCI Emerging Markets Index ended 2021 down by -2.54 percent, in a decoupling of the equities market and the real economy. China's CSI300 index lost 5.2 percent, marking its worst annual performance in three years. The Shanghai Composite index gained 4.8 percent, however.

According to The Edge Markets, the total assets under management (AUM) of China's mutual funds also reached a record of 25.3 trillion yuan, or US\$3.97 trillion, but the high levels of debt in the property development market remained a major concern.

The Indian NSE and BSE rose 24 percent and 22 percent, respectively. The performance was underpinned by the post-pandemic economic recovery and an injection of liquidity into the economy. Concerns over valuations, and new variants of the coronavirus, slightly dampened the outlook towards the end of the year.

The performance of some other markets in the MSCI Emerging Markets Index, driven by portfolio outflows and concerns over a resurgence of Covid-19, tended to offset the gains elsewhere. On the economy side, rising commodity prices – particularly energy – lifted the major commodity exporting countries.

Russia continued to offer greater geopolitical risk. Towards the end of 2021, it started a military build-up on its border with Ukraine and in Crimea. The prospects of an invasion of Ukraine raised fears about disruption to energy and food supplies, soaring inflation and tit-for-tat diplomatic and economic sanctions, which are likely to spook investors and negatively impact the global economic outlook for 2022.

Market Overview *continued*

Nigeria

According to IMF data, Nigeria recorded GDP growth of 3 percent in 2021, the highest output growth adjusted for inflation since 2015. The country emerged from the pandemic recession of 2020, so the growth in 2021 benefited from the low, base effect of the preceding year, since economic conditions remained dire, with the latest data from the National Bureau of Statistics (NBS) showing high poverty and unemployment at 40.1 percent and 33.3 percent, respectively.

The Nigerian equities market closed the year up 6.07 percent. Although this was positive, the figure was undermined by inflation, which stood at 15.63 percent in December. With demand for equities from local investors cooling and the appetite of foreign investors diminished, the performance also fell well short of the 50 percent growth of the main stock index in 2020.

The major challenges to the macroeconomic outlook and market performance were insecurity and foreign exchange policy, which continues to see a wide divergence between rates in the official and parallel markets, amid dollar scarcity. Despite these challenges, and in anticipation of policies that will boost investor confidence, the economy outlook and financial market remain positive, given the potential for greater consumer spending.

Market Outlook for 2022

2021 ended amid major concerns over rising inflation globally, offsetting the recovery of economies and encouraging data on the effectiveness of the Covid-19 vaccines against the new coronavirus variants. The possible war between Russia and Ukraine is likely to cause supply disruption for energy and food commodities, as well as fuel rising prices. If the problem becomes more acute, it is likely to spark political unrest in response to upward price volatility.

The upward trend in inflation could see more aggression in monetary consolidation by the US Federal Reserve. This is a grave scenario in which short-term interest rate hikes could destabilise financial markets, increase the cost of production, weaken demand and, effectively, cause the economy to contract.

As investors look for safe haven assets, interest rate hikes could result in portfolio outflow from the emerging markets into US treasury instruments. But this scenario will increase currency risk around the world and strengthen the US dollar. All of this is likely to make the IMF review downwards its forecast of 4.4 percent GDP growth in 2022 and derail measures to strengthen the economic recovery post pandemic.

The Future Generations Fund (FGF)

Table 2.1: Target Asset Allocation for the Future Generations Fund

	Policy Target	Benchmark
Growth Assets	85%	MSCI All Country World Index
Developed Equities	20%	MSCI World Index
Emerging & Frontier Equities	10%	MSCI Emerging Markets Index
Private Equity, VC and value-added Real Estate	25%	Cambridge Associates US Private Equity Index
Absolute Return	20%	HFR Event-Driven (Total) Index
Other Diversifiers	10%	Cambridge Associates US Private Equity Index
Hedging Assets: Inflation	5%	Weighted Composite
Hard Assets	5%	50% FTSE® EPRA/NAREIT Developed Real Estate Index/ 50% CA Private Natural Resources Benchmark
Hedging Assets: Deflation	10%	Citigroup World Government (Hedged) – US\$ Bond Index
Cash	10%	US T-Bill

The FGF is one of the three ring-fenced, core funds managed by the Nigeria Sovereign Investment Authority (NSIA). At its inception in 2012, the FGF had 40% allocation of the Authority's core capital contribution but started to receive 30% of core capital contributions in 2018, in line with a Board decision to restructure NSIA's core funds.

The FGF is a long-term investment, with an investment horizon of more than 20 years, so it is expected to weather multiple economic and market cycles. Diversification is used as a key risk management tool to achieve the investment objectives, and to mitigate the effects of volatility and uncertainty.

The fund invests in a select number of asset classes, ranging from traditional assets, such as equities, to alternative assets including hedge funds and private equity. The FGF's Board Investment Committee has approved a strategy to provide guidelines for the fund's investments, in line with its risk and return objectives.

The table above shows the FGF's Strategic Asset Allocation as outlined in its Investment Policy Statement (IPS), enabling the best allocation of assets. The investment strategy is reviewed and updated to address changes in economic and market factors, and expectation of returns. This strategy allows the fund to gain exposure to certain illiquid asset classes, thereby reducing the impact of short-term volatility impact and to achieve stronger, risk-adjusted returns.

Asset allocation is based on long-term risk and return objectives, takes volatility into account, and is diversified across various asset classes to ensure mitigation of risk. Owing to the fund's long-term horizon, asset allocation is skewed to growth assets, which account for 85% of the allocation. The rest is apportioned to inflation hedges (5%), deflation hedge (10%). At this point in NSIA's life cycle, external managers are used to gain exposure to these asset classes.

The Future Generations Fund (FGF) *continued*

Growth Drivers

Long Only Equity

The long only equity portion of the asset allocation is 30%. It is invested in a combination of developed market and emerging/frontier market assets. The developed market allocation was 18.27% and returned 17.46% in US dollar terms in 2021, lagging the MSCI World index, which returned 21.82%.

All seven managers in this space have growth, value, and activist biases, provide regional and style diversification, and focus on US, European and Japanese equity markets. All had positive returns. In the year under review, three global equity managers – Goldman Sachs, EFG, and BlueBox – came on board to increase exposure to the market's growth segments, while we continued to maintain the passive exposure to equity markets.

Emerging Market (EM) equities showed negative returns in 2021 and ended on a mixed note after a turbulent year in which we saw a Chinese regulatory clampdown on key sectors such as education and technology, upheavals in the Chinese property sector and geopolitical changes.

EM allocation constituted 11.53% of the portfolio. The six managers in this component, on aggregate, had a negative return of -1.97% for the year, slightly outperforming the MSCI benchmark which returned -2.54%. No additional manager was added to the component during the year.

Absolute Return

As of December 2021, the Absolute Return component constituted 16.85% of the FGF. This allocation returned 12.77% versus 13.06% by the HFRI Event Driven Total Return Index. The managers in this asset class deploy strategies that seek to earn a positive return, irrespective of market direction. Each manager has the discretion to invest across different strategies and geographies and is expected to provide growth in times of stress in equity markets. Naya Fund was the best performer in 2021 returning 26.21%, while Palestra Capital contracted over the same period, with a negative return of -6.51%.

Private Equity

The private equity component made up 25.13% of the FGF in 2021. This component is well diversified, with a good mix of developed market private equity managers from Europe, US, and Emerging Markets.

In 2021, we invested in the Rise Fund II and Gateway Fund II. The Authority made a couple of commitments to the Venture Capital space in the form of a commitment to G-squared V and Tidal Ventures I.

Other Diversifiers

This component of the FGF has a target allocation of 10%. At year end, 6.93% had been allocated and 10.2% committed. The purpose of this component is to seek managers that provide exposure to products such as direct lending, leasing, and royalties, with the aim of generating returns uncorrelated to the rest of the portfolio. No new investment was added in 2021.

Inflation Hedges

Hard Assets

FGF's Hard Assets component has a target allocation of 5%, with 0.7% allocated and 1.5% committed by year end. The Authority did not add any new managers in the Hard Asset component during 2021.

Deflation Hedge

The deflation hedge allocation represented 30.97% of the FGF. For most of 2021, this allocation was held in cash and very liquid instruments with both local and foreign counterparties. However, a proportion of the deflation hedges are undrawn commitments to private equity, hard assets and other diversifiers. These undrawn commitments represent more than 10% of the FGF's AUM.

Year in Review

2021 brought hope for global economic growth, following 2020's coronavirus-induced economic downturn. But high energy prices and supply chain pressures, as firms grappled with increasingly difficult demand/supply dynamics, resulted in inflationary pressures. This strong global performance was pronounced in US markets with the Dow Jones ending the year up 18.73%, the S&P 500, 26.90%. The MSCI World index returned 21.82% for the year.

2022 Outlook

In 2022, we expect to see markets challenged as the post Covid-19 stimulus wanes and supply chain disruptions lead to inflationary pressures. We will monitor the portfolio closely and aim to add to asset classes opportunistically – particularly in areas that provide downside protection.

The Stabilisation Fund (SF)

Table 2.2: Target Asset Allocation for the Stabilisation Fund

	Policy Target	Benchmark
Growth Assets	75%	Barclays 1-3 Year Corporate Bond
Investment Grade Corporate Bond		Barclays 1-3 Year Corporate Bond
Hedge Assets	25%	Barclays 1-3 Year Treasury Bond
US T-Bill		91-Day Treasury Bill Index
US Treasuries 1-3 years		Barclays 1-3 Year Treasury Bond

The SF is another one of NSIA's three ring-fenced, core funds. It has been allocated 20% from the Authority's pool of core capital contributions since operations started in 2012. The SF is designed to provide financial support to the Federation's governments during times of acute fiscal stress. The Fund has, therefore, a conservative investment approach aimed at striking a balance between generating a positive return and preserving capital.

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The Stabilisation Fund is invested in high-grade fixed-income instruments to ensure capital preservation and liquidity. The durations of the investments range from between less than one year to three years.

In 2021, the SF delivered on its mandate of providing the Federation with fiscal support. A request from the Federal Ministry of Finance, Budget and National Planning in October 2020 for the withdrawal of US\$150 million from the Fund was delivered in 2021. This was to provide the necessary financial cushion to governments following the acute fiscal and economic stress caused by the Covid-19 pandemic.

The SF returned 1.60 percent (in USD terms) for the year, with the subset of the structured product returning 3.69 percent (in USD terms) for the year.

The Stabilisation Fund (SF) *continued*

As of December 2021, the SF was held in the following asset classes in line with the Fund's mandate and investment strategy:

Hedge Assets

US Treasury Bills and US Treasury Bonds

This asset class made up 21.06% of the fund and provided exposure to the very liquid and highly-rated US Treasury instruments in 2021, tracking the Bloomberg Barclays US Treasury bond 1-3-year index. The underlying investment has a maturity range of one to three years. This component returned -0.64%.

Growth Assets

US Corporate Bonds, US Asset-Backed Securities and Structured Collateralised Deposits

There are four managers in this space providing exposure to investment-grade corporate credit across the yield curve. One of these managers has a short duration strategy that invests across very high-quality US corporate and securitised fixed income instruments, while another invests in short- to medium-term investment-grade US corporate bonds. We also have some exposure to Structured Collateralised Deposits with credible counterparties. These provide some yield enhancement, while also providing a degree of downside protection, thereby fulfilling the fund's capital preservation goal.

Year in Review

The SF posted 1.6% return in 2021. The fund performance was positive but reflected a very volatile economic climate. The major risks were inflation and the general macroeconomic outlook from the ongoing Covid-19 disruption. The Fed believed the risk of inflation was short-term and benign to the growth outlook and therefore maintained its ultra-low interest rate policy during the year.

Our stress test on the Stabilisation Fund's investment assets showed that the risk to portfolio return was minimal, even in a worst-case scenario. Returns averaged 0.5% in an emerging-market-crisis scenario and an upside of 0.7% in the event of a 2008-type global financial crisis.

2022 Outlook

As the risk from inflation grows, NSIA is projecting a challenging investment outlook for 2022. A possible interest rate hike by the Fed will likely cause portfolio outflows from Emerging Markets, but the short economic crisis cycles since 2008 have given the major central banks the experience to deal with risks. Nevertheless, our investment team will continue to monitor the fund's performance in line with the mandate and against its strategic asset allocation guidelines. We will continue to seek ways to optimise returns, while respecting the fund's capital preservation mandate.

The Nigeria Infrastructure Fund (NIF)

The NIF is the third of NSIA's three ring-fenced, core funds and has the distinction of investing entirely in domestic infrastructure across selected sectors, namely agriculture; healthcare; motorways; financial markets; gas industrialisation; renewable energy; and social investment in education.

At its launch in 2012, 40% of NSIA's core capital was allocated to the NIF. But from 2018 – and to underscore the importance of investing in domestic infrastructure – the NIF started to receive 50 percent of capital contributions following Board approval to restructure NSIA's core capital. Apart from its own investment, the NIF is also mandated to act as a catalyst for investing in and growing the country's stock of infrastructure assets.

The NIF is managed by an in-house team of investment professionals tasked with identifying infrastructure investment opportunities, facilitating project development for potential investments, and recommending projects for investment to the Board.

The NSIA infrastructure strategy is built on three pillars:

- 1) Direct investment in infrastructure projects or companies.
- 2) Co-investment strategy via the establishment of co-investment funds.
- 3) Creation of institutions that support infrastructure development.

The Authority continued to make advances in managing the NIF during the year as highlighted below:

- Completed the restructuring of the Presidential Fertiliser Initiative (PFI) into a profit-oriented venture and exited the programme. Under NSIA's management, the number of fertiliser blending plants in the country increased from three to more than 70, with a combined annual output of 1.5 million metric tonnes, which exceeded domestic demand in 2021.
- Under the Presidential Infrastructure Development Fund (PIDF) for which NSIA is project and fund manager, the Second Niger Bridge (2NB) and Lagos-Ibadan Expressway (LIE) project reached thresholds of 90 and 80 percent completion, respectively. The Abuja-Kano Road (AKR) – the third motorway project under the PIDF – continued to make progress after it was re-scoped and expanded.



NED, Alh. Ali Goni Kadugum (centre) with Mr Pius Anyador, Portfolio Manager (centre left) discussing with some of the farmers/beneficiaries of the Babban Gona scheme during a site visit.

- Completed the development of the NSIA's first fully integrated agriculture project in collaboration with UFF – Pandagric Novum in Nasarawa State. The project, which entails the cultivation of grains on over 3,500ha of farmland, processing through feed, maize and oil mills, as well as 75,000 tons of storage infrastructure is now fully operational.
- We optimised our portfolio of healthcare projects. By year end, the NSIA/LUTH Cancer Centre had treated 5,000 unique patients and administered 150,000 chemotherapy sessions. Our diagnostic facilities in Kano and Umuahia provide services to more than 250,000 patients. We have started work on 23 other healthcare facilities across the country.
- Leadway Assurance Company Limited acquired a minority stake in InfraCredit, which is consistent with NSIA's long-term plan to gradually reduce its stake in companies it incubates.
- We started the construction of a 10 MW solar power plant in the Challawa Industrial Area in Kumbotso Local Government Area of Kano State on behalf of the federal government.
- We reached a major milestone in the development of the NSIA-OCP Multi-purpose Industrial Platform Project, in partnership with OCP Morocco, for the production of ammonia, a basic raw material for fertiliser production.
- We made our first set of investments under the NSIA Innovation Fund in a data centre and submarine cable systems in Nigeria.

Third-Party Managed Funds



NED, Sir Babatunde Sobamowo, KJW (far left) and ED, Mr. Aminu Umar-Sadiq (centre) with RCC Project Manager on the Lagos-Ibadan Expressway during a site inspection.

Third-Party Managed Funds

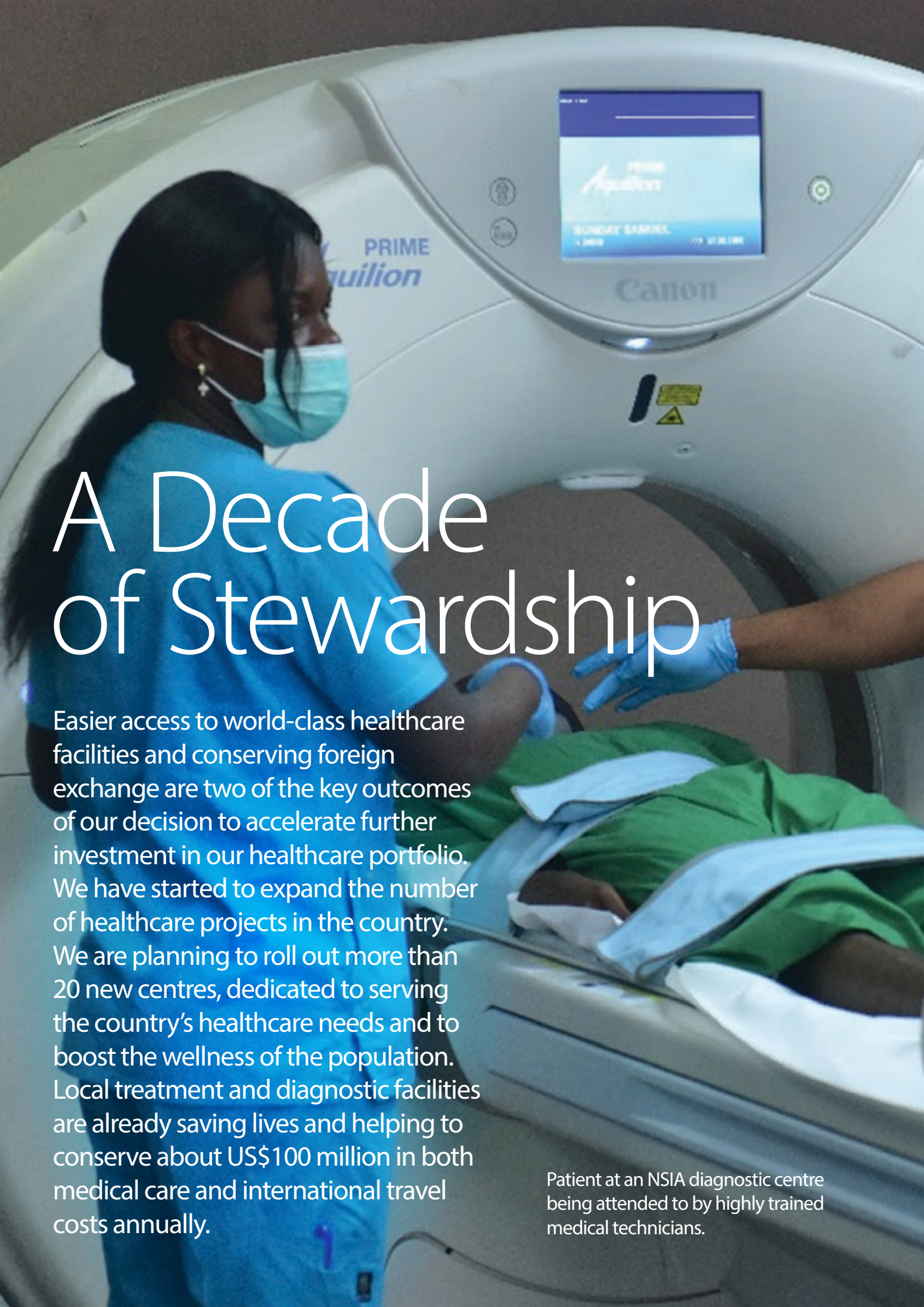
Presidential Infrastructure Development Fund (PIDF): The PIDF was established in 2018 to accelerate the delivery of key federal road infrastructure projects, including the Lagos-Ibadan Expressway, Second Niger Bridge, and Abuja-Kano Road. The East-West Road, which used to be one of the PIDF projects, was re-allocated to the Federal Ministry of Niger Delta Affairs in 2020. Construction work on the Mambilla Hydropower has yet to start.

By year end, construction of the Second Niger Bridge had reached 90 percent completion and is set to be commissioned in Q4 2022. The Lagos-Ibadan Expressway also reached 80 percent completion and is projected for commissioning at the same time. NSIA continued to make progress with the Abuja-Kano Road, which is scheduled for completion in 2024.

Debt Management Office (DMO)

On behalf of the DMO, we have continued to manage its investment fund earmarked in 2013 for gas-to-power and other power-related projects. The fund, which was originally US\$200 million, was part of the proceeds of the US\$1 billion Eurobond issued through the DMO by the Government in July 2013.

Between 2014 and 2017, the DMO recalled a total of US\$100 million from the fund. The Authority has continued to act as investment manager for the balance, replicating the NIF's investment strategy.



A Decade of Stewardship

Easier access to world-class healthcare facilities and conserving foreign exchange are two of the key outcomes of our decision to accelerate further investment in our healthcare portfolio. We have started to expand the number of healthcare projects in the country. We are planning to roll out more than 20 new centres, dedicated to serving the country's healthcare needs and to boost the wellness of the population. Local treatment and diagnostic facilities are already saving lives and helping to conserve about US\$100 million in both medical care and international travel costs annually.

Patient at an NSIA diagnostic centre being attended to by highly trained medical technicians.



Our People, Culture, Diversity and Technology

NSIA's people have been integral to the institution's outstanding performance over the past nine years of operations. In the period under review, NSIA was able to record another year of stellar performance owing, in part, to the Authority's integrated people management strategy. This is despite the uncertainty that clouded the anticipated recovery from the Covid-19 pandemic, given the outbreaks of more transmissible Delta and Omicron variants of the virus during the year, and the growing impact of rising inflation.

At the height of the pandemic in 2020, the Authority moved nearly all its work and learning activities to virtual platforms in accordance with the Nigeria Centre for Disease Control (NCDC) protocol and containment measures. The investment in technology in prior years delivered valuable dividend as the Authority was able to adapt quickly to the virtual work environment demanded by the situation. All employees were provided the tools required to work effectively from offsite locations.

In 2021, with the promise of the pandemic receding globally thanks to the coverage of vaccination against coronavirus, the Authority had to start to readjust to working from the office again. To provide a certain level of reassurance regarding the safety of the office and maintain a healthy work environment as employees returned to office base, adjustments were made to shared facilities and workstations redesigned with a view to protect the employees and promote collegiality. Even though the Authority complied fully with the Federal Government's directive to return to in-person work mode, there were instances within the year where Management directed that staff could work remotely as a precautionary measure against the spread of Covid-19.

Within the year, the Authority onboarded human assets to fill key roles for the attainment of corporate objectives. Our build, borrow, and buy manning approach functions exclusively to address business needs with no redundancy in the system. Staff onboarding is principally to develop and/or deliver new projects and also to operationalise existing ones.

Management put in place measures to ensure the institution's high-performance culture was maintained and the corporate values, namely Integrity, Discipline and Transparency, continue to underpin all activities during the year, from investment decisions to recreational programmes for the employees.



Creativity Night featured various visual art forms including painting, pottery, and resistant dying.

Our People, Culture, Diversity and Technology *continued*

Monitoring Performance

While productivity was high during the work from home period, the first quarter of the year under review was run mostly through remote working. Nonetheless, the Authority met the performance objectives set by the Board.

Staff attrition rate was quite low – at less than 5 percent. The employees continued to see NSIA as a great place to work. One major exit from the institution was Stella Ojekwe-Onyejeli, the former Executive Director and Chief Operating Officer who completed her maximum two terms.

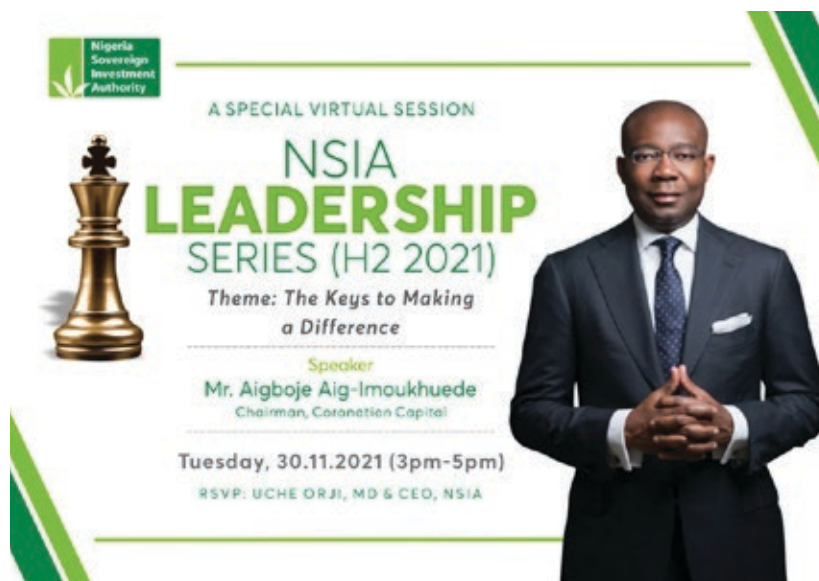
Programmes

All employees of the Authority access bespoke courses on the NSIA LearningHub and other e-Learning programmes. The courses are asynchronous, ensuring employees are able to learn at their own pace and at the time that best suits them. Every course was delivered via video, transcripts, discussion fora, and in-course assessments to ensure knowledge transfer. Typical shared learning programmes such as Leadership Series, Breakfast Seminar, Lunch & Learn Series, and gender specific programmes (Men's Series and NSIA Female Network) were migrated to virtual platforms.

Wellness programmes were not left out as the Authority not only ensured that employees joined the world to mark International Women's/ Men's Days, Mental Health Day and Cancer Day through virtual workshops but also adopted a virtual corporate fitness programme to keep employees in good shape.

On a similar note, NSIA work environment is deliberately designed to engage and enrich every facet of the employee's life meaningfully. Noting that the Covid year was one during which most people were confined to their homes for work, staff were encouraged to participate in a photography competition tagged "Beauty Around Us". The aim, in part, was to provide staff the platform to express their creative side while working from home. This exercise culminated in a virtual closing ceremony where the top 3 pictures were selected by an external independent panel of expert photographers.

During the 2021 employee week, staff participated in our annual creativity workshop. This year's programme included resist dyeing (tie & dye), pottery and painting amongst other creative forms of expression.



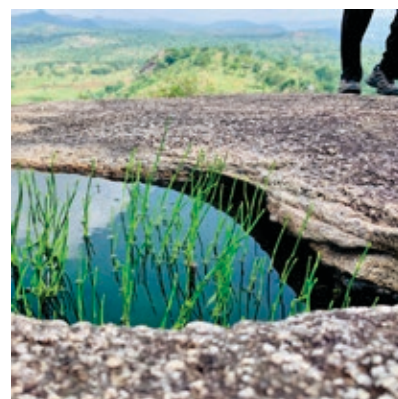
NSIA hosted two editions of the Leadership Series which featured Mr Fola Adeola in H1 and Mr Aigboje Aig-Imoukhuede in H2.



NSIA Photography Competition winner: A better tomorrow by Masud Ahmed.



First runner up: Sunflower by Ekong Edim.



Second runner up: Beauty Around Us by Tonte Lawson.

Our People, Culture, Diversity and Technology *continued*

Diversity

NSIA remains a diverse workplace. Efforts are made to ensure geopolitical and gender representation across the cadres, from the Board to the Executive Management and staff. During the year, a third Board of NSIA was inaugurated and deliberate efforts were made to ensure a gender representation on the Board.

Chart 3.1: Gender Distribution Analysis 2020 vs 2021

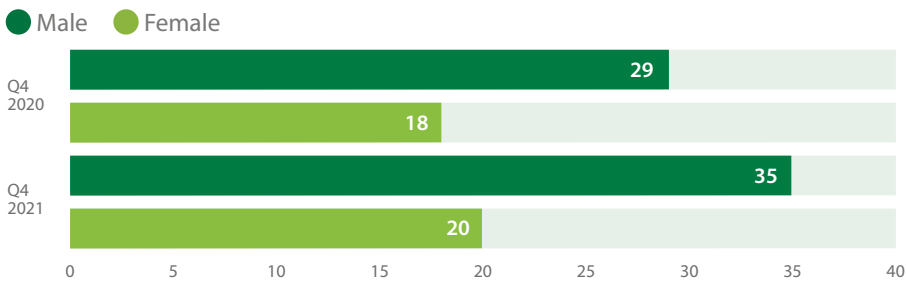
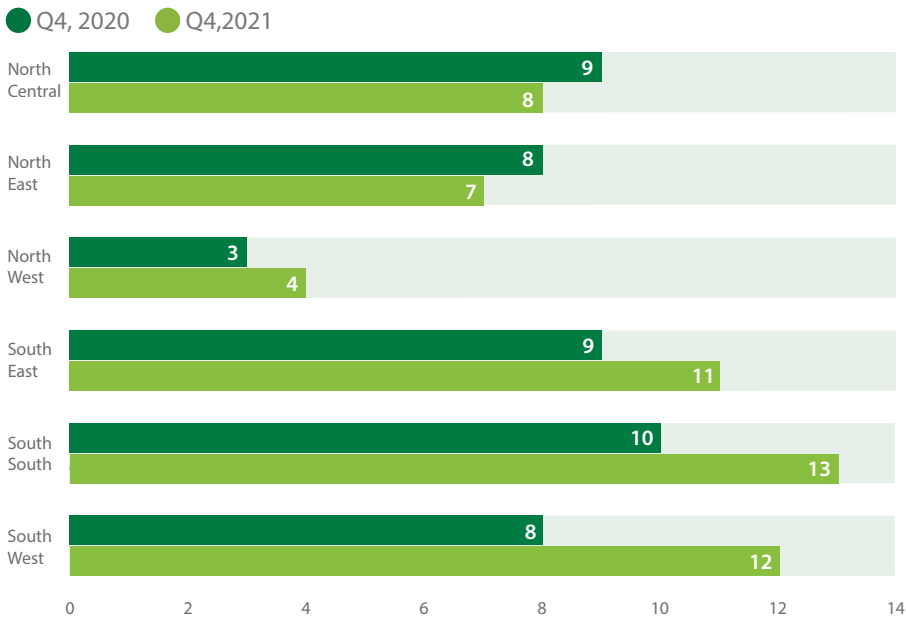


Chart 3.2: FTE Distribution by Geopolitical Zone



Our People, Culture, Diversity and Technology *continued*

Graduate Internship Programme

As part of the NSIA contribution towards nation building and in furtherance of its human capital development mandate, the Authority, commenced the Graduate Analyst Programme ("GAP") which offers an unparalleled opportunity to fresh Nigerian graduates seeking to gain firsthand experience and develop multi-faceted competencies, in Asset and Portfolio Management, Infrastructure Project Management, Investment Operations, Compliance, Audit and Risk Management.

GAP is a composite 2-year programme covering classroom sessions and on-the-job training with objectives to develop a remarkable learning and professional experience for graduates who desire to build a successful career in Asset and Portfolio Management. The programme also aims to build capabilities within the country in areas of Asset Management, Infrastructure Project Management, Portfolio Management & Reporting, Finance, Treasury Management and Risk. It is designed to create an organized pool of highly skilled candidates who are able to join world class institutions especially within the investment and financial services industry and promote NSIA brand both locally and internationally.

GAP is designed to fully immerse the Graduate Analysts in the day-to-day operations of NSIA over the engagement period through placement and rotation of participants in various units within the Authority. The first set of six trainees from the six geopolitical zones in Nigeria commenced the two-year programme in August 2021 after a seven-week bootcamp training. The Authority is confident that this approach will help in building a solid foundation for a thriving and lasting career even outside the financial services industry for these young Nigerians.

2022 Outlook

Coming into 2021, the expectation was that normalcy would return to the world and work will go back to how we knew it. Instead, the year witnessed a new normal which appears not to be in a hurry to decrease in volatility as new variants of Covid-19 continue to cause disruption intermittently at the workplace. The effect of the change cuts across the entire organisation, people, system, structure etc.



The top 6 Graduates from the NSIA GAP programme of 2021.

The hope of returning fully to the old work approach is deeming; a new reality that questions the fundamentals that drove pre-Covid workplace policies is upon us. Also, with the exit of the pioneer ED & COO in 2021 and anticipated exit of the pioneer Managing Director in 2022, the planned succession in place to avoid leadership vacuum will be tested in the seamless on-boarding of the new management team in 2022.

To keep up with the trend, the focus in the coming year will be to provide an enabling environment for positive cultural change, reskill and retain top talents, proactively create an inclusive hybrid work arrangement, bridge employee expectation gap, deepen the human relations skills of leaders, sustain emphasis on wellness programmes and create structures that engender a nimble HR Operations, responsive to the changing needs of the Authority.

Sustainability and ESG at NSIA

NSIA continued to build on its commitment to sustainability during the year, securing Board approval to develop an ESG strategy whose core objective is to develop an ESG Fund in partnership with other sustainability-focused institutions.

NSIA has adopted a three-pronged approach to how it addresses ESG issues. These are our institutional activities, investment process, and partnerships.

Institutional Activities: We are improving the efficiency of our processes and gaining more insights from data in managing investment risks through digitalisation. Our investment in digital infrastructure also promotes a paperless workplace, thereby contributing to efforts to save resources and reduced global temperatures.

Although still at an early stage in our sustainability journey, we have from the outset adopted the core values of Discipline, Integrity and Transparency, which we apply in our investment activities and in managing relations with our internal and external stakeholders. As a result, we continue to enjoy the support of our shareholders, investors, and employees.

Investment Process: Since 2012, NSIA has factored social and environmental risks into its investment decisions. The Authority also upholds world-class standards in corporate governance.

NSIA's commitment goes beyond managing ESG risks, as it also entails harnessing investment opportunities that deliver social, environmental, and financial returns. NSIA's Stabilisation Fund and Future Generations Fund aim to deliver positive socioeconomic outcomes for present and future generations.

A major criterion for investing our core infrastructure fund – the Nigeria Infrastructure Fund – is achieving large scale, positive economic and



NSIA in delegation to South Korea to explore partnerships for sustainability for Nigeria.



NSIA in South Korea with the Honourable Minister for Finance, Budget and National Planning.

social impact, so the projects we have developed and invested in, in sectors that include healthcare, agriculture, technology, and education, all offer the potential to achieve this objective.

We also target positive environmental outcomes, including reducing emissions. Our projects in gas industrialisation, renewable energy, and reforestation aim to achieve environmental sustainability, as well as generate good financial returns.

Partnerships: As a world-class public institution, NSIA supports the Federal Government of Nigeria in implementing the country's Nationally Determined Contribution (NDC) under the Paris Climate Agreement, to which Nigeria is a signatory. The country has made further commitments with the Climate Change Act, 2021, which sets 2050-2070 as the target to reach net-zero emissions.

NSIA is also actively seeking partnerships with ESG-conscious institutions to develop projects, attract investments, and deliver on initiatives. In 2021, the Authority joined the One Planet Sovereign Wealth Fund Initiative (OPSWF), which was launched to accelerate the integration of climate change analysis into the management of large, long-term, and diversified asset portfolios.

ESG Outlook: The outlook of ESG at NSIA is expansive. We will support efforts to achieve the Sustainable Development Goals (SDGs) and the Paris climate accord. Our commitment to disclosure will inform our consistent reporting on the issues that are material to our success as an organisation, so that our stakeholders and other interested parties can continue to monitor our progress.

Governance

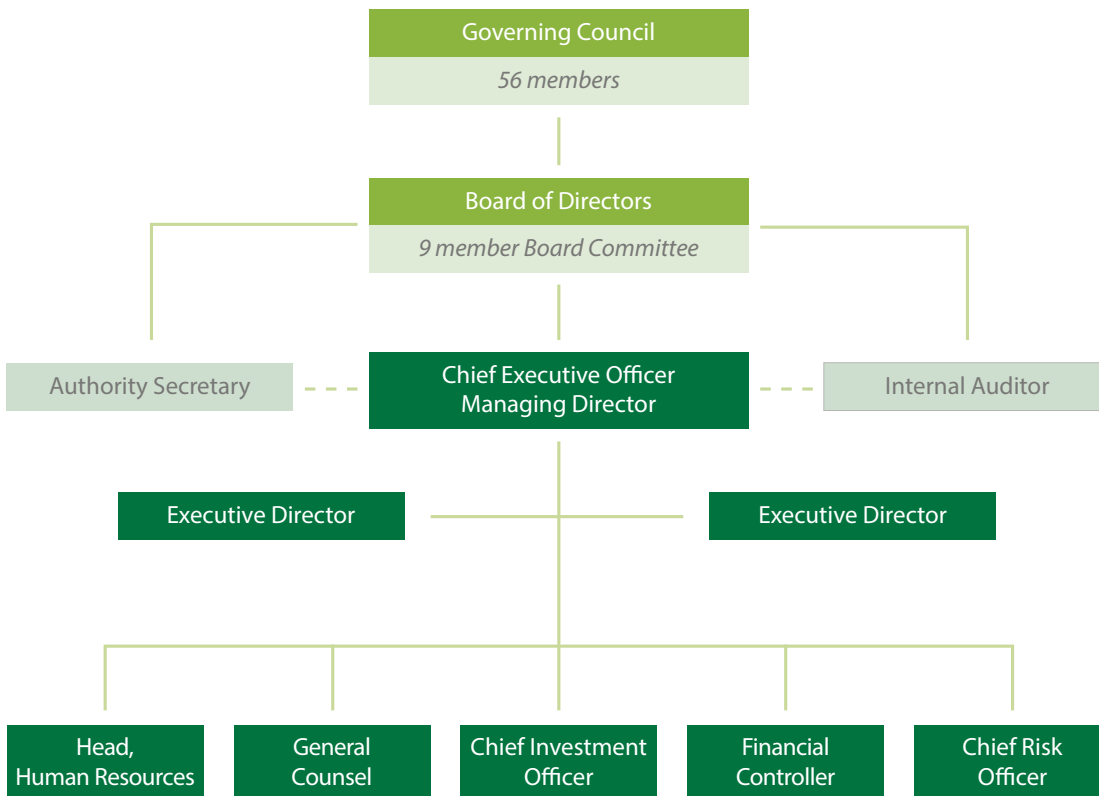
NSIA's consistently strong performance since it started operations in 2012 has been underpinned by an unwavering adherence to best practice in corporate governance and, with this in mind, our corporate governance structure has been rigorously and intentionally designed to deliver optimal value to all our stakeholders.

The Authority upholds world-class standards in all aspects of corporate governance, including Board oversight, risk management and strict operational guidelines. We actively monitor and evaluate the performances of our investment portfolios and people, with the objective of achieving financial, economic, social and environmental returns on investment.

To achieve our aim, we follow the best commercial principles and philosophies applicable in the private sector. Our governance practices strengthen operational efficiency and drive effectiveness across the organisation. Our core values of integrity, transparency and discipline continue to reinforce our corporate behaviour, helping to drive the NSIA Way across the entire organisation.

NSIA is a member of the International Forum of Sovereign Wealth Funds (IFSWF) and a signatory to the Santiago Principles. We subscribe to the ethos of transparency, good governance, accountability and prudent investment practices. In 2017, we established a web-based whistleblowing platform to further strengthen our accountability system.

Figure 3.3: NSIA Governance Structure



Governance *continued*



Virtual Governing Council meeting, with Vice President Yemi Osinbajo leading the proceedings.



Mr Farouk Mohammed Gumel with Vice President Yemi Osinbajo during the NSIA Board inauguration.

Code of Corporate Governance

NSIA's Code of Corporate Governance is reviewed periodically to align with global best practices. Complementary to the Code, the Authority promotes its core values to employees through the following policies, frameworks, and principles:

- Code of Conduct
- Compliance Risk Management Framework
- Communications Policy
- Ethics Policy
- Statements of Ethical Investment Principles
- Subsidiary Governance Framework
- Whistle-blowing Policy
- Staff Handbook

The Communications Policy and Staff Handbook regulate employee relations with both internal and external parties. This is a strong indication of the Authority's determination to ensure that our employees always remain professional in conducting our business. The Authority also has an entrenched culture of openness in which healthy discourse is encouraged and employees are mandated to report improper activities.

Governance Framework

NSIA is governed under a framework that enables the Board to effectively discharge its oversight functions while providing strategic direction. Additionally, the Board is responsible for ensuring high standards of corporate governance across the Authority and its subsidiaries and recognises that effective corporate governance is key to achieving the Authority's mandate. In this regard, NSIA Board of Directors' Charter sets out the Board's roles and procedures and those of its

Committees. The various Committees also have charters to guide their activities.

NSIA's corporate governance policies and practices are continually evolving and we periodically review them to ensure alignment with global best practice and Nigerian laws.

Governing Council

The NSIA (Establishment etc.) Act 2011 (NSIA Act) provides for a Governing Council, which is the Authority's 'Advisory Body'. The Governing Council has responsibility for raising questions on the NSIA's operations and performance, obtaining clarification and giving the Board guidance and counsel, while observing its and management's independence.

The Council comprises:

- His Excellency, the President of the Federal Republic of Nigeria (who may be represented by His Excellency, the Vice President)
- All 36 State Governors
- The Honourable Minister of the Federal Capital Territory (FCT)
- The Honourable Minister of Finance
- Attorney General of the Federation
- The Governor of Central Bank of Nigeria (CBN)
- The Chief Economic Adviser to the President
- The Chairman, Revenue Mobilisation, Allocation and Fiscal Commission
- 12 Members of the public appointed by the President on the recommendation of the Honourable Minister of Finance.

Governance *continued*

The Governing Council holds annual meetings at which the audited statements of the NSIA are presented, following the publication of its financial statements for the year.

Board of Directors

Section 15 of the NSIA Act outlines the roles of the Board of Directors. Specifically, it stipulates that “the Board of Directors shall be responsible for the attainment of the objects of the Authority, the making of policies and general supervision of the management and affairs of the Authority and such other functions conferred upon it by any other provision of the Act.”

The NSIA Board is committed to sound and effective corporate governance practices. Since assuming office, the new Board has approved policies that will sustain the balance of skills, knowledge and experience required to steer the Authority’s affairs in an ever-challenging environment.

For the first three quarters of the year, the Board exercised its oversight responsibilities through five Committees: Externally Managed Investments Committee; Direct Investments Committee; Audit and Risk Committee; Finance & General-Purpose Committee; and Compensation and Human Resources Committee. In the last quarter of the year, the Board functioned as a whole following its reconstitution.

The Board and its Committees meet quarterly, adopting the hybrid mode – physical and virtual – while additional meetings are convened as required. Material decisions may be taken between meetings by way of written resolutions. The Board held several meetings during the financial year ended 31 December 2021.

Responsibilities of the Board

The Board determines the Authority’s strategic objectives and policies. The aim is to deliver long-term value by providing overall strategic direction within a framework of rewards, incentives and controls.

Its powers include the approval of quarterly, half-yearly and full-year financial statements (whether audited or unaudited) and any significant change in accounting policies and/or practices. The Board also reserves the power of approval for major changes to the Authority’s corporate structure and the determination and approval of strategic objectives and policies to deliver long-term value. The NSIA’s strategy; medium and short-term plan; its annual operating and

capital expenditure budget; and the appointment, removal and remuneration of auditors all require Board approval.

The Board is also responsible for determining its structure, succession planning and establishment of subsidiaries. In addition, it is also responsible for approving staff remuneration policy and packages; appointing the Managing Director and other subsidiary directors; approving the Board Performance Evaluation process; corporate governance framework; and reviewing the performance of the Managing and Executive Directors.

It is further responsible for approving policy documents on significant issues, including enterprise-wide risk management, investments, finance, HR, communications, corporate governance and all other matters of importance because of their strategic, financial, risk or reputational implications or consequences.

Roles of the Chairman and Chief Executive

The roles of the Chairman and Chief Executive are separate. No one individual can combine the two positions. The Chairman’s main responsibility is to lead and manage the Board to ensure that it operates effectively and fully discharges its legal and regulatory responsibilities. The Chairman is responsible for ensuring that Directors receive accurate, timely and clear information, enabling the Board to take informed decisions and provide advice in promoting the Authority’s success. The Chairman promotes effective relationships and open communications between the Executive and Non-Executive Directors – both inside and outside the Boardroom. In instances where the Board is to make strategic announcements and/or relay Board decisions to the public, he serves as the spokesperson.

The Board has delegated the responsibility for the Authority’s day-to-day management to the Managing Director and Chief Executive Officer, who is supported by two Executive Directors.

The Managing Director executes the powers delegated to him against guidelines approved by the Board. Executive Management is accountable to the Board for the development and implementation of strategies and policies. The Board regularly reviews Group performance, matters of strategic concern and any other matters it regards as material.

Governance *continued*

Board Committees

Q4, 2021

In Q4 2021, the new Board functioned as a single unit. This afforded members the opportunity to become familiar with one another and with the Authority's operations, systems and stakeholders.

The Board met as scheduled between September and December 2021 and attended to all Board matters covering the Authority's various functions.

Q1 and Q2, 2021

In the first two quarters of the year, the following Board Committees supported the Board in discharging its duties:

a) Externally Managed Investments Committee

The Committee assisted the Board in fulfilling its oversight responsibility for the NSIA's externally managed investments. In this role, the Committee oversaw NSIA's investment processes, strategies and policies employed with respect to the assets under the Stabilisation Fund and the Future Generations Fund. Its members comprised:

- i) Urum K. Eke, MFR (Chair)
- ii) Halima Buba
- iii) Asue Ighodalo

b) Direct Investments Committee

The Committee assisted the Board in overseeing the policies, strategies and implementation framework for domestic infrastructure investment in the Nigeria Infrastructure Fund. Membership of the Committee comprised:

- i) Bello Maccido (Chair)
- ii) Lois Machunga-Disu
- iii) Asue Ighodalo

c) Audit and Risk Committee

The Audit and Risk Committee assisted the Board in fulfilling its oversight responsibilities in respect of NSIA's risk management, internal control environment and general compliance with internal policies and procedures, as well as applicable laws and regulations. Members of the Committee were:

- i) Lois Machunga-Disu (Chair)
- ii) Urum K. Eke, MFR
- iii) Halima Buba



Members of the NSIA Board at the NSIA Board inauguration ceremony conducted by His Excellency, President Muhammadu Buhari, GCFR.



NSIA Board and Management with Mrs Zainab S. Ahmed, Honourable Minister for Finance, Budget and National Planning, shortly after the Board inauguration in 2021.

d) Finance & General-Purpose Committee

This Committee assisted the Board in overseeing NSIA's accounting and financial reporting policies and practices, operational risk and compliance programmes as well as its operational and administrative functions. The Committee also serves as the Authority's Tenders Committee. Its members were:

- i) Lois Machunga-Disu (Chair)
- ii) Urum K. Eke, MFR
- iii) Halima Buba

e) Compensation & Human Resources Committee

The Committee assisted the Board in fulfilling its oversight responsibility for setting employee compensation policies and managing all employee-related issues consistent with NSIA's long-term objectives. The Committee's oversight also extended to governance and nominations responsibilities on behalf of the Board.

The members of the Committee were:

- i) Asue Ighodalo (Chair)
- ii) Halima Buba
- iii) Bello Maccido

Governance *continued*

Board Meeting Attendance

COVID-19 restrictions meant that all Board meetings in the year were virtual. Attendance was as follows:

Attendance of Board Meetings in 2021

(✓ Present × Absent)

Name of Director	24 February	13 March	30 April	6 May
Jide Zeitlin	✓	×	✓	✓
Uche Orji	✓	✓	✓	✓
Stella Ojekwe-Onyejeli	✓	✓	✓	✓
Aminu Umar-Sadiq	✓	✓	✓	✓
Halima Buba	✓	✓	✓	✓
UK Eke MFR	✓	✓	✓	✓
Asue Ighodalo	✓	✓	✓	×
Bello Maccido	✓	✓	✓	✓
Lois Machunga-Disu	✓	✓	✓	✓

The meetings of the new Board were largely physical following the relaxation of travel and meeting restrictions. The Board operated as a “Committee of the Whole” for the unexpired portion of 2021. Members attended the following meetings:

Name of Director	1 September	25 September	5 October	3 November	25 November	6 December	8 December
Farouk Mohammed Gumel	✓	✓	✓	✓	✓	✓	✓
Uche Orji	✓	✓	✓	✓	✓	✓	✓
Stella Ojekwe-Onyejeli*	✓	✓	✓	×	×	×	×
Aminu Umar-Sadiq	✓	✓	✓	✓	✓	✓	✓
Ike Chioke**	✓	×	×	×	×	×	×
Ikem L. Isiekwena	✓	✓	✓	✓	✓	✓	✓
Ali G. Kadugum	✓	✓	✓	✓	✓	✓	✓
Kabir S. Oniyangi	✓	✓	✓	✓	✓	✓	✓
Babatunde E. Sobamowo	✓	✓	✓	✓	✓	✓	✓

* Stella Ojekwe-Onyejeli’s tenure as Executive Director ended on 14 October 2021. She did not attend any Board meetings thereafter.

** Ike Chioke resigned his Board role shortly after the reconstitution of the Board and only attended the inaugural meeting.

Board of Directors

Members of the Board of Directors

The NSIA Act stipulates the appointment of nine Directors, three of whom are to be Executive Directors. Specifically, the Board consists of a Non-Executive Chairman, three Executive Directors (Managing Director & Chief Executive Officer and two other Executive Directors) and five Non-Executive Directors. The members of the NSIA Board of Directors bring a diverse range of skills and competencies from an assortment of relevant backgrounds.

At the beginning of the financial year, the members of the Board were:

- Olajide Zeitlin, Chairman, BOD¹
- Uche Orji, MD & CEO²
- Stella Ojekwe-Onyejeli, ED & COO³
- Aminu Umar-Sadiq, ED & CIO⁴
- Halima Buba, NED⁵
- Urum Kalu Eke, MFR, NED
- Asue Ighodalo, NED
- Bello Maccido, NED
- Lois Laraba Machunga-Disu, NED

This team of highly-qualified professionals, with proven credentials and globally-tested market experience, constitutes NSIA's highest decision-making body responsible for governance and policy.

The second NSIA Board was appointed for a term of four years which ended on 12 May 2021. Subsequently, the new Board was inaugurated on 1 September 2021. The members are:

- Farouk Mohammed Gumel – Chairman
- Ike Chioke*
- Ikem Louis Isiekwena
- Ali Goni Kadugum
- Kabiru Suleiman Oniyangji
- Babatunde Emmanuel Sobamowo (KJW)
- Ogechi Paschal-Ejiogu, PhD*

1. BOD: Board of Directors
2. MD & CEO: Managing Director and Chief Executive Officer
3. ED & COO: Executive Director and Chief Operating Officer, reappointed in February 2019
4. ED: Executive Director, Appointed in February 2019
5. NED: Non-Executive Director

* Chioke served briefly on the NSIA Board before relinquishing his position following his appointment in another capacity in a government-sponsored organisation. He was replaced by Dr Ogechi Paschal-Ejiogu.



Mr Farouk Mohammed Gumel
Chairman

Farouk M. Gumel is a Group Executive Director and Head of Agri-Businesses at Tropical General Investment (TGI) Group, a global conglomerate operating in 13 countries across Africa, the Middle East and Asia. TGI's business interests span the entire food value chain, from origination/farming, to processing, distribution and branded retailing.

He is also the Chairman of WACOT Rice Limited, one of the largest state-of-the-art rice mills in Nigeria and serves on the board of several other companies. Recently, he was appointed Chairman of the Board of Directors of Union Bank Plc, one of Nigeria's largest and oldest commercial banks.

Mr Gumel has nearly two decades of professional experience in consulting, audit, corporate finance, advisory services and asset management.

Before joining TGI, he was a Partner and Head of West African Advisory/Consulting business at PricewaterhouseCoopers (PwC), covering Nigeria, Ghana, Liberia, Sierra Leone and Angola. He worked at PwC in various capacities, in the United Kingdom, the United States, and West Africa, from 2002 to 2015.

Between 2016 and 2020, he was an Honorary Consultant to the Presidency of Nigeria on Agriculture and Food Security, where he supported the development and implementation of the Presidential Fertiliser Initiative (PFI); National Food Security programme; Humanitarian Food Distribution programmes in Northeast Nigeria; and various agriculture and food-related backward integration policy development initiatives. In August 2021, he was appointed co-Chairman of the Benin Republic's National Committee for the Development of Rice Value Chain by President Patrice Talon of the Republic of Benin.

Farouk is a member of the Institute of Chartered Accountants of Nigeria (ICAN) and a Fellow of the Institute of Chartered Accountants in England and Wales (ICAEW). He has served on several presidential and ministerial level task forces/committees for more than a decade. In addition to his professional memberships, he earned a Master's degree in Clean Technology from the University of Newcastle, UK, in 2001. He graduated with distinction and finished top of his class with a Bachelor's degree in Materials (Leather) Technology from the University of Northampton, UK, in 2000.

Board of Directors *continued*



Mr Uche Orji Managing Director and Chief Executive Officer

Uche Orji is Managing Director and Chief Executive Officer and has served in this capacity since the Authority started operations. He brings more than 30 years' global experience, covering banking, asset management and financial services, to the Authority's leadership.

He also serves on the boards of the Infrastructure Credit Guarantee Company Ltd. (InfraCredit) as Chairman and as Non-Executive Director at the Development Bank of Nigeria (DBN), Family Homes Funds Ltd (FHFL), NG Clearing Ltd and Nigeria Mortgage Refinance Company (NMRC).

Previously, he worked in various organisations including UBS Securities, New York, where he was a managing director and global coordinator of semiconductor equities research; JP Morgan Securities, London, where he was a vice president and later managing director in the equities division and analyst in charge of European semiconductor equities research; and Goldman Sachs Asset Management where he was an executive director serving as analyst/portfolio manager covering chemicals and telecommunications equipment, as well as co-managing the Global Technology Fund and Pan-European Equities Fund.

He was acting financial controller at Diamond Bank Plc (now part of Access Bank Plc), Nigeria, and started his career in the audit group of Arthur Andersen & Co. He completed his National Youth Service Corp in Bauchi, where he worked at the Nigeria Industrial Development Bank, NIDB (now Bank of Industry).

As an analyst, he advised leading global asset managers, ranking number one in Europe and top three in the United States, according to Institutional Investor magazine's All-Equities Analyst Rankings. He provided strategic advice to the management of leading companies such as Intel Electronics, Nvidia, ASML, Philips Electronics, AMD and Texas Instruments; and, as global coordinator, covered global companies such as Samsung Electronics, Toshiba, Nikon, Canon, and Hynix.

He has authored/co-authored hundreds of research papers in the semiconductor sector and the broader technology investment sector. He has been a regular commentator on the technology sector on all major news media.

He studied chemical engineering at the University of Port Harcourt, Nigeria, graduating in 1990, and subsequently obtained an MBA from Harvard Business School in 1998.

Board of Directors *continued*

Mr Ikemefuna Louis Isiekwena
Non-Executive Director

Ikemefuna Louis Isiekwena is a partner at Simmons Cooper Partners (SCP), a leading firm of Barristers and Solicitors in Nigeria.

He has extensive experience of commercial law and, as lead counsel, has provided transaction advisory services across a wide range of corporations on large-ticket transactions in project finance, oil and gas, real estate, energy and power, financial services and private equity. Before joining SCP, he worked at highly-regarded and successful law firms, including DAC Legal Practitioners and Alegeh & Co.

He holds a Bachelor of Laws Degree (LL.B) and a Master of Laws (LL.M) degree in Competition Law from the University of Benin and King's College, London in 2002 and 2012, respectively. He obtained an MBA at the Robert Kennedy College, USA, in 2020.

He is a barrister and solicitor of the Supreme Court of Nigeria, having been called to the Nigerian Bar in 2004.

He has also served on various boards, including as director at Slavabogu Construction Company Ltd and as a Board member with Corona Trust Council. He is a member of many professional bodies, including the Nigerian Bar Association (NBA) and the International Bar Association, where he actively participates in the committee on anti-trust and competition law.



Mr Ali Goni Kadugum
Non-Executive Director

Ali Goni Kadugum is an accomplished academic and technocrat. He has more than three decades of experience in academia, civil service, banking, business and audit, and brings a unique set of industry and research-based skills to the Board.

He is a director at Kadugum Brothers Nigeria Limited, having previously worked as an internal auditor at Premier Commercial Bank, general manager at Bade Transport Service and industrial officer at the Federal Ministry of Commerce and Industry.

He retired as Chief Lecturer at the College of Education, Nguru, having previously served as Rector of the College of Administration and Business Studies at the higher institution from 2007 to 2016. He also served as the Honourable Commissioner for Commerce and Industry, Yobe State, where he contributed to the state's economic growth strategy.

He holds a MA in Business from the University of Central Lancashire, UK and a post graduate diploma and Bachelor's degree from the University of Maiduguri. He is a Fellow of the Association of Financial Analysts of Nigeria; Fellow, Institute of Practising Professionals; and Member, Institute of Management Professionals.



Mr Kabir Suleiman Oniyangi
Non-Executive Director

Kabir Suleiman Oniyangi is a financial services expert with more than 30 years' relevant experience. Before his appointment as a NSIA NED, he spent 26 years at the Nigeria Deposit Insurance Corporation (NDIC), a parastatal under the Nigerian Ministry of Finance and charged with protecting the banking system from instability, where he rose from deputy manager to controller, Kano regional office.

Before joining NDIC, he worked at the National Electric Power Authority (NEPA) and at the New Nigeria Development Company (NNDC) as an investment manager.

Mr Oniyangi has attended professional courses locally and internationally. He holds an MBA from the Ahmadu Bello University and a Bachelor's degree in Business Administration from the same institution. He is a member of the Institute of Management Professionals.

Board of Directors *continued*

Dr Ogechi Paschal-Ejiogu
Non-Executive Director

Ogechi Paschal-Ejiogu is an accomplished economist with significant expertise in the healthcare and social services sector. She currently serves as a senior contracts administrator in the Benefits Department of Kaiser Permanente, one of the largest and best-known healthcare organisations in the United States.

With an in-depth knowledge of complex economic concepts, mathematics and marketing, she is adept at applying theories and ideas in real-world situations. She also has a strong understanding of business finance, econometric modelling, data analysis, economic planning and data interpretation and has made significant contributions to industry in Nigeria and the United States over the last two decades.

An avid humanitarian, Dr. Paschal-Ejiogu is enthusiastic about poverty reduction, human development, and female empowerment. She volunteers at the DC Foods and Friends (USA), Sisters of the Needy, Girl Scouts and various Catholic charities.

She obtained a Doctorate in Economics, with distinction, from the prestigious Howard University (USA) in Washington DC, specialising in Public Policy and Development. She also has a Master's in Development Economics and Policy from the University of Reading, UK and a BSc. in Economics from Imo State University.



Sir Babatunde Emmanuel Sobamowo (KJW)
Non-Executive Director

Tunde Sobamowo is the promoter and founder of Global Asset Management (Nig.) Ltd. He is an erudite and seasoned investment management expert, consummate banker, and experienced financial services professional with decades of post professional qualification experience spanning auditing, taxation, leasing, banking, share dealing and financial advisory/business recovery services.

He started his career at Coopers and Lybrand (now PricewaterhouseCoopers), an internationally renowned firm of professional accountants and rose to become Senior Accountant. Following his short stint at the firm, he joined NAL Merchant Bank Nig. Plc (now a member of the Sterling Bank Group) in 1983, as an Assistant Manager and rose to become an Area Manager, Northern Area. Subsequently, he became the Head of the Capital Markets at NAL Merchant Bank, where he led the structuring of several listings and big-ticket transactions for the bank.

He left the bank in 1993 and founded Babatunde Sobamowo & Co., a tax, management consulting and audit practice as its pioneer Principal Managing Partner. He later set up Global Asset Management (Nig.) Ltd. in 1996, and he has served on various Boards within and outside the financial services industry.

Sir Sobamowo has been a dealing member of the Nigerian Stock Exchange since May 1993. He is a Fellow of the Institute of Chartered Accountants of Nigeria (FCA); Fellow of the Chartered Institute of Stockbrokers (FCS); Associate of the Chartered Institute of Taxation; an Associate of the Certified Pension Institute of Nigeria; and a member of the Business Recovery and Insolvency Practitioners Association of Nigeria. He is a 1978 graduate of the prestigious University of Lagos, where he studied Economics.



Mr Aminu Umar-Sadiq
Executive Director

Aminu Umar-Sadiq has more than 15 years' experience in the financial services sector – spanning public finance management, mergers and acquisitions, private equity and asset management.

He is currently an Executive Director of the Nigeria Sovereign Investment Authority (NSIA) serving on NSIA's three-person Executive Committee as well as Board. He plays a key role in implementing NSIA's overall strategy and driving operational and financial performance.

As NSIA's Head of Direct Investments, Mr. Umar-Sadiq leads NSIA's multi-strategy infrastructure activities, directly overseeing more than 20 investment professionals. He is also responsible for corporate governance management and performance reporting for NSIA's subsidiary entities.

He commenced his professional career in the mergers and acquisitions division at Morgan Stanley, subsequently proceeding to Denham Capital Management, a natural-resources focused private equity fund, and then to the mergers and acquisitions division at Société Générale.

He serves on numerous Boards in a non-executive capacity including on the Fund for Agricultural Finance in Nigeria (FAFIN), NSIA Healthcare Development and Investment Company and the Multipurpose Industrial Platform Limited (MIPL).

He attained his Bachelor's and Master's degrees in Engineering Sciences from the University of Oxford (St John's College). He has also attended a plethora of advanced management programmes for senior management executives.

Risk Overview

Enterprise Risk Management

The first full year of recovery from the Covid-19 pandemic was projected to be 2021, but the prospects for economic recovery hinged on the development and rollout of vaccines to fight the disease and so gradually ease the widespread physical restrictions on social and economic activities.

In December 2020, the US Food and Drug Administration (FDA) had issued the first Emergency Use Authorisation (EUA) for the Pfizer-BioNTech Covid-19 vaccine, then quickly granted EUA for the Moderna Covid-19 vaccine. Meanwhile, the UK Government approved the production and use of AstraZeneca's Covid-19 vaccine at the end of the year. The vaccines were developed in record time and were found to be highly effective.

In 2021, the vaccines began to roll out in earnest and, by year end, 4.56 billion people – 58.5 percent of the eligible population – had received at least one of two recommended doses. A further 3.89 billion people, representing 49.9 percent of those eligible, had been double vaccinated.

The major risks to vaccination were worldwide conspiracy theories, which caused hesitancy, and lack of access to the vaccine in many poor, developing countries. Studies showed that vaccine hesitancy could be countered by public information and education, while the World Health Organisation (WHO) COVAX initiative for “equitable access to Covid-19 tests, treatments and vaccines” supported access to the vaccine in many developing countries.

Despite the uncertainty, the economic growth momentum of Q4 2020 continued generally in the first half of 2021. From a price of US\$51.8 per barrel (pb) at the close of 2020, Brent Crude rose to \$85.53 pb in October before ending the year at \$77.78 pb. This strengthened the outlook for global growth, as growing demand for oil indicated a steady improvement in industrial output.

The revenue shock experienced by oil producers also started to ease, although supplies remained tight on account of supply management by OPEC+, the club of oil-exporting countries in, and outside of, the Organisation for Petroleum Exporting Countries (OPEC). Metals also did well and supported the South African rand's gain in value.

Global asset prices saw dramatic growth in H1 2021, supported by government fiscal stimulus spending and low interest rates. According to Reuters, the world's equity markets gained 11 percent as at mid-year. The S&P 500 index simultaneously soared by 14 percent, led by gains in value and cyclical stocks.

By H2, however, the spread of the Covid-19 Omicron variant, and concern over inflation fuelling future interest rate hikes, had started to spook financial markets. IMF reduced its growth forecast by 10 basis points, from 6.0 percent to 5.9 percent, while citing unique policy challenges that required strong, multi-lateral action. The global outlook became even more inclement with the military build-up by Russia on its border with Ukraine towards the end of the year. Policymakers and market analysts feared any significant disruption to energy and food supplies would worsen the inflationary outlook.

In addition to these macroeconomic and geopolitical risks, the World Economic Forum identified several social and business risks in its Global Risks Report 2021. In what it called risks from “societal fracture”, the report identified persistent and emerging risks to human health, rising unemployment, widening digital divides, youth disillusionment and geopolitical fragmentation. The business risks identified included disorderly labour market transition that would threaten large numbers of workers. The WEF report also identified environmental risks, such as climate change, which remain a major concern.

Risk Overview *continued*

Many of these risks crystallised during the year. Traditional unemployment began to improve as the economies of the advanced countries emerged from lockdown, but voluntary unemployment posed new challenges to global supply chains. The digital divide within markets and between the world's economies came into sharp relief. The US Big Tech stocks – Alphabet, Microsoft, Apple, Meta and Amazon – collectively added US\$2.5 trillion in value, representing 27 percent growth. This outperformed the S&P 500, which recorded 16 percent growth for the year. These companies have continued to dominate the global landscape.

The problem of unemployment worsened in 2021. According to the International Labour Organisation (ILO), about 220 million people globally were expected to remain out of work during the year, with the global unemployment rate reaching 6.3 percent, above the pre-pandemic levels of 5.4 percent in 2019. Most of the countries with the highest unemployment rates in the world were in Africa, where the median age was 19.7 percent in 2020. In July 2021, civil unrest among youths in South Africa seriously impacted the economy. The incident followed the End SARS protests in Nigeria the preceding October.

During the year, COP26 was held in Glasgow, Scotland. Its objectives were to secure global net zero by mid-century; keep 1.5 degrees within reach; adapt to protect communities and natural habitats; mobilise finance for climate action; and act to finalise the detailed rules that make the Paris Agreement operational and accelerate action to tackle climate crisis. According to the World Resources Institute, the 2021 United Nations Climate Change Conference made important progress on several fronts – but not enough, and the world remains behind the curve in the battle against climate change.

Nigeria Risk Environment in 2021

According to the World Bank, Nigeria remains the largest African country by population, and the continent's largest economy, with a GDP of US\$440.78 billion in 2021. The country has, however, been gripped by macroeconomic and security challenges for some years now, even as the government strives to achieve economic growth and reduce poverty and unemployment.

In 2021, the country recorded 3.0 percent GDP growth, according to an IMF estimate. While this was the largest rate of output growth since 2014, after adjustment for inflation, it benefited from the low base of 2020, when GDP growth rate was -1.8 percent.

In its Gross Domestic Product Report Q4 2021, the National Bureau of Statistics (NBS) said the oil sector contributed 5.19 percent of GDP, while the non-oil sector accounted for 94.81 percent of total domestic output. After oil production rose from 1.56 million barrels per day (bpd) in Q4 2020, to 1.72 million bpd in Q1 2021, it fell quarter-on-quarter throughout the remaining three quarters of the year, reaching a four-year low of 1.5 million bpd in Q4 2021. The output was well below the country's OPEC allocation and is attributed to scheduled maintenance of oil installations and unscheduled repairs because of vandalism.

Sectoral data on the economy in Q4 2021 comprised agriculture, which contributed 26.84 percent of GDP, industries (18.04 percent), and services (55.11 percent). The annualised real GDP growth rate for agriculture was (3.58 percent), manufacturing (2.28 percent), trade (5.34 percent), information and communication (5.03 percent), real estate services (1.47 percent), and finance and insurance (10.07 percent).

High inflation and instability in foreign exchange markets were the two macroeconomic risks that persisted during the year. The Consumer Price index, as measured by the NBS, stood at 16.47 percent in January 2021, but decelerated during the year to 15.63 percent in December. The composite food sub-index rose by 17.37 percent in December, an indication that food prices were still high. This high inflation also meant that real yields on government bonds were negative.

Risk Overview *continued*

The official CBN naira to US dollar exchange rate rose from ₦379/US\$1 at the beginning of the year to ₦412.49/US\$1 at the end of the year, an 8.8 percent depreciation in the value of the local currency.

The relatively high inflation and exchange rate volatility posed a challenge for portfolio investment. Nevertheless, the NGX All Share Index – the Nigerian equity market's main index – returned 6.07 percent in 2021, driven by corporate earnings and stronger investor sentiment. Relative to global exchanges and stock indexes, the performance of the local bourse reflected a general decline in capital imports into Nigeria, including foreign portfolio investment (FPI).

According to NBS data, total capital imports into the country dipped by 31 percent in 2021, from US\$9.68 billion in 2020, to US\$6.7 billion. The decline was felt across three areas: FPI, which fell by 34 percent, to US\$3.39 billion; a drop of 31 percent in foreign direct investment (FDI) to US\$699 million; and 'Other Investment', which declined by 25 percent, to US\$2.26 billion.

IMF projected that Nigeria's current account would show a deficit of -2.8 percent of GDP in 2021, public savings at -2.1 percent and public investment at 3.2 percent. However, as a percentage of the GDP, private sector savings and investments were projected at 28.9 percent and 26.3 percent, respectively.

In August, the Petroleum Industry Bill was passed and signed into law by President Muhammadu Buhari, paving the way to make the Nigerian oil and gas sector more attractive for investment. The new legislation, which took nearly 15 years to pass, introduced significant changes to the oil and gas industry's legal and governance framework, administrative processes, regulatory and fiscal terms and host community engagements.

The Climate Change Act, which became law in November, is another piece of legislation to improve risk governance. The Act provides a legal framework for low carbon economic growth and development, climate change and adaptation strategies, and to mainstream climate action into the country's national development priorities. It sets a roadmap for the attainment of net-zero carbon emissions in the country between 2050-2070. The legislative action is expected to increase the commitment of both the public and private sectors to Environmental, Social and Governance (ESG) principles and risk management.

NSIA and the Economy in 2021

NSIA continued to make significant contributions to the national economy in 2021, by managing its funds' portfolios profitably on behalf of the government and Nigerian people. The Authority also continued to manage its direct investments in domestic infrastructure, while developing new projects and implementing its tech strategy.

PIDF: NSIA continued to manage the portfolio of projects under the Presidential Infrastructure Development Fund (PIDF) – the Second Niger Bridge, the Lagos-Ibadan Expressway and the Abuja-Kaduna-Kano road. The first two projects reached a threshold of around 90 percent completion by year end and are set for commissioning in 2022. The third project, which was re-scoped, is still under construction.

Healthcare: Having operationalised our healthcare facilities in 2020, we witnessed a dramatic increase in their contribution to the wellness of Nigerians, while saving the country significant amounts of foreign exchange that otherwise would have been lost to medical tourism. The facilities include the NSIA-Luth Cancer Centre in Lagos (NLCC), the NSIA Kano Diagnostic Centre (NKDC) and the NSIA Umuahia Diagnostic Centre.

Agriculture: NSIA completed the restructuring of the Presidential Fertiliser Initiative (PFI). When the Authority took over the management of the initiative in 2017, the existing local fertiliser blending plants were moribund, were only able to meet a small percentage of domestic demand and the government was spending billions of naira in import subsidies. With NSIA's management, the total number of blending plants has increased to more than 70, production capacity has now exceeded domestic demand – creating the opportunity for the country to be a net exporter of fertiliser, instead of remaining a net importer – and the subsidy programme has been ended. NSIA's efforts have contributed significantly to the country's future food security.

Risk Overview *continued*

Financial Market Infrastructure: NSIA has created and invested in great companies in the Nigerian financial services sector, including the Nigeria Mortgage Refinance Company (NMRC); Infrastructure Credit Guarantee Company Limited (InfraCredit); NG Clearing Limited; and Development Bank of Nigeria (DBN), where NSIA represents the interests of the Federal Government. All are profitable and continue to attract investment, while delivering products and services to Nigerians and de-risking investment in Nigerian infrastructure.

Tech Investments: In 2020, NSIA developed its strategy for the tech sector – one of its investment focus targets. In 2021, we started to implement the strategy, investing in a data centre in Lagos and a subsea broadband internet cable. The Authority also launched the NSIA Tech Fund and started to develop projects in the broader technology space. These investments are aimed at improving telecommunication services and access to broadband internet, creating jobs for young Nigerians and fostering an innovation economy.

Education: NSIA has continued to maintain its social investment in the Bridge Academy, an initiative which provides world-class curriculum and teaching to schoolchildren who otherwise would not be able to access such quality education. Already running in Edo and Lagos states, the initiative will widen its coverage to other states in the coming years.

Gas Industrialisation: In early 2021, NSIA signed a landmark agreement with OCP of Morocco, and other partners, to develop a US\$1.4 billion plant to produce ammonia and Di-ammonium Phosphate (DAP), under the Authority's Gas Industrialisation Strategy. The first phase of the project will produce 1.5 million tonnes of ammonia a year. Up to 70 percent of the ammonia produced will be allocated for export to Morocco and the balance will be routed to the production of one million tonnes per annum of DAP and Nitrogen Phosphorus Potassium (NPK) fertilisers for domestic demand. The plant, located in Akwa Ibom State, is expected to commence operations in 2025.

Renewable Energy: NSIA has developed its framework for investing in Nigeria's renewable energy. The first investment is the 10 MW Kano Solar Project, located in Kumbotso, Kano State. In December, we announced a partnership with Rural Electrification Agency (REA) for creating an initial revolving fund of ₦10 billion for qualified developers to manufacture and distribute home solar systems. The investment aims initially to catalyse 200,000 off-grid connections with the goal of reaching more than 500,000 homes, as the Fund revolves and is expanded through to 2023.

Risk Outlook

At the end of 2020, NSIA warned of an inflationary outlook and this risk crystallised in 2021. The forecast was largely for the benefit of global markets since they might impact financial investment. We expect this risk to take on a more serious dimension in 2022, both internationally and locally. Nigeria's broader macroeconomic outlook is also grim, given the pressures on public finance because of low revenue, high debt service costs, weak growth and foreign exchange risks. The country will also need to better manage the risk of insecurity during the year in which the 2023 election cycle kicks in.

Risk Management

At NSIA, we believe that a sound risk management system is the foundation for building a vibrant and viable institution. We continually review the risks in our environment to understand the factors that enable such risk and then deploy mitigant to negate impact on the Authority. Below is a schedule of risk the Authority constantly evaluates across the three funds.

Figure 4.1: NSIA Asset Class & Risk Exposure

Stabilisation Fund		Future Generation Fund		Infrastructure Fund		
<ul style="list-style-type: none"> FX Cash Deposit Placements Money Market Securities 	<ul style="list-style-type: none"> Investment Grade Corporate Bond Securities US Treasury Bills & Notes 	<ul style="list-style-type: none"> Asset Backed Securities (Credit Instruments) 	<ul style="list-style-type: none"> Development & Emerging Market Equities 	<ul style="list-style-type: none"> Hedge Funds Private Equity Venture Capital & Commodities 	<ul style="list-style-type: none"> Health care Motorware Power Agriculture Technology Gas Industrialisation Financials Other Direct Investments 	<ul style="list-style-type: none"> Major Direct Stakes (Public & Private)

Risk Management Approach

NSIA's risk universe is broadly categorised under the headings of investment, market, credit, operational, political and strategic risk, in order to facilitate effective risk management and reporting.

Our strategy for managing risk is to identify, study and understand different dimensions of risk within our investment universe, along with the external factors that can affect it, with the aim of mitigating undesired events. Accordingly, our highly-experienced risk management team has developed a comprehensive process through which we monitor, evaluate and manage all risks in conducting our activities, both internally and externally.

Figure 4.2: Risk Management Framework & Process

Risk Identification	Risk Measurement	Risk Analysis & Validation	Risk Analysis & Control	Risk Reporting
<ul style="list-style-type: none"> Periodic risk and limit Nature of business transaction (Investment & Infrastructure) Investment strategy Transaction structuring & funding (Equity & Debt) Risk pricing & return implications Market liquidity Market participants & stakeholders Legal documentation Diversification/hedging strategy Exit strategy 	<ul style="list-style-type: none"> Value at Risk (VaR) – (Estimated expected loss over a holding period) Pre-Trade Governance & Guidelines Authorized Instruments and Focus Sectors Stress Testing & Scenario Analysis (Expected loss in abnormal market condition) Investment return expectations & Non-Statistical measures 	<ul style="list-style-type: none"> Aggregated risk exposure Risk appetite (Executive Management & Board Validation) Changing concentration exposure Correlation of portfolio (return implication) 	<ul style="list-style-type: none"> Quantitative business review Financial business model review New product approval Risk limits 	<ul style="list-style-type: none"> Periodic risk and limit reporting – continuous risk limit monitoring Escalate breach Periodic risk trend Periodic scenario risk reporting Stress test results

Risk Management *continued*

Objectives of Risk Management

The Authority's risk management objectives are to:

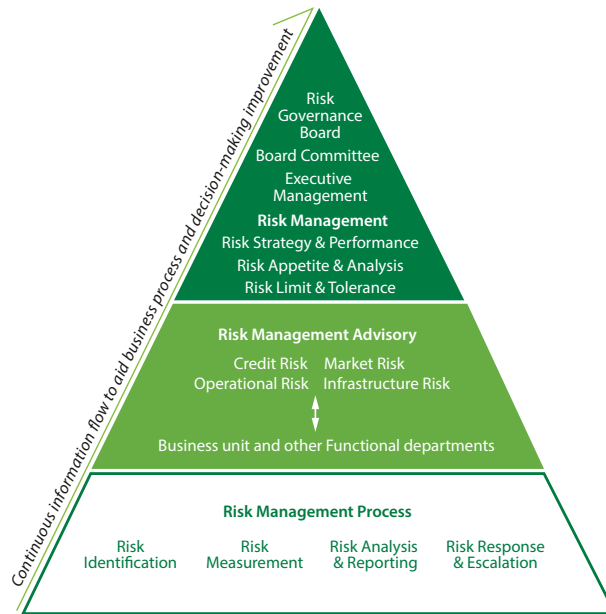
- ensure that all risks facing NSIA are identified and effectively managed and that returns are commensurate with the risks taken;
- protect NSIA against unexpected losses and reduce the volatility of our earnings; and negate any threat to the value of the funds available from NSIA to support the Nigerian people in times of economic stress;
- support the sustainable development of Nigeria's infrastructure by ensuring that the selection of projects is based on careful identification and assessment of inherent risks;
- ensure that the Authority's investment plans are consistent, aligned with the defined risk appetite, and supported by an effective and efficient risk management function;
- optimise the Authority's risk and return trade-offs by ensuring that every member of staff acts as a primary risk manager, while establishing strong risk management protocols complemented by independent review and oversight structures;
- contribute to building a risk-smart workforce and business environment that allows for innovation and responsible risk-taking, while ensuring that cost-effective precautions are taken to protect stakeholders' interest; and
- obtain assurance on the effectiveness of the Authority's risk management processes through comprehensive and regular reporting processes.

Risk Management Governance Structure

Our approach to risk governance balances the demands for growth, control and transparency while supporting our objectives with an efficient decision-making process. Risk management governance starts with our Board, which plays an important role in reviewing and approving risk management policies and practices.

Risk management processes are embedded within the business and executive management regularly advises Board Committees about relevant risk metrics and material exposures within their scope of oversight, which in turn is advised to the Board of Directors as appropriate. Details regarding the composition and main responsibilities of our Board of Directors and the Board Committees regarding risk management oversight are contained in the respective charters.

Figure 4.3: Risk Governance Framework highlighting Risk Management Information flow



At the NSIA, the risk governance framework and end-to-end risk management value proposition is an integrated process underpinned by enterprise-wide management structure

Figure 4.4: Risk Containment framework



Risk Management

Three Lines of Defence

Our risk management framework is based on the 'Three Lines of Defence' model.

First Line of Defence: Fund Managers

All fund managers are charged with the primary responsibility for managing the risks inherent in the various portfolios they manage. In the case of funds managed by external parties, the engaging investment team is responsible for directly monitoring the performance of the external managers and ensuring that they adhere to pre-determined control measures. Processes required to assess, measure and manage risks inherent in all portfolios (whether managed internally or not) are integrated in the activities of the office of the Chief Investment Officer.

Second Line of Defence: Risk Management and Compliance Functions

The second line of defence comprises all units and functions responsible for providing overarching risk oversight at NSIA. As part of its duties, NSIA's risk management team provides independent risk oversight by monitoring and challenging the effectiveness of NSIA's fund management and general operating practices. The risk management team is also tasked with monitoring risks across the entire organisation, ensuring compliance with regulations, established policies and procedures.

Third Line of Defence: Internal Audit

The third line of defence is internal audit. The audit unit's primary responsibility includes assessing and providing independent assurance on the adequacy, appropriateness and effectiveness of NSIA's overall risk management framework, policy and practices.

Risk Appetite

NSIA's risk appetite, articulated by the Board, expresses the level of risk the Authority is willing to accept or tolerate in the achievement of its strategic objectives. NSIA's risk appetite is set at a level that minimises the erosion of earnings or fund value owing to avoidable losses in the Authority's investment transactions, or as a result of fraud and operational inefficiencies. The risk management function periodically recommends specific measures to the Board (or its committees) for approval as may be required.

Executive Management defines the process for setting the risk appetite and makes recommendations to the Board for approval annually or as may be required.

Risk Universe

We have analysed and outlined mitigation steps for risk groups identified across all facets of our operations. These risks include strategic, market, project and liquidity risks. Our strategies for addressing and limiting the impact of the occurrence are as follows:

Figure 4.5: Risk Management Universe



Risk Management *continued*

Investment Risk

Investment Risk Management encompasses assessing, monitoring and managing investment risk at the Authority. The investment risk management portfolio covers: market risk, credit risk, portfolio risk, liquidity risk and infrastructure risk.

Risk Exposure

Figure 4.6: NSIA Risk types across the business

NSIA Risk Exposure				
Infrastructure Risk	Investment Risk	Market Risk	Credit Risk	Operational Risk
<ul style="list-style-type: none"> Commercial Finance Risk Construction & Design Risk Funding & Financial Model Risk Operational & Force Majeure Risk Environmental & Social Risk Demand Offtake Risk Supply chain & Feedstock Risk 	<ul style="list-style-type: none"> Liquid Risk Portfolio Risk Event Risk 	<ul style="list-style-type: none"> Interest rate Foreign Exchange Credit spreads Commodity prices Equity prices 	<ul style="list-style-type: none"> Counterparty default Risk Concentration Risk Credit Ratings Downgrade Risk 	<ul style="list-style-type: none"> Reputational Risk People & System Risk Internal Processes Fraud Political, Legal & Regulatory

Risk Management *continued*

1. Infrastructure Risk

NSIA defines infrastructure risk as the risk of loss to earnings and capital resulting from the occurrence of events that negatively affect the cost of efficiencies, schedule management, quality control, safety, or technical performance of infrastructure projects. NSIA Group's infrastructure project portfolio comprises infrastructure projects in sectors such as power, healthcare, agriculture, motor ways/toll road, gas industrialisation, financial market infrastructure, and technology/innovation. In carrying out investments in projects, the Group is faced with several risk factors.

The Group's infrastructure risk universe includes:

- **Construction risk:** This entails exposure to possible loss in construction arising from issues relating to land acquisition, equipment, nature and delivery of materials, supply chain, safety, sub-contractors and suppliers, labour, weather, natural causes, and rights of way. These risks may arise where the contractor uses poor quality suppliers, or the contractors and sub-contractors are incompetent, leading to poor quality work.

The Group mitigates these risks by ensuring the procurement of an Engineering, Procurement and Construction (EPC) contractor of reputable standing and track record. Furthermore, carrying out proper project planning, monitoring, and budgeting; conducting training for workers and employees on safety management; adhering to safety protocols; and inserting penalty clauses for late deliveries in the contract have proven very useful in mitigating these risks.

- **Design risk:** It is any exposure to possible loss in construction activities arising from insufficient, inaccurate, and incomplete designs, analysis, surveys, and scope. Other causes of these risks are delay in securing approval for construction drawings and concept design, errors in the quantity surveys, errors in method statements leading to delays, and where the design is not feasible, practicable, and flexible. The Group mitigates these risks by procuring a reputable technical adviser/consultant to advise on design and location of the projects concerned.
- **Procurement risk:** Procurement risk relates to the failure of a procurement process designed to purchase services, products, or resources. The Group mitigates this risk by ensuring compliance with the Procurement Policy, and that members of the Procurement/

Bid Evaluation Committee are competent individuals and senior members of staff with sound sense of judgement.

- **Legal and regulatory compliance risks:** Legal risk is the likelihood of financial loss resulting from changes in laws and regulations, and negligence in complying with these laws and regulations. It can also arise from legal and regulatory obligations, contract risks and litigation brought against the Group. Regulatory compliance risk is the potential for the Group or its personnel to violate existing laws and regulations because of insufficient control systems, lack of training, lack of due diligence, and human error. The Group ensures full compliance with the laws and regulations of the Federal Government and State Governments where projects are cited, as failure to do so could potentially expose the Group to a range of consequences, including legal penalties, voided contracts, financial forfeiture, material loss, loss of business opportunities, and reputational damage.
- **Project management risk:** This risk relates to an infrastructure project overrunning its schedule due to poor project management or overrun of its budget due to inaccurate poor estimate, and scope creep. It also covers the possibility and impact of design standards not met during project execution, quality of construction materials and service not meeting expectations. Project management risk also covers provision of technical expertise or technical advisers to manage projects, technical errors of commission and omission. Other risk events are community concerns and protests, delays in relocating powerlines, cables, etc., right of ways issues, legacy debt issues, and issues relating to performance, operation and maintenance, project scoping, scheduling, and communication.

The Group mitigates this category of risk by identifying, assessing, and developing and implementing plans of action to manage it throughout the project's life cycle. We also ensure that the technical consultant engaged to manage the project has requisite expertise and experience.

- **Environmental and social risk:** This risk arises from the environmental and social activities and impact relating to projects. Risk factors could be environmental pollution, noise, ecological damage, loss of biodiversity,

Risk Management *continued*

community protests, and hazardous waste. The Group mitigates this risk by conducting Environmental and Social Impact Assessment (ESIA) studies for all construction projects and engages the relevant Environmental & Safety Authorities at the Federal and State Government levels.

- **Supply chain risk:** This is the probability that issues with suppliers, shipments, and markets will disrupt a business in terms of production, operations, sales, and/or projects. Supply chain risk can crystallise due to shortage of a component/spare parts/raw materials; sanctions imposed on a supplier's country; price increases due to factors such as supply, demand, tariffs, etc.; quality failures such as spare parts/raw materials that do not conform to specifications; late deliveries and lost/damaged packages; and breakdown in supplier relationships.

The Group mitigates this risk by executing Sales and Purchase agreements with reputable suppliers, stating the minimum offtake quantity, and having a pool of multiple potential suppliers of raw materials.

- **Force majeure risk:** This is the risk of unforeseeable circumstances that could prevent or delay a counterparty from fulfilling any obligation under a contract. These unforeseen circumstances may be because of a hostility, act of public enemy, civil commotion, sabotage, act of the State, explosion, epidemic, pandemics, quarantine restriction, strikes and lock outs, fire, floods, other natural calamities, or any other acts of God. When any of these happen, the party in default would provide a notice to the non-defaulting party, and neither party would have any such claims for damages against the other in respect of such non-performance or delay in performance. The terms of the contract would resume as soon as practicable after the force majeure event ceases.

Management of Infrastructure Risk

The NSIA Group adopts a cautious approach to infrastructure risk and avoids investments that are not thoroughly understood, or whose associated risks cannot be reasonably and objectively measured and managed. We proactively manage infrastructure risk by planning, identifying, assessing, mitigating, and controlling the risks to our projects. Key risk indicators have been defined for all infrastructure projects/investments and are

tracked and monitored against their associated risk thresholds. Where there are deviations from the set thresholds, there is an immediate response to address them.

2. Investment Risk

- **Liquidity Risk:** Liquidity risk represents the potential for loss arising from the Authority's inability to meet its current or future commitments in total or when they are due, which could lead to the unplanned sale of securities in order to cover cashflow needs. This risk is exacerbated during times of economic uncertainty, when some investments could be substantially discounted due to lack of demand or market depth.

For the Stabilisation Fund, this risk is mitigated by maintaining a high percentage of liquid short-term assets, with a term to maturity of less than three years.

The Future Generations Fund is designed for the long term and, as such, it holds a high percentage of illiquid long-term assets, such as private equity investments. However, the fund seeks to maintain up to 50% of its assets in instruments redeemable within one year.

There are allocations in the Future Generations Fund and the Nigeria Infrastructure Fund that are yet-to-be deployed. The yet-to-be deployed allocations are held mostly in liquid instruments, limiting the authority's liquidity risk. As the Authority continues to invest in more sophisticated and illiquid products and infrastructure projects, liquidity risk will play a more prominent role. This is especially true for the Infrastructure Fund.

- **Portfolio Risk:** Portfolio risk represents the possibility that an investment portfolio may not achieve its objectives. There are several factors that contribute to portfolio risk. While we take steps to minimise them, they can never be fully eliminated. We monitor portfolio risk using several metrics, including value at risk, exposure limits and scenario analysis to monitor the impact of trades on risk exposures, before the exposure and stress-testing of the portfolio with risk scenarios.

Risk Management *continued*

3. Market Risk

Market risk includes interest rates, exchange rates, capital market and commodity price volatility. The market value of the financial instruments in NSIA is exposed to potential losses as a result of changes in market conditions.

We manage our market risk by diversifying exposures and managing the Authority's asset allocation to balance risk and reward. Risk management produces risk measures and monitors them to ensure that portfolios remain within the risk appetite approved by the Authority's Board. We use a variety of risk measures to estimate the size of potential losses for both moderate and more extreme market moves over short and long-term horizons.

Risk measures used for shorter-term periods include value at risk and sensitivity metrics. For longer-term horizons, our primary risk measures are stress tests.

Our assessment of these risks and their impact on our portfolio are outlined below.

— **Commodity Price Risk:** This results from exposures to changes in spot prices, forward prices and volatilities of commodities, such as grains, metals, crude oil, natural gas etc. At the end of December 2021, approximately 0.54% of the Future Generations Fund had direct exposure to commodities. This was a significant reduction from 3.6% in the preceding year as Jamison Koppenberg, the macro-style commodities manager, closed the fund and returned money to investors. The Authority decided not to replace this commodity manager during the year.

— **Interest Rate Risk:** Interest rate movements directly affect the price of fixed-income instruments.

The Stabilisation Fund is exposed to interest rate risk. The average duration (a measure of the sensitivity of instrument prices to changes in the rates) of the portfolio at the end of 2021 stood at 0.74 years. The Authority has maintained a cautious approach given the uncertain interest rate environment in the US and has constructed a portfolio that is tilted towards the short end of the yield curve with an average duration significantly less than the three-year upper limit set in the Stabilisation Fund's Investment Policy Statement.

— **Equity Price Risk:** This results from exposure to changes in prices and volatilities of individual equities, baskets of equities and equity indices. At the end of December 2021, NSIA had approximately 19% of the Future Generations Fund directly invested in the global equity markets.

— **Currency Rate Risk:** The value of the funds under NSIA management is significantly affected by exchange rate movements resulting from exposure to changes in spot prices, forward prices and the volatilities of currency exchange rates. The effective currency of NSIA is US dollars. However, due to statutory reporting requirements, the reporting currency is Naira. We are, therefore, significantly affected by the Nigerian Naira/US dollar exchange rate.

The Stabilisation, Future Generations and Infrastructure Funds are mostly held in US dollars. This is not expected to change going forward for the Stabilisation Fund and Future Generations Fund. However, we do expect this to change significantly in the Infrastructure Fund, as implementation of the fund mandate progresses. Investments in the Infrastructure Fund are made in US dollars, while returns are primarily expected in Naira, which would increase the currency risk in the Infrastructure Fund over time.

Risk Management *continued*

4. Credit Risk

Credit risk represents the potential for loss due to the default or deterioration in credit quality of a counterparty, an issuer of securities or other instruments we hold. Our credit risk exposures are limited to deposits with banks and our holdings of fixed income securities. We have defined our counterparty risk limits with Nigerian banks and discount houses and use this as a guide to manage our credit risk exposures to these counterparties.

- **Portfolio Risk:** Portfolio risk represents the possibility that an investment portfolio may not achieve its objectives. There are a number of factors that contribute to portfolio risk. While we take steps to minimise them, they can never be fully eliminated. We monitor portfolio risk using a number of metrics, including value at risk, exposure limits, scenario analysis to monitor the impact of trades on risk exposures prior to exposure, and stress-testing of portfolio with risk scenarios.

5. Operational Risk

NSIA defines operational risk as the risk of loss or other outcome arising as a result of failed or inadequate internal processes, people, systems, or external factors that are outside NSIA's control.

NSIA has adopted the use of three key framework methodologies and tools, namely: Risk and Control Self-Assessment Process, Risk Events and Incident Management, and Key Risk Indicator Monitoring. These frameworks aid the Authority in monitoring and reporting on operational risks run by NSIA.

Operational Risk Management

Operational Risk Management Strategy

NSIA defines operational risk as the risk of loss, or other outcome arising from failed or inadequate internal processes, people, systems or external factors. The trigger for these may be within or outside NSIA's control. The central idea determining how the Authority manages its operational risk is to have a clear understanding of the operational risk events that may occur and to design and implement processes, activities and controls that can prevent, or mitigate, the effects of such events. Operational risk failures have been responsible for several well-publicised losses among fund managers with operations like ours, meaning that we closely monitor all operational risk exposures.

To achieve our broad operational risk objectives, NSIA ensures that:

- i. All operational risk management policies and procedures are documented and reflect leading practices.
- ii. Roles and responsibilities are communicated, agreed and clearly understood by all members of staff.
- iii. Potential operational risk exposures arising from new outsourcing arrangements, infrastructure projects, external portfolio arrangements, and investments in new asset classes or Special Purpose Vehicles, are monitored and managed.
- iv. All members of staff receive operational risk training appropriate to their role and level of responsibility.

NSIA's operational risk management objectives are to:

The objectives of NSIA's operational risk management are to:

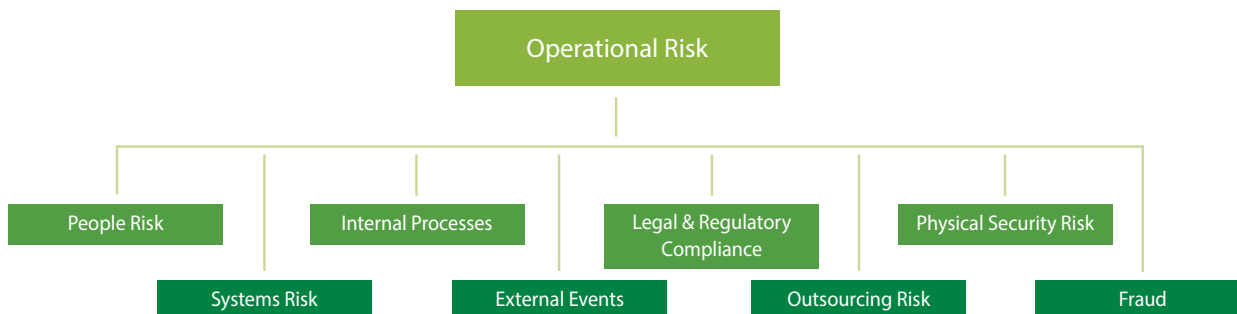
- i. Establish and instil a proactive operational risk management culture among all staff.
- ii. Minimise losses arising from operational risk events.
- iii. Provide early warning signals of any deterioration in the internal control system.
- iv. Ensure operations run smoothly.
- v. Ensure that operations are conducted in accordance with applicable local and international regulations and requirements.

Operational Risk Management *continued*

Scope of the Operational Risk Management Framework

We have defined eight key operational risk categories, as depicted in the structure chart below, for more detailed and effective management.

Figure 4.7: Operational Risk Management Structure



Operational risk in NSIA is categorised as follows:

- i. **Internal Process Risk:** The risk of a breakdown in processes as a result of either a complete absence, inadequacy, or failure of controls embedded in NSIA's operations. Examples of Internal Process Risk include deficiencies in monitoring the performance of portfolio managers, over-reliance on the representation of external resource providers and failure in transactions or payments processes.
- ii. **People Risk:** The risk of operational failure driven specifically by factors attributable to human behaviour, as well as inadequate resourcing or recruitment processes supporting the business. Negligence, intentional circumvention of established controls and key-man risk all fall into this category.
- iii. **System Risk:** The risk that physical infrastructure, models, or other tools used by the NSIA are inadequate for the proper running of its activities. Examples of system risks include power failures, slow or failed internet connection that impedes trade execution, data theft, theft/damage of hardware/equipment, virus attacks, etc.
- iv. **External Risk:** This group includes risks brought about by events that are outside of the NSIA's control, but which can have a material impact on its objectives. They include unfavourable political events, an unstable political landscape, major changes in domestic/international legal or regulatory structures, natural disasters, terrorism, etc.

- v. **Legal & Regulatory Compliance:** This is NSIA's potential exposure to legal penalties, financial forfeiture and material loss, resulting from its failure to act in accordance with relevant laws and regulations, internal policies or best practices.
- vi. **Physical Security Risk:** Risk to personnel, hardware, software, networks and data from actions and events that could cause serious loss or damage, such as fire, burglary, theft and vandalism.
- vii. **Outsourcing Risk:** The risk to NSIA as a result of non-performance, or poor performance, by a service provider transferred under an outsourcing arrangement.
- viii. **Fraud:** The risk of unexpected financial, material or reputational loss as a result of fraudulent action by people internal or external to NSIA.

We manage our operational risk through:

- The active participation of all employees in proactively identifying and mitigating key operational risks.
- Instituting appropriate policies and procedures in compliance with applicable local and international standards and implementing controls designed to prevent operational risk events occurring.
- Independent monitoring of operational risk indicators and profiles. Our end goal is to provide early warning signals of any deterioration in our internal control system and, ultimately, to minimise and eliminate any negative financial or non-financial impact on our business where possible.

Financial Risk Management

Financial Risk

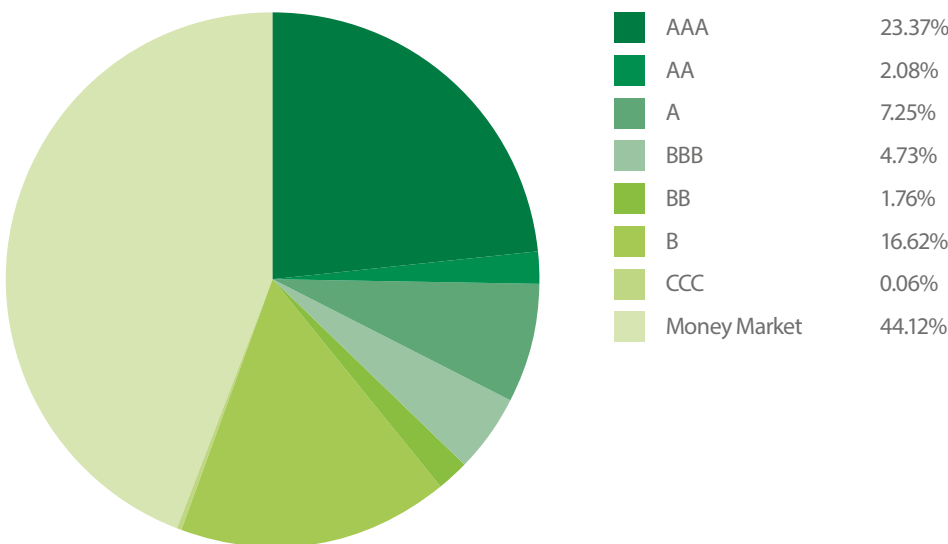
Financial risk entails potential losses from counterparty credit, adverse movements in foreign currency rates, portfolio volatility, equity and commodity prices.

Credit Risk: Credit risk arises with a potential loss in the event of default, deterioration or change in the credit profile or quality of a client, counterparty, customer, or issuer of fixed income securities. The Authority's credit risk exposures are limited to deposits with banks and corporate bond instruments, commercial paper, loans, debt and credit to corporate institutions.

We manage and monitor credit risk using set risk acceptance criteria and guidelines and monitor credit exposure limits and concentration risk and internal rating processes, to assign risk scores and ratings to financial institutions, corporate entities, and project finance and structured purpose vehicle entities for infrastructure debt investments.

As credit profile and quality change with corresponding counterparty rating downgrades or upgrades as default risk changes, we monitor credit spread movements and the impact on credit portfolio exposure.

Figure 4.8: A snapshot of the credit risk profile of NSIA's Stabilisation Fund is shown below:



Financial Risk Management *continued*

Market Risk: Market risk is the possibility that an investment portfolio may not achieve its objectives because of shifting market parameters, which include interest rates, foreign exchange, commodities and equity prices. While there are several factors that contribute to portfolio market risk, we can take steps to minimise them, but they can never be fully eliminated.

In addition to reviewing market data, economic research, and risk analysis to keep abreast of changing market conditions and to gauge the NSIA's risk exposure, we also use pre-trade governance and investment policy for authorised instruments, focus sectors, and areas of interest. Further, we assess investment performance expectations; MTM reviews and valuation trend analysis; value at risk and expected loss over a specific holding period; stress testing; and scenario

analysis to monitor the impact of trades on the portfolio's risk exposure, using risk scenarios in abnormal and stressed market conditions.

The risk assessment of private equity, venture capital and hedge fund counterparties is based on multiple factors, including governance, competence, capacity, performance track record considering the nature of the investment, sector/country/political risk, and market and economic conditions.

Interest Rate Risk: This risk arises from changes in interest rate, yield curve and volatility of the interest rates as key indicators such as inflation, interest rate levels generally, Fed stimulus packages, debt levels, GDP, jobs, consumer demand, economy, market conditions and business environment change.

Figure 4.9: Investment Duration Distribution of NSIA Stabilisation Fund

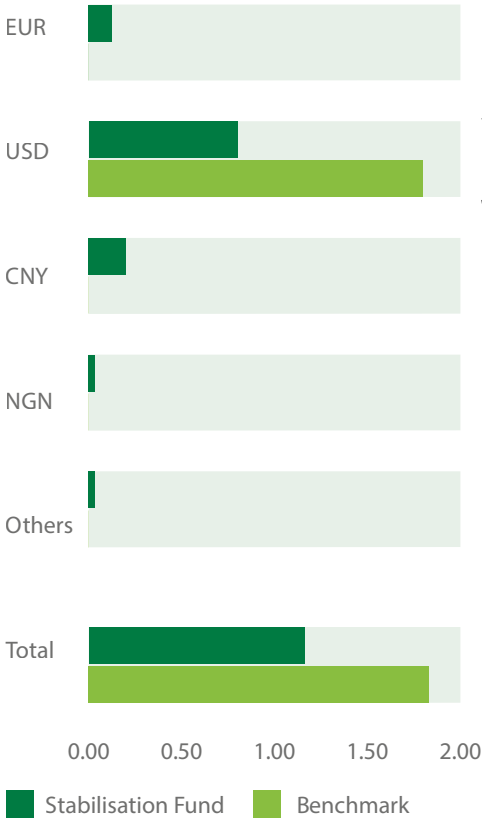


Financial Risk Management *continued*

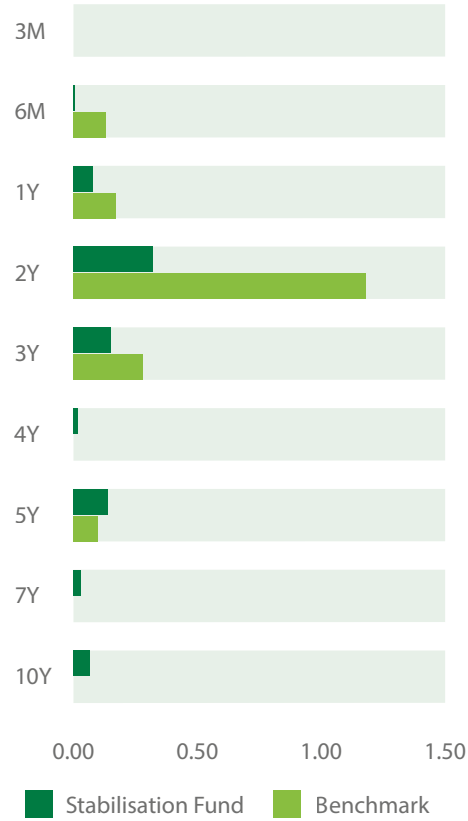
Figure 5.0: NSIA Stabilisation Fund Interest rate Portfolio Duration to Benchmark

Overview – 31 Dec 2021

Duration Contribution

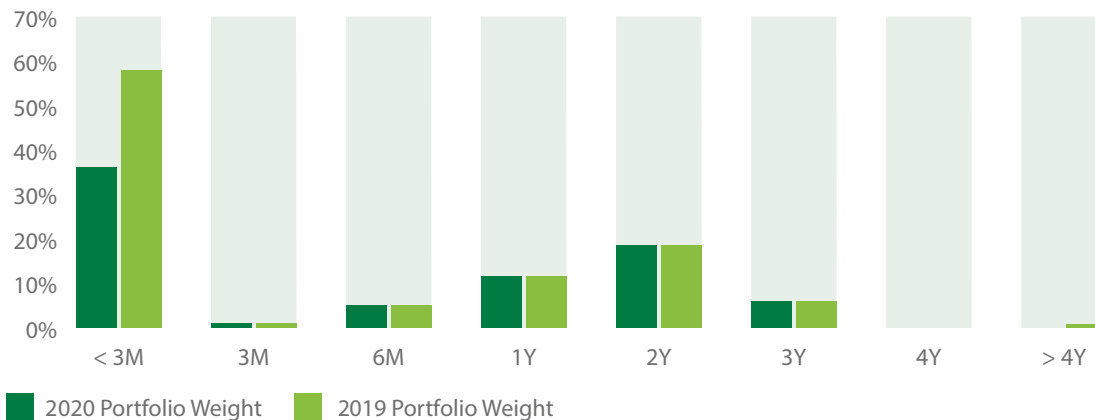


USD Key Rate Durations



- Major interest rate risk: in USD and in the short buckets, 1 to 3 years
 - Significantly lower risk as compared to the benchmark (1.2 vs 1.8Y duration)
- Focus on managing short-term USD interest rate risk

Figure 5.1: Investment Duration Distribution



Financial Risk Management *continued*

Equity Price Risk: This relates to the change in prices and volatility of individual equities, equity baskets (ETF), equity indices (FTSE 100, S&P 500, Dow Jones Industrial, MSCI Index, Nasdaq Composite) hedge funds, private equity, and venture capital valuation adjustment. We mitigate this risk by ensuring the portfolio and funds are well diversified by investment themes, lifestyle, products, sector, industry, and the use of derivatives (Forwards, Futures, Options and Swaps) as a hedging instrument.

Commodity Price Risk: This relates to volatility and changes in the price of crude oil, natural gas, fertiliser, electricity, steel, precious and base metals which can result in financial loss. Factors that can influence commodity prices include consumer demand, producer supply, geopolitical factors, war, sanctions, seasons, weather, technology, market conditions and supply disruptions.

NSIA mitigates this risk by purchasing upfront, entering sales and purchase contracts and using hedging instruments such as Forwards, Futures, Options and Swaps and options contracts.

Liquidity Risk: Liquidity risk represents the potential for loss arising from the Authority's inability to meet its current or future commitments in total, or when they are due, which could lead to the unplanned sale of securities to cover cash flow needs. This risk is exacerbated in times of stressed market conditions and economic downturn; when some investments are not actively traded; illiquid or lack of market price information because of substantially discounted instruments; and lack of demand.

The liquidity risk is mitigated in the Stabilisation Fund by maintaining a high percentage of liquid, short-term fixed deposit assets and high-quality US government treasury instruments with a term to maturity of not more than three years. The Future Generations Fund is designed for the long term and holds a high percentage of illiquid long-term assets, such as private equity investments, but the fund portfolio includes fixed deposit and exchange-traded liquid equity instruments.

There are allocations in the Future Generations Fund and the Nigeria Infrastructure Fund, held mostly in liquid instruments to limit the Authority's liquidity risk, that are yet to be deployed. Liquidity risk will feature more prominently as NSIA continues to invest in more sophisticated and illiquid products and infrastructure projects. This is particularly true of the Nigeria Infrastructure Fund.

A Decade of Stewardship

An aerial photograph of a large-scale agricultural and industrial complex. The foreground shows a large, rectangular, white-covered storage tank. To its right, there are several large, cylindrical metal silos. In the middle ground, there are various structures, including a large green-roofed building, and several pieces of heavy machinery, possibly tractors or harvesters, parked in a dirt area. The background features a mix of green fields and some residential or smaller industrial buildings. The overall scene depicts a well-developed farm or processing plant.

After a decade of operation, the Authority is more enthusiastic, optimistic, and passionate than ever to serve our stakeholders, deliver value to the Nigerian people, and contribute to Nigeria's emergence as a global economic powerhouse. As we reflect on our accomplishments, we find impetus to deliver more on our mandate as citizens enjoy the socio-economic benefits of our investments. Our tenth anniversary marks exceptional performance standards, ability to strive for excellence, and strong value delivery across our focal sectors.

Pandagric Novum, a NSIA-UFF co-owned farm, operates over 3500 ha of farmland, a feed mill (maize and oil mills) and 75,000 tons of storage infrastructure. The project is due for commissioning in 2022.



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General Information

Board of Directors	Mr Farouk Mohammed Gumel ¹ Mr Uche Orji Mr Aminu Umar-Sadiq Mrs Stella Ojekwe-Onyejeli ³ Mr Babatunde Sobamowo ¹ Mr Isiekwena Ikemefuna Louis ¹ Mr Ali Gona Kadugum ¹ Mr Oniyangi Kabir Sulaiman ¹ Dr Ogechi Paschal-Ejiogu ⁵ Mr Olajide Zeitlin ² Mr Urum Kalu Eke, MFR ² Ms Halima Buba ² Mr Ike Chioke ⁴ Mr Asue Ighodalo ² Mr Bello Maccido ² Ms Lois Laraba Machunga-Disu ²	Chairman Managing Director Executive Director Executive Director Non-executive Director Non-executive Director Non-executive Director Non-executive Director Non-executive Director Non-executive Director Chairman Non-executive Director Non-executive Director Non-executive Director Non-executive Director Non-executive Director Non-executive Director
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1 New Board member inaugurated on 1 September 2021.

2 Retired from the Board in May 2021.

3 Retired from the Board on 16 October 2021.

4 Appointed to the Board on 1 September 2021 but resigned by 20 September 2021.

5 New Non-executive Director appointed in January 2022.

Registered office	The Clan Place 4th Floor, Plot 1386A Tigris Crescent Maitama Abuja
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Auditor	PricewaterhouseCoopers Landmark Towers 5B Water Corporation Road Victoria Island Lagos
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Secretary to the Authority	Mrs Ezinwa Okoroafor
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Fund custodians	JP Morgan Chase & Co (Global Custodian) 25 Bank Street Canary Wharf London, E14 5JP United Kingdom
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Stanbic IBTC Bank Limited (Local Custodian)
IBTC Place
2, Walter Carrington Crescent
Victoria Island
Lagos, Nigeria

Directors' Report

1. Financial statements

The directors of the Authority present their yearly report on the affairs of Nigeria Sovereign Investment Authority ("NSIA"), together with the financial statements of the Authority and the subsidiaries (known as "the Group") and independent auditor's report for the year ended 31 December 2021.

2. Principal activities

The Authority was established by the Nigeria Sovereign Investment Authority (Establishment etc.) Act, 2011 to manage excess funds from the country's sale of crude oil. This is performed through three (3) funds; Stabilisation Fund (SF), Nigeria Infrastructure Fund (NIF) and the Future Generation Fund (FGF). The Authority commenced operations in October 2012.

There have been no material changes to the nature of the Group's business from the prior year.

3. Operating results

The following is a summary of the Group and Authority's operating results for the year:

	Group 31 December 2021 N'000	Authority 31 December 2021 N'000	Group 31 December 2020 N'000	Authority 31 December 2020 N'000
Interest and investment income	43,908,932	42,652,932	51,478,064	53,476,528
Net gain on financial assets	56,913,252	56,464,806	58,094,087	60,358,759
Net foreign exchange gain	45,774,912	45,800,056	51,214,487	50,771,621
Investment management and custodian fees	(1,406,810)	(1,244,122)	(1,195,903)	(1,043,577)
Impairment (charge)/write back on financial assets	544,789	(342,008)	(744,867)	(1,106,280)
Profit from infrastructure subsidiaries investments	1,431,245	–	569,161	–
Other income	4,305,732	4,259,916	1,712,546	1,629,861
Operating and administrative expenses	(6,971,632)	(4,976,463)	(6,801,111)	(4,647,646)
Interest expense	(3,058)	(3,058)	(2,491)	(2,491)
Share of profit of investments accounted for using the equity method	4,038,065	–	2,158,747	–
Profit before taxation	148,535,427	142,612,059	156,482,720	159,436,775
Total comprehensive income for the year	146,979,136	142,953,067	160,062,088	161,374,611

NSIA and its Sustainability Outlook

There has been a global push since the end of the 20th century to improve the world's focus on the environment by employing both social and regulatory elements; to get institutions and people to act before reaching a critical tipping point. Environmental, Social, and Governance ("ESG") as a concept was crystallised in 2000 by the UN Global Compact, a sustainability framework. The goal of the framework was to discover ways to integrate ESG into financial and capital markets. It was expected that by embedding ESG factors into financial markets, it would lead to more viable markets, healthier governance, and improved societal outcomes. This was followed by initiatives such as the UN Sustainable Development Goals in 2015, and The Paris Climate Agreement in 2016 – all executed with the overarching aim to thwart 'dangerous' human interference with the environment and promote sustainability.

A focus on Climate Change and its Impact on Nigeria

Our planet is on the clock as climate change is becoming an existential threat requiring immediate action. According to climate change experts, continuing the current track of emissions is already starting to lead to further devastating consequences which will have long-term effects on how we live. Nigeria is already seeing the adverse impacts of climate change: extreme heat affecting millions, rising sea levels, erosion, and variable rainfalls. A 2013 report on low-carbon development by the World Bank projected that continuing the current emission trajectory will lead to a two-fold increase of Greenhouse Gases (GHGs) emissions by 2035. Emissions in Nigeria by year 2035 are expected from the power sector (56%), transport sector (28%), the oil & gas sector (12%) and agriculture and land use (4%).

In line with the Paris Agreement signed in 2015 and the Nationally Determined Contribution (NDC) submitted by Nigeria to the United Nations Framework Convention on Climate Change (UNFCCC), Nigeria has pledged to reduce its Greenhouse Gases (GHGs) emissions by 20% by 2030. Nigeria aims to meet its set emission targets while unlocking significant environmental and economic benefits by ending gas flaring by 2030, introduction of Off-grid Solar Photovoltaics (PV), efficient gas generator, overall improvements in the electricity grid, innovative shifts in transportation, and climate smart agriculture and reforestation.

Directors' Report

Continued

It is believed that organisations and institutions which can shift their focus from maximising shareholder value to value creation for all stakeholders will be able to achieve long-term sustainability and that ESG mismanagement could lead to serious financial costs and reputational damage. Conversely, successfully managing ESG factors is an effective means to optimise risk management and safeguard the value of underlying assets. Hence, at Nigeria Sovereign Investment Authority (NSIA), we are aware of the impact of sustainable financing in the advancement of economic growth and development and through our investments under the Nigeria Infrastructure Fund ("NIF"), the Future Generations Fund ("FGF") and the Stabilisation fund ("SF"), have contributed towards the attainment of certain sustainable development goals for Nigeria.

NSIA ESG Strategy

NSIA has three (3) primary approaches for considering ESG issues and these are being executed through our institutional activities, investment process, and partnerships. By way of current institutional practice, NSIA invested in Microsoft dynamics 365 which is an ERP software that allows interdepartmental engagements in an eco-friendly manner and promote Covid-friendly working environment by adopting Covid-friendly contactless, role-based access control into its offices. As an improvement-driven organisation, we shall continue to develop innovative methods to enhance our environmental, social, and economic performance through procurement, IT, Human Resources, etc evolving ESG policies, place greater focus on recycling and use of recycled material, and enhance adoption of eco-friendly technology. This will include a smart building management system, including eco-friendly heating, ventilation, and air conditioning (HVAC). Additionally, NSIA currently incorporates ESG in its investment process executed through an institutionalised policy across the value chain and actively seek partnerships with ESG conscious organisations such as IFC, AFDB, United Nations, World Bank, and others. NSIA for instance, joined the "One Planet Sovereign Wealth Fund Initiative" (OPSWF) – launched to accelerate the integration of climate change analysis into the management of large, long-term, and diversified asset portfolios.

The Authority will continue to take steps to build a sustainable organisation by being accountable for reducing and reporting its own carbon footprint.

4. Objective

NSIA is an autonomous entity established under the laws of the Federal Republic of Nigeria with broad mandates to:

- a) enhance the development of Nigerian infrastructure;
- b) provide stabilisation support in times of economic stress; and
- c) carry out such other activities as may be related to the above objects.

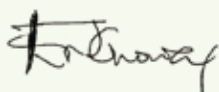
5. Governance and management

The Act establishes a Governing Council (the Council) for the Authority. The Council comprises the following:

- a) The President of Nigeria (who may be represented by the Vice-President);
- b) Governors of Nigeria's thirty-six states; and
- c) Eighteen other appointees, including:
 - (i) Attorney-General of the Federation;
 - (ii) Minister of Finance;
 - (iii) Minister in charge of the National Planning Commission.

6. Employee health, safety and environment

The Authority enforces strict health and safety rules and practices in the work environment, which are reviewed and tested regularly. The Authority provides medical insurance for its employees through designated hospitals and clinics. Fire prevention and fire-fighting equipment are installed at strategic locations within the Authority's premises.



Mrs Ezinwa Okoroafor
General Counsel
FRCN/2016/NBA/00000015045

Statement of Directors' Responsibilities

In relation to the consolidated and separate financial statements for the year ended 31 December 2021:

The Nigeria Sovereign Investment Authority Act requires the preparation of consolidated and separate financial statements for each financial year that give a true and fair view of the state of financial affairs of the Authority and the Group at the end of the year and of its profit or loss. The responsibility includes:

- a. ensuring that the Authority and the Group keep proper accounting records that disclose, with reasonable accuracy, the financial position of the Authority and the Group and comply with the requirements of the Nigeria Sovereign Investment Authority Act;
- b. designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error; and
- c. preparing the Authority and the Group's financial statements using suitable accounting policies supported by reasonable and prudent judgements and estimates that are consistently applied.

The directors accept responsibilities for the annual consolidated and separate financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Financial Reporting Standards and the requirements of the Nigeria Sovereign Investment Authority Act.

The directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Authority and the Group and of its profit or loss. The directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

Nothing has come to the attention of the directors to indicate that the Authority will not remain a going concern for at least twelve months from the date of this statement.



Mr Farouk Gumel
Chairman
FRC/2021/003/00000024209



Mr Uche Orji
Managing Director
FRC/2014/IODN/00000007036



Independent Auditor's Report

To the Members of Nigeria Sovereign Investment Authority

Report on the audit of the consolidated and separate financial statements

Our opinion

In our opinion, the consolidated and separate financial statements give a true and fair view of the consolidated and separate financial position of Nigeria Sovereign Investment Authority ("the Authority") and its subsidiaries (together "the group") as at 31 December 2021, and of their consolidated and separate financial performance and their consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Nigeria Sovereign Investment Authority Act and the Financial Reporting Council of Nigeria Act.

What we have audited

Nigeria Sovereign Investment Authority's consolidated and separate financial statements comprise:

- the consolidated and separate statements of comprehensive income for the year ended 31 December 2021;
- the consolidated and separate statements of financial position as at 31 December 2021;
- the consolidated and separate statements of changes in equity for the year then ended;
- the consolidated and separate statements of cash flows for the year then ended; and
- the notes to the consolidated and separate financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated and separate financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards), i.e. the IESBA Code issued by the International Ethics Standards Board for Accountants. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Other information

The directors are responsible for the other information. The other information obtained at the date of this auditor's report are the General Information, the Directors Report, Statement of Directors' Responsibilities, Value Added Statement and Five-Year Financial Summary, but does not include the consolidated and separate financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors and those charged with governance for the consolidated and separate financial statements

The directors are responsible for the preparation of the consolidated and separate financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the requirements of the Nigeria Sovereign Investment Authority Act, the Financial Reporting Council of Nigeria Act, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

PricewaterhouseCoopers Chartered Accountants, Landmark Towers 5B Water Corporation Road, Victoria Island, Lagos, Nigeria.



Independent Auditor's Report

To the Members of Nigeria Sovereign Investment Authority *continued*

Auditor's responsibilities for the audit of the consolidated and separate financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated and separate financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Patrick Obianwa

For: PricewaterhouseCoopers
Chartered Accountants
Lagos, Nigeria



19 May 2022

Engagement Partner: Patrick Obianwa
FRC/2013/ICAN/0000000880

Statement of Comprehensive Income

For the year ended 31 December 2021

	Note(s)	Group 31 December 2021 ₦'000	Group 31 December 2020 ₦'000	Authority 31 December 2021 ₦'000	Authority 31 December 2020 ₦'000
Interest income on financial assets at amortised cost	9	5,658,521	5,776,966	5,591,884	6,263,822
Investment income	10	4,542,169	2,943,576	3,352,806	4,455,184
Interest income on financial assets at FVTPL	11	33,708,242	42,757,522	33,708,242	42,757,522
Net gain on financial assets at FVTPL	12	56,913,252	58,094,087	56,464,806	60,358,759
Net foreign exchange gain	13	45,774,912	51,214,487	45,800,056	50,771,621
Total operating income		146,597,096	160,786,638	144,917,794	164,606,908
Investment management fees		(1,218,136)	(1,077,746)	(1,055,765)	(927,775)
Local custodian fees		(44,264)	10,732	(43,947)	10,732
Global custodian fees		(144,410)	(128,889)	(144,410)	(126,534)
Total investment management and custodian fees		(1,406,810)	(1,195,903)	(1,244,122)	(1,043,577)
Impairment (charge)/write back on financial assets	14	544,789	(744,867)	(342,009)	(1,106,280)
Total operating profit		145,735,075	158,845,868	143,331,664	162,457,051
Infrastructure operating revenue	15	2,007,165	759,291	–	–
Infrastructure operating expenses	16	(575,920)	(190,130)	–	–
Operating profit/(loss) from infrastructure subsidiaries		1,431,245	569,161	–	–
Other income	17	4,305,732	1,712,546	4,259,916	1,629,861
Depreciation and amortisation	18	(918,759)	(568,926)	(303,857)	(244,289)
Operating and administrative expenses	19	(6,052,873)	(6,232,185)	(4,672,606)	(4,403,357)
Interest expense	20	(3,058)	(2,491)	(3,058)	(2,491)
Share of profit of investments accounted for using the equity method	27	4,038,065	2,158,747	–	–
Profit before tax from continuing operation		148,535,427	156,482,720	142,612,059	159,436,775
Taxation	31.3	(1,743)	(12,417)	–	–
Profit for the year from continuing operations		148,533,684	156,470,303	142,612,059	159,436,775
Loss from discontinued operations	26.2	5,026,703	–	–	–
Profit for the year		153,560,387	156,470,303	142,612,059	159,436,775
Other comprehensive income:					
Other comprehensive income that may be reclassified to profit or loss in subsequent periods (net of tax):					
Share of other comprehensive income of associates and joint ventures	27	(210,446)	147,586	–	–
Exchange differences on translating foreign operations		(7,460,048)	2,522,083	–	–
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods (net of tax):					
Net gain/(loss) on equity instruments designated at fair value through other comprehensive income		1,089,243	922,116	341,008	1,937,836
Net other comprehensive income		(6,581,251)	3,591,785	341,008	1,937,836
Total comprehensive income for the year		146,979,136	160,062,088	142,953,067	161,374,611
Profit attributable to:					
Owners of NSIA		153,617,292	156,536,290	142,612,059	159,436,775
Non-controlling interest		(56,905)	(65,987)	–	–
		153,560,387	156,470,303	142,612,059	159,436,775
Total comprehensive income attributable to:					
Owners of NSIA		147,036,041	160,128,075	142,953,067	161,374,611
Non-controlling interest		(56,905)	(65,987)	–	–
		146,979,136	160,062,088	142,953,067	161,374,611

The accompanying notes on pages 78 to 158 form an integral part of these consolidated and separate financial statements.

Statement of Financial Position

As at 31 December 2021

	Note(s)	Group 31 December 2021 N'000	Group 31 December 2020 N'000	Authority 31 December 2021 N'000	Authority 31 December 2020 N'000
Assets	21	269,602,956	145,257,520	268,782,415	144,447,965
Cash and cash equivalents	22	571,633,505	569,376,444	536,385,478	544,423,629
Investment securities	23	15,467,411	1,440,792	16,850,542	3,243,527
Restricted balances and other assets	24	340,764,438	162,270,572	362,353,574	218,908,170
Inventories	25	142,746	152,549	-	-
Investment in subsidiaries	26	-	-	9,000	895,797
Investments accounted for using the equity method	27	24,680,009	19,371,487	12,278,115	10,614,990
Right-of-use asset	28	251,270	202,222	73,414	13,421
Property and equipment	29	5,161,049	5,431,209	513,481	475,253
Intangible assets	30	125,695	213,544	84,820	121,284
		1,227,829,079	903,716,340	1,197,330,839	923,144,036
Assets classified as held for sale	26.2	-	78,064,684	-	-
Total assets		1,227,829,079	981,781,024	1,197,330,839	923,144,036
Liabilities					
Other liabilities	31	308,102,429	159,824,323	288,009,644	156,775,908
Liabilities directly associated with assets classified as held for sale	26.2	-	49,209,187	-	-
Total liabilities		308,102,429	209,033,510	288,009,644	156,775,908
Equity					
Equity attributable to equity holders of parent					
Contribution by Government	32.0	347,375,000	347,375,000	347,375,000	347,375,000
Retained earnings	32.1	567,617,909	414,000,617	556,236,854	413,624,795
Fair value reserve	32.2	5,889,638	5,010,841	5,709,341	5,368,333
Foreign currency translation reserve	32.3	(1,030,107)	6,429,941	-	-
		919,852,440	772,816,399	909,321,195	766,368,128
Non-controlling interest	32.4	(125,790)	(68,885)	-	-
		919,726,650	772,747,514	909,321,195	766,368,128
Total equity and liabilities		1,227,829,079	981,781,024	1,197,330,839	923,144,036

Signed on behalf of the Board of Directors on 19 May 2022 by:



Mr Farouk Gumel
Chairman
FRC/2021/003/00000024209



Mr Uche Orji
Managing Director
FRC/2014/IODN/00000007036

Additionally certified by:



Mrs Olubisi Makoju
Financial Controller
FRC/2014/ICAN/00000005765

The accompanying notes on pages 78 to 158 form an integral part of these consolidated and separate financial statements.

Statements of Changes in Equity

For the year ended 31 December 2021

	Group Contribution by Government N'000	Group Foreign currency translation reserve N'000	Group Fair value reserve N'000	Group Retained earnings N'000	Group Non-controlling interest N'000	Group Total equity N'000
Balance at 1 January 2020	280,662,500	3,907,858	3,941,139	291,026,827	(2,898)	579,535,426
Profit for the year	-	-	-	156,536,290	(65,987)	156,470,303
Currency translation differences	-	2,522,083	-	-	-	2,522,083
Fair value change in equity instruments classified as FVOCI	-	-	922,116	-	-	922,116
Share of other comprehensive income of associates and joint venture	-	-	147,586	-	-	147,586
Total other comprehensive income for the year	-	2,522,083	1,069,702	-	-	3,591,785
Additional contribution by Government	90,000,000	-	-	-	-	90,000,000
Capital return to the Government	(56,850,000)	-	-	-	-	(56,850,000)
Exchange differences on translating return of capital	33,562,500	-	-	(33,562,500)	-	-
Total comprehensive income for the year	66,712,500	2,522,083	1,069,702	122,973,790	(65,987)	193,212,088
Balance at 31 December 2020	347,375,000	6,429,941	5,010,841	414,000,617	(68,885)	772,747,514
Balance at 1 January 2021	347,375,000	6,429,941	5,010,841	414,000,617	(68,885)	772,747,514
Profit for the year	-	-	-	153,617,292	(56,905)	153,560,387
Currency translation differences	-	(7,460,048)	-	-	-	(7,460,048)
Fair value change in equity instruments classified as FVOCI	-	-	1,089,243	-	-	1,089,243
Share of other comprehensive income of associates and joint venture	-	-	(210,446)	-	-	(210,446)
Total other comprehensive income for the year	-	(7,460,048)	878,797	-	-	(6,581,251)
Total comprehensive income for the year	-	(7,460,048)	878,797	153,617,292	(56,905)	146,979,135
Balance at 31 December 2021	347,375,000	(1,030,107)	5,889,638	567,617,909	(125,790)	919,726,650

The accompanying notes on pages 78 to 158 form an integral part of these consolidated and separate financial statements.

	Authority Contribution by Government N'000	Authority Fair value reserve N'000	Authority Retained earnings N'000	Authority Total equity N'000
Balance at 1 January 2020	280,662,500	3,430,497	287,750,520	571,843,517
Profit for the year	-	-	159,436,775	159,436,775
Fair value change in equity instruments classified as FVOCI	-	1,937,836	-	1,937,836
Total other comprehensive income for the year	-	1,937,836	-	1,937,836
Additional contribution by Government	90,000,000	-	-	90,000,000
Capital return to the Government	(56,850,000)	-	-	(56,850,000)
Exchange difference on translating return of capital	33,562,500	-	(33,562,500)	-
Total comprehensive income for the year	66,712,500	1,937,836	125,874,275	194,524,611
Balance at 31 December 2020	347,375,000	5,368,333	413,624,795	766,368,128
Balance at 1 January 2021	347,375,000	5,368,333	413,624,795	766,368,128
Profit for the year	-	-	142,612,059	142,612,059
Fair value change in equity instruments classified as FVOCI	-	341,008	-	341,008
Total other comprehensive income for the year	-	341,008	-	341,008
Total comprehensive income for the year	-	341,008	142,612,059	142,953,067
Balance at 31 December 2021	347,375,000	5,709,341	556,236,854	909,321,195

The accompanying notes on pages 78 to 158 form an integral part of these consolidated and separate financial statements.

Statements of Cash Flows

For the year ended 31 December 2021

Note(s)	Group 31 December 2021 ₦'000	Group 31 December 2020 ₦'000	Authority 31 December 2021 ₦'000	Authority 31 December 2020 ₦'000
Cash flow from operating activities				
Profit/(loss) before income tax	148,535,427	156,482,720	142,612,059	159,436,775
Profit/(loss) from discontinued operations	26.2 5,026,703	–		
Profit before income tax including discontinued operations	153,562,130	156,482,720	142,612,059	159,436,775
Adjustments to reconcile profit/(loss) before tax to net cash flow from operating activities:				
Depreciation of PPE and right-of-use assets	18 819,938	507,923	267,394	214,839
Amortisation of intangible assets	18 98,820	61,003	36,464	29,450
Impairment of goodwill	19 –	1,227,773	–	–
Interest income	9&11 (6,430,320)	(6,239,972)	(6,363,683)	(6,889,108)
Investment income	10 (4,542,169)	(2,943,576)	(3,352,806)	(4,455,185)
Interest income on open market operation bills	11 (32,936,443)	(41,932,636)	(32,936,443)	(41,932,636)
Unrealised gain/(loss) on financial instruments at FVTPL	12.1 (37,347,014)	(56,075,992)	(36,898,568)	(58,340,664)
Subsidy from Federal Government of Nigeria on cost differential on fertiliser sales	–	(15,125,505)	–	–
Impairment charge/(write-back)	14 (544,788)	579,732	342,010	1,106,281
Interest expense	20 3,058	3,382,190	3,058	2,491
Share of profit from associate and joint venture	27 (4,038,065)	(2,158,747)	–	–
Benefit from below market loan	–	(2,453,484)	–	–
Net exchange difference	13 (45,774,912)	(1,142,480)	(45,800,056)	(2,204,594)
Movements in operating assets/liabilities:				
Inventories	25 9,803	4,463,097	–	–
Other assets	24 (104,583,664)	(147,612,315)	(137,891,938)	(147,011,722)
Other liabilities	31 99,080,420	152,039,991	131,288,678	129,829,847
Cash (used) in/generated from operations	17,376,794	43,059,722	11,306,167	29,785,774
Tax paid	31.3 (1,743)	(12,417)	–	–
Net cash used in/from operating activities	17,375,051	43,047,305	11,306,167	29,785,774
Cash flows from investing activities				
Purchase of property and equipment	29 (472,640)	(861,423)	(239,430)	(266,496)
Addition to right-of-use assets	28 (126,185)	(35,490)	(126,185)	(23,007)
Purchase of other intangible assets	30 (10,971)	(59,591)	–	(50,499)
Net cashflow on acquisition of subsidiary	–	429,278	–	–
Proceeds from sale of equity instruments at fair value	2,129,374	516,526	2,129,374	516,526
Purchase of equity instruments at fair value	(100,000)	(536,500)	(100,000)	(536,500)
Investment in financial assets carried at FVTPL	(126,767,066)	(121,803,489)	(118,292,344)	(115,708,354)
Proceeds from sale/redemption of financial assets carried at FVTPL	75,210,523	98,991,180	71,653,975	95,238,798
Purchases of open market operation and treasury bills	(299,840,138)	(317,017,162)	(299,840,138)	(317,017,162)
Maturity of open market operation and treasury bills	452,330,009	183,621,746	452,330,008	174,319,083
Investment in financial assets carried at amortised cost	(74,114,777)	(233,303,319)	(86,677,481)	(233,303,319)
Proceeds from redemption of financial assets carried at amortised cost	59,748,729	251,070,986	73,207,084	251,070,986
Investment and interest income received	19,551,342	34,136,303	19,551,342	36,184,541
Dividend received	239,825	192,926	239,825	2,361,391
Investments in joint ventures/associates	27 (1,663,125)	(2,031,170)	(1,663,125)	–
Net cash generated/(used) in investing activities	106,114,900	(106,689,199)	112,172,904	(107,214,012)

Statements of Cash Flows

For the year ended 31 December 2021 *continued*

Note(s)	Group 31 December 2021 ₦'000	Group 31 December 2020 ₦'000	Authority 31 December 2021 ₦'000	Authority 31 December 2020 ₦'000
Cash flows from financing activities				
Payment of principal portion of lease liabilities	(54,942)	(72,000)	(54,942)	(72,000)
Additional capital contribution by the Government	–	90,000,000	–	90,000,000
Capital return to the Government	–	(56,850,000)	–	(56,850,000)
Proceeds from return of capital investment in KG Brussels	–	–	–	1,940,481
Repayment of borrowings	–	(5,750,000)	–	–
Interest expense	(3,058)	(731,898)	(3,058)	–
Net cash (used)/generated in financing activities	(58,000)	26,596,102	(58,000)	35,018,481
Net cash movement for the year	123,431,951	(37,045,792)	123,421,071	(42,409,757)
Cash and cash equivalents at beginning of year	145,257,520	216,047,631	144,447,965	185,736,007
Net exchange gains/(losses) on cash and cash equivalents	913,485	1,142,480	913,379	1,121,714
Cash and cash equivalents at year end	269,602,956	180,144,319	268,782,415	144,447,965
Cash and cash equivalents comprise:				
Cash in hand	107,362	5,989	4,592	1,299
Bank balances	265,167,097	136,378,529	264,449,326	135,574,631
Money market placements	4,328,497	8,873,002	4,328,497	8,872,035
Bank balances attributable to discontinued operations	–	34,886,799	–	–
Total cash and cash equivalents	269,602,956	180,144,319	268,782,415	144,447,965

The accompanying notes on pages 78 to 158 form an integral part of these consolidated and separate financial statements.

Notes to the Consolidated and Separate Financial Statements

1 General Information

Nigeria Sovereign Investment Authority ('NSIA' or 'the Authority') was established to receive, manage and invest the excess funds from the country's sale of crude oil in a diversified portfolio of medium and long-term investments. The Authority was setup by the Nigeria Sovereign Investment Authority Act, which was signed in May 2011 and was allocated an initial USD 1 billion in seed capital. The Authority has received three additional capital contribution tranches totalling \$750 million after the initial contribution. The Authority commenced operations in October 2012.

The Authority is domiciled in Nigeria and its registered office address is the Clan Place, 4th floor, Plot 1386A, Tigris Crescent, Maitama, Abuja.

To actualise its mandate, the Authority has established three separate "ring-fenced" funds. They include Stabilisation Fund (SF), Future Generations Fund (FGF) and Nigeria Infrastructure Fund (NIF). The investment activities of the funds are managed as follows:

Fund	Investment Managers
Stabilisation Fund (SF)	UBS Global Asset Management Limited, Smith Graham & Co, Income Research + Management, Lombard Ordier Income Fund
Nigeria Infrastructure Fund (NIF)	In-house Management Team, Fund for Agricultural Finance in Nigeria (FAFIN)
Future Generations Fund (FGF)	Cevian, Edgbaston Investment Partners, Somerset Marathon, Prince Street Capital, AQR, Goldman Sachs Asset Management, The Canyon Capital Realisation Fund (Cayman) Ltd, CNPG, Palestra Capital, Brasidas Asia, Alpstone Global Macro Fund, Holocene Advisors Ltd, Sachem Head Capital, Morgan Stanley Fund of Funds, NAYA FUND, Vanguard, Invesco QQQ, Fundsmith, John Street Systematic Limited, Bayview, Z Capital Partners, Healthcare Royalty Partners, Xenon, Helios Investors, FAFIN, Actis Africa, Africa Capital Alliance, RWC Emerging Market Fund, Abraaj, Unigestion, Reverence Capital, Healthcare Royalty Partners L.P., EFG Global Equity Conviction Fund, G Squared, Xenon Private Equity, Artisan Fund, Alitheia IDF, Greenspring Associates, Helios, Euro Choice Secondary, Lombard Odier, BlueBox, LifeSci Venture, CardinalStone Capital, Gsquared, The Rise Fund, Petershill Private Equity, Verod Growth Fund, Synergy Private Equity, Ingressive Capital, Tidal Ventures LP, Gateway Fund, StepStone VC Secondaries Fund, Falko Regional Aircraft, Whitehorse Liquidity Partners (Offshore) LP, Actis Africa Real Estate Fund.

2 Structure and content

The financial statements comprise:

- A statement of financial position at the end of the year;
- A statement of comprehensive income for the year;
- A statement of changes in equity for the year;
- A statement of cash flows for the year;
- Notes, comprising a summary of significant accounting policies and other explanatory information.

3 Basis of preparation

3.1 Statement of compliance

The consolidated and separate financial statements of Nigeria Sovereign Investment Authority (NSIA) have been prepared in accordance with International Financial Reporting Standards (IFRS), including International Accounting Standards and Interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) applicable to companies reporting under IFRS. Further standards may be issued by the International Accounting Standards Board (IASB) and may be subject to the interpretations issued by the IFRIC.

3.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following:

- Financial assets measured at fair value through other comprehensive income (FVOCI);
- Financial assets and liabilities measured at amortised cost;
- Financial assets measured at fair value through profit or loss (FVPL)

3.3 (a) Functional and presentation currency

These financial statements are presented in Naira. All financial information presented in Naira has been rounded to the nearest thousands, except otherwise indicated. The currency of the primary economic environment of the Authority (that is, functional currency) is the Nigerian Naira.

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The Group's presentation currency is the Naira.

3.3 (b) Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in other comprehensive income as qualifying cash flow hedges and qualifying net investment hedges. Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the income statement within 'Finance income or costs'. All other foreign exchange gains and losses are presented in the income statement within 'net exchange gains'.

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets measured at fair value, such as equities classified as financial assets at FVTOCI, are included in other comprehensive income.

Notes to the Consolidated and Separate Financial Statements

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3.3 (c) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- i) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- ii) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- iii) all resulting exchange differences are recognised in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in other comprehensive income.

3.4 Changes in accounting policy

The Group has consistently applied the accounting policies as set out in the consolidated financial statements to all periods presented on the consolidated financial statements.

The Group has adopted the following new standards and amendments including any consequential amendments to other standards with initial date of application of 1 January 2021.

3.5 New standards, amendments and interpretations

3.5.1 Standards and interpretations effective and adopted in the current year

The Group applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2021. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Amendments to IFRS 16 Covid-19 Related Rent Concessions

On 28 May 2020, the IASB issued Covid-19-Related Rent Concessions – amendment to IFRS 16 Leases. The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification.

The practical expedient introduced in the 2020 amendments only applies to rent concessions for which any reduction in lease payments affects solely payments originally due on or before 30 June 2021. If the Board had taken no further action, the

practical expedient would have expired in a few months. The economic challenges presented by the Covid-19 pandemic have persisted longer than anticipated. As a result, lessors and lessees are negotiating rent concessions that extend beyond 30 June 2021. The Board has therefore extended the practical expedient by 12 months – i.e. permitting lessees to apply it to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022.

The amendment applies to annual reporting periods beginning on or after 1 April 2021. Earlier application is permitted. This amendment had no impact on the consolidated financial statements of the Group as the Group is not a party to such concession agreements.

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16-Interest Rate Benchmark Reform – Phase 2

These amendments address issues that might affect financial reporting after the reform of an interest rate benchmark, including its replacement with alternative benchmark rates. The amendments was issued by the Board to complement those issued in 2019 and focus on the effects of the interest rate benchmark reform on a company's financial statements that arise when, for example, an interest rate benchmark used to calculate interest on a financial asset is replaced with an alternative benchmark rate.

Under the detailed rules of IFRS 9 Financial Instruments, modifying a financial contract can require recognition of a significant gain or loss in the income statement. However, the amendments introduce a practical expedient if a change results directly from IBOR reform and occurs on an 'economically equivalent' basis. In these cases, changes will be accounted for by updating the effective interest rate. A similar practical expedient will apply under IFRS 16 Leases for lessees when accounting for lease modifications required by IBOR reform. The amendments also allow a series of exemptions from the regular, strict rules around hedge accounting. However, similar to the Phase 1 amendments, there is no exception from the measurement requirements that apply for the hedged items and hedging instruments under IFRS 9 or IAS 39 Financial Instruments: Recognition and Measurement. Once the new benchmark rate is in place, the hedged items and hedging instruments are remeasured based on the new rate and any hedge ineffectiveness will be recognised in profit or loss.

The Phase 2 amendments, Interest Rate Benchmark Reform (Phase 2), are to assist companies applying IFRS Standards when changes are made to contractual cash flows or hedging relationships because of the interest rate benchmark reform; and providing useful information to users of financial statements. Thus, for the users of financial statements to understand the effect of the reform on a company's financial instruments and risk management strategy, an entity will need to provide additional information about:

- the nature and extent of risks to which the company is exposed arising from financial instruments subject to IBOR reform and how it manages those risks; and

Notes to the Consolidated and Separate Financial Statements

Continued

3 Basis of preparation *continued*

- the company’s progress in completing its transition to alternative benchmark rates and how it is managing that transition.

The amendments are effective for annual reporting periods beginning on or after 1 January 2021, with earlier application permitted. These amendments have no impact on the consolidated financial statements of the Group as it does not have any interest rate hedge relationships.

3.5.2 Standards and interpretations issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group’s financial statements are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

2018-2020 cycle (issued in May 2020)

<p>IFRS 1 First-time Adoption of International Financial Reporting Standards</p>	<p>Subsidiary as a first-time adopter</p> <ul style="list-style-type: none"> — The amendment permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent’s date of transition to IFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of IFRS 1. — An entity applies the amendment for annual reporting periods beginning on or after 1 January 2022. Earlier application is permitted.
<p>IFRS 9 Financial Instruments</p>	<p>Fees in the ‘10 per cent’ test for derecognition of financial liabilities</p> <ul style="list-style-type: none"> — The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other’s behalf. There is no similar amendment proposed for IAS 39. — An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. — An entity applies the amendment for annual reporting periods beginning on or after 1 January 2022. Earlier application is permitted.
<p>Illustrative Examples accompanying IFRS 16 Leases</p>	<p>Lease incentives</p> <ul style="list-style-type: none"> — The amendment removes the illustration of payments from the lessor relating to leasehold improvements in Illustrative Example 13 accompanying IFRS 16. This removes potential confusion regarding the treatment of lease incentives when applying IFRS 16.
<p>IAS 41 Agriculture</p>	<p>Taxation in fair value measurements</p> <ul style="list-style-type: none"> — The amendment removes the requirement in paragraph 22 of IAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of IAS 41. — An entity applies the amendment to fair value measurements on or after the beginning of the first annual reporting period beginning on or after 1 January 2022. Earlier application is permitted.

IFRS 17 Insurance Contracts

In May 2017, the IASB issued IFRS 17 Insurance Contracts (IFRS 17), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 Insurance Contracts (IFRS 4) that was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features.

A few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant

Notes to the Consolidated and Separate Financial Statements

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accounting aspects. The core of IFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

IFRS 17 is effective for reporting periods beginning on or after 1 January 2023, with comparative figures required. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17. This standard is not applicable to the Group.

Amendments to IAS 1: Classification of Liabilities as Current or Non-current

In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and must be applied retrospectively. The Group is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

Reference to the Conceptual Framework – Amendments to IFRS 3

In May 2020, the IASB issued Amendments to IFRS 3 Business Combinations – Reference to the Conceptual Framework. The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements.

The Board also added an exception to the recognition principle of IFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 Levies, if incurred separately.

At the same time, the Board decided to clarify existing guidance in IFRS 3 for contingent assets that would not be affected by replacing the reference to the Framework for the Preparation and Presentation of Financial Statements.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022 and apply prospectively.

Amendment to IAS 16 – Property, Plant and Equipment

The IASB issued amendment to IAS 16 – Property, Plant and Equipment which is effective for annual reporting periods

beginning on or after 1 January 2022. The amendment prohibits the deduction from the cost to an item of property, plant and equipment proceeds of the sale of items produced while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by Management. Instead, an entity should recognise the sale proceeds and related production cost of those items in profit or loss. The amendment is not expected to have any impact on the Group.

Amendment to IAS 37 – Provisions, Contingent liabilities and Contingent assets

The IASB published amendment to IAS 37 – Provisions, Contingent liabilities and Contingent assets in May 2020. The amendment which is effective for annual reporting periods beginning on or after 1 January 2022 specifies the costs an entity needs to include when assessing whether a contract is onerous. The amendment clarifies that the costs that relate to a contract comprise both incremental costs of fulfilling the contract and an allocation of other direct costs related to the contract activities. The amendment is not expected to have any material impact on the NSIA Group.

Amendments to IAS 1 and IFRS Practice Statement 2 – Disclosure of Accounting Policies

In February 2021, the Board issued amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements (the PS), in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosure. The amendments are effective from 1 January 2023 but may be applied earlier. The amendment is not expected to have any material impact on the Group.

Amendments to IAS 8 – Definition of Accounting Estimate

The amended standard clarifies that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors. The previous definition of a change in accounting estimate specified that changes in accounting estimates may result from new information or new developments. Therefore, such changes are not corrections of errors. This aspect of the definition was retained by the Board. The amendments are effective for periods beginning on or after 1 January 2023, with earlier application permitted, and will apply prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the entity applies the amendments. The amendment does not have any material impact on the Authority.

Notes to the Consolidated and Separate Financial Statements

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4 Significant accounting policies

The accounting policies set out below were adopted by the Group in the presentation of these financial statements.

4.1 Consolidation

4.1 (a) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such remeasurement are recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

4.1 (b) Change in ownership interest subsidiaries without loss of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the

relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

4.1 (c) Disposal of subsidiaries

When the Group ceases to have control over any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

4.1 (d) Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investment in associates includes goodwill identified on acquisition.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

The Group's share of post-acquisition profit or loss is recognised in the income statement, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to 'share of profit/(loss) of associates' in the income statement.

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides

Notes to the Consolidated and Separate Financial Statements

Continued

evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group. Dilution gains and losses arising in investments in associates are recognised in the income statement.

4.1 (e) Joint arrangements

Under IFRS 11 – Joint Arrangements investments are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. The entity has only joint ventures.

i) Joint operations

An entity that has an investment in joint operations recognises its direct right to the assets, liabilities, revenues and expenses of joint operations and its share of any jointly held or incurred assets, liabilities, revenues and expenses.

ii) Joint ventures

Interests in joint ventures are accounted for using the equity method at the Group financial statements level (see (f) below), after initially being recognised at cost in the separate financial statements.

The Authority has investments in only joint ventures, there were no investments in joint operations as at the end of the financial year.

4.1 (f) Equity method

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

The carrying amount of equity-accounted investments is tested for impairment.

Changes in ownership interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of the Authority.

When the Group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in a joint venture or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

4.2 Interest income and interest expense

Interest income and expense on financial assets are recognised in profit or loss using the effective interest rate method. The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or liability (or, where appropriate, a shorter period) to the carrying amount of the financial asset or liability.

Interest income from financial assets at fair value through profit or loss disclosed separately in the statement of comprehensive income as "interest income on instruments measured at FVTPL".

4.3 Investment income

Investment income consists of dividends and income earned on the Group's equity, fund investments and fixed income products.

4.4 Transaction costs

All financial instruments are measured initially at their fair value plus transaction costs, except in the case of financial assets and financial liabilities recorded at fair value through profit or loss where transaction costs are expensed in the income statement. They include fees and commissions paid to agents, custodians and advisers.

Notes to the Consolidated and Separate Financial Statements

Continued

4 Significant accounting policies *continued*

4.5 Net gain from financial instruments at fair value through profit or loss

Net gain from financial instruments at fair value through profit or loss includes all realised and unrealised fair value changes and foreign exchange differences, but excludes interest and dividend income, and dividend expense on short positions.

4.6 Income tax expense

The NSIA Act exempts the Authority from the provisions of any and all taxes, fees, imports or similar fiscal laws or regulations of the Federal Government, State Government, Federal Capital Territory, Local Government and Area councils of the Federal Republic of Nigeria. The Authority is however mandated to pay tax on behalf of its employees and suppliers.

Dividend and interest income received by the Authority may be subject to withholding tax imposed in the country of origin. Thus the investment income accruing to the Authority is gross of such taxes and the related withholding tax expense is treated as an expense in the income statement.

Subsidiaries and other affiliates in Nigeria that are wholly owned subsidiaries incorporated outside Nigeria are subjected to taxes based on the territories of operations and this is shown in the Group.

4.7 Financial assets and financial liabilities

4.7.1 Recognition and initial measurement

The Group initially recognises cash and bank balances, money market placements, investment securities, other financial assets, other liabilities and borrowings on the date on the trade date, which is the date on which the Group becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to its acquisition or issue.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

4.7.2 Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

(i) Business model assessment

The Group makes an assessment of the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Authority's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Group's stated objective for managing the financial assets is achieved and how cash flows are realised.

Financial assets that are held for trading or managed and whose performance is evaluated on a fair value basis are measured at FVPL because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

(ii) Assessment whether contractual cash flows are solely payments of principal and interest

In this case, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin.

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Group considers:

- contingent events that would change the amount and timing of cash flows;
- leverage features;
- prepayment and extension terms;
- terms that limit the Group's claim to cash flows from

Notes to the Consolidated and Separate Financial Statements

Continued

- specified assets (e.g. non-recourse asset arrangements); and
- features that modify consideration of the time value of money – e.g. periodical reset of interest rates.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

Financial liabilities

Financial liabilities are measured at amortised cost, or fair value through profit or loss.

4.7.3 Subsequent measurement

Subsequent to initial measurement, financial instruments are measured either at fair value or amortised cost, depending on their classification.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- **Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in interest income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.
- **Fair value through other comprehensive income (FVOCI):** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other income. Interest income from these financial assets is included in interest income using the effective interest rate method. Foreign exchange gains and losses are presented in net foreign exchange gains and impairment expenses are presented as separate line item in the statement of profit or loss.
- **Fair value through profit or loss (FVPL):** Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other income in the period in which it arises.

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in other income in the statement of profit or loss and other comprehensive income. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

All financial assets other than those measured as described above are measured at FVPL.

Financial liabilities

The Authority classifies its financial liabilities as measured at amortised cost and fair value through profit or loss.

4.7.4 Derecognition

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or when it transfers the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred or in which the Authority neither transfers nor retains substantially all the risks and rewards of ownership and does not retain control of the financial asset. Any interest in transferred financial assets that qualify for derecognition that is created or retained by the Authority is recognised as a separate asset or liability in the statement of financial position. On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised), and the consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

4.7.5 Amortised cost measurement

The amortised cost of a financial asset or liability is the amount at which the financial asset or liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount recognised and the maturity amount, minus any reduction for impairment.

Notes to the Consolidated and Separate Financial Statements

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4 Significant accounting policies *continued*

4.7.6 Fair value measurement

The Group measures financial instruments such as private equity investment at fair value at each balance sheet date.

Fair value is the price that will be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability
- Or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

When available, the Group measures the fair value of an instrument using quoted prices in an active market for that instrument. A market is regarded as active if quoted prices are readily and regularly available and represent actual and regularly occurring market transactions on an arm's length basis. If a market for a financial instrument is not active, the Group establishes fair value using a valuation technique. Valuation techniques include using recent arm's length transactions between knowledgeable, willing parties (if available), reference to the current fair value of other instruments that are substantially the same, discounted cash flow analyses and option pricing models.

The chosen valuation technique makes maximum use of market inputs, relies as little as possible on estimates specific to the Group, incorporates all factors that market participants would consider in setting a price, and is consistent with accepted economic methodologies for pricing financial instruments. Inputs to valuation techniques reasonably represent market expectations and measures of the risk-return factors inherent in the financial instrument, the Group calibrates valuation techniques and tests them for validity using prices from observable current market transactions in the same instrument or based on other available observable market data.

The best evidence of the fair value of a financial instrument at initial recognition is the transaction price – i.e. the fair value of the consideration given or received. However, in some cases, the fair value of a financial instrument on initial recognition may be different from its transaction price. If such fair value is evidenced by comparison with other observable current market transactions in the same instrument (without modification or repackaging) or based on a valuation technique whose variables include only data from observable markets, then the difference is recognised in profit or loss on initial recognition of the instrument. In other cases the difference is not recognised in profit or loss immediately but is recognised over the life of the instrument on an appropriate basis or when the instrument is redeemed, transferred or sold, or the fair value becomes observable.

Subsequent to initial recognition, the fair values of financial instruments are based on quoted market prices or dealer price quotations for financial instruments traded in active markets. If the market for a financial asset is not active or the instrument is unlisted, the fair value is determined by using applicable valuation techniques. These include the use of recent arm's length transactions, discounted cash flow analyses, pricing models and valuation techniques commonly used by market participants.

Where discounted cash flow analyses are used, estimated cash flows are based on management's best estimates and the discount rate is a market-related rate at the reporting date from a financial asset with similar terms and conditions. Where pricing models are used, inputs are based on observable market indicators at the reporting date and profits or losses are only recognised to the extent that they relate to changes in factors that market participants will consider in setting a price.

4.7.7 Determination of fair values

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Notes to the Consolidated and Separate Financial Statements

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4.7.8 Investment in equity and debt securities

The fair value of equity and debt securities is determined by reference to their quoted closing bid price at the reporting date. The fair value of financial assets measured at amortised cost is determined for disclosure purposes only and are determined by reference to the quoted closing bid price at the reporting date.

4.7.9 Investment in private equity funds

The fair value of the investments held in one of the Group's subsidiaries are recognised at fair value determined using the net asset valuation method. This is done by obtaining:

- i. the valuation of the Investee Fund's underlying investments;
- ii. the value date of the net asset value (NAV) provided;
- iii. cash flows (calls/distributions) since the latest value date; and
- iv. the basis of accounting and, in instances where the basis of accounting is other than fair value, fair valuation information provided by the Investee Fund's General Partner.

4.7.10 Investment in fixed income products

The Group has classified some investments as fixed-income security during the financial year. Fixed income securities are debt securities which pays a fixed amount of interest in the form of coupon payments to investors. The interest payments are typically made periodically while the principal invested is repaid to the investor at maturity. Income is recognised on this investment when the interest payments are earned and not until when they are made or received.

4.7.11 Receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

4.7.12 Impairment of financial assets

See credit risk disclosures (Note 6.2.4) for details on impairment of financial assets.

4.7.13 Impairment of non-financial assets

The carrying amounts of the Authority's non-financial assets other than investment property and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset Group that generates cash flows, which are largely independent from other assets and Groups. Impairment losses recognised in profit or loss in respect of cash generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (Group of units) on a pro rata basis.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are recognised in profit or loss.

Trade payables

Trade payables are obligations that have been acquired in the ordinary course of business. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities. Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

4.8 Cash and cash equivalents

Cash and cash equivalents comprise fixed deposits with banks, and highly liquid financial instruments with original maturities of less than three months from the acquisition date, which are subject to insignificant risk of changes in their fair value, and are used by the Authority in the management of its short-term commitments.

Cash and cash equivalents are carried at amortised cost in the statement of financial position.

4.9 Property and equipment

4.9.1 Initial recognition

All items of property and equipment are initially recognised at cost. Cost includes the value of consideration exchanged, or fair value in the case of donated or subsidised assets, and those costs directly attributable to bringing the item to working condition for its intended use.

The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located and capitalised borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalised as part of equipment.

When parts of an item of property or equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

Notes to the Consolidated and Separate Financial Statements

Continued

4 Significant accounting policies *continued*

4.9.2 Subsequent costs

Property and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of an item of property or equipment in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Authority and its cost can be measured reliably. The carrying amount of the replaced part is derecognised.

The costs of the day-to-day servicing of property and equipment are recognised in profit or loss as incurred.

4.9.3 Depreciation

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property and equipment since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Leased assets are depreciated over the shorter of the lease term and their useful lives. Depreciation begins when an asset is available for use and ceases at the earlier of the date that the asset is derecognised or classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations.

The estimated useful lives for the current and comparative period are as follows:

Assets	Annual depreciation rate
Leasehold improvements	Over the shorter of the useful life of item or lease period
Leasehold land	Over the lease period
Buildings	40 years
Plant and Machinery	10 years
Furniture and fittings	5 years
Motor vehicles	4 years
Computer equipment	3.3 years
Office equipment	4 years

Depreciation methods, useful lives and residual values are reassessed at each reporting date and adjusted if appropriate.

4.9.4 Derecognition

An item of property and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period the asset is derecognised.

4.10 Intangible assets – software

Software acquired by the Authority is stated at cost less accumulated amortisation and accumulated impairment losses. Software is recognised if it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and the cost of the software can be measured

reliably. Expenditure that forms part of the cost of software that meets the recognition criteria are capitalised as part of the software. Software is accounted for using the cost model. After initial recognition, the software is carried at cost less accumulated amortisation and any accumulated impairment losses.

Subsequent expenditure on software assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred. Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful life of three years, from the date that it is available for use. The amortisation method and useful life of software are reassessed at each financial year end and adjusted if appropriate.

4.11 Inventory

Inventories are valued at the lower of cost and net realisable value. The cost of inventories includes expenditures incurred in acquiring the inventories, production or conversion costs. In the case of manufactured inventory and work in progress, cost includes an appropriate share of production overheads based on normal activity level. The cost of the inventories are measured using the weighted average cost method.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling.

Impairment loss on inventories are recognised in cost of sales in the year in which they occur while subsequent recoveries on the impairment are recognised in other income in the year in which the recoveries are made.

4.12 Contingencies

4.12.1 Contingent assets

Contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

A contingent asset is disclosed when an inflow of economic benefit is probable. When the realisation of income is virtually certain, then the related asset is not a contingent and its recognition is appropriate.

Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements.

4.12.2 Contingent liabilities

Contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or a present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources

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embodying economic benefits will be required to settle the obligation; or the amount of the obligation cannot be measured with sufficient reliability.

Contingent liability is disclosed unless the possibility of an outflow of resources embodying economic benefit is remote. A provision for the part of the obligation for which an outflow of resources embodying economic benefits is probable is recognised, except in the extremely rare circumstances where no reliable estimate can be made. Contingent liabilities are assessed continually to determine whether an outflow of economic benefit has become probable.

4.13 Employee benefits

4.13.1 Post-employment benefits

Defined contribution plans

Obligations for contributions to defined contribution plans are recognised as an expense in profit or loss when they are due.

Pension Scheme

The Authority operates a funded defined contribution retirement benefit scheme for its employees under the provisions of the Pension Reform Act 2014. The employee and the employer contributions are 8% and 10% respectively of each of the qualifying employee's salary.

Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in profit or loss in the period when the employees have rendered service entitling them to the contributions. Contributions to a defined contribution plan that is due for more than 12 months after the end of the period in which the employees render the service are discounted to their present value at the reporting date.

4.13.2 Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A provision is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Authority has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

4.14 Revenue

Revenue is defined as income arising in the course of an entity's ordinary activities.

Revenue is recognised when (or as) the entity satisfies a performance obligation by transferring a promised good or service (i.e. an asset) to the customer. An asset is transferred when (or as) the customer obtains control of that asset.

The Group determines whether a performance obligation is satisfied (and revenue is recognised) over time, or whether a performance obligation is satisfied (and revenue is recognised)

at a point in time for all contracts. All revenue derived by the entity (NSIA) are recognised at a point in time because it has met all indicators of transfer of control which should be considered. This includes the following:

- The Group has a present right to payment for the asset
- The legal title of the asset has been transferred to the customer
- The customer has taken physical possession of the asset
- The customer has the significant risks and rewards of ownership of the asset and;
- The customer has accepted the asset.

The Group recognises revenue from the following sources:

- Sales of NPK fertilizers (only applicable during the earlier part of 2021);
- Sales of Raw Materials (GAP, MOP, GAS, UREA);
- Revenue from healthcare services;
- Interest/investment income.

In order to meet the core principle of recognising revenue to depict the transfer of promised goods or services to customers in an amount that reflects the amount of consideration to which an entity expects to be entitled in exchange for those goods or services, a five-step model is adopted; this five steps are:

- a. Identify the contract with the customer
- b. Identify the distinct goods or services
- c. Determine the transaction price
- d. Allocate the transaction price
- e. Determine when to recognise revenue.

Sale of Raw Materials and NPK fertilisers

For sales of NPK fertilisers and Raw materials, revenues are recognised when control of the goods or raw materials have been transferred, being when the goods or raw materials have been made available for pick up at the blenders premises or warehouses respectively. Agro-dealers and state governments were the only customers under the last sales of raw materials arrangement while FESPAN approved offtakers are the only permissible customers under the sale of raw materials model.

There are no provision to deliver the fertilisers or raw materials to the customers. A receivable is recognised by the Group when the goods or raw materials have been made available for pick up by the agro-dealers and state government, as this represents the point in time at which the right to consideration becomes unconditional based on the contract of sale the company has with its customers, as only the passage of time is required before payment is due. No element of financing is deemed present as the sales are made with credit terms of 90 days which is consistent with market practice.

There are no return policies and warranties granted to customers under the contract. The goods are sold directly to customers, there is no form of intermediary.

The NPK fertilisers are sold on price concessions based on amounts agreed with the Federal Government of Nigeria.

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4 Significant accounting policies *continued*

Revenue from these sales is recognised based on the price specified in the contract with the customers (agro dealers and state governments). Where the agreed price leads to a loss position for the company, the federal government reimburses the entity for selling below cost price.

Revenue from healthcare services

Healthcare centres are engaged in consultancy services for the provision of modern medical pathology laboratory services, modern radiography services and ancillary healthcare services. Revenue from contracts with customers is recognised when control of the goods/services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods/services. The Company has generally concluded that it is the principal in its revenue arrangements.

First Consultation service

i. First Consultation service:

Customers/patients on their first visit to the centre comes with a referral and/or medical test report to the Company. The referral/medical test report is assessed and evaluated by a medical consultant who recommends the patient for either therapy session(s) or medical laboratory test. Revenue is recognised on first consultation service at a point-in-time.

ii. Follow-up consultation services:

The Company's health facility centre provides follow-up consultation to patients who are on subsequent visitation to the centre after their first consultation at the Company's facility. The patients meet with medical consultants for monitoring of the progress of patient's therapy and where necessary, give further recommendations/prescriptions on the patient. Revenue is recognised on follow-up consultation services overtime.

iii. Radiotherapy services:

Radiotherapy services involves the use of medical equipment which emits high doses of radiation to kill cancer cells and shrink tumours. Revenue is recognised on radiotherapy services at a point-in-time.

iv. Chemotherapy services:

Chemotherapy services is the prescription and administration of anti-cancer drugs to kill fast-growing cancer cells in the body. The Company earns a mark-up in addition to the cost of the chemotherapy drugs prescribed and sold to patients.

v. Medical laboratory services:

Customers/patients are sometimes recommended for medical tests to ascertain their stability and ability to withstand the radiation or anti-cancer drugs that would be prescribed for their therapy. The service is provided in house by an outsourced Laboratory service and revenue from this service is recognised at a point-in-time.

In determining the transaction price for the services rendered, the Company considers the existence of significant financing components and consideration payable to the customer (if any).

4.15 Capital and other commitments

The term 'commitments' is not defined in any of the standards but may be referred to as the intention to commit to an outflow from the Group of resources embodying economic benefits.

Generally, a commitment arises when a decision is made to incur a liability in the form of a purchase contract (or similar documentation). Such a contractual commitment would be accompanied by, but not limited to, actions taken to determine the amount of the eventual resource outflow or a reliable estimate e.g. a quote, and conditions to be satisfied to establish an obligation e.g. delivery schedules.

These preconditions ensure that the information relating to commitments is relevant and capable of reliable measurement. The Group may enter into a contract on or before the reporting date for expenditure over subsequent accounting periods e.g. a contract for construction of infrastructure assets, the purchase of major items of plant and equipment or significant consultancy contracts. In these events, a commitment exists at the reporting date as the Group has contracted for expenditure but work has not commenced and no payments have been made.

4.16 Comparatives

Comparative figures where necessary, have been reclassified to conform to changes in classifications in the current accounting year.

4.17 Intercompany receivables

Intercompany receivables represent balances due from the Authority's subsidiaries as at the end of the financial year. The balance on the financial statements represents the carrying amount as at the end of the year.

4.18 Intercompany payables

Intercompany payables represent balances due from the Authority to its subsidiaries as at the end of the financial year. The balance on the financial statements represents the carrying amount as at the end of the year.

4.19 Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

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Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Building	2 years
Land	10 years

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in section (4.7.13) Impairment of non-financial assets.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

4.20 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

4.21 Capital contribution and withdrawals

The ownership interest in the Authority is held by the Federal Government, States' Government, Local Area Councils and the Federal Capital Territory. The contributions received are recognised in the statement of financial position. Contributions received in foreign currencies are recognised using the prevailing exchange rate at the date of transaction. Withdrawals from the capital contributions are also recognised using the prevailing rate at the date of the transaction.

4.22 Reserves

Reserves comprise fair value reserve, foreign currency translation reserve and retained earnings.

Movement in fair value of equity instruments measured at FVOCI and the group's share of other comprehensive income of equity accounted investees are warehoused in fair value reserves and foreign currency translation reserve. Exchange differences on translation of foreign subsidiaries are accumulated in foreign currency translation reserve.

The accumulated profit or loss of the Group is warehoused in retained earnings. Differences arising from movements in exchange rates between the date of contribution and the date of withdrawal is transferred to retained earnings.

5 Critical accounting estimates and judgements

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, incomes and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised, and in any future periods affected. Management discusses with the Board of Directors the development, selection and disclosure of the Authority's critical accounting policies and estimates, and the application of these policies and estimates. These disclosures supplement the commentary on financial risk management.

Notes to the Consolidated and Separate Financial Statements

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5 Critical accounting estimates and judgements *continued*

5.1 Critical accounting judgements in applying the Authority's accounting policies

Critical accounting judgements made in applying the Authority's accounting policies include:

5.1.1 Valuation of financial instruments

The Authority's accounting policy on fair value measurements is discussed under Note 4.7.6. The fair values of quoted financial assets at fair value through OCI and financial assets at fair value through profit or loss are determined by reference to prices quoted in an active market. For financial assets at fair value through OCI equity investments which are unquoted, the Authority performs a fair valuation exercise on these investments using available and applicable inputs to determine their fair values.

The Authority measures fair values using the following fair value hierarchy that reflects the nature and process used in making the measurements:

Level 1: Quoted market price (unadjusted) in an active market for an identical instrument.

Level 2: Valuation techniques based on observable inputs, either directly (i.e., as prices) or indirectly (i.e., derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Level 3: Valuation techniques using inputs that are not based on observable market data. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs could have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

5.1.2 Financial assets and liabilities classification

The Authority's accounting policies provide scope for assets and liabilities to be designated on inception into different accounting categories in certain circumstances: Details of the Authority's classification of financial assets and liabilities are given in Note 4.7.2.

5.1.3 Impairment of financial assets

IFRS 9 requires the use of more forward-looking information including reasonable and supportable forecasts of future economic conditions. The Group's management, with the support of experts, has developed the capability to model a number of economic scenarios and capture the impact on

credit losses to ensure the overall ECL represents a reasonable distribution of economic outcomes. Appropriate governance and oversight has been established around the process. Further information on impairment of financial assets as well as inputs and assumptions to the ECL models have been disclosed in notes 6.2.4 to 6.2.8. Sensitivity of the ECL results to the inputs and assumptions are disclosed in note 6.2.9.

5.1.4 Fair value of private equity investments

The fair values of the private equity investments held by one of the Group's subsidiaries have been determined at the reporting date using the net asset valuation method. This takes into account the net asset values as obtained from the different private equity investee funds' most recent available financial information, considering contributions and distributions between the last net asset valuation date and the reporting period. These private equity investments are unquoted and comparable market information was not available as at the end of the reporting period. Determining the fair values based on this valuation approach assumes that the investment will be realised at the reporting date at these values. The sensitivity of the fair values to changes in the assumptions made is disclosed in Note 7.

5.1.5 Leases – Determining the lease term of contracts with renewal and termination options – Group as lessee

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

The Group included the renewal period as part of the lease term for leases of office buildings with shorter non-cancellable period. The Group typically exercises its option to renew for these leases because these are reasonably certain to be exercised. The renewal periods for leasehold land with longer non-cancellable periods (i.e., 20 years) are also included as part of the lease term as these are reasonably certain to be exercised.

5.1.6 Leases – Estimating the incremental borrowing rate

The Authority cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest

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that the Authority would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Authority 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease.

The Authority estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

The Authority estimates the IBR using the following steps:
Step 1: Reference rate: This is generally a government bond reflecting risk free rate. Repayment profile was considered when aligning the term of the lease with the term for the source of the reference rate. The reference rate used is 12.75%.

Step 2: Financing spread adjustment: Use of credit spreads from debt with the appropriate term by considering the Authority's stand-alone credit rating or similar entity's credit rating. The credit spread calculation amounted to 0.0051%.

Step 3: Lease specific adjustment: Use of market yield for the leased assets, as an additional data point and to sense-check the overall IBRs calculated. The leased asset specific rate is 0.0000%.

5.1.7 Functional currency

The Authority's functional currency is determined based on the management's assessment of the economic environment in which the Group entities operate.

Judgement is applied in determining the primary economic environment. The Authority reconsiders its functional currency to determine if there is a change in the underlying transactions, events and conditions that defined the primary economic environment during and as at the end of the 2021 financial year.

Based on the primary indicators in IAS 21 – The Effects of Change in Foreign Exchange Rates – the Nigerian Naira has been determined as the functional currency of NSIA, despite the Authority's significant exposure to US Dollars. This is because Nigerian Naira is the currency in which most underlying transactions of the Authority are denominated and settled.

5.1.8 Fair valuation of Assets and Liabilities under IFRS 5 – Non current Assets Held for Sale and Discontinued Operations and IFRS 3 – Business Combinations

The Group has determined that for the purpose of acquisition accounting and assets held for sale, the carrying value of the assets and liabilities approximates the fair value. The financial instruments on the financial statements are measured at fair value for the purpose of Acquisition accounting under IFRS 3 and Assets held for sale under IFRS 5.

The transfer of NAIC NPK meets the requirements of disposal group held for sale under IFRS 5 in 2020 and was eventually transferred to the Ministry of Finance at the book value at the date of divestment in September 2021. Hence, the Group determines that the book value approximates the fair value less cost to sale based on the requirements of IFRS 5.

5.1.9 Impairment of goodwill

As at 31 December 2021, there was no record of any goodwill impairment in the books of Nigeria Sovereign Investment Authority.

6 Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including currency risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

6.1 Approach to risk management

With a global outlook, the Group's strategy for managing risks is to understand risk within the invested universe and the externalities that can affect this, with the aim of monitoring, controlling and mitigating against undesired events.

The Group has adopted, wherever possible, recommended best practice in the identification, evaluation and cost effective control of risks to ensure, as far as possible, that they are eliminated or reduced to a level that is acceptable to the Authority. The Group's Risk Framework seeks to explain the Authority's underlying approach to risk management, documents the roles and responsibilities of the Board of Directors, Risk Management department and other key parties. It also outlines key aspects of the risk management process, and identifies the main reporting procedures.

6.2 Credit risk

Credit risk is the risk that counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Group, resulting in a financial loss to the Group. It arises principally from debt securities held, trade receivables and advances, and also from cash and cash equivalents.

6.2.1 Management of credit risk

The Group's policy over credit risk is to minimise its exposure to counterparties with perceived higher risk of default by dealing only with counterparties meeting credit standards, hence the Group only deals with counterparties that meet set credit ratings.

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6 Financial risk management *continued*

6.2.2 Exposure to credit risk

Credit quality of financial assets

The carrying amount of financial assets represents the maximum credit exposure per credit rating.

As at 31 December 2021, all financial assets were neither past due nor impaired. The credit quality of these financial assets are disclosed in the table below:

	Group 31 December 2021 ₦'000	Group 31 December 2020 ₦'000	Authority 31 December 2021 ₦'000	Authority 31 December 2020 ₦'000
(i) Bank balances				
Counter parties with external credit ratings				
A+ (S&P)	–	258	–	258
A- (S&P)	611,641	–	611,641	–
B- (S&P)	264,555,456	136,378,271	263,837,685	135,574,373
Total cash at bank balances	265,167,097	136,378,529	264,449,326	135,574,631
(ii) Money market placements				
Counter parties with external credit ratings				
A+ (S&P)	–	8,873,002	–	8,872,035
A- (S&P)	4,328,497	–	4,328,497	–
Total money market placements	4,328,497	8,873,002	4,328,497	8,872,035
(iii) Restricted balances and other assets				
Counter parties with external credit ratings				
B- (S&P)	20,228,531	19,277,860	–	–
	20,228,531	19,277,860	–	–
Counter parties without external credit ratings				
Other receivables	261,530,631	143,311,423	262,342,582	143,745,916
Trade receivables	59,776,886	1,266,107	54,725,380	1,265,467
Intercompany receivables	–	–	46,311,759	75,850,113
Total other assets (Financial assets)	341,536,048	163,855,390	363,379,721	220,861,496
(iv) Investment securities				
Counter parties with external credit ratings				
Financial assets at amortised cost				
A (Agusto & Co.)	4,209,056	12,396,988	4,209,056	12,396,988
A- (Agusto & Co.)	43,923,578	3,871,432	43,418,826	3,871,432
A+ (Fitch)	–	15,602,259	–	15,602,259
A- (GCR)	2,056,104	–	2,056,104	–
B (Fitch)	8,610,411	11,171,799	8,610,411	11,171,799
B- (Fitch)	29,162,747	27,246,531	29,162,747	27,246,531
B (S&P)	–	1,777,089	–	1,777,089
	87,961,896	72,066,098	87,457,144	72,066,098
Counter parties without external credit ratings				
Financial assets at amortised cost	15,467,796	1,440,792	–	–
Total financial assets at amortised cost (exclusive of impairment)	103,628,692	73,506,890	87,457,144	72,066,098

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	Group 31 December 2021 ₦'000	Group 31 December 2020 ₦'000	Authority 31 December 2021 ₦'000	Authority 31 December 2020 ₦'000
Financial assets at FVOCI				
Counter parties with external credit ratings				
B-	1,078,317	1,081,666	1,078,317	1,081,666
BB (Fitch)	–	5,966,017		4,556,137
BB- (S&P)	2,771,120	–	2,771,120	–
Unrated	2,384,558	–	100,000	–
Total financial assets at FVOCI	6,233,995	7,047,683	3,949,437	5,637,803

	Group 31 December 2021 ₦'000	Group 31 December 2020 ₦'000	Authority 31 December 2021 ₦'000	Authority 31 December 2020 ₦'000
Financial assets at FVTPL				
Counter parties with external credit ratings				
A	3,250,106	8,557,730	3,250,106	8,557,730
A+(IM) (Agusto & Co.)	1,579,957	–	1,579,957	–
A (IM) (Agusto & Co.)	–	1,626,000	–	1,626,000
Bbb (Agusto & Co.)	1,165,460	–	–	–
AA	3,923,239	7,769,124	3,923,239	7,769,124
AA+ (Fitch)	23,929,441	–	23,929,441	–
AA- (Fitch)	15,129,538	7,901,037	15,129,538	7,901,037
A (Fitch)	13,355,469	–	13,341,002	–
B (Fitch)	3,092,894	11,292,687	–	11,292,687
BB (Fitch)	8,937,412	–	8,937,412	–
AA+ (S&P)	–	22,001,565	–	22,001,565
AA (S&P)	555,678	–	555,678	–
A+ (S&P)	5,088,851	–	5,088,851	–
B2 (Moody)	114,135,963	–	114,135,963	–
B- (S&P)	–	224,603,338		224,603,338
Counter parties without external credit ratings				
Financial assets at FV through profit and loss	283,867,171	207,147,212	255,681,275	183,604,278
Total financial assets at FVTPL	478,011,179	490,898,693	445,552,462	467,355,759

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6 Financial risk management *continued*

6.2.3 Concentration of risk of financial assets

Geographical sectors

The following table breaks down the Group's risk exposure at their carrying amounts, as categorised by geographical region as 31 December 2021 and 31 December 2020. For this table, the Group has allocated exposures to regions based on the country of domicile of its counterparties.

31 December 2021	Group Nigeria ₦'000	Group Rest of Africa ₦'000	Group America ₦'000	Group Rest of the World* ₦'000	Group Total ₦'000
Cash and cash equivalents					
Money market placements	4,328,497	–	–	–	4,328,497
Bank balances	259,724,121	–	5,442,976	–	265,167,097
Restricted balances and other assets					
Other receivables	261,530,631	–	–	–	261,530,631
Account receivables	59,776,886	–	–	–	59,776,886
Cost incurred on behalf of related party	16,118,660	–	–	–	16,118,660
Restricted balances	4,109,871	–	–	–	4,109,871
Loans and receivables					
At amortised cost	15,666,796	–	–	–	15,666,796
Investment securities					
At amortised cost					
Eurobonds	7,613,088	–	–	–	7,613,088
Fixed deposits	80,348,808	–	–	–	80,348,808
At FVTPL					
Currency swap	114,135,963	–	–	–	114,135,963
Private equity investments	12,364,908	14,032,830	63,833,002	43,424,145	133,654,885
Hedge funds and long only equity investments	–	–	105,782,624	69,305,703	175,088,327
Nigeria Infrastructure Debt Fund	1,579,957	–	–	–	1,579,957
US treasury notes	–	–	23,929,441	–	23,929,441
Fixed income products	–	–	29,622,608	–	29,622,608
At FVOCI					
NG Clearing Ltd	1,078,317	–	–	–	1,078,317
The Infrastructure Corporation of Nig. Limited	100,000	–	–	–	100,000
MTN securities and Bridge Academies Limited	5,055,678	–	–	–	5,055,678
	843,532,181	14,032,830	228,610,651	112,729,848	1,198,905,510

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31 December 2020	Group Nigeria N'000	Group Rest of Africa N'000	Group America N'000	Group Rest of the World* N'000	Group Total N'000
Cash and cash equivalents					
Money market placements	8,873,002	–	–		8,873,002
Bank balances	129,262,007	–	7,116,522		136,378,529
Restricted balances and other assets					
Other receivables	143,311,423	–	–		143,311,423
Account receivables	1,266,107	–	–		1,266,107
Cost incurred on behalf of related party	16,113,745				16,113,745
Restricted balances	3,164,115	–	–		3,164,115
Investment securities					
At amortised cost					
Fixed deposits	72,066,099	–	–		72,066,099
Loans and receivables	1,440,792				1,440,792
At FVTPL					
Currency swap	235,896,025	–	–	–	235,896,025
Private equity investments	–	–	87,717,247	–	87,717,247
Hedge funds and long only equity investments	–	–	119,429,965	–	119,429,965
Nigeria Infrastructure Debt Fund	1,626,000	–	–	–	1,626,000
US treasury notes	–	–	22,001,565	–	22,001,565
Fixed income products	–	–	24,227,891	–	24,227,891
At FVOCI					
NG Clearing Ltd	1,081,666	–	–	–	1,081,666
MTN securities and Bridge Academies Limited	5,966,017	–	–	–	5,966,017
	620,066,998	–	260,493,190	–	880,560,188

* Rest of the World covers regions outside Africa and America. This includes regions such as Europe, Asia and other parts of the world.

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6 Financial risk management *continued*

31 December 2021	Authority Nigeria ₦'000	Authority Rest of Africa ₦'000	Authority America ₦'000	Authority Rest of the World* ₦'000	Authority Total ₦'000
Cash and cash equivalents					
Money market placements	4,328,497	–	–	–	4,328,497
Bank balances	259,556,308	–	4,893,018	–	264,449,326
Restricted balances and other assets					
Other receivables	262,342,582	–	–	–	262,342,582
Account receivables	54,725,380	–	–	–	54,725,380
Intercompany receivables	46,311,759	–	–	–	46,311,759
Loans and receivables					
At amortised cost	17,012,085	–	–	–	17,012,085
Investment securities					
At amortised cost					
Eurobonds	7,613,088	–	–	–	7,613,088
Fixed deposits	79,844,056	–	–	–	79,844,056
At FVTPL					
Currency swap	114,135,963	–	–	–	114,135,963
Private equity investments	11,015,967	7,922,134	48,281,936	33,976,130	101,196,167
Hedge funds and long only equity investments	–	–	105,782,624	69,305,703	175,088,327
Nigeria Infrastructure Debt Fund	1,579,957	–	–	–	1,579,957
US treasury notes	–	–	23,929,441	–	23,929,441
Fixed income products	–	–	29,622,608	–	29,622,608
At FVOCI					
NG Clearing Ltd	1,078,317	–	–	–	1,078,317
The Infrastructure Corporation of Nig. Limited	100,000	–	–	–	100,000
MTN securities and Bridge Academies Limited	2,771,120	–	–	–	2,771,120
	862,415,080	7,922,134	212,509,627	103,281,833	1,186,128,674
31 December 2020					
Cash and cash equivalents					
Money market placements	8,872,035	–	–	–	8,872,035
Bank balances	128,599,444	–	6,975,187	–	135,574,631
Restricted balances and other assets					
Other receivables	143,745,916	–	–	–	143,745,916
Account receivables	1,265,467	–	–	–	1,265,467
Intercompany receivables	75,850,113	–	–	–	75,850,113
Investment securities					
At amortised cost					
Fixed deposits	72,066,098	–	–	–	72,066,098
At FVTPL					
Currency swap	235,896,025	–	–	–	235,896,025
Private equity investments	–	–	64,174,313	–	64,174,313
Hedge funds and long only equity investments	–	–	119,429,965	–	119,429,965
Nigeria Infrastructure Debt Fund	–	–	1,626,000	–	1,626,000
US treasury notes	–	–	22,001,565	–	22,001,565
Fixed income products	–	–	24,227,891	–	24,227,891
At FVOCI					
NG Clearing Ltd	1,081,666	–	–	–	1,081,666
MTN securities and Bridge Academies Limited	4,556,137	–	–	–	4,556,137
	671,932,901	–	238,434,921	–	910,367,822

* Rest of the World covers regions outside Africa and America. This includes regions such as Europe, Asia and other parts of the world.

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6.2.4 Impairment of financial assets

The Group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

The Authority recognises loss allowances for expected credit losses (ECL) on the following financial instruments that are not measured at FVPL:

- financial assets that are debt instruments;
- other assets and receivables; and
- financial guarantee contracts issued

No impairment loss is recognised on equity investments.

The Authority measures loss allowances at an amount equal to lifetime ECL, except for the following which they are measured as 12-month ECL:

- debt investment securities that are determined to have low credit risk at the reporting date; and
- other financial instruments (other than other receivables) on which credit risk has not increased significantly since their initial recognition.

Loss allowances for other assets and receivables are always measured at an amount equal to lifetime ECL.

The Authority considers a debt security to have low credit risk when their credit risk rating is equivalent to the globally understood definition of 'investment grade' or it is a sovereign debt issued in the local currency e.g. Treasury bills and Bonds issued by the Nigerian Government.

12-month ECL are the portion of ECL that result from default events on a financial instrument that are possible within the 12 months after the reporting date. Life time ECL are credit losses that result from all possible default event over the expected life of a financial instrument.

6.2.5 Credit risk measurement

The estimation of credit exposure for risk management purposes is complex and requires the use of models, as the exposure varies with changes in market conditions, expected cash flows and the passage of time. The assessment of credit risk of a portfolio of assets entails further estimations as to the likelihood of defaults occurring, of the associated loss ratios and of default correlations between counterparties. The Group measures credit risk using Probability of Default (PD), Exposure at Default (EAD) and Loss Given Default (LGD). This is similar to the approach used for the purposes of measuring Expected Credit Loss (ECL) under IFRS 9. Refer to note 6.2.5.2 on measurement of ECL below for more details.

6.2.5.1 Credit risk grading

The Group uses credit risk gradings that reflect its assessment of the probability of default of individual counterparties. The Group uses rating models tailored to the various categories of counterparty. Specific information collected at the time of acquiring the financial assets (such as disposable income, and level of collateral for exposures; and turnover and industry type) is fed into this rating model. This is supplemented with external data such as credit bureau scoring information on individual borrowers. In addition, the models enable expert judgement from the risk management unit to be fed into the final internal credit rating for exposures. This allows for considerations which may not be captured as part of the other data inputs into the model.

The credit grades are calibrated such that the risk of default increases exponentially at each higher risk grade. For example, this means that the difference in the PD between an A and A- rating grade is lower than the difference in the PD between a B and B- rating grade.

6.2.5.2 Measurement of ECL

ECL are a probability-weighted estimate of credit losses.

They are measured as follows:

- Financial assets that are not credit-impaired at the reporting date:
 - They are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Authority expects to receive);
- Financial assets that are credit-impaired at the reporting date:
 - They are measured as the difference between the gross carrying amount and the present value of estimated future cash flows; and
- Financial guarantee contracts:
 - They are measured as the expected payments to reimburse the holder less any amounts that the Authority expects to recover from the holder, the debtor or any other party.

Default definition

Under IFRS 9, the Group will consider a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the borrower is more than 90 days past due on any material credit obligation to the Group.
- Overdrafts are considered past due once the customer has breached an advised limit or been advised of a limit that is smaller than the current amount outstanding.

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6 Financial risk management *continued*

In assessing whether a borrower is in default, the Group will consider indicators that are:

- qualitative: e.g. breach of covenants that are deemed as default events;
- quantitative: e.g. 90 days overdue status and non-payment of another obligation of the same issuer to the Authority; and
- based on internally and external objective evidence of impairment.

Inputs into the assessment of whether a financial instrument is in default and their significance may vary over time to reflect changes in circumstances.

6.2.6 Significant increase in credit risk

The Group has established a framework that consider qualitative, quantitative, and 'backstop' (30 days past due presumption) indicators to determine whether the credit risk on a particular financial instrument has increased significantly since initial recognition. The framework aligns with the Group's internal credit risk management process.

The criteria for determining whether credit risk has increased significantly will vary by portfolio and will include backstop based on delinquency.

In determining whether the credit risk (i.e. risk of default) on a financial instrument has increased significantly since initial recognition, the Group will consider reasonable and supportable information that is relevant and available without undue cost or effort, including both quantitative and qualitative information and analysis based on the Authority's historical experience, expert credit assessment and forward-looking information. The Authority will primarily assess whether a significant increase in credit risk has occurred for an exposure in line with its staging criteria by comparing:

- the risk of default on the exposure as at the reporting date; with
- the risk of default on the exposure as at the date of initial recognition

Assessing whether credit risk has increased significantly since initial recognition of a financial instrument requires identifying the date of initial recognition of the instrument. Modifying the contractual terms of a financial instrument may also affect this assessment.

Details of the qualitative and quantitative factors used to determine the significant increase in credit risk are highlighted in the next sub-head.

6.2.6.1 Quantitative criteria

The use of quantitative criteria requires the Authority to refresh its quantitative metrics at least annually. The Authority adopted the following quantitative criteria for the purpose of assessing Significant Increase in Credit Risk (SICR), vis-à-vis stage allocation:

i. External rating parameter:

The Authority monitors changes in external ratings of obligors to assess significant increase/decrease in credit risk. Evidence of Significant Increase in Credit Risk (SICR) depends on rating at initial recognition and the extent of movement (number of notches downgrade/upgrade) as at reporting date.

The Authority applies different notches movement across each rating grade as evidence of SICR. Generally, obligors with higher credit rating would require more notches downgrade to evidence SICR, when compared with obligors with lower credit rating. The logic is that PD exponentially increases with movement down the rating grades. For instance, while a one-notch movement is deemed significant for a financial instrument rated CCC at origination, a three-notch movement is deemed significant for an AAA rated financial instrument.

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Below is a table of the quantitative criteria used in allocating stages to the financial instruments of the Authority:

Stage 1	Stage 2	Stage 3
— Less than three (3) notches downgrade in the external rating of the obligor for financial instruments that were rated S&P equivalent of AAA to AA- at origination.	— More than three (3) notches downgrade in the external rating of the obligor for financial instruments that were rated S&P equivalent of AAA to AA- at origination.	— All facilities with a rating of D are grouped in stage 3
— Less than two (2) notches downgrade in the external rating of the obligor for financial instruments that were rated S&P equivalent of A+ to BB- at origination.	— More than two (2) notches downgrade in the external rating of the obligor for financial instruments that were rated S&P equivalent of A+ to BB- at origination.	
— No downgrade in the external rating of the obligor for financial instruments that were rated S&P equivalent of B+ and below at origination.	— One (1) or more notch downgrade in the external rating of the obligor for financial instruments that were rated S&P equivalent of B+ and below at origination.	

ii. Backstop:

The Authority uses the backstop indicator otherwise known as “30 days past due presumption” to assess significant decrease/increase in credit risk. Evidence of SICR depends on the financial instrument’s performance status and the number of days for which contractual payments are past due.

The thresholds for these quantitative criteria will be reviewed by the Authority on an annual basis.

Stage 1	Stage 2	Stage 3
— The financial instrument is performing with less than 30 days past due on any contractual payment.	— The financial instrument is performing with 30 or more days but less than 90 days past due on any contractual payment; except if the Authority can rebut that the “30 days past due” presumption does not represent significant increase in credit risk for that particular financial instrument.	— The financial instrument is 90 or more days past due on contractual payments; except if the Authority can rebut that the “90 days past due” presumption does not represent a default event for that particular financial instrument.

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6 Financial risk management *continued*

6.2.6.2 Qualitative Criteria

The Authority uses a wide range of qualitative criteria for staging purposes, leveraging on IFRS 9 recommendations and a range of other factors.

The Authority shall override the stage allocation using quantitative assessment if the financial instrument meets the qualitative criteria for a different impairment stage as detailed below.

Below is a table of the qualitative criteria used in allocating stages to the financial instruments of the Group:

Stage 1	Stage 2	Stage 3
<ul style="list-style-type: none"> — The financial instrument meets CBN low risk exception criteria i.e. “risk free and gilt edged” — All financial instruments at inception will be in stage 1 except if purchased or originated as credit impaired. — The financial instrument has not had a significant increase in credit risk since origination as evidenced by (but not limited to) the following factors: 	<ul style="list-style-type: none"> — The financial instrument has had a significant increase in credit risk since origination as evidenced by (but not limited to) the following factors: — An actual or expected change in the regulatory, macroeconomic, or technological environment of the borrower at the reporting date results in a significant change in the borrower’s ability to meet its obligations relative to the origination date. — Expectation of forbearance or restructuring due to financial difficulties. — There is significant drop in the obligor’s revenue or profitability at the reporting date which could result in a significant change in the borrower’s ability to meet its obligations relative to the origination date. 	<ul style="list-style-type: none"> — Financial instruments that are purchased or originated as credit impaired. — The financial instrument has objective evidence of impairment at the reporting date as evidenced by (but not limited to) the following: — Withdrawal of operating licence from the obligor. — Voluntary liquidation/insolvency of the obligor.
<ul style="list-style-type: none"> — An actual or expected change in the regulatory, macroeconomic, or technological environment of the borrower at the reporting date does not result in a significant change in the borrower’s ability to meet its obligations relative to the origination date. — No expectation of forbearance or restructuring due to financial difficulties. 	<ul style="list-style-type: none"> — Evidence that full repayment of interest and principal will require the realisation of collaterals or other form of support. The borrower has suffered a regulatory fine that is significant in relation to its size/profit at the reporting date which could result in a significant change in the borrower’s ability to meet its obligations relative to the origination date. 	<ul style="list-style-type: none"> — If it becomes probable that the obligor may enter bankruptcy or other financial reorganisation. — Disappearance of an active market for the financial instrument because of financial difficulties. — The purchase or origination of a financial instrument at a deep discount that reflects the incurred credit losses
<ul style="list-style-type: none"> — No evidence that full repayment of interest and principal will require the realisation of collaterals or other form of support. 	<ul style="list-style-type: none"> — Litigation against the obligor is likely to have material impact on revenue or profit at the reporting date which could result in a significant change in the borrower’s ability to meet its obligations relative to the origination date. 	<ul style="list-style-type: none"> — Breach of covenants that are deemed as default events. — Other qualitative factors representing default such as in the CBN’s prudential guideline definition of default.
<ul style="list-style-type: none"> — The borrower did not suffer a regulatory fine that is significant in relation to its size/profit at the reporting date which could result in a significant change in the borrower’s ability to meet its obligations relative to the origination date. — No Litigation against the obligor that is likely to have material impact on profit at the reporting date which could result in a significant change in the borrower’s ability to meet its obligations relative to the origination date. 	<ul style="list-style-type: none"> — Government policies have significant negative impact on the viability or profitability of the obligor at the reporting date which could result in a significant change in the borrower’s ability to meet its obligations relative to the origination date. — Significant downturn in the obligor’s industry at the reporting date relative to the origination date or the downturn is expected to significantly impact the obligor’s ability to meet contractual obligations relative to the origination date. 	

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Stage 1	Stage 2	Stage 3
<ul style="list-style-type: none"> — Government policies have little or no negative impact on the viability or profitability of the obligor at the reporting date which could result in a significant change in the borrower's ability to meet its obligations relative to the origination date. 		
<ul style="list-style-type: none"> — No significant downturn in the obligor's industry at the reporting date relative to the origination date or the downturn is not expected to significantly impact the obligor's ability to meet contractual obligations relative to the origination date. 	<ul style="list-style-type: none"> — Significant reduction in financial support from a parent entity or other affiliate at the reporting date which could result in a significant change in the borrower's ability to meet its obligations relative to the origination date. 	
<ul style="list-style-type: none"> — There is no significant drop in the obligor's revenue or profitability at the reporting date which could result in a significant change in the borrower's ability to meet its obligations relative to the origination date. 	<ul style="list-style-type: none"> — Significant deterioration in liquidity/solvency levels of the obligor at the reporting date which could result in a significant change in the borrower's ability to meet its obligations relative to the origination date. 	
<ul style="list-style-type: none"> — Little or reduction in financial support from a parent entity or other affiliate at the reporting date which could result in a significant change in the borrower's ability to meet its obligations relative to the origination date. 	<ul style="list-style-type: none"> — Other factors other than those listed above that suggest that the ability of the obligor to meet contractual obligations at the reporting date has change materially from the origination date. 	
<ul style="list-style-type: none"> — No significant deterioration in liquidity/solvency levels of the obligor at the reporting date which could result in a significant change in the borrower's ability to meet its obligations relative to the origination date. 		
<ul style="list-style-type: none"> — For financial institutions, no significant deterioration in obligor's CAMELS (i.e. Capital, Asset Quality, Management Capability, Earnings, Liquidity, and Sensitivity to market risks) at the reporting date which could result in a significant change in the borrower's ability to meet its obligations relative to the origination date. 		
<ul style="list-style-type: none"> — No significant deterioration in internal price indicators of credit risk at the reporting date which could result in a significant change in the borrower's ability to meet its obligations relative to the origination date. 		
<ul style="list-style-type: none"> — Other factors other than those listed above that suggest that the ability of the obligor to meet contractual obligations at the reporting date has not change materially from the origination date. 		

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6 Financial risk management *continued*

6.2.7 Measuring ECL – Explanation of inputs, assumptions and estimation techniques

The Expected Credit Loss (ECL) is measured on either a 12-month (12M) or Lifetime basis depending on whether a significant increase in credit risk has occurred since initial recognition or whether an asset is considered to be credit-impaired. Expected credit losses are the discounted product of the Probability of Default (PD), Exposure at Default (EAD), and Loss Given Default (LGD), defined as follows:

- The PD represents the likelihood of a borrower defaulting on its financial obligation (as per “Definition of default and credit-impaired” above), either over the next 12 months (12M PD), or over the remaining lifetime (Lifetime PD) of the obligation.
- EAD is based on the amounts the Group expects to be owed at the time of default, over the next 12 months (12M EAD) or over the remaining lifetime (Lifetime EAD). For example, for a revolving commitment, the Group includes the current drawn balance plus any further amount that is expected to be drawn up to the current contractual limit by the time of default, should it occur.
- Loss Given Default (LGD) represents the Group’s expectation of the extent of loss on a defaulted exposure. LGD varies by type of counterparty, type and seniority of claim and availability of collateral or other credit support. LGD is expressed as a percentage loss per unit of exposure at the time of default (EAD). LGD is calculated on a 12-month or lifetime basis, where 12-month LGD is the percentage of loss expected to be made if the default occurs in the next 12 months and Lifetime LGD is the percentage of loss expected to be made if the default occurs over the remaining expected lifetime of the financial asset.

The ECL is determined by projecting the PD, LGD and EAD for each future month and for each individual exposure or collective segment. These three components are multiplied together. This effectively calculates an ECL for each future month, which is then discounted back to the reporting date and summed. The discount rate used in the ECL calculation is the original effective interest rate or an approximation thereof.

The Lifetime PD is developed by applying a maturity profile to the current 12M PD. The maturity profile looks at how defaults develop on a portfolio from the point of initial recognition throughout the lifetime of the financial asset amortised cost. The maturity profile is based on historical observed data and is assumed to be the same across all assets within a portfolio and credit grade band. This is supported by historical analysis.

The 12-month and lifetime EADs are determined based on the expected payment profile, which varies by product type.

- For amortising instruments/assets, this is based on the contractual repayments owed by the borrower over a 12-month or lifetime basis. This will also be adjusted for any expected overpayments made by a borrower. Early repayment/refinance assumptions are also incorporated into the calculation.
- For revolving products, the exposure at default is predicted by taking current drawn balance and adding a “credit conversion factor” which allows for the expected drawdown of the remaining limit by the time of default. These assumptions vary by product type and current limit utilisation band, based on analysis of the Group’s recent default data.

The 12-month and lifetime LGDs are determined based on the factors which impact the recoveries made post default. These vary by asset.

- For secured financial assets, this is primarily based on collateral type and projected collateral values, historical discounts to market/book values due to forced sales, time to repossession and recovery costs observed.
- For unsecured financial assets, LGD’s are typically set at product level due to the limited differentiation in recoveries achieved across different borrowers. These LGD’s are influenced by collection strategies, including contracted debt sales and price.

Forward-looking economic information is also included in determining the 12-month and lifetime PD, EAD and LGD. These assumptions vary by asset type. Refer to the forward-looking information incorporated in the ECL models subhead for an explanation of forward-looking information and its inclusion in ECL calculations.

The assumptions underlying the ECL calculation – such as how the maturity profile of the PDs and how collateral values change etc. – are monitored and reviewed by the Finance team on a periodic basis.

There have been no significant changes in estimation techniques or significant assumptions made during between when the model was adopted and the reporting period.

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6.2.8 Forward-looking information incorporated in the ECL models

The calculation of ECL both incorporate forward-looking information. The Group has performed historical analysis and identified the key economic variables impacting credit risk and expected credit losses for each portfolio.

IFRS 9 [B5.5.51] states that an entity need not undertake an exhaustive search for information but shall consider all reasonable and supportable information that is available without undue cost or effort and that is relevant to the estimate of expected credit losses. In addition, an entity is not required to incorporate forecasts of future economic conditions over the entire life of a financial instrument. Rather, it suffices for an entity to extrapolate projections for periods that are far in the future from available information.

6.2.8.1 Incorporating forward-looking information into multi-year PD estimation

The Authority has financial instruments originating from different regions of the world, and as such, it may be impracticable to obtain information on future economic conditions for all the relevant regions. The Authority has therefore incorporated FLI into multi-year PD estimation using a two-step approach:

Step 1:

Convert Through-the-Cycles (TTC) PDs to Point-in-Time (PIT) PDs using logistic regression with global historical default rates and global macroeconomic variables (i.e. global GDP growth rate, global inflation rate and oil price). This is based on the fact that external rating grades are comparable across industries and jurisdictions.

Step 2:

Incorporate the impact of local economic conditions by analysing the likelihood of change in the rating of each financial instrument based on obligor specific information. This analysis will be conducted at every reporting date by considering the following information:

- i. Rating outlook from external rating agencies for the obligor or the related sovereign
- ii. The expected impact of local macroeconomic forecasts (e.g. local GDP growth rate, exchange rate, inflation rate, unemployment rate etc.) on the obligor
- iii. Other obligor specific qualitative information that may provide an indication of future change in ratings.

6.2.8.2 Incorporating FLI into multi-year EAD and LGD Estimation

The Authority adjusts the base case EAD and LGD estimates for periods where these parameters are expected to be significantly different from their historical averages based on forward-looking macroeconomic information.

6.2.8.3 Macroeconomic variable affecting the ECL allowance

The real historical gross domestic product (GDP) growth rate in Nigeria, inflation and crude oil price were identified as the key economic variables impacting the credit risk of the Group. Historical data on these variables for the last ten years were used to determine the three economic scenarios (base, optimistic and downturn) and their scenario weightings.

6.2.9 Economic variable assumptions

One of the most significant period-end assumptions used for the ECL estimate as at 31 December 2021 is set out below. The scenarios "best", "optimistic" and "downturn" were used for all portfolios.

		2022	2023	2024	2025	2026
a GDP growth rate (%)	Best	3%	3%	3%	3%	3%
	Optimistic	4%	4%	4%	4%	4%
	Downturn	3%	3%	3%	3%	3%
b Inflation rate (%)	Best	10%	7%	7%	7%	7%
	Optimistic	8%	5%	5%	5%	5%
	Downturn	16%	12%	12%	12%	12%
c Oil price (USD)	Best	75	68	68	68	68
	Optimistic	82	75	75	75	75
	Downturn	70	62	62	62	62

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6 Financial risk management *continued*

Sensitivity analysis on ECL Model

The most significant forward-looking information with impact on the ECL allowance of the Group include:

- Growth rate
- Inflation rate
- Oil prices

The table below demonstrates the sensitivity of the ECL allowance to movements in the significant forward-looking indicators for financial assets, with all other variables held constant:

	Group ECL allowance ₦'000	Group Net effect ₦'000	Authority ECL Allowance ₦'000	Authority Net effect ₦'000
2021				
Growth rate				
10% increase	1,788,546	(4,190)	2,065,190	(32,232)
No change	1,792,736	–	2,097,422	–
10% decrease	1,796,623	3,887	2,127,332	29,910
Inflation rate				
1% increase	1,792,764	28	2,105,408	7,986
No change	1,792,736	–	2,097,422	–
1% decrease	1,792,708	(28)	2,089,436	(7,986)
Oil prices				
5% increase	1,791,371	(1,365)	2,091,531	(5,891)
No change	1,792,736	–	2,097,422	–
5% decrease	1,794,137	1,401	2,103,040	5,618
2020				
Growth rate				
10% increase	1,582,014	(175,779)	2,377,990	(264,221)
No change	1,757,793	–	2,642,211	–
10% decrease	1,933,572	175,779	2,906,432	264,221
Inflation rate				
1% increase	1,775,371	17,578	2,668,633	26,422
No change	1,757,793	–	2,642,211	–
1% decrease	1,740,215	(17,578)	2,615,789	(26,422)
Oil prices				
5% increase	1,669,903	(87,890)	2,510,100	(132,111)
No change	1,757,793	–	2,642,211	–
5% decrease	1,845,683	87,890	2,774,322	132,111

6.2.10 Loss allowance

The loss allowance recognised in the period is impacted by a variety of factors, as described below:

- Transfers between Stage 1 and Stages 2 or 3 due to financial instruments experiencing significant increases (or decreases) of credit risk or becoming credit-impaired in the period, and the consequent “step up” (or “step down”) between 12-month and Lifetime ECL;
- Additional allowances for new financial instruments recognised during the period, as well as releases for financial instruments de-recognised in the period;
- Impact on the measurement of ECL due to changes in PDs, EADs and LGDs in the period, arising from regular refreshing of inputs to models;
- Impacts on the measurement of ECL due to changes made to models and assumptions;
- Discount unwind within ECL due to the passage of time, as ECL is measured on a present value basis;
- Foreign exchange retranslations for assets denominated in foreign currencies and other movements; and
- Financial assets derecognised and write-offs of allowances related to assets that are written off.

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There were no assets written off during the period.

See notes 14.1 for an explanation of the changes in the loss allowance of financial assets between the beginning and the end of the annual period.

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix.

Group Days past due	Group Expected credit loss rate 31 December 2021	Group Estimated total gross carrying amount 31 December 2021 N'000	Group Expected credit loss 31 December 2021 N'000
	–	–	–
	–	–	–

The subsidiary-NAIC-NPK for which the trade receivable expected credit loss was assessed for 2020 had been sold to MoFI by September 2021. Hence, no available information for disclosure as at 31 December 2021.

Group Days past due	Group Expected credit loss rate 31 December 2020	Group Estimated total gross carrying amount 31 December 2020 N'000	Group Expected credit loss 31 December 2020 N'000
0-29 days	1.54%	6,584,542	76,970
30-59 days	1.99%	135,801	2,172
90-119 days	2.27%	2,293,025	49,798
120-149 days	2.95%	2,762,427	90,287
150-179 days	3.29%	2,499,930	104,758
180-209 days	4.45%	90,000	3,771
240-269 days	11.06%	2,392,817	241,745
Total		16,758,542	569,501

6.2.11 Write-off policy

The Group writes off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include (i) ceasing enforcement activity and (ii) where the Group's recovery method is foreclosing on collateral and the value of the collateral is such that there is no reasonable expectation of recovering in full.

The Group may write-off financial assets that are still subject to enforcement activity. Currently, there were no outstanding contractual amounts on such financial assets during the year ended 31 December 2021.

The table below analyses the Group's financial assets measured at amortised cost based on stage in which the allowances taken on them are. All financial assets fair valued through other comprehensive income are equity instruments.

2021	Group Stage 1 12 months exposure N'000	Group Stage 2 Lifetime exposure N'000	Group Stage 3 Lifetime exposure N'000	Group Total N'000
Financial assets measured at amortised cost				
Eurobond	7,613,088	–	–	7,613,088
Fixed deposits	80,348,808	–	–	80,348,808
Loans and receivables	15,666,796	–	–	15,666,796
Restricted balances and other assets	341,536,048	–	–	341,536,048
	445,164,740	–	–	445,164,740
Loss allowance (investment securities & other assets)	(1,792,736)	–	–	(1,792,736)
Carrying amount	443,372,004	–	–	443,372,004
Individually impaired	1,792,736	–	–	1,792,736
Collectively impaired	–	–	–	–
	1,792,736	–	–	1,792,736

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6 Financial risk management *continued*

2020	Group Stage 1 12 months exposure N'000	Group Stage 2 Lifetime exposure N'000	Group Stage 3 Lifetime exposure N'000	Group Total N'000
Financial assets measured at amortised cost				
Fixed deposits	72,066,099	–	–	72,066,099
Loans and receivables	1,440,792	–	–	1,440,792
Restricted balances and other assets	163,855,390	–	–	163,855,390
	237,362,281	–	–	237,362,281
Loss allowance (investment securities & other assets)	(2,337,525)	–	–	(2,337,525)
Carrying amount	235,024,756	–	–	235,024,756
Individually impaired	2,337,525	–	–	2,337,525
Collectively impaired	–	–	–	–
	2,337,525	–	–	2,337,525

2021	Authority Stage 1 12 months exposure N'000	Authority Stage 2 Lifetime exposure N'000	Authority Stage 3 Lifetime exposure N'000	Authority Total N'000
Financial assets measured at amortised cost				
Eurobond	7,613,088	–	–	7,613,088
Fixed deposits	79,844,056	–	–	79,844,056
Loans and receivables	17,012,085	–	–	17,012,085
Restricted balances and other assets	363,593,556	–	–	363,593,556
	468,062,785	–	–	468,062,785
Loss allowance	(2,097,422)	–	–	(2,097,422)
Carrying amount	465,965,363	–	–	465,965,363
Individually impaired	2,097,422	–	–	2,097,422
Collectively impaired	–	–	–	–
	2,097,422	–	–	2,097,422

2020	Authority Stage 1 12 months exposure N'000	Authority Stage 2 Lifetime exposure N'000	Authority Stage 3 Lifetime exposure N'000	Authority Total N'000
Financial assets measured at amortised cost				
Fixed deposits	72,066,098	–	–	72,066,098
Other assets	–	–	–	–
	72,066,098	–	–	72,066,098
Loss allowance	(2,642,211)	–	–	(2,642,211)
Carrying amount	69,423,887	–	–	69,423,887
Individually impaired	–	–	–	–
Collectively impaired	2,642,211	–	–	2,642,211
	2,642,211	–	–	2,642,211

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A reconciliation of changes in gross carrying amount and corresponding allowance for ECL by stage for fixed deposits and Eurobond is as follows:

	Group Stage 1 Individual		Group Stage 1 Individual	
	Gross carrying amount 2021 N'000	ECL 2021 N'000	Gross carrying amount 2020 N'000	ECL 2020 N'000
As at 1 January	75,228,357	636,031	95,974,599	655,817
New asset purchased	12,733,539	(62,465)	–	–
Assets derecognised or matured (excluding write-offs)			(20,746,242)	(19,786)
As at 31 December	87,961,896	573,566	75,228,357	636,031

	Authority Stage 1 Individual		Authority Stage 1 Individual	
	Gross carrying amount 2021 N'000	ECL 2021 N'000	Gross carrying amount 2020 N'000	ECL 2020 N'000
As at 1 January	72,066,098	636,031	93,411,705	655,817
New asset purchased	15,391,046	(62,465)	–	–
Assets derecognised or matured (excluding write-offs)		–	(21,345,607)	(19,786)
As at 31 December	87,457,144	573,566	72,066,098	636,031

A reconciliation of changes in gross carrying amount and corresponding allowance for ECL by stage for other assets is as follows:

	Group Stage 1 Individual		Group Stage 1 Individual	
	Gross carrying amount 2021 N'000	ECL 2021 N'000	Gross carrying amount 2020 N'000	ECL 2020 N'000
As at 1 January	146,018,322	1,701,494	9,795,174	1,101,976
Addition to financial assets	190,955,991	(482,324)	136,223,148	599,518
Assets derecognised or matured (excluding write-offs)				
As at 31 December	336,974,313	1,219,170	146,018,322	1,701,494

	Authority Stage 1 Individual		Authority Stage 1 Individual	
	Gross carrying amount 2021 N'000	ECL 2021 N'000	Gross carrying amount 2020 N'000	ECL 2020 N'000
As at 1 January	224,105,023	2,006,180	53,978,964	880,113
Addition to financial assets	156,286,783	(482,324)	170,126,059	1,126,067
Assets derecognised or matured (excluding write-offs)	–	–	–	–
As at 31 December	380,391,806	1,523,856	224,105,023	2,006,180

6.3 Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations arising from its financial liabilities that are settled by delivering cash or another financial asset, or that such obligations will have to be settled in a manner disadvantageous to the Group.

6.3.1 Management of liquidity risk

The Group's approach to managing liquidity is to have sufficient funds to meet its liabilities, as and when due, without incurring undue losses or risking damage to the Group's reputation. The Group manages its liquidity risk by maintaining cash levels to fund short-term operating expenses.

The table below shows the Group's current cash levels:

	Group 31 December 2021 N'000	Group 31 December 2020 N'000	Authority 31 December 2021 N'000	Authority 31 December 2020 N'000
Cash in hand	107,362	5,989	4,592	1,299
Bank balances	265,167,097	136,378,529	264,449,326	135,574,631
Placements with financial institutions	4,328,497	8,873,002	4,328,497	8,872,035
Total cash and cash equivalents	269,602,956	145,257,520	268,782,415	144,447,965

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6 Financial risk management *continued*

Exposure to liquidity risk

The table below analyses the Group's non-derivative financial liabilities and unfunded commitments with private equity fund managers into relevant maturity Groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Group Up to 6 months N'000	Group Between 6 months and 1 year N'000	Group Between 1 and 2 years N'000	Group Greater than 2 years N'000	Group Total N'000
31 December 2021					
Trade payables	1,092,940	–	–	–	1,092,940
Other payables	286,511,515	–	–	–	286,511,515
Payables to the Federal Government of Nigeria in respect of the Second Niger Bridge	19,001,075				19,001,075
Lease liability	80,326				80,326
Accrued expenses	1,029,984	–	–	–	1,029,984
Total liabilities	307,715,840	–	–	–	307,715,840
Unfunded commitments with private equity fund managers	56,633,754	–	–	–	56,633,754
Total commitments	56,633,754	–	–	–	56,633,754

	Group Up to 6 months N'000	Group Between 6 months and 1 year N'000	Group Between 1 and 2 years N'000	Group Greater than 2 years N'000	Group Total N'000
31 December 2020					
Trade payables	1,300,561	–	–	–	1,300,561
Other payables	138,293,189	–	–	–	138,293,189
Accruals	1,436,218	–	–	–	1,436,218
Total liabilities	141,029,968	–	–	–	141,029,968
Unfunded commitments with private equity fund managers	46,746,522	–	–	–	46,746,522
Total commitments	46,746,522	–	–	–	46,746,522

	Authority Up to 6 months N'000	Authority Between 6 months and 1 year N'000	Authority Between 1 and 2 years N'000	Authority Greater than 2 years N'000	Authority Total N'000
31 December 2021					
Trade payables	1,058,971	–	–	–	1,058,971
Intercompany payables	313,565	–	–	–	313,565
Other payables	285,615,958	–	–	–	285,615,958
Lease liability	80,326	–	–	–	80,326
Accruals	949,907	–	–	–	949,907
Total liabilities	288,018,727	–	–	–	288,018,727
Unfunded commitments with private equity fund managers	23,039,558	–	–	–	23,039,558
Total commitments	23,039,558	–	–	–	23,039,558

	Authority Up to 6 months N'000	Authority Between 6 months and 1 year N'000	Authority Between 1 and 2 years N'000	Authority Greater than 2 years N'000	Authority Total N'000
31 December 2020					
Trade payables	1,210,822	–	–	–	1,210,822
Intercompany payables	16,621,418	–	–	–	16,621,418
Other payables	137,577,722	–	–	–	137,577,722
Accruals	1,365,946	–	–	–	1,365,946
Total liabilities	156,775,908	–	–	–	156,775,908
Unfunded commitments with private equity fund managers	21,779,966	–	–	–	21,779,966
Total commitments	21,779,966	–	–	–	21,779,966

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6.4 Market risk

Market risk is the risk of loss from unfavourable changes in the fair values of financial instruments caused by adverse moves in market variables, such as foreign exchange rates, interest rates, equity prices, commodity prices, credit spreads and implied volatilities of the market rates. Market risk losses could result in a loss of earning and/or capital to the Group. The Group is exposed to market risk through its proprietary investments and can experience capital erosion from its own direct investments in the market.

With regards to investments in certain asset classes, the Group's potential exposure can be categorised into two: namely, traditional investments and alternative investments. Traditional investments include cash, listed equity and fixed income instruments. Alternative investments are the real estate assets, private equity, hedge funds, unquoted securities and equities, hospitality, and are generally less liquid than traditional investments. Currently, the asset classes being referred to as alternative investments are the real estate assets, private equity, hospitality and infrastructure projects.

The Group's Market risk Framework includes:

- Market risk – comprising equity, interest rate, interest basis and currency risks;
- Valuation risk – which derives from the valuation methodology chosen for unlisted assets. A critical associated risk is that which relates to the valuation model. The Group has exposure to valuation risk through its investments in real estate assets, private equity investments as well as other alternative instruments and project development.

The Group manages market risk by actively controlling positions taken by investment managers in accordance with the investment strategy for each fund. The investment strategy outlines permissible asset classes, asset allocation limits and other position limits according to the portfolio risk appetite and risk profile. Exceptions are escalated and investment managers are expected to provide a plan of action that would bring portfolios within limits.

The identification, measurement and management of market risk is categorised as follows:

6.4.1 Trading assets/Financial assets

Trading assets are carried at fair value using publicly available market rates for traded securities. Positions are monitored regularly and performance measured to relevant benchmarks.

6.4.2 Non-trading assets/Non-financial assets

Key performance measures are set and a robust monitoring and reporting framework is put in place to monitor performance of the Authority's investment in alternative and unlisted securities.

6.4.3 Foreign exchange risk

Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the Group's functional currency.

The Group has an investment in a foreign operation, whose net assets are exposed to foreign currency translation risk as a result of the translation of its financial statements from the operation's functional currency to the Group's presentation currency. Non-monetary financial assets are not exposed to foreign exchange risk in accordance with the standards. Currency exposure arising from the net assets of the Group's foreign subsidiary is managed primarily through cash and cash equivalents denominated in the relevant foreign currencies.

For the purpose of disclosing the sensitivity analysis for foreign currency risk, the Group's foreign currency risk arising from the translation of its foreign operations are not taken into account even though they may have an impact on equity. A negative amount in the table reflects a potential net reduction in the income statement or equity, while a positive amount reflects a net potential increase. An equivalent decrease in each of the currencies below against the Nigerian Naira would have resulted in an equivalent but opposite impact.

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6 Financial risk management *continued*

The table below shows the sensitivity of the Group's total comprehensive income to 10% appreciation or depreciation of the Naira in relation to other currencies while holding other variables constant.

Concentration of foreign currency exposure

	Group Naira ₦'000	Group USD ₦'000	Group Euro ₦'000	Group Others' ₦'000	Group Total ₦'000
31 December 2021					
Cash and cash equivalents	264,467,315	5,088,521	43,212	3,908	269,602,956
Investment securities (at amortised cost)	504,752	86,883,578	–	–	87,388,330
Investment securities (at FVTPL)	1,626,000	476,385,180	–	–	478,011,180
Investment securities (at FVOCI)	6,233,995	–	–	–	6,233,995
Loans and receivables	15,467,411	–	–	–	15,467,411
Restricted balances and other assets	66,361,464	274,402,974	–	–	340,764,438
Total monetary financial assets	354,660,937	842,760,253	43,212	3,908	1,197,468,310
Trade payables	84,491	1,008,449	–	–	1,092,940
Other payables	259,886,257	26,688,578	–	7,923	286,582,758
Payable to Federal Government of Nigeria	19,001,075	–	–	–	19,001,075
Total monetary financial liabilities	278,971,823	27,697,027	–	7,923	306,676,773
Net financial asset	–	815,063,226	43,212	(4,015)	815,102,424
Sensitivity at 10% appreciation	–	(81,506,323)	(4,321)	401	(81,510,243)
Sensitivity at 10% depreciation	–	81,506,323	4,321	(401)	81,510,243

1. Others represent all other currencies aside from the three main functional currencies such Yen, AUD, GBP.

	Group Naira ₦'000	Group USD ₦'000	Group Euro ₦'000	Group Others' ₦'000	Group Total ₦'000
31 December 2020					
Cash and cash equivalents	135,384,422	9,702,018	171,080	–	145,257,520
Investment securities (at amortised cost)	–	73,506,891	–	–	73,506,891
Investment securities (at FVTPL) – Monetary	–	473,705,598	9,452,565	7,740,530	490,898,693
Investment securities (at FVOCI)	–	7,047,683	–	–	7,047,683
Restricted balances and other assets	159,724,082	4,131,308	–	–	163,855,390
Total monetary financial assets	295,108,504	568,093,498	9,623,645	7,740,530	880,566,177
Trade payables	1,300,561	–	–	–	1,300,561
Other payables	138,135,301	157,888	–	–	138,293,189
Payable to Federal Government of Nigeria	18,442,124	–	–	–	18,442,124
Borrowings	–	–	–	–	–
Total monetary financial liabilities	157,877,986	157,888	–	–	158,035,874
Net financial asset	–	567,935,610	9,623,645	7,740,530	585,299,785
Sensitivity at 10% appreciation	–	(56,793,561)	(962,365)	(774,053)	(58,529,979)
Sensitivity at 10% depreciation	–	56,793,561	962,365	774,053	58,529,979

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	Authority Naira ₦'000	Authority USD ₦'000	Authority Euro ₦'000	Authority Others' ₦'000	Authority Total ₦'000
31 December 2021					
Cash and cash equivalents	263,842,277	4,893,018	43,212	3,908	268,782,415
Investment securities (at amortised cost)	–	86,883,578	–	–	86,883,578
Investment securities (at FVTPL)	1,626,000	443,926,463	–	–	445,552,463
Investment securities (at FVOCI)	3,949,437	–	–	–	3,949,437
Loans and receivables	16,850,542	–	–	–	16,850,542
Restricted balances and other assets	87,183,889	275,169,685	–	–	363,593,574
Total monetary financial assets	373,452,145	810,872,745	43,212	3,908	1,184,372,010
Trade payables	50,522	1,008,449	–	–	1,058,971
Intercompany payables	313,565	–	–	–	313,565
Other payables	259,313,628	26,365,650	–	7,923	285,687,201
Total monetary financial liabilities	259,677,715	27,374,099	–	7,923	287,059,737
Net financial asset FCY exposure	–	783,498,646	43,212	(4,015)	783,537,843
Sensitivity at 15% appreciation	–	(117,524,797)	(6,482)	602	(117,530,676)
Sensitivity at 15% depreciation	–	117,524,797	6,482	(602)	(117,530,676)

1. Others represent all other currencies aside from the three main functional currencies such Yen, AUD, GBP.

	Authority Naira ₦'000	Authority USD ₦'000	Authority Euro ₦'000	Authority Others' ₦'000	Authority Total ₦'000
31 December 2020					
Cash and cash equivalents	134,720,336	9,556,274	171,080	–	144,447,690
Investment securities (at amortised cost)	–	72,066,098	–	–	72,066,098
Investment securities (at FVTPL)	–	457,903,194	9,452,565	–	467,355,759
Investment securities (at FVOCI)	–	5,637,803	–	–	5,637,803
Restricted balances and other assets	224,105,023	–	–	–	224,105,023
Total monetary financial assets	358,825,359	545,163,369	9,623,645	–	913,612,373
Trade payables	76,821	1,134,001	–	–	1,210,822
Intercompany payables	16,613,418	8,000	–	–	16,621,418
Other payables	137,577,722	–	–	–	137,577,722
Total monetary financial liabilities	154,267,961	1,142,001	–	–	155,409,962
Net financial asset FCY exposure	–	544,021,368	9,623,645	–	553,645,013
Sensitivity at 15% appreciation	–	(81,603,205)	(1,443,547)	–	(83,046,752)
Sensitivity at 15% depreciation	–	81,603,205	1,443,547	–	83,046,752

1. Others represent all other currencies aside from the three main functional currencies such Yen, AUD, GBP.

Effective closing rate as at 31 December 2021 is ₦412.99/ US Dollar (2020: ₦379/ US Dollar).

6.4.4 Interest rate risk

NSIA Group's operations are subject to the risk of interest rate fluctuations to the extent that interest-earning assets (including investments) and interest-bearing liabilities mature or re-price at different times or in differing amounts. Risk management activities are aimed at optimising net interest income and maintaining market interest rate levels consistent with the Group's business strategies.

The table below is a summary of the Group's interest rate gap position at the reporting date. All assets, liabilities and derivatives instruments are allocated to gap intervals based on either their re-pricing or maturity characteristics. The Group's assets and liabilities are included at carrying amount and categorised by the earlier of their contractual re-pricing or maturity dates. Assets and liabilities for which no identifiable contractual repricing or maturity dates exist are allocated to gap intervals based on behavioural profiling.

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6 Financial risk management *continued*

	Re-pricing period				
	Group Carrying amount ₦'000	Group Less than 1 year ₦'000	Group More than 1 year ₦'000	Group Non Interest bearing ₦'000	Group Total Gross Nominal ₦'000
31 December 2021					
Cash and cash equivalents	269,602,956	277,691,045	–	–	277,691,045
Loans and receivables	15,467,411	8,247,039	7,993,742	–	16,240,781
Investment securities					
Investment securities (at amortised cost)	87,388,330	92,631,630	–	–	92,631,630
Investment securities (at FVOCI)	6,233,995	–	–	6,233,995	6,233,995
Currency swap	114,135,963	–	–	114,135,963	114,135,963
Private equity investments	133,654,884	–	–	133,654,884	133,654,884
Hedge funds and long only equity investments	175,088,327	–	–	175,088,327	175,088,327
Nigeria Infrastructure Debt Fund	1,579,957	–	–	1,579,957	1,579,957
Fixed income products	29,622,608	31,548,078	–	–	31,548,078
US treasury notes	23,929,441	24,168,735	–	–	24,168,735
Restricted balances and other assets	340,764,438	–	–	340,764,438	340,764,438
	1,197,468,310	434,286,527	7,993,742	771,457,564	1,213,737,833
Lease liability	71,243	80,326	–	–	80,326
Other payables	306,605,530	–	–	306,605,530	306,605,530
	306,676,773	80,326	–	306,605,530	306,685,856
Gaps	890,791,537	434,206,200	7,993,742	464,852,034	907,051,976
31 December 2020					
Cash and cash equivalents	145,257,520	149,615,246	–	–	149,615,246
Loans and receivables	–	–	–	–	–
Investment securities					
Investment securities (at amortised cost)	73,506,891	77,917,304	–	–	77,917,304
Investment securities (at FVOCI)	7,047,683	–	–	7,047,683	7,047,683
Currency swap	235,896,025	–	–	235,896,025	235,896,025
Private equity investments	87,717,247	–	–	87,717,247	87,717,247
Hedge funds and long only equity investments	119,429,965	–	–	119,429,965	119,429,965
Nigeria Infrastructure Debt Fund	1,626,000	–	–	1,626,000	1,626,000
Fixed income products	24,227,891	25,802,704	–	–	25,802,704
US treasury notes	22,001,565	22,221,581	–	–	22,221,581
Restricted balances and other assets	163,855,390	–	–	163,855,390	163,855,390
	490,898,693	48,024,285	–	444,669,237	492,693,522
Lease liability	–	–	–	–	–
Other payables	158,035,874	–	–	158,035,874	158,035,874
	158,035,874	–	–	158,035,874	158,035,874
Gaps	332,862,819	48,024,285	–	286,633,363	334,657,648

Interest rate risk is the risk of loss to net interest income (NII) arising from changes in market interest rates on rate sensitive assets and liabilities.

Net interest income sensitivity

There are two types of scenario that give rise to interest rate risk. These are where the Group holds variable rate instruments susceptible to cash flow interest rate risk due to a change in market interest rates or the Group holds debts instruments measured at fair value which will be exposed to fair value interest rate risk. The Group holds debts instruments measured at fair value which are exposed to fair value interest rate risk. The table below shows the impact of interest rate changes (increase/decrease) on the Group's interest bearing financial instruments and the effect on total comprehensive income.

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	Group 31 December 2021 ₦'000	Group 31 December 2020 ₦'000	Authority 31 December 2021 ₦'000	Authority 31 December 2020 ₦'000
Currency swap	114,135,963	235,896,025	114,135,963	235,896,025
Private equity investments	133,654,884	87,717,247	101,196,167	64,174,313
Hedge funds and long only equity investments	175,088,327	119,429,965	175,088,327	119,429,965
Nigeria Infrastructure Debt Fund	1,579,957	1,626,000	1,579,957	1,626,000
Fixed income products	29,622,608	24,227,891	29,622,608	24,227,891
US treasury notes	23,929,441	22,001,565	23,929,441	22,001,565
	478,011,180	490,898,693	445,552,463	467,355,759
Net interest earning financial instruments	478,011,180	490,898,693	445,552,463	467,355,759

<i>In thousands of Nigerian Naira</i>	Impact on	Sensitivity to 5% strengthening	Sensitivity to 5% weakening
Group			
31 December 2021	Profit or loss	23,900,559	(23,900,559)

<i>In thousands of Nigerian Naira</i>	Impact on	Sensitivity to 5% strengthening	Sensitivity to 5% weakening
Group			
31 December 2020	Profit or loss	24,544,935	(24,544,935)

<i>In thousands of Nigerian Naira</i>	Impact on	Sensitivity to 5% strengthening	Sensitivity to 5% weakening
Authority			
31 December 2021	Profit or loss	22,277,623	(22,277,623)

<i>In thousands of Nigerian Naira</i>	Impact on	Sensitivity to 5% strengthening	Sensitivity to 5% weakening
Authority			
31 December 2020	Profit or loss	23,367,788	(23,367,788)

6.4.5 Equities securities price risk

The Group is exposed to equity securities price risk because of investments held by the Group and recognised on the consolidated statement of financial position at FVOCI. The Group is not exposed to commodity price risk. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.

The table below summarises the impact of increases/decreases on the Group's other comprehensive income and equity. The analysis is based on the assumption that the equity prices had increased/decreased by 5% with all other variables held constant:

	Group 31 December 2021 ₦'000	Group 31 December 2020 ₦'000	Authority 31 December 2021 ₦'000	Authority 31 December 2020 ₦'000
Equity instruments measured at FVOCI	6,233,995	7,047,683	3,949,437	5,637,803
	(6,233,995)	(7,047,683)	(3,949,437)	(5,637,803)

Other comprehensive income would increase/(decrease) as a result of gains/(losses) on equity securities measured at FVOCI by the amounts shown above.

Notes to the Consolidated and Separate Financial Statements

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7 Fair value hierarchy

The Group classifies financial instruments measured at fair value in the investment portfolio according to the following hierarchy:

Level	Fair value input description	Financial instruments
Level 1	Quoted prices (unadjusted) from active markets	Quoted instruments
Level 2	Inputs other than quoted prices included in Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices)	Equity instruments quoted in over-the-counter (OTC) markets
Level 3	Inputs that are not based on observable market data (that is, unobservable inputs)	Unquoted equity instruments and debt instruments

Unquoted equity instruments and debt instruments are measured in accordance with the International Private Equity and Venture Capital valuation guidelines with reference to the most appropriate information available at the time of measurement.

The following tables analyse within the fair value hierarchy the Authority's financial assets (by class) measured at fair value at 31 December 2021. All fair value measurements disclosed are recurring fair value measurements.

Investment securities at FVOCI

	Group Level 1 N'000	Group Level 2 N'000	Group Level 3 N'000	Group Total N'000
<i>31 December 2021</i>				
NG Clearing Ltd	–	–	1,078,317	1,078,317
The Infrastructure Corporation of Nig Ltd.			100,000	100,000
MTN securities and Bridge Academies Limited	2,771,120	–	2,284,558	5,055,678
	2,771,120	–	3,462,875	6,233,995

Investment securities at FVOCI

	Group Level 1 N'000	Group Level 2 N'000	Group Level 3 N'000	Group Total N'000
<i>31 December 2020</i>				
NG Clearing Ltd	–	–	1,081,666	1,081,666
MTN securities and Bridge Academies Limited	4,556,137	–	1,409,880	5,966,017
	4,556,137	–	2,491,546	7,047,683

Investment securities at FVOCI

	Authority Level 1 N'000	Authority Level 2 N'000	Authority Level 3 N'000	Authority Total N'000
<i>31 December 2021</i>				
NG Clearing Ltd	–	–	1,078,317	1,078,317
The Infrastructure Corporation of Nig Ltd.			100,000	100,000
MTN securities	2,771,120	–	–	2,771,120
	2,771,120	–	1,178,317	3,949,437

Investment securities at FVOCI

	Authority Level 1 N'000	Authority Level 2 N'000	Authority Level 3 N'000	Authority Total N'000
<i>31 December 2020</i>				
NG Clearing Ltd	–	–	1,081,666	1,081,666
MTN securities	4,556,137	–	–	4,556,137
	4,556,137	–	1,081,666	5,637,803

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Financial assets at fair value through profit or loss

	Group Level 1 N'000	Group Level 2 N'000	Group Level 3 N'000	Group Total N'000
<i>31 December 2021</i>				
Currency swap (Note 21.3.1)	–	114,135,963	–	114,135,963
Private equity investments	–	–	133,654,884	133,654,884
Hedge funds and long only equity investments	31,784,479	–	143,303,848	175,088,327
Nigeria Infrastructure Debt Fund	1,579,957	–	–	1,579,957
US treasury notes	–	23,929,441	–	23,929,441
Fixed income products	–	29,622,608	–	29,622,608
	33,364,436	167,688,012	276,958,732	478,011,180

	Group Level 1 N'000	Group Level 2 N'000	Group Level 3 N'000	Group Total N'000
<i>31 December 2020</i>				
Currency swap (Note 21.3.1)	–	235,896,025	–	235,896,025
Private equity investments	–	–	87,717,247	87,717,247
Hedge funds and long only equity investments	–	–	119,429,965	119,429,965
Nigeria Infrastructure Debt Fund	–	1,626,000	–	1,626,000
US treasury notes	–	22,081,811	–	22,081,811
Fixed income products	–	24,227,891	–	24,227,891
	–	283,831,727	207,147,212	490,978,939

	Authority Level 1 N'000	Authority Level 2 N'000	Authority Level 3 N'000	Authority Total N'000
<i>31 December 2021</i>				
Currency swap (Note 21.3.1)	–	114,135,963	–	114,135,963
Private equity investments	–	–	101,196,167	101,196,167
Hedge funds and long only equity investments	30,703,576	–	144,384,751	175,088,327
Nigeria Infrastructure Debt Fund	1,579,957	–	–	1,579,957
US treasury notes	–	23,929,441	–	23,929,441
Fixed income products	–	29,622,608	–	29,622,608
	32,283,533	167,688,012	245,580,918	445,552,463

	Authority Level 1 N'000	Authority Level 2 N'000	Authority Level 3 N'000	Authority Total N'000
<i>31 December 2020</i>				
Currency swap (Note 21.3.1)	–	235,896,025	–	235,896,025
Private equity investments	–	–	64,174,313	64,174,313
Hedge funds and long only equity investments	–	–	119,429,965	119,429,965
Nigeria Infrastructure Debt Fund	–	1,626,000	–	1,626,000
US treasury notes	–	22,081,811	–	22,081,811
Fixed income products	–	24,227,891	–	24,227,891
	–	283,831,727	183,604,278	467,436,005

(a) Financial instruments in level 1

The fair value of financial instruments traded in active markets is based on quoted market prices as at 31 December 2021. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in Level 1.

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7 Fair value hierarchy *continued*

(b) Financial instruments in level 2

Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. They include investments in equity securities that are not traded in an active market but for which a trading platform exists on which a price can be determined for which market participants would pay in order to purchase the asset as at the reporting date i.e. at the over-the-counter alternative markets.

These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3. Specific valuation techniques used to value financial instruments include quoted market prices or dealer quotes for similar instruments.

(c) Financial instruments in level 3

Level 3 inputs are unobservable inputs that have been applied in valuing the respective asset or liability. The determination of what constitutes 'observable' requires significant judgement by the Authority. The Authority considers observable data to be market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary and provided by independent sources that are actively involved in the relevant market. There were no transfers between levels during the year.

Investments in hedge funds and private equity funds measured at FVOCI

In determining the fair value of these investments, the Authority relies on the valuation as reported in the latest available financial statements and/or capital account statements provided by the investment manager, unless the Authority is aware of reasons that such a valuation may not be the best approximation of fair value. In such cases, the Authority reserves the right to assign a fair value to such investments which differs from the one reported by the investment manager.

The following table presents the changes in Level 3 instruments for the year ended 31 December 2021 for financial assets measured at FVOCI.

	Group 31 December 2021 N'000	Group 31 December 2020 N'000	Authority 31 December 2021 N'000	Authority 31 December 2020 N'000
Financial assets measured at FVOCI – Bridge Academies Limited, NG Clearing and Infracore Ltd				
Opening balance	2,491,546	2,603,000	1,081,666	523,000
Additions	–	536,500	100,000	536,500
Fair value movement	744,886	22,166	(3,349)	22,166
Exchange difference	126,443	(670,120)	–	–
Closing balance	3,362,875	2,491,546	1,178,317	1,081,666

The key assumptions to the valuation of Level 3 instruments includes the Group's ability to strengthen its market position through effective geographical expansion and its ability to improve its profitability by increasing EBITDA margins. The key inputs to the valuation technique used by the group are revenue and EBITDA margins.

	Group 31 December 2021 N'000	Group 31 December 2020 N'000	Authority 31 December 2021 N'000	Authority 31 December 2020 N'000
Financial assets at fair value through profit or loss – Private equity				
Opening balance	87,717,248	57,169,278	64,174,315	37,045,262
Additions	36,394,563	17,448,811	27,919,840	11,353,676
Disposals, repayments and distributions received	(13,290,295)	(5,493,970)	(11,355,891)	(1,945,287)
Fair value movement	14,539,788	9,555,306	14,000,532	11,312,245
Exchange gain	8,293,580	9,037,823	6,457,371	6,408,419
Closing balance	133,654,884	87,717,248	101,196,167	64,174,315

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	Group 31 December 2021 ₦'000	Group 31 December 2020 ₦'000	Authority 31 December 2021 ₦'000	Authority 31 December 2020 ₦'000
Financial assets at fair value through profit or loss – Hedge funds				
Opening balance	119,429,965	67,462,348	119,429,965	67,462,348
Additions	41,290,320	28,445,918	41,290,320	28,445,918
Disposals, repayments and distributions received	(13,154,635)	(427,396)	(13,154,635)	(427,396)
Fair value movement	14,941,905	11,422,150	14,941,905	11,422,150
Exchange gain/(loss)	12,580,772	12,526,945	12,580,772	12,526,945
Closing balance	175,088,327	119,429,965	175,088,327	119,429,965

Sensitivity analysis of fair value movements for Level 3 financial assets measured at FVOCI

The table below shows the sensitivity analysis to enterprise value/EBITDA multiple for Level 3 financial assets measured at FVOCI:

			Group 31 December 2021 ₦'000	Authority 31 December 2021 ₦'000
Net fair value sensitivity	5% changes in fair value movement	Inputs	Difference	Difference
Impact on total comprehensive income	Increase	NAV/Fair value	(37,244)	(167)
Impact on total comprehensive income	Decrease	NAV/Fair value	37,244	167

			Group 31 December 2020 ₦'000	Authority 31 December 2020 ₦'000
Net fair value sensitivity	5% changes in fair value movement	Inputs	Difference	Difference
Impact on total comprehensive income	Increase	NAV/Fair value	(1,108)	(1,108)
Impact on total comprehensive income	Decrease	NAV/Fair value	1,108	1,108

The table below shows the sensitivity analysis of financial assets measured at FVTPL

			Group 31 December 2021 ₦'000	Authority 31 December 2021 ₦'000
Net fair value sensitivity	5% changes in fair value movement	Inputs	Difference	Difference
Impact on total comprehensive income	Increase	NAV/Fair value	(726,989)	(700,027)
Impact on total comprehensive income	Decrease	NAV/Fair value	726,989	700,027

			Group 31 December 2020 ₦'000	Authority 31 December 2020 ₦'000
Net fair value sensitivity	5% changes in fair value movement	Inputs	Difference	Difference
Impact on total comprehensive income	Increase	NAV/Fair value	(477,765)	(565,612)
Impact on total comprehensive income	Decrease	NAV/Fair value	477,765	565,612

Notes to the Consolidated and Separate Financial Statements

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7 Fair value hierarchy *continued*

31 December 2021	Group Carrying value ₦'000	Group Level 1 ₦'000	Group Level 2 ₦'000	Group Level 3 ₦'000	Group Fair value ₦'000
Financial assets					
Other receivables	260,749,732	–	–	260,749,732	260,749,732
Trade receivables	59,598,400	–	–	59,598,400	59,598,400
Cost incurred on behalf of related party in respect of Second Niger Bridge	16,070,532	–	–	16,070,532	16,070,532
Loans and receivables	15,467,411	–	–	15,666,796	15,666,796
Restricted balances and other assets (a)	4,097,599	–	4,109,871	–	4,109,871
Financial assets measured at amortised cost (b)	87,388,330	–	87,961,896	–	87,961,896
	443,372,004	–	92,071,767	352,085,460	444,157,227
Financial liabilities					
Borrowings	–	–	–	–	–
Trade payables	1,092,940	–	–	1,092,940	1,092,940
Other payables	286,511,515	–	–	286,511,515	286,511,515
Payables to Federal Government in respect of the Second Niger Bridge	19,001,075	–	–	19,001,075	19,001,075
	306,605,530	–	–	306,605,530	306,605,530
31 December 2020					
Financial assets					
Other receivables	143,311,423	–	–	143,311,423	143,311,423
Trade receivables	1,266,107	–	–	1,266,107	1,266,107
Cost incurred on behalf of related party in respect of Second Niger Bridge	16,113,745	–	–	16,113,745	16,113,745
Restricted balances and other assets	3,164,115	–	3,164,115	–	3,164,115
Financial assets measured at amortised cost (b)	73,506,891	–	73,506,891	–	73,506,891
	237,362,281	–	76,671,006	160,691,275	237,362,281
Financial liabilities					
Borrowings	–	–	–	–	–
Trade payables	1,300,561	–	–	1,300,561	1,300,561
Other payables	138,293,189	–	–	138,293,189	138,293,189
Payables to Federal Government in respect of the Second Niger Bridge	–	–	–	–	–
	139,593,750	–	–	139,593,750	139,593,750

Notes to the Consolidated and Separate Financial Statements

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31 December 2021	Authority Carrying value N'000	Authority Level 1 N'000	Authority Level 2 N'000	Authority Level 3 N'000	Authority Fair value N'000
Financial assets					
Other receivables	261,359,636	–	–	261,359,636	261,359,636
Account receivables	54,520,335	–	–	54,520,335	54,520,335
Intercompany receivables	46,138,238	–	–	46,138,238	46,138,238
Loans and receivables	16,850,542	–	–	17,012,085	17,012,085
Financial instruments at amortised cost (b)	86,883,578	–	87,457,144	–	87,457,144
	465,752,329	–	87,457,144	379,030,294	466,487,438
Financial liabilities					
Trade payables	1,058,971	–	–	1,058,971	1,058,971
Intercompany payables	313,565	–	–	313,565	313,565
Other payables	285,615,958	–	–	285,615,958	285,615,958
	286,988,494	–	–	286,988,494	286,988,494
31 December 2020					
Financial assets					
Other receivables	143,745,916	–	–	143,745,916	143,745,916
Account receivables	1,265,467	–	–	1,265,467	1,265,467
Intercompany receivables	75,850,113	–	–	75,850,113	75,850,113
Financial instruments at amortised cost	72,066,098	–	72,066,098	–	72,066,098
	292,927,594	–	72,066,098	220,861,496	292,927,594
Financial liabilities					
Trade payables	1,210,822	–	–	1,210,822	1,210,822
Intercompany payables	16,621,418	–	–	16,621,418	16,621,418
Other payables	137,577,722	–	–	137,577,722	137,577,722
	155,409,962	–	–	155,409,962	155,409,962

Below are the methodologies and assumptions used to determine fair values for the above Level 2 financial instruments which are not recorded and measured at fair value in the Group's financial statements. These fair values were calculated for disclosure purposes only.

(a) Restricted balances and other assets

The estimated fair value of restricted balances and other assets not quoted in an active market is based on discounted cash flows using interest rates for such categories of such financial assets with similar remaining maturity to determine its reasonable approximation of fair value.

(b) Financial assets measured at amortised cost

The estimated fair value of the instruments categorised here represents the discounted amount of estimated future cash flows expected to be received. Expected cash flows are discounted at current market rates to determine fair value.

8 Fund information

The Authority has three Funds being the Stabilisation Fund (SF), Future Generations Fund (FGF) and Nigeria Infrastructure Fund (NIF). Each of the Funds is managed separately as they entail different investment objectives and strategies and contain investments in different products.

For each of the Funds, the management reviews the internal management report. The objective and principal investment products of the respective reportable segments are as follows:

Reportable Fund	Products and services
Stabilisation Fund (SF)	To provide stabilisation support to the Federation in times of economic stress.
Future Generation Fund (FGF)	To invest in a diversified portfolio of appropriate growth investments in order to provide future generation of Nigerians a solid savings base for such a time as the hydrocarbon reserves in Nigeria are exhausted.
Nigeria Infrastructure Fund (NIF)	To invest in infrastructure projects in Nigeria that meet our targeted financial returns and contribute to the development of essential infrastructure in Nigeria.

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8 Fund information continued

Information regarding the results of each Fund is included below. Performance is measured based on Fund as included in the internal management reports. Funds profitability is used to measure performance as the Directors believe that such information is most relevant in evaluating the profitability of each fund.

31 December 2021	Stabilisation Fund ₦'000	Future Generations Fund ₦'000	Nigeria Infrastructure Fund ₦'000	Unallocated ₦'000	Total ₦'000
Interest income	346,298	847,439	4,281,668	183,116	5,658,521
Investment income	52,655	4,491,857	122,277	(124,620)	4,542,169
Interest income on instrument measured at FVPL	4,471,695	7,632,773	21,797,967	(194,193)	33,708,242
Net gain on financial assets	2,752,293	37,201,548	17,141,246	(181,835)	56,913,252
Net foreign exchange gain/(loss)	9,300,784	27,232,859	10,732,888	(1,491,619)	45,774,912
Total operating segment income	16,923,725	77,406,476	54,076,046	(1,809,151)	146,597,096
Investment management fees	(25,025)	(1,190,074)	(3,037)	–	(1,218,136)
Local custodian fees	(8,421)	(10,797)	(24,717)	(329)	(44,264)
Global custodian fees	(24,723)	(100,432)	(9,134)	(10,121)	(144,410)
Impairment charge on financial assets	54,100	253,205	237,484	–	544,789
Total operating fund profit	16,919,656	76,358,378	54,276,642	(1,819,601)	145,735,075
Revenue from infrastructure subsidiaries investment	–	–	2,007,165	–	2,007,165
Expense from infrastructure subsidiaries investment	–	–	(575,920)	–	(575,920)
Loss from infrastructure subsidiaries investment	–	–	1,431,245	–	1,431,245
Other income	–	238,508	445,803	3,621,421	4,305,732
Operating and administrative expenses	(0)	(774,755)	(2,447,844)	(3,749,033)	(6,971,632)
Interest expense	–	–	(3,058)	–	(3,058)
Share of profit of investment in associate	–	–	4,038,065	–	4,038,065
Profit before tax	16,919,656	75,822,131	57,740,853	(1,947,213)	148,535,427
Taxation	–	(1,743)	–	–	(1,743)
Profit for the year from continuing operations	16,919,656	75,820,388	57,740,853	(1,947,213)	148,533,684
Profit from discontinued operations	–	–	–	5,026,703	5,026,703
Profit for the year	16,919,656	75,820,388	57,740,853	3,079,490	153,560,387
Profit attributable to:					
Owners of NSIA	16,919,656	75,820,388	57,797,758	3,079,490	153,617,292
Non-controlling interest	–	–	(56,905)	–	(56,905)
	16,919,656	75,820,388	57,740,853	3,079,490	153,560,387
Reportable fund assets					
Cash and cash equivalents	53,121,833	83,249,411	133,231,712	–	269,602,956
Investment securities	71,117,521	337,107,457	177,918,858	(14,510,332)	571,633,504
Loans and receivables	–	–	11,764,428	3,702,983	15,467,411
Other assets	22,430,426	100,727,084	232,804,462	(15,197,532)	340,764,440
Inventories	–	–	142,746	–	142,746
Investments accounted for using the equity method	–	3,000	20,056,592	4,620,417	24,680,009
Property and equipment	–	–	4,647,569	513,480	5,161,049
Right-of-use assets	–	–	177,856	73,414	251,270
Intangible assets	–	–	40,876	84,819	125,695
	146,669,780	521,086,952	580,785,099	(20,712,751)	1,227,829,080
Reportable fund liabilities					
Other liabilities	(1,078,138)	(31,258,178)	(33,705,042)	(242,061,070)	(308,102,428)
	(1,078,138)	(31,258,178)	(33,705,042)	(242,061,070)	(308,102,428)

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31 December 2020	Stabilisation Fund N'000	Future Generations Fund N'000	Nigeria Infrastructure Fund N'000	Unallocated N'000	Total N'000
Interest income	1,025,485	858,700	3,728,662	164,119	5,776,966
Investment income	231,463	2,134,618	(195,533)	773,028	2,943,576
Interest income on instrument measured at FVPL	6,038,108	11,868,608	24,891,458	(40,652)	42,757,522
Net gain/(loss) on financial assets	5,592,391	34,046,685	(1,823,381)	20,278,392	58,094,087
Net foreign exchange gain/(loss)	13,733,544	21,777,102	39,027,897	(23,324,056)	51,214,487
Total operating segment income	26,620,991	70,685,713	65,629,103	(2,149,169)	160,786,638
Investment management fees	(34,325)	(1,039,346)	1,433	(5,508)	(1,077,746)
Local custodian fees	3,387	4,468	2,877	–	10,732
Foreign custodian fees	(21,661)	(88,002)	(7,048)	(12,178)	(128,889)
Impairment charge on financial assets	(147,768)	(221,653)	(376,435)	989	(744,867)
Total operating fund profit	26,420,624	69,341,180	65,249,930	(2,165,866)	158,845,868
Revenue from infrastructure subsidiaries investment	–	–	759,291	–	759,291
Expense from infrastructure subsidiaries investment	–	–	(190,130)	–	(190,130)
Loss from infrastructure subsidiaries investment	–	–	569,161	–	569,161
Other income	–	60,688	846,997	804,861	1,712,546
Operating and administrative expenses	13,807	(342,366)	(1,949,004)	(4,523,548)	(6,801,111)
Finance cost	–	–	(2,491)	–	(2,491)
Share of profit of investment in associate	–	–	2,158,747	–	2,158,747
Profit before tax	26,434,431	69,059,502	66,873,340	(5,884,553)	156,482,720
Taxation	–	–	(12,417)	–	(12,417)
Profit after tax	26,434,431	69,059,502	66,860,923	(5,884,553)	156,470,303
Profit attributable to:					
Owners of NSIA	26,434,431	69,059,502	66,926,910	(5,884,553)	156,536,290
Non-controlling interest	–	–	(65,987)	–	(65,987)
	26,434,431	69,059,502	66,860,923	(5,884,553)	156,470,303
Reportable fund assets					
Cash and cash equivalents	51,270,696	59,659,425	33,932,524	394,875	145,257,520
Investment securities	58,317,804	258,185,705	252,828,410	1,485,317	570,817,236
Restricted balances and other assets	48,459,243	70,925,940	41,841,434	1,043,955	162,270,572
Inventories	–	–	152,549	–	152,549
Investment accounted for using the equity method	–	–	19,371,487	–	19,371,487
Property and equipment	–	–	4,955,957	475,253	5,431,210
Right-of-use assets	–	–	188,801	13,421	202,222
Intangible assets	–	–	92,261	121,283	213,544
	158,047,743	388,771,070	353,363,423	3,534,104	903,716,340
Reportable fund liabilities					
Other liabilities	(43,205,494)	(51,096,699)	(41,893,655)	(23,628,475)	(159,824,323)
Borrowings	–	–	–	–	–
	(43,205,494)	(51,096,699)	(41,893,655)	(23,628,475)	(159,824,323)

9 Interest income

	Group 31 December 2021 N'000	Group 31 December 2020 N'000	Authority 31 December 2021 N'000	Authority 31 December 2020 N'000
Interest income on Nigerian treasury bills	–	78,940	–	78,940
Interest income on loans	767,649	265,175	704,010	921,505
Interest income on fixed deposits and eurobond	4,875,290	5,332,269	4,872,382	5,170,051
Interest income on bank balances	15,582	100,582	15,492	93,326
	5,658,521	5,776,966	5,591,884	6,263,822

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10 Investment income

	Group 31 December 2021 N'000	Group 31 December 2020 N'000	Authority 31 December 2021 N'000	Authority 31 December 2020 N'000
Investment income from securities (10.1)	4,542,169	2,943,576	3,352,806	4,455,184
	4,542,169	2,943,576	3,352,806	4,455,184

10.1 Investment income comprises the following

	Group 31 December 2021 N'000	Group 31 December 2020 N'000	Authority 31 December 2021 N'000	Authority 31 December 2020 N'000
Dividend from ordinary equity investments	57,603	320,761	239,825	320,761
Income distribution by fund managers	3,564,748	2,622,815	2,663,105	2,093,794
Dividend from subsidiaries	0	–	–	1,849,519
Investment Income-FVTPL Securities	919,818	–	449,876	191,111
	4,542,169	2,943,576	3,352,806	4,455,185

11 Interest income on financial assets at FVTPL

	Group 31 December 2021 N'000	Group 31 December 2020 N'000	Authority 31 December 2021 N'000	Authority 31 December 2020 N'000
Interest income on US treasury note	500,194	625,286	500,194	625,286
Interest income from fixed income products	271,605	199,600	271,605	199,600
Interest income on Open Market operations bill	32,936,443	41,932,636	32,936,443	41,932,636
	33,708,242	42,757,522	33,708,242	42,757,522

12 Net gain on financial assets

	Group 31 December 2021 N'000	Group 31 December 2020 N'000	Authority 31 December 2021 N'000	Authority 31 December 2020 N'000
Net gain on financial assets at fair value through profit or loss (Note 12.1)	56,898,356	57,447,464	56,449,910	59,712,136
Net fair value gain/loss and trading income on US treasury notes and fixed income products	14,896	646,623	14,896	646,623
	56,913,252	58,094,087	56,464,806	60,358,759

12.1 Net gain on financial assets at fair value through profit or loss (FVTPL)

	Group 31 December 2021 N'000	Group 31 December 2020 N'000	Authority 31 December 2021 N'000	Authority 31 December 2020 N'000
Unrealised fair value gain on financial swap	9,086,051	11,292,687	9,086,051	11,292,687
Realised fair value gain on financial swap	17,382,117	24,518,207	17,382,117	24,518,207
Fair value changes on private equity, hedge funds and other securities	28,260,964	20,265,098	27,812,518	22,529,770
Net gain/(loss) on sale of equity instruments	2,169,224	1,371,472	2,169,224	1,371,472
	56,898,356	57,447,464	56,449,910	59,712,136

13 Net foreign exchange gain

	Group 31 December 2021 N'000	Group 31 December 2020 N'000	Authority 31 December 2021 N'000	Authority 31 December 2020 N'000
Net foreign exchange gain (13.1)	45,774,912	51,214,487	45,800,056	50,771,621
	45,774,912	51,214,487	45,800,056	50,771,621

13.1 Net foreign exchange gain represents net gains or losses from revaluation of Authority's foreign denominated financial assets. The closing rate used for translation of financial assets as at 31 December 2021 was \$1:₦412.99 (Dec 20: \$1:₦379).

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14 Impairment charge/(write back) on financial assets/investments

	Group 31 December 2021 N'000	Group 31 December 2020 N'000	Authority 31 December 2021 N'000	Authority 31 December 2020 N'000
Financial assets at amortised cost	544,789	(744,867)	544,789	(1,106,280)
Impairment on Investments (26b)	–	–	(886,797)	–
	544,789	(744,867)	(342,008)	(1,106,280)

14.1 The following tables explain the changes in the loss allowance of financial assets between the beginning and the end of the annual period:

	Group Stage 1 12-month ECL N'000	Group Stage 2 Lifetime ECL N'000	Group Stage 3 Lifetime ECL N'000	Group Purchased credit- impaired N'000	Group Total N'000
<i>31 December 2021</i>					
Loss allowance as at 1 January 2021	2,337,526	–	–	–	2,337,526
Movements without P/L impact					
Decrease in ECL arising from net increase in gross carrying amount of financial assets.	(544,789)	–	–	–	(544,789)
Total net P/L charge during the period	(544,789)	–	–	–	(544,789)
Loss allowance as at 31 December 2021	1,792,736	–	–	–	1,792,736

	Group Stage 1 12-month ECL N'000	Group Stage 2 Lifetime ECL N'000	Group Stage 3 Lifetime ECL N'000	Group Purchased credit- impaired N'000	Group Total N'000
<i>31 December 2020</i>					
Loss allowance as at 1 January 2020	1,747,431	–	–	–	1,747,431
Movements with P/L impact					
Asset derecognised during the year	(154,772)	–	–	–	(154,772)
Movements with P/L impact					
Increase in ECL arising from net increase in gross carrying amount of financial assets.	744,867	–	–	–	744,867
Total net P/L charge during the period	744,867	–	–	–	744,867
Loss allowance as at 31 December 2020	2,337,526	–	–	–	2,337,526

	Authority Stage 1 12-month ECL N'000	Authority Stage 2 Lifetime ECL N'000	Authority Stage 3 Lifetime ECL N'000	Authority Purchased credit- impaired N'000	Authority Total N'000
<i>31 December 2021</i>					
Loss allowance as at 1 January 2021	2,642,211	–	–	–	2,642,211
Movements with P/L impact					
Changes on financial assets during the year	(544,789)	–	–	–	(544,789)
Total net P/L charge during the period	(544,789)	–	–	–	(544,789)
Loss allowance as at 31 December 2021	2,097,422	–	–	–	2,097,422

	Authority Stage 1 12-month ECL N'000	Authority Stage 2 Lifetime ECL N'000	Authority Stage 3 Lifetime ECL N'000	Authority Purchased credit- impaired N'000	Authority Total N'000
<i>31 December 2020</i>					
Loss allowance as at 1 January 2020	1,535,931	–	–	–	1,535,931
Movements with P/L impact					
Changes on financial assets during the year	1,106,280	–	–	–	1,106,280
Total net P/L charge during the period	1,106,280	–	–	–	1,106,280
Loss allowance as at 31 December 2019	2,642,211	–	–	–	2,642,211

Other movements with no P&L impact

There were no transfers across the stage 1 to stage 3 and there was no write-off during the year.

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15 Infrastructure operating revenue

	Group 31 December 2021 N'000	Group 31 December 2020 N'000	Authority 31 December 2021 N'000	Authority 31 December 2020 N'000
Revenue from healthcare facilities	2,007,165	759,291	–	–
	2,007,165	759,291	–	–

Revenue from healthcare facilities represents revenue from facilities such as MRI, Ultrasound, X-Ray and other laboratory services.

All revenues from infrastructure subsidiaries investments are recognised at a point in time.

16 Infrastructure operating expenses

	Group 31 December 2021 N'000	Group 31 December 2020 N'000	Authority 31 December 2021 N'000	Authority 31 December 2020 N'000
Cost of providing health services	575,920	190,130	–	–
	575,920	190,130	–	–

17 Other income

	Group 31 December 2021 N'000	Group 31 December 2020 N'000	Authority 31 December 2021 N'000	Authority 31 December 2020 N'000
Fiduciary income	4,180,355	782,232	4,180,355	782,232
Other operating income	125,377	930,314	79,561	847,629
	4,305,732	1,712,546	4,259,916	1,629,861

In 2021, ₦4.18 billion fiduciary income relates to fund management fees earned from the Presidential Infrastructure Development Fund (₦814.1 million), PFI-NPK Funds (₦3 billion) and CBN NESI Fund (₦365.8 million). ₦782 million of the 2020 fiduciary income relates to fund management fees earned from the Presidential Infrastructure Development Fund in 2020 and while the other operating income for 2020 includes recovery of ₦825 million Swap Cost paid on behalf of NAIC-NPK (former subsidiary).

18 Depreciation and amortisation

	Group 31 December 2021 N'000	Group 31 December 2020 N'000	Authority 31 December 2021 N'000	Authority 31 December 2020 N'000
Depreciation of PPE and right-of-use assets	819,939	507,923	267,393	214,839
Amortisation of intangible assets (see note 30)	98,820	61,003	36,464	29,450
	918,759	568,926	303,857	244,289

19 Operating and administrative expenses

	Group 31 December 2021 N'000	Group 31 December 2020 N'000	Authority 31 December 2021 N'000	Authority 31 December 2020 N'000
Personnel expenses (see 19.1)	3,201,780	2,385,532	2,589,449	2,083,427
Directors expenses (Non-executives)	86,133	101,750	64,177	100,000
Audit fees	97,322	130,684	69,948	60,000
Impairment of goodwill (see 19.2)	–	1,227,773	–	–
Non-audit fees (see 19.3)	15,000	15,000	15,000	15,000
Other professional fees	893,708	809,802	775,069	734,610
General and administrative expenses	902,343	1,036,187	716,976	1,129,292
Office maintenance costs and other expenses	669,449	433,892	269,294	200,512
Travel expenses	187,138	91,565	172,693	80,516
	6,052,873	6,232,185	4,672,606	4,403,357

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19.1 Personnel expenses

	Group 31 December 2021 ₦'000	Group 31 December 2020 ₦'000	Authority 31 December 2021 ₦'000	Authority 31 December 2020 ₦'000
Salaries and allowances	3,061,388	2,261,601	2,449,057	1,964,521
Defined contribution plan	140,392	123,931	140,392	118,906
	3,201,780	2,385,532	2,589,449	2,083,427

19.2 On 31 December 2020, the Group assessed the goodwill arising on acquisition of LUTH Advanced Medical Services Limited (LAMSL) for impairment following observed indicators of impairment. The Group considers the relationship between the fair value of LAMSL and its book value, among other factors, when reviewing for indicators of impairment. The Group's management consequently made a decision to fully impair the goodwill. There was no record of goodwill impairment on the books of NSIA Group as at 31 December 2021.

19.3 Non-audit fees relate to the fees paid to the Group's external auditors (PricewaterhouseCoopers) for review of financial statements. Below are further details in respect of the services rendered.

Name of firm	Name of signer	FCR number	Services rendered	Amount (N) ₦'000
PricewaterhouseCoopers Nigeria	Tolulope Adeleke	FRC/2014/ICAN/00000008319	Review services	15,000

20 Interest expense

	Group 31 December 2021 ₦'000	Group 31 December 2020 ₦'000	Authority 31 December 2021 ₦'000	Authority 31 December 2020 ₦'000
Interest on lease liabilities	3,058	2,491	3,058	2,491
	3,058	2,491	3,058	2,491

21 Cash and cash equivalents

	Group 31 December 2021 ₦'000	Group 31 December 2020 ₦'000	Authority 31 December 2021 ₦'000	Authority 31 December 2020 ₦'000
Cash on hand	107,362	5,989	4,592	1,299
Bank balances	265,167,097	136,378,529	264,449,326	135,574,631
Money market placements	4,328,497	8,873,002	4,328,497	8,872,035
	269,602,956	145,257,520	268,782,415	144,447,965

Cash at banks earn interest at floating rates based on daily bank deposit rates. Money market placements are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

For the purpose of the statement of cash flows, cash and cash equivalents comprise the following at 31 December:

	Group 31 December 2021 ₦'000	Group 31 December 2020 ₦'000	Authority 31 December 2021 ₦'000	Authority 31 December 2020 ₦'000
Cash on hand	107,362	5,989	4,592	1,299
Bank balances	265,167,097	136,378,529	264,449,326	135,574,631
Money market placements	4,328,497	8,873,002	4,328,497	8,872,035
Cash at banks attributable to discontinued operations	–	34,886,799	–	–
	269,602,956	180,144,319	268,782,415	144,447,965

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22 Investment securities

		Group 31 December 2021 N'000	Group 31 December 2020 N'000	Authority 31 December 2021 N'000	Authority 31 December 2020 N'000
Financial assets measured at amortised cost	22.1	87,388,330	71,430,068	86,883,578	71,430,067
Financial assets measured at FVOCI	22.2	6,233,995	7,047,683	3,949,437	5,637,803
Financial assets at fair value through profit or loss	22.3	478,011,180	490,898,693	445,552,463	467,355,759
		571,633,505	569,376,444	536,385,478	544,423,629

22.1 Financial assets measured at amortised cost

		Group 31 December 2021 N'000	Group 31 December 2020 N'000	Authority 31 December 2021 N'000	Authority 31 December 2020 N'000
Eurobond		7,613,088	–	7,613,088	–
Fixed deposits		80,348,808	72,066,099	79,844,056	72,066,098
		87,961,896	72,066,099	87,457,144	72,066,098
Expected credit loss on financial assets at amortised cost (22.1.1)		(573,566)	(636,031)	(573,566)	(636,031)
		87,388,330	71,430,068	86,883,578	71,430,067
Maturity analysis:					
Current		79,775,242	71,430,068	79,270,490	71,430,067
Non-current		7,613,088	–	7,613,088	–
		87,388,330	71,430,068	86,883,578	71,430,067

22.1.1 Impairment/Expected Credit loss

		Group 31 December 2021 N'000	Group 31 December 2020 N'000	Authority 31 December 2021 N'000	Authority 31 December 2020 N'000
As at 1 January		636,031	655,817	636,031	636,031
(Write back)/charge for the year		(62,465)	(19,786)	(62,465)	–
Provision for expected credit losses		573,566	636,031	573,566	636,031
As at 31 December		573,566	636,031	573,566	636,031

22.2 Financial assets measured at FVOCI

		Group 31 December 2021 N'000	Group 31 December 2020 N'000	Authority 31 December 2021 N'000	Authority 31 December 2020 N'000
Equity instruments					
NG Clearing Ltd		1,078,317	1,081,666	1,078,317	1,081,666
The Infrastructure Corporation of Nig. Limited		100,000	–	100,000	–
MTN securities and Bridge Academies Limited		5,055,678	5,966,017	2,771,120	4,556,137
		6,233,995	7,047,683	3,949,437	5,637,803
Maturity analysis:					
Non-current		6,233,995	7,047,683	3,949,437	5,637,803
		6,233,995	7,047,683	3,949,437	5,637,803

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22.3 Financial assets at fair value through profit or loss

	Group 31 December 2021 ₦'000	Group 31 December 2020 ₦'000	Authority 31 December 2021 ₦'000	Authority 31 December 2020 ₦'000
Currency swap (Note 22.3.1)	114,135,963	235,896,025	114,135,963	235,896,025
Private equity investments	133,654,884	87,717,247	101,196,167	64,174,313
Hedge funds and long only equity investments	175,088,327	119,429,965	175,088,327	119,429,965
Nigeria Infrastructure Debt Fund	1,579,957	1,626,000	1,579,957	1,626,000
Fixed income products	29,622,608	24,227,891	29,622,608	24,227,891
US treasury notes	23,929,441	22,001,565	23,929,441	22,001,565
	478,011,180	490,898,693	445,552,463	467,355,759
Maturity analysis:				
Current	138,065,404	255,002,668	138,065,404	231,459,734
Non-current	339,945,776	235,896,025	307,487,059	235,896,025
	478,011,180	490,898,693	445,552,463	467,355,759

22.3.1 For swap instruments, the balance in 2021 shows the fair value of the financial assets arising from the currency swap transactions with the Central Bank of Nigeria (CBN) and the underlying asset. The derivative liability and the underlying asset have been offset in line with the requirement of IFRS. The notional contract amount of \$280 million (2020: \$579.08 million) represents the basis on which the changes in fair value were measured. The notional amount indicates that the volume of transactions as at the year end and are indicative of neither the market risk nor the credit risk.

23 Loans and receivables

	Group 31 December 2021 ₦'000	Group 31 December 2020 ₦'000	Authority 31 December 2021 ₦'000	Authority 31 December 2020 ₦'000
Stop gap fund to Presidential Infrastructure Development Funds (PIDF)	10,357,535	–	10,357,534	–
Intercompany loans ¹	–	–	6,654,551	3,243,527
Loans to Metrowaves Sports & Infra Ltd.	4,236,412	–	–	–
Loans to Babban Gona Farmer Services Nigeria Ltd.	1,072,849	1,440,792	–	–
	15,666,796	1,440,792	17,012,085	3,243,527
Impairment/Expected Credit loss (23.1)	(199,385)	–	(161,543)	–
Carrying amount	15,467,411	1,440,792	16,850,542	3,243,527
Maturity analysis:				
Current	10,357,535	–	10,357,534	–
Non-current	5,109,876	1,440,792	6,493,008	3,243,527
	15,467,411	1,440,792	16,850,542	3,243,527

1. The intercompany loans include Authority's loans of ₦3.28 billion to LUTH Advanced Medical Services Limited, ₦1.67 billion to AKTH Advanced Medical Diagnostics Limited and ₦1.70 billion to FMCU Advanced Medical Diagnostics Limited.

23.1 Impairment/expected credit loss on Loans and receivables

	Group 31 December 2021 ₦'000	Group 31 December 2020 ₦'000	Authority 31 December 2021 ₦'000	Authority 31 December 2020 ₦'000
As at 1 January	–	–	–	–
Charge/(write back) for the year	199,385	–	161,543	–
Provision for expected credit losses	199,385	–	161,543	–
As at 31 December	199,385	–	161,543	–

The gross carrying amount of loans increased significantly during 2021, which consequently led to increased loans loss allowance. Hence, the increased expected credit loss on loans and receivables as at 31 December 2021 was induced by ₦10.4 billion PIDF loans that originated during 2021 financial year.

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24 Restricted balances and other assets

	Group 31 December 2021 N'000	Group 31 December 2020 N'000	Authority 31 December 2021 N'000	Authority 31 December 2020 N'000
Financial assets:				
Other receivables (24.1)	261,530,631	143,311,423	262,342,582	143,745,916
Account receivables ³	59,776,886	1,266,107	54,725,380	1,265,467
Intercompany receivables	–	–	46,311,759	75,850,113
Cost incurred on behalf of the Federal Government of Nigeria ¹	16,118,660	16,113,745	–	–
Restricted balances ²	4,109,871	3,164,115	213,835	–
	341,536,048	163,855,390	363,593,556	220,861,496
Impairment /Expected Credit loss (24.2)	(1,019,785)	(1,701,494)	(1,362,313)	(2,006,180)
Total financial assets	340,516,263	162,153,896	362,231,243	218,855,316
Non-financial assets:				
Prepayment	248,175	116,676	122,331	52,854
Total other assets	340,764,438	162,270,572	362,353,574	218,908,170
Maturity analysis:				
Current	301,458,541	162,153,896	323,047,676	217,676,547
Non-current	39,305,897	116,676	39,305,897	1,231,623
	340,764,438	162,270,572	362,353,574	218,908,170

1. Cost incurred on behalf of the Federal Government of Nigeria relates to the cost the Group has incurred on behalf of the Federal Government of Nigeria on the Second Niger Bridge project.
2. Restricted balances relates to cash and investments held by NSIA Motorways Investment Company Limited on behalf of the Federal government which are not available for use in the Authority's daily operations. Restricted balances includes investments in swap contracts which were reinvested from matured fixed deposits proceeds belonging to the Federal Government of Nigeria in relation to the Second Niger Bridge project. ₦213.8 million of this specifically relates to a refund from a project fund manager to the NSIA in line with the contractual terms paid inadvertently into a CBN restricted account.
These balances are not available for use in the Group's liquidity management activities and do not represent any of its investment securities. 2021: ₦3.54 billion and cash: ₦356.4 million (2020: Fixed deposits ₦3.16 billion and Cash: ₦1.8 million).
3. This largely relates to a sum of ₦50.2 billion receivable from PFI-NPK Limited and other trade receivables on which applicable expected credit losses had been applied and accounted for in line with the applicable financial reporting standards.

24.1 Other receivables

	Group 31 December 2021 N'000	Group 31 December 2020 N'000	Authority 31 December 2021 N'000	Authority 31 December 2020 N'000
Receivable from CBN (Matured Treasury bill proceeds)	–	1,000	–	–
LUTH Advanced Medical Service-Deposit for Shares	–	–	1,182,811	1,178,769
Receivable from Presidential Infrastructure Development Fund	9,973,222	9,086,125	9,973,222	9,086,125
Matured Swap Proceed Receivable	251,130,464	132,650,000	251,130,464	132,650,000
Receivable: Others	426,861	1,574,214	56,001	830,938
Receivables from Associates & Joint Ventures	84	84	84	84
	261,530,631	143,311,423	262,342,582	143,745,916

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24.2 Impairment/expected credit loss on other assets

	Group 31 December 2021 N'000	Group 31 December 2020 N'000	Authority 31 December 2021 N'000	Authority 31 December 2020 N'000
As at 1 January	1,701,494	1,101,976	2,006,180	880,113
Asset derecognised	–	(165,135)	–	–
Charge/(write back) for the year	(681,709)	764,653	(643,867)	1,126,067
Provision for expected credit losses	1,019,785	1,701,494	1,362,313	2,006,180
As at 31 December	1,019,785	1,701,494	1,362,313	2,006,180

Asset derecognised during the (2021: Nil) 2020 financial year relates to financial assets of NAIC-NPK Limited. This is due to the fact that NAIC-NPK Limited was classified as held for sale in 2020. Total assets and liabilities directly associated to the disposal group have been finally divested during 2021 financial year.

25 Inventories

	Group 31 December 2021 N'000	Group 31 December 2020 N'000	Authority 31 December 2021 N'000	Authority 31 December 2020 N'000
Raw materials	–	59,705	–	–
Finished goods*	142,746	92,844	–	–
	142,746	152,549	–	–
Maturity analysis:				
Current	142,746	152,549	–	–
	142,746	152,549	–	–

* Finished goods include pharmaceutical drugs, reagents and consumables stocked for resale and service deliveries by the three (3) healthcare subsidiaries.

Total sum of ₦29.88 million expired inventory items were written off during 2021 financial year. (2020: nil)

There were no inventories pledged as security for liabilities. (2020: nil)

26 Investments in subsidiaries

	Authority 31 December 2021 N'000	Authority 31 December 2020 N'000
At the beginning of the year	895,797	1,753,398
Acquisition of non-controlling interest in KG Brussels (b)	(886,797)	–
Return of capital investment in KG Brussels	–	(1,940,481)
Exchange gain on return of capital	–	1,082,880
At the end of the year	9,000	895,797
Investment types:		
Investment in equity shares	9,000	895,797
	9,000	895,797
Maturity analysis:		
Non-current	9,000	895,797
	9,000	895,797

- a During the year 2020, there was a return of capital from KG Brussels. There was also transfer of the 50% equity shares held by Lagos University Teaching Hospital (LUTH) in LUTH Advanced Medical Services Limited (LAMSL) to NHDIC, resulting in LAMSL becoming a fully owned subsidiary of NHDIC and an indirect subsidiary of the Authority as at 31 December 2020. None of the change of ownership interests activities that occurred in the year 2021 had any impact on the investment in subsidiaries.
- b Additionally, as required by IAS 36, annual impairment assessment of Authority's investment in KG Brussels was carried out as at 31 December 2021, and on that premise, an estimation of the future cashflows of KG Brussels were discounted to determine the value in use of the entity and it was concluded that the entire carrying amount of NSIA's investment in the entity was totally impaired when compared with the entity's recoverable amount.

Notes to the Consolidated and Separate Financial Statements

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26 Investments in subsidiaries *continued*

26.1 Information on subsidiary entities controlled by the Authority

Name of entity	Place of business/ Country of incorporation	% of ownership interest 31 December 2021	% of ownership interest 31 December 2020	Carrying amount 31 December 2021 ₦'000	Carrying amount 31 December 2020 ₦'000
i) NSIA Motorways Investment Company (NMIC)	Nigeria	99.99%	99.99%	1,000	1,000
ii) KG Brussels LP (26 (b))	USA	100%	100%	–	886,797
iii) FGF Private Equity Co. Limited	Nigeria	99.99%	99.99%	1,000	1,000
iv) FGF Investments Limited	Nigeria	99.99%	99.99%	1,000	1,000
v) NSIA Agriculture Investment Company	Nigeria	99.99%	99.99%	1,000	1,000
vi) FGF PE Beta Limited	Nigeria	99.99%	99.99%	1,000	1,000
vii) NSIA Property Investment Company Limited	Nigeria	99.99%	99.99%	1,000	1,000
viii) NSIA Power Investment Company Limited	Nigeria	99.99%	99.99%	1,000	1,000
ix) NSIA Healthcare Development and Investment Company Limited	Nigeria	99.99%	99.99%	1,000	1,000
x) NSIA Investment Management Company	Nigeria	100%	100.00%	1,000	1,000
				9,000	895,797

- i) NSIA Motorways Investment Corporation is a wholly-owned subsidiary domiciled in Nigeria. The subsidiary was set-up to invest in the development of roads, bridges, toll plaza and related road transport infrastructure. The Company was incorporated in 2014.
- ii) KG Brussels LP became a wholly-owned subsidiary after the Authority acquired 0.03% shares, representing non-controlling interest, from Carmona Motley. KG Brussels LP was incorporated in 2014 and it holds a portfolio of investments in other private equity investee funds. During the year 2019, there was a reallocation of financial assets from KG Brussels to FGFs, which led to a reduction in the capital apportionment owned by NSIA. The NSIA's investment in this entity was assessed for impairment as at 31 December 2021 and was fully impaired. Refer to note 26 (b) for further details.
- iii) FGF Private Equity Co. Limited is a wholly-owned subsidiary domiciled in Nigeria. The subsidiary was set-up to invest in private equities. The Company was incorporated in 2015.
- iv) FGF Investments Limited is a wholly-owned subsidiary domiciled in Nigeria. The subsidiary was set-up to invest in private equities and other investments. The Company was incorporated in 2015.
- v) NAIC is a wholly owned subsidiary of NSIA, domiciled in Nigeria. It was set-up to carry on the business of agricultural investment and management, investment in the agricultural land and businesses of all kinds. The Company was incorporated in 2016.
- vi) FGF PE Beta Limited is a wholly-owned subsidiary domiciled in Nigeria. The subsidiary was set up to invest in private equities. The Company was incorporated in 2015.
- vii) NSIA Property Investment Company Limited is a wholly-owned subsidiary set up to invest in and to purchase, acquire, hold, develop, work and turn to account any land (of any tenure), landed property or real estate of any kind. The Company was incorporated in 2014.
- viii) NSIA Power Investment Company Limited is a wholly-owned subsidiary domiciled in Nigeria. The subsidiary was set up to invest in the development of infrastructure related to power including but not limited to gas turbines, transmission lines, and other generation, transmission and distribution infrastructure and equipment. The Company was incorporated in 2014.
- ix) NSIA Healthcare Development and Investment Company Limited is a wholly-owned subsidiary domiciled in Nigeria. The subsidiary was established to invest in any company, corporation, authority or body involved in or any arrangement related to healthcare infrastructure or healthcare service delivery and/or management. The Company was incorporated in 2014.

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The Authority also has indirect interests in the following subsidiaries:

	Place of business Country of incorporation	% of ownership interest 31 December 2021 ₦'000	% of ownership interest 31 December 2020 ₦'000
FMCU Advanced Medical Diagnostics Limited (x)	Nigeria	90%	90%
AKTH Advanced Medical Diagnostics Limited (xi)	Nigeria	90%	90%
LUTH Advanced Medical Services Limited (xii)	Nigeria	100%	50%
NAIC-NPK Limited (xiii)	Nigeria	0%	100%

x) FMCU Advanced Medical Diagnostics Limited is a limited liability company established to carry out business as providers of modern medical pathology laboratory, radiography, and ancillary healthcare services. The Company was incorporated in 2016.

xi) AKTH Advanced Medical Diagnostics Limited is a limited liability company established to carry out business as providers of modern medical pathology laboratory, radiography, and ancillary healthcare services. The Company was incorporated in 2017.

xii) LUTH Advanced Medical Services Limited (LAMSL) was established to carry on business as providers of modern medical pathology laboratory services, provide modern radiography services, provide healthcare services, establish other medical diagnostic centres as may be determined from time to time by the board of directors and to encourage the discovery of new medical and/or surgical management of diseases and afflictions. The Company was incorporated in 2016 as a joint venture between NHDIC and Lagos University Teaching Hospital (LUTH), each with 50% ownership interest. Following the transfer of the 50% ownership interest held by LUTH to NHDIC, LUTH Advanced Medical Services Limited became a fully owned subsidiary of NHDIC and consequently, an indirect subsidiary of the Authority in December 2020.

xiii) NAIC-NPK Limited liability company incorporated in 2016. It was established under Nigeria Agriculture Investment Company (100% ownership) to establish, run and carry on business as proprietors of fertilizer plants and to manufacture, treat, process, produce, supply and deal in fertilizers and all substances (natural or artificial) suited to improving the fertility of soil or water. This entity had been subsequently divested in September 2021 and ownership transferred to Ministry of Finance Incorporated (MOFI).

26.2 Discontinued operation

26.2 (a) Description

NAIC-NPK Limited was established to stimulate local production of NPK fertiliser by reviving the local fertiliser blending industry, so as to make fertilisers available to Nigerian farmers and agro dealers at affordable prices.

On 3 November 2020, an approval was issued by the Office of the Chief of Staff of the Federal Republic of Nigeria to restructure the Presidential Fertilizer Initiative for which NAIC-NPK was established. This has resulted to the transfer of the business operations of NAIC-NPK to the Ministry of Finance Incorporated (MOFI). The new entity would no longer be a subsidiary of NSIA but will be owned by MOFI effective 30 September 2021. The associated assets and liabilities were consequently presented as held for sale in the 2020 financial statements.

The subsidiary was sold on 30 September 2021 with effect from 1 October 2021 and is reported in the prior period as a discontinued operation. Financial information relating to the discontinued operation for the period to the date of disposal is set out below.

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26 Investments in subsidiaries *continued*

26.2 (b) Financial performance and cash flow information

The financial performance and cash flow information presented are for the nine months ended 30 September 2021 and the year ended 31 December 2020.

	2021 ₦'000	2020 ₦'000
Revenue	140,138,168	86,974,425
Cost of sales	(129,866,291)	(99,066,450)
Gross loss	10,271,877	(12,092,025)
Net foreign exchange gain/(loss)	(2,235,812)	(2,516,083)
Interest expense	(2,008,021)	(3,379,699)
Impairment write back on financial assets	(717,393)	(711,710)
Administrative expense	(2,718,031)	(168,599)
Operating profit/(loss)	2,592,620	(18,868,116)
Investment income	–	518,112
Other income	2,434,083	18,350,004
Profits from discontinued operations	5,026,703	–
Other comprehensive income from discontinued operations	–	–
Total comprehensive loss from discontinued operations	5,026,703	–
26.2 (c) Cash flows attributable to discontinued operations		
Net cash (used in)/generated from operating activities	(15,337,606)	3,715,939
Net cash generated from investing activities	–	9,820,775
Net cash used in financing activities	17,338,595	(5,754,068)
Net increase in cash generated by discontinued operations	2,000,989	7,782,646

26.2 (d) (i) Assets and liabilities of disposal group classified as held for sale

The following assets and liabilities were reclassified as held for sale in relation to the discontinued operation as at 31 December 2020.

	31 December 2020 ₦'000
Assets classified as held for sale	
Cash and cash equivalents	34,886,799
Trade receivables	16,193,417
Other receivables	16,467,584
Inventories	10,516,884
Total assets of disposal group held for sale	78,064,684
Liabilities directly associated with assets classified as held for sale	
Trade payables	15,140,301
Other payables	14,037,703
Borrowings	20,031,183
Total liabilities of disposal group held for sale	49,209,187

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26.2 (d) (ii) Assets and liabilities of PFI-NPK (formerly NAIC-NPK) as at the date of divestment.

The carrying amounts of assets and liabilities as at the date of sale (30 September 2021) were:

	31 December 2021 N'000
Assets:	
Cash and cash equivalents	31,860,085
Trade receivables	59,863,561
Other receivables	19,779,154
Inventories	18,808,380
	130,311,180
Liabilities:	
Trade payables	1,504,647
Other payables	114,606,613
Borrowings	14,199,920
Total liabilities	130,311,180
Net Assets	-

26.2 (e) Details of the PFI-NPK (formerly NAIC-NPK) divestment

Determination of profits or gains on divestment of PFI-NPK

	2021 N'000
Consideration received or receivable	-
Purchase consideration	-
Total consideration	-
Carrying amount of net assets divested	-
Gain/(Loss) on sale before income tax	-

The net assets of NAIC-NPK as at the date of divestment was nil and NAIC (the erstwhile parent entity) has according to the Sales-Purchase agreement (SPA) agreed to the terms of receiving no consideration and this consequently led to no gains or loss on the sale of the entity.

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27 Investments accounted for using the equity method

The amounts recognised in the statement of financial position are as follows;

	Group 31 December 2021 N'000	Group 31 December 2020 N'000	Authority 31 December 2021 N'000	Authority 31 December 2020 N'000
Associates and joint ventures	24,680,009	19,371,487	12,278,115	10,614,990
The amounts recognised in the statement of comprehensive income are as follows:				
Amount recognised in statement of profit or loss	4,038,065	2,158,747	–	–
Amount recognised in other comprehensive income	(210,446)	147,586	–	–
Total income recognised	3,827,619	2,306,333	–	–

The below shows a detailed movement of this balance:

	Group 31 December 2021 N'000	Group 31 December 2020 N'000	Authority 31 December 2021 N'000	Authority 31 December 2020 N'000
At the beginning of the year	19,371,488	15,226,911	10,614,990	10,614,990
Additions during the year	1,663,125	2,031,170	1,663,125	–
Share of profit of associate and joint venture	4,038,065	2,158,747	–	–
Share of fair value reserves of associate and joint venture	(210,446)	147,586	–	–
Dividend received	(182,222)	(192,926)	–	–
At the end of the year	24,680,010	19,371,488	12,278,115	10,614,990
Maturity analysis:				
Non-current	24,680,010	19,371,488	12,278,115	10,614,990

During 2021 financial year, Authority invested a sum of ₦1.66 billion as its own share of Multipurpose Industrial Platform Limited capital investment into the OCP Ammonia joint venture arrangement. This project seeks to produce Ammonia and fertilisers for the domestic market, and potentially for the export of excess finished products.

Interests in associates and joint ventures

Set out below are the associates and joint ventures of the Group as at 31 December 2021. The entities listed below have share capital consisting solely of ordinary shares, which are held directly by the Group. The country of incorporation or registration is also their principal place of business, and the proportion of ownership interest is the same as the proportion of voting rights held.

Name of company	Group Place of business/ Country of incorporation	Group % ownership interest 2021	Group % ownership interest 2020	Group Carrying amount 31 December 2021 N'000	Group Carrying amount 31 December 2020 N'000	
Investment in associates						
Nigeria Mortgage Refinance Company (NMRC)	27.01	Nigeria	20.91%	20.91%	4,375,481	4,089,997
Infrastructure Credit Guarantee Company Limited	27.9	Nigeria	31.79%	33.33%	12,000,622	10,876,796
Family Homes Funds Limited (FHFL)	27.2	Nigeria	49%	49%	1,190,637	247,032
Panda Agriculture Operations and Management Ltd	27.3	Mauritius	30%	30%	–	–
Pandagric Novum Ltd	27.4	Nigeria	30%	30%	–	–
				17,566,740	15,213,825	

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Name of company	Authority Place of business/ Country of incorporation	Authority % ownership interest 2021	Authority % ownership interest 2020	Authority Carrying amount 31 December 2021 ₦'000	Authority Carrying amount 31 December 2020 ₦'000	
Investment in joint venture						
UFF-NAIC Agriculture Management Company (Mauritius) Limited	27.6	Mauritius	50%	50%	5,525,210	4,157,662
Multipurpose Industrial Platform Limited	27.10	Nigeria	50%	0%	1,588,059	–
Total investment in joint venture					7,113,269	4,157,662
Total investments in joint ventures and associates					24,680,009	19,371,487

Name of company	Authority Place of business/ Country of incorporation	Authority % ownership interest 2021	Authority % ownership interest 2020	Authority Carrying amount 31 December 2021 ₦'000	Authority Carrying amount 31 December 2020 ₦'000	
Investment in associates						
Nigeria Mortgage Refinance Company (NMRC)	27.01	Nigeria	20.91%	20.91%	1,600,000	1,600,000
Infrastructure Credit Guarantee Company Limited	27.9	Nigeria	31.79%	33.33%	9,014,500	9,014,500
Family Homes Funds Limited (FHFL)	27.2	Nigeria	49%	49%	490	490
					10,614,990	10,614,990

Name of company	Authority Place of business/ Country of incorporation	Authority % ownership interest 2021	Authority % ownership interest 2020	Authority Carrying amount 31 December 2021 ₦'000	Authority Carrying amount 31 December 2020 ₦'000	
Investment in joint venture						
Multipurpose Industrial Platform Limited	27.10	Nigeria	50%	–	1,663,125	–
					1,663,125	–
Total investment in joint ventures and associates					12,278,115	10,614,990
The Authority has indirect investments in joint ventures in the following entities:						
UFF-NAIC Agriculture Investment Company (Mauritius) Limited	27.6	Mauritius	50%	50%	3,941,408	3,938,356
					3,941,408	3,938,356

Investment in associates

27.01 Nigeria Mortgage Refinance Company (NMRC)

Nigeria Mortgage Refinance Company (NMRC) is a government business entity and there is no quoted market price available for its shares. There are no contingent liabilities relating to the Group's interest in the associate. Set out below are the summarised financial information for NMRC which is accounted for using the equity method.

27.2 Family Homes Fund Limited (FHFL)

Family Homes Fund Limited (FHFL) is an innovative private sector driven financing solution to Nigeria's housing challenges. An initiative of the Federal Ministry of Finance and established in September 2016. There are no contingent liabilities relating to the Group's interest in the associate. Set out below are the summarised financial information for FHFL which is accounted for using the equity method.

27.3 Panda Agriculture Operations and Management Ltd

A company limited by shares and incorporated in Mauritius on 2 February 2018 with company number 153361.

The company operates and manages all farms, assets and land acquired by Panda Agricultural Properties Management Limited. This entity is owned by UFF-NAIC Agriculture Investment Company (Mauritius) Limited and Novum Holdings Ltd – a non-Group entity.

Notes to the Consolidated and Separate Financial Statements

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27 Investments accounted for using the equity method *continued*

27.4 Pandagric Novum Ltd

A company limited by shares and incorporated in Nigeria on 16 November 2017.

The company is currently owned by Panda Agricultural Operations & Management (Mauritius) Ltd and Panda Agricultural Properties Management Ltd – a Nigerian entity duly incorporated in Nigeria.

Pandagric Novum Limited has been established to sell, purchase, import, export, take or let or hire or lease, repair, alter, improve, deal in machinery, equipment, implements, tools, accessories, used for developing, growing, raising, processing, packaging of all kinds of agricultural products. It can also carry on the businesses of farming, production, harvesting, procurement, grading, pooling, marketing agriculture and horticulture in all their forms. The company is able to enter into partnerships, joint ventures, concessions and generally collaborate with other entities in the development of integrated farms and businesses.

The company currently operates and manages the farm assets acquired by Panda Agricultural Properties Management Limited.

Investment in joint ventures

27.5 UFF-NAIC Agriculture Management Company (Mauritius) Limited

A company incorporated in Mauritius on 8 June 2017 with registration number 147877. This company is a special purpose vehicle (SPV) company owned by UFF Management (Mauritius) Limited and NSIA Agriculture Investment Company Limited.

It was established to provide asset management services and investment management and advisory services exclusively to the UFF-NAIC Agriculture Investment Company (Mauritius) Limited and/or to each of the shareholders and/or its affiliates and ancillary activities. During 2021 financial year, the shareholders of UFF-NAIC Agriculture Management Company (Mauritius) Limited decided to wind-up the company in accordance with the provisions of the Act and following the restructuring, the INVESCO shall no longer avail any advisory services from the same. This consequently has led to the submission of the company's operating licence to the Financial Services Commission (FSC) of Mauritius.

27.6 UFF-NAIC Agriculture Investment Company (Mauritius) Limited

UFF-NAIC Agriculture Investment Company (Mauritius) Limited was incorporated in Mauritius on 27 March 2017 with company number 146100. The company is a joint venture between NSIA and Old Mutual African Agricultural Fund. An initial commitment of USD25mn from NSIA and Old Mutual African Agricultural Fund has been made with a target of a total commitment size of USD200mn from other third parties. Although the funds to the joint venture are provided by Old Mutual African Agricultural Fund, UFF Management Limited act as representatives on behalf of Old Mutual.

The fund is currently pursuing farmland and agribusiness investments as well as high technology driven agriculture in the various parts of Nigeria.

27.7 Panda Agricultural Properties Management Ltd

A company limited by shares and incorporated in Mauritius on 6 February 2018 with company number 153425.

The company has been established to acquire farms, agricultural land and fixed assets and lease such farms and assets to Panda Operations and Management.

27.8 Panda Agricultural Properties Management Ltd

A company limited by shares and incorporated in Nigeria on 9 November 2017.

The company is owned by Panda Agricultural Properties Management (Mauritius) Limited and UFF-NAIC Agriculture Investment Company (Mauritius) Limited. The company has been established to sell, purchase, import, export, take or let or hire or lease, repair, alter, improve, deal in machinery, equipment, implements, tools, accessories, used for developing, growing, raising, processing, packaging of all kinds of agricultural products. It can also carry on the businesses of farming, production, harvesting, procurement, grading, pooling, marketing agriculture and horticulture in all their forms.

The company has acquired farm assets from Novum Agric Industries in pursuit of its objectives.

Notes to the Consolidated and Separate Financial Statements

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27.9 Infrastructure Credit Guarantee Company Limited (Infracredit)

This is a Company jointly owned with African Finance Corporation (AFC) and Infraco Africa Limited. The company provides local currency guarantees to enhance the credit quality of debt instruments issued to finance creditworthy infrastructure assets in Nigeria that conform with its eligibility criteria. The Company was incorporated in 2016. The Company was a fully owned subsidiary of the Nigeria Sovereign Investment Authority until 19 December 2018. However, on 19 December 2018, the Authority lost control due to additional investment in Infracredit by African Finance Corporation (AFC). This investment by AFC has now diluted the investment in Infracredit to an “investment in joint venture”.

27.9.1 The Group had a dilution of interest in its equity investment held in Infracredit during the year. This was as a result of new capital investment brought into Infracredit by Leadway Assurance Limited, in addition to the existing investment held by Infraco Africa Limited and Africa Finance Corporation (AFC). A dividend amount of ₦1.096 billion due to the Group was capitalised to increase its shareholding in Infracredit in 2020. The ownership interest retained by the Group as a result of the dilution is 31.79% while Infraco, AFC and Leadway Assurance holds 31.79%, 30.24% and 6.17% respectively. The Group assessed that the investment in the entity is a joint venture and continues to account for it using the equity method.

27.9.2 The Authority’s share of Infracredit’s financial position is as shown below:

	31 December 2021 ₦'000	31 December 2020 ₦'000
Balance at start of the year	10,876,796	9,534,568
Share of associate’s profit before dilution of interest (33.33%)	636,590	1,265,537
Share of associate’s profit after dilution of interest (31.79%)	487,236	76,692
Carrying amount as the end of the year	12,000,622	10,876,796

The investment securities are recognised at their fair value.

27.10 Multipurpose Industrial Platform Limited

This is a Company jointly owned with OCP Africa S.A. This jointly-owned Company was incorporated in 23 June 2021 to establish a basic chemicals platform in Nigeria. These ammonia and fertiliser plants shall be responsible for development and distribution of different types of fertilisers products, industrial chemicals, and related services (such as training and technical assistance); in order to serve the Nigerian market as well as the neighbouring countries within the West African and Central African regions with fertiliser products; and any market worldwide with other industrial chemicals. NSIA’s stake in this Joint Venture arrangement is currently 50%, and this is expected to subsist until the expiration of this project.

The investment securities are recognised at their fair value.

Summarised financial information of associates.

Notes to the Consolidated and Separate Financial Statements

Continued

27 Investments accounted for using the equity method *continued*

27.10 Multipurpose Industrial Platform Limited *continued*

Set out below is the financial information of the associates of the Group as at 31 December 2021, which, in the opinion of the directors, is material to the Group.

	NMRC 31 December 2021 ₦'000	NMRC 31 December 2020 ₦'000	FHFL 31 December 2021 ₦'000	FHFL 31 December 2020 ₦'000
Summarised statement of comprehensive income				
Interest income	9,759,205	9,272,059	5,209,744	2,314,526
Interest expense	(4,734,632)	(4,380,863)	(595,833)	–
Other income	146,627	514	224,605	142,730
Impairment allowance (ECL)	11,864	4,109	(63,703)	(803,428)
Depreciation and amortisation	(83,709)	(111,708)	(89,425)	(42,008)
Personnel expenses	(798,750)	(772,158)	(699,671)	(559,981)
Operating expenses	(913,850)	(891,545)	(1,264,912)	(555,837)
Profit before tax	3,386,755	3,120,408	2,720,805	496,002
Income tax	(68,331)	(70,368)	(294,032)	–
Profit/(loss) for the year	3,318,424	3,050,040	2,426,773	496,002
Other comprehensive income	(1,006,436)	705,816	–	–
Total comprehensive income	2,311,988	3,755,856	2,426,773	496,002

	NMRC 31 December 2021 ₦'000	NMRC 31 December 2020 ₦'000	FHFL 31 December 2021 ₦'000	FHFL 31 December 2020 ₦'000
Summarised statement of financial position				
Cash and cash equivalents	3,494,622	16,848,637	1,854,368	739,046
Loans and advances	21,104,863	17,353,904	41,111,237	39,367,983
Investment securities	59,750,301	50,109,866	28,640,696	7,908,904
Inventories	–	–	17,733,186	16,194,824
Other assets	151,389	138,154	2,496,846	685,023
Investment properties	–	–	1,259,966	1,259,966
Property and equipment	492,412	515,975	229,144	135,036
Intangible assets	4,901	12,955	73,980	6,244
Total assets	84,998,488	84,979,491	93,399,424	66,297,026
Other liabilities	421,447	1,475,878	1,626,615	1,227,860
Tax liabilities	68,309	69,905	247,104	–
Borrowings	37,594,065	37,598,419	10,595,834	375,000
Debt securities issued	25,989,363	26,275,287	–	–
Total liabilities	64,073,184	65,419,489	12,469,553	1,602,860

	NMRC 31 December 2021 ₦'000	NMRC 31 December 2020 ₦'000	FHFL 31 December 2021 ₦'000	FHFL 31 December 2020 ₦'000
Capital and reserves				
Share capital	2,125,444	2,125,444	1,000	1,000
Share premium	5,925,233	5,925,233	–	(306,833)
Retained earnings	9,166,104	7,288,228	2,428,871	–
Statutory reserves	3,472,664	2,967,517	–	–
FGN grant	–	–	78,500,000	65,000,000
Fair value reserves	235,858	1,253,580	–	–
Total equity	20,925,303	19,560,002	80,929,871	64,694,167
Total liabilities and equity	84,998,487	84,979,491	93,399,424	66,297,027

Notes to the Consolidated and Separate Financial Statements

Continued

	NMRC 31 December 2021 N'000	NMRC 31 December 2020 N'000	FHFL 31 December 2021 N'000	FHFL 31 December 2020 N'000
Maturity				
Current assets	3,981,904	16,854,692	42,674,327	40,903,388
Non-current assets	81,016,584	68,124,799	50,725,097	25,393,638
Total assets	84,988,488	84,979,491	93,399,424	66,297,026
Current liabilities	301,635	269,515	3,387,893	1,511,818
Non-current liabilities	63,771,549	65,149,974	9,081,660	91,042
Total liabilities	64,073,184	65,419,489	12,469,553	1,602,860

Reconciliation of the summarised financial information presented to the carrying amount of its interest in NMRC and FHFL.

	NMRC 31 December 2021 N'000	NMRC 31 December 2020 N'000	FHFL 31 December 2021 N'000	FHFL 31 December 2020 N'000
Net assets of associate/joint venture	20,925,303	19,560,002	2,429,871	64,694,167
Group share of net assets	4,375,481	4,089,996	1,190,637	247,032
Carrying value of associate	4,375,481	4,089,996	1,190,637	247,032

Summarised financial information of joint ventures

Set out below is the financial information of an associate and a joint venture of the Group as at 31 December 2021, which, in the opinion of the Directors, are material to the Group.

	Associate		Joint venture	
	InfraCredit 31 December 2021 N'000	InfraCredit 31 December 2020 N'000	Multipurpose Industrial Platform 31 December 2021 N'000	Multipurpose Industrial Platform 31 December 2020 N'000
Summarised statement of comprehensive income				
Interest and investment income	2,713,946	3,353,250	–	–
Net foreign exchange gain/loss	1,713,712	1,809,977	19,222	–
Guarantee fee income	1,250,857	907,875	–	–
Guarantee fee expense	(224,035)	(103,478)	–	–
Depreciation and amortisation	(108,988)	(9,352)	–	–
Impairment loss on financial assets	(173,002)	(180,885)	–	–
Finance Cost	–	–	(1)	–
Operating expenses	(1,705,033)	(3,016,215)	(169,353)	–
Profit/(loss) before tax	3,467,457	2,761,172	(150,132)	–
Income Tax	(24,827)	–	–	–
Profit/(loss) for the year	3,442,630	2,761,172	(150,132)	–
Other comprehensive income	–	–	–	–
Total comprehensive income	3,442,630	2,761,172	(150,132)	–

Notes to the Consolidated and Separate Financial Statements

Continued

27 Investments accounted for using the equity method *continued*

27.10 Multipurpose Industrial Platform Limited continued

	Associate		Joint venture	
	InfraCredit 31 December 2021 N'000	InfraCredit 31 December 2020 N'000	Multipurpose Industrial Platform 31 December 2021 N'000	Multipurpose Industrial Platform 31 December 2020 N'000
Summarised statement of financial position				
Cash and cash equivalents	1,760,077	11,377,201	2,117,108	–
Investment securities	67,040,896	49,943,232	–	–
Other assets	5,169,595	3,421,812	1,059,010	–
Property and equipment	227,711	203,233	–	–
Right-of-use asset	173,347	195,244	–	–
Intangible assets	43,854	38,514	–	–
Total assets	74,415,480	65,179,236	3,176,118	–
Deposit for shares	426,819	426,819	–	–
Other liabilities	6,578,906	4,514,675	–	–
Debt capital	30,333,140	28,592,069	–	–
Total liabilities	37,338,865	33,533,563	–	–
Capital and reserves				
Ordinary share capital	3,497,637	2,974,785	11,800	–
Share premium	113,945	19,832	3,314,450	–
Preference shares capital	28,304,408	26,864,823	–	–
Retained earnings	5,160,626	1,786,233	(150,132)	–
Total equity	37,076,616	31,645,673	3,176,118	–
Total liabilities and equity	74,415,481	65,179,236	3,176,118	–
Maturity				
Current assets	19,597,224	20,135,309	2,117,108	–
Non-current assets	54,818,256	45,043,927	1,059,010	–
Total assets	74,415,480	65,179,236	3,176,118	–
Current liabilities	6,177,804	3,359,162	–	–
Non-current liabilities	31,161,061	30,174,401	–	–
Total liabilities	37,338,865	33,533,563	–	–
Net assets of associate/joint venture	37,076,616	31,645,673	3,176,118	–
Group share of net assets	11,786,656	10,547,503	1,588,059	–
Carrying value of associate	12,000,622	10,876,796	1,588,059	–

Reconciliation of the summarised financial information presented to the carrying amount of its interest in Infracredit.

Notes to the Consolidated and Separate Financial Statements

Continued

	UFF-NAIC Agriculture Management Company (Mauritius) Limited 31 December 2021 ₦'000	UFF-NAIC Agriculture Management Company (Mauritius) Limited 31 December 2020 ₦'000	UFF-NAIC Agriculture Investment Company (Mauritius) Limited 31 December 2021 ₦'000	UFF-NAIC Agriculture Investment Company (Mauritius) Limited 31 December 2020 ₦'000
Summarised statement of comprehensive income				
Unrealised gain on financial assets	–	–	–	1,126,854
Interest income	–	–	643	569
Other income	–	–	–	–
Operating expenses	–	5,775	(20,849)	(13,252)
Profit before tax	–	(5,775)	(20,206)	1,114,171
Income tax	–	–	–	–
Loss for the period	–	–	(20,206)	1,114,171
Other comprehensive income	–	–	–	792,293
Total comprehensive loss	–	–	(20,206)	1,906,464
Profit/(loss) attributable to:				
Parent	–	–	(20,206)	1,114,171
	–	–	(20,206)	1,114,171
Total comprehensive income attributable to:				
Parent	–	–	(20,206)	1,906,464
	–	–	(20,206)	1,906,464
Summarised statement of financial position				
Cash and cash equivalents	–	1,597	17,330	71,107
Loans and receivables	–	–	167,181	–
Investment securities	–	–	10,873,784	9,978,847
Other assets	–	730	412	154,164
Total assets	–	2,327	11,058,707	10,204,118
Other liabilities	–	1,762	8,287	44,024
Total liabilities	–	1,762	8,287	44,024
Capital and reserves				
Share capital	–	12,006	10,324,956	8,042,441
Retained earnings	–	(11,505)	725,463	984,086
Currency translation reserves	–	64	–	1,133,567
Total equity	–	565	11,050,419	10,160,094
Total liabilities and equity	–	2,327	11,058,706	10,204,118

The summarised information presented above reflects the financial statements of the joint ventures after adjusting for differences in accounting policies between the Group and the joint venture.

Notes to the Consolidated and Separate Financial Statements

Continued

27 Investments accounted for using the equity method *continued*

27.10 Multipurpose Industrial Platform Limited continued

	UFF-NAIC Agriculture Management Company (Mauritius) Limited 31 December 2021 N'000	UFF-NAIC Agriculture Management Company (Mauritius) Limited 31 December 2020 N'000	UFF-NAIC Agriculture Investment Company (Mauritius) Limited 31 December 2021 N'000	UFF-NAIC Agriculture Investment Company (Mauritius) Limited 31 December 2020 N'000
Net assets of associate/joint venture	–	565	11,050,419	10,160,094
Group share of net assets	–	–	5,525,210	5,080,047
Carrying value of associate	–	–	5,525,210	5,080,047

28 Leases

Group as a lessee

The Group has lease contracts for its leasehold lands and office building. The leases have lease terms 20 years and 2 years respectively. The Group's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Group is restricted from assigning and subleasing the leased assets.

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period:

	Group 31 December 2021 Land N'000	Group 31 December 2021 Building N'000	Group 31 December 2021 Total N'000	Group 31 December 2020 Land N'000	Group 31 December 2020 Building N'000	Group 31 December 2020 Total N'000
Cost						
As at 1 January	218,900	66,495	285,395	206,417	43,488	249,905
Additions	–	126,185	126,185	12,483	23,007	35,490
As at 31 December	218,900	192,680	411,580	218,900	66,495	285,395
Accumulated depreciation						
As at 1 January	30,099	53,074	83,173	3,722	21,230	24,952
Depreciation expense	10,945	66,191	77,136	26,377	31,844	58,221
As at 31 December 2021	41,044	119,265	160,309	30,099	53,074	83,173
Carrying amount	177,856	73,414	251,270	188,801	13,421	202,222
Cost						
As at 1 January	–	66,495	66,495	–	43,488	43,488
Additions	–	126,185	126,185	–	23,007	23,007
As at 31 December	–	192,680	192,680	–	66,495	66,495
Accumulated depreciation						
As at 1 January	–	53,074	53,074	–	21,230	21,230
Depreciation expense	–	66,191	66,191	–	31,844	31,844
As at 31 December 2021	–	119,265	119,265	–	53,074	53,074
Carrying amount	–	73,414	73,414	–	13,421	13,421

* There was no element of impairment during the year.

Notes to the Consolidated and Separate Financial Statements

Continued

Set out below are the carrying amounts of lease liabilities (included under other liabilities) and the movements during the period:

	Group 31 December 2021 N'000	Group 31 December 2020 N'000	Authority 31 December 2021 N'000	Authority 31 December 2020 N'000
As at 1 January	–	46,502	–	46,502
Additions	126,185	23,007	126,185	23,007
Accretion of interest	3,058	2,491	3,058	2,491
Payments	(58,000)	(72,000)	(58,000)	(72,000)
	71,243	–	71,243	–

The lease liability as presented above was with respect to office building and there was no liability with respect to the leasehold lands as at 31 December 2021. (December 20: Nil).

The following are the amounts recognised in profit or loss:

	Group 31 December 2021 N'000	Group 31 December 2020 N'000	Authority 31 December 2021 N'000	Authority 31 December 2020 N'000
Depreciation expense of right-of-use assets	66,191	58,221	31,844	31,844
Interest expense on lease liabilities	3,058	2,491	3,058	2,491
Total amount recognised in profit or loss	69,249	60,712	34,902	34,335

The Group had total cash outflows for leases of ₦58 million (2020: ₦72 million).

29. Property and equipment

	Group Buildings N'000	Group Plant and machinery N'000	Group Furniture and fittings N'000	Group Motor vehicles N'000	Group Computer equipment N'000	Group Office equipment N'000	Group Assets under construction N'000	Group Total N'000
Cost								
As at 1 January 2020	–	–	137,425	525,806	175,920	2,071	2,128,372	2,969,594
Acquisition of a subsidiary	739,542	1,607,099	91,325	–	29,076	28,600	–	2,495,642
Transfers	830,529	1,144,815	99,999	11,054	–	670,580	(2,756,976)	0
Additions	–	178,821	42,136	160,381	31,286	110,077	679,353	1,202,054
As at 31 December 2020	1,570,071	2,930,735	370,885	697,241	236,282	811,328	50,749	6,667,290
As at 1 January 2021	1,570,071	2,930,735	370,885	697,241	236,282	811,328	50,749	6,667,290
Transfers	–	50,749	–	–	–	–	(50,749)	–
Additions	24,137	21,128	23,856	206,063	46,942	150,513	–	472,640
As at 31 December 2021	1,594,208	3,002,612	394,741	903,304	283,224	961,841	–	7,139,932
Accumulated depreciation								
As at 1 January 2020	–	–	90,593	228,274	149,997	1,836	–	470,700
Acquisition of a subsidiary	25,625	264,729	31,514	464	7,986	10,314	–	340,631
Charge for the year	19,365	186,266	38,316	119,878	32,410	28,514	–	424,749
As at 31 December 2020	44,990	450,995	160,423	348,616	190,393	40,664	–	1,236,081
As at 1 January 2021	44,990	450,995	160,423	348,616	190,393	40,664	–	1,236,081
Charge for the year	41,816	319,634	71,170	151,390	29,397	129,397	–	742,803
As at 31 December 2021	86,805	770,629	231,592	500,006	219,790	170,060	–	1,978,883
Carrying amount								
As at 31 December 2021	1,507,403	2,231,983	163,149	403,298	63,434	791,781	–	5,161,049
As at 31 December 2020	1,525,081	2,479,740	210,462	348,625	45,889	770,664	50,749	5,431,209

Notes to the Consolidated and Separate Financial Statements

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29. Property and equipment *continued*

	Authority Furniture and fittings ₦'000	Authority Motor vehicles ₦'000	Authority Computer equipment ₦'000	Authority Office equipment ₦'000	Authority Total ₦'000
Cost					
As at 1 January 2020	137,425	512,022	175,920	2,071	827,438
Additions	80,189	125,325	60,362	620	266,496
As at 31 December 2020	217,614	637,347	236,282	2,691	1,093,934
As at 1 January 2021					
As at 1 January 2021	217,614	637,347	236,282	2,691	1,093,933
Additions	11,076	206,063	22,292	0	239,430
As at 31 December 2021	228,690	843,410	258,574	2,691	1,333,364
Accumulated depreciation					
As at 1 January 2020	90,593	214,490	149,997	1,836	456,916
Charge for the year	16,365	116,542	28,704	154	161,765
As at 31 December 2020	106,958	331,032	178,701	1,990	618,681
As at 1 January 2021					
As at 1 January 2021	106,958	331,032	178,701	1,990	618,681
Charge for the year	30,035	139,714	31,223	229	201,202
As at 31 December 2021	136,993	470,746	209,924	2,219	819,883
Carrying amount					
As at 31 December 2021	91,696	372,663	48,649	471	513,481
As at 31 December 2020	110,656	306,315	57,581	701	475,253

* There are no capitalised borrowing costs.

* There was no impairment during the year.

* Authority had no capital commitments and no assets pledged as security for borrowings as at 31 December 2021 (31 December 2020: nil).

30 Intangible assets

	Group Software 31 December 2021 ₦'000	Authority Software 31 December 2021 ₦'000
Cost		
Balance at 1 January 2021	365,676	176,873
Additions	10,971	–
Balance at 31 December 2021	376,647	176,873
Accumulated amortisation		
Balance at 1 January 2021	152,131	55,589
Charge for the year	98,820	36,464
Balance at 31 December 2021	250,951	92,053
Carrying amount		
Balance at 31 December 2021	125,695	84,820

Notes to the Consolidated and Separate Financial Statements

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	Group Software 31 December 2020 ₦'000	Authority Software 31 December 2020 ₦'000
Cost		
Balance at 1 January 2020	191,207	126,374
Acquisitions of a subsidiary	114,878	–
Additions	59,591	50,499
Balance at 31 December 2020	365,676	176,873
Accumulated amortisation		
Balance at 1 January 2020	26,301	26,139
Acquisitions of a subsidiary	64,827	–
Charge for the year	61,003	29,450
Balance at 31 December 2020	152,131	55,589
Carrying amount		
Balance at 31 December 2020	213,544	121,284

There were no impairment losses during the year (2020: nil).

31 Other liabilities

	Group 31 December 2021 ₦'000	Group 31 December 2020 ₦'000	Authority 31 December 2021 ₦'000	Authority 31 December 2020 ₦'000
Financial liability:				
Trade payables	1,092,940	1,300,561	1,058,971	1,210,822
Intercompany payables	–	–	313,565	16,621,418
Other payables (31.1)	286,511,515	138,293,189	285,615,958	137,577,722
Payables to the Federal Government of Nigeria in respect of the Second Niger Bridge (31.2)	19,001,075	18,442,124	–	–
Accrued expenses	1,029,984	1,436,218	949,907	1,365,946
Lease liability	71,243	–	71,243	–
Non-financial liability:				
Tax liabilities (31.3)	395,672	352,231	–	–
	308,102,429	159,824,323	288,009,644	156,775,908
Maturity analysis:				
Current	308,102,429	117,750,000	288,009,644	117,750,000
Non-current	–	42,074,323	–	39,025,908
	308,102,429	159,824,323	288,009,644	156,775,908

Notes to the Consolidated and Separate Financial Statements

Continued

31 Other liabilities continued

31.1 Other payables

	Group 31 December 2021 ₦'000	Group 31 December 2020 ₦'000	Authority 31 December 2021 ₦'000	Authority 31 December 2020 ₦'000
Payable to CBN	234,002,260	117,750,000	234,002,260	117,750,000
Payable to Presidential Infrastructure Development fund (PIDF) and NAIC-NPK (31.1.2)	26,922,833	6,106,343	26,922,834	6,106,342
Proceeds from matured Investments payable to managed funds	16,546,785	–	16,546,785	–
Payable to Federal Government Stabilisation Fund and Gas to Power (31.1.3)	7,422,498	12,880,531	7,422,498	12,880,531
Payable to Associates	217,001	1,490	217,001	1,490
Payable to contractors	201,925	694,257	70,110	426,361
Salaries and wages payable (31.1.4)	229,574	197,991	229,574	197,991
Statutory obligations (31.1.1)	140,535	662,577	95,341	215,007
Deferred Income	116,673	–	–	–
Share Payable Account to InfraCo Nigeria Ltd.	100,000	–	100,000	–
Other payables	611,431	–	9,555	–
	286,511,515	138,293,189	285,615,958	137,577,722

31.1.1 Statutory obligations consist of payments for withholding tax liability, pension payable and other obligations that are required by the law.

31.1.2 Payables to Presidential Infrastructure Devpt. Fund (PIDF) of ₦10.5 billion and ₦16.4 billion to NAIC-PFI represent the current obligations of Authority to these third-party funds which emanated in the course of Authority performing its fiduciary functions.

31.1.3 This line is represented by ₦5.04 billion payable to Federal Government Stabilisation Fund (FGN Stab) and additional account payable of ₦2.38 billion to Gas to Power (G2P).

31.1.4 This represents provision for unpaid staff bonuses and allowances earned for the period ended 31 December 2021 (December 2020: ₦197.99 million). The settlement of which would be dependent on staff performance appraisal in the subsequent year.

31.2 This represents the total amount received from the Federal Government of Nigeria in respect of the construction of the Second Niger Bridge of Nigeria project. The total cost incurred to date on the project and the unspent cash are included in the other assets as “cost incurred on behalf of the Federal Government” and “restricted balances respectively. Remaining unspent balance is disclosed in Note 24 as “restricted balance”.

31.3 Income tax payable

	Group 31 December 2021 ₦'000	Group 31 December 2020 ₦'000	Authority 31 December 2021 ₦'000	Authority 31 December 2020 ₦'000
Opening balance	352,231	352,231	–	–
Tax expense during the period	1,743	12,417	–	–
Paid during the year	(1,743)	(12,417)	–	–
Exchange difference	43,441	–	–	–
	395,672	352,231	–	–

Notes to the Consolidated and Separate Financial Statements

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31.4 Movement in liabilities arising from financing activities

	Group 31 December 2021 N'000	Group 31 December 2020 N'000	Authority 31 December 2021 N'000	Authority 31 December 2020 N'000
Opening	20,031,183	23,179,884	–	46,502
Lease addition	126,185	23,007	126,185	23,007
Accretion of interest	3,058	2,491	3,058	2,491
Lease payment – Principal	(54,942)	(72,000)	(54,942)	(72,000)
Lease payment – Interest	(3,058)	–	(3,058)	–
Borrowing addition – Discontinued. operation	–	–	–	–
Interest accrued on borrowing – Discontinued. operation	–	3,379,699	–	–
Principal repayment of borrowings – Discontinued. operation	–	(5,750,000)	–	–
Interest repayment on borrowings – Discontinued. operation	–	(731,898)	–	–
De-recognition/disposal of liabilities of a subsidiary held for sale	(20,031,183)	–	–	–
Closing liabilities from financing activities	71,243	20,031,183	71,243	–

The movement above represents the liabilities arising from financing activities (lease liabilities and borrowings (if any)) whose cash flows were, or future cash flows are, classified in the statement of cash flows as cash flows from financing activities.

32 Equity and reserves

	Group 31 December 2021 N'000	Group 31 December 2020 N'000	Authority 31 December 2021 N'000	Authority 31 December 2020 N'000
Contribution by Government	347,375,000	347,375,000	347,375,000	347,375,000
Retained earnings	567,617,909	414,000,617	556,236,854	413,624,795
Fair value reserve	5,889,638	5,010,841	5,709,341	5,368,333
Foreign currency translation reserve	(1,030,107)	6,429,941	–	–
Non-controlling interest	(125,790)	(68,885)	–	–
	919,726,650	772,747,514	909,321,195	766,368,128

32.1 Retained earnings

Retained earnings represent undistributed profits, attributable to the capital providers i.e. Federal, state and local governments. The movement in retained earnings during the year is as shown below:

	Group 31 December 2021 N'000	Group 31 December 2020 N'000	Authority 31 December 2021 N'000	Authority 31 December 2020 N'000
Opening balance	414,000,617	291,026,827	413,624,795	287,750,520
Exchange differences on translating return of capital	–	(33,562,500)	–	(33,562,500)
Profit for the year	153,617,292	156,536,290	142,612,059	159,436,775
	567,617,909	414,000,617	556,236,854	413,624,795

32.2 Fair value reserve

Fair value comprises fair value movements on equity and debt instruments that are carried at fair value through other comprehensive income.

	Group 31 December 2021 N'000	Group 31 December 2020 N'000	Authority 31 December 2021 N'000	Authority 31 December 2020 N'000
Opening balance	5,010,841	3,941,139	5,368,333	3,430,497
Change in value of financial assets measured at FVOCI	1,089,243	922,116	341,008	1,937,836
Share of change in value of financial assets measured at FVOCI – (Associates)	(210,446)	147,586	–	–
	5,889,638	5,010,841	5,709,341	5,368,333

Notes to the Consolidated and Separate Financial Statements

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32 Equity and reserves *continued*

32.3 Foreign currency translation reserve

The currency translation reserve includes the net cumulative change in the foreign exchange gains or (losses) arising from translation of the financial statements of subsidiaries with US Dollars as their functional currency into the Group's presentation currency. The amounts presented within other comprehensive income are the gross amounts as the companies are exempted from income taxes.

	Group 31 December 2021 N'000	Group 31 December 2020 N'000
Opening balance	6,429,941	3,907,858
Exchange differences arising during the year	(7,460,048)	2,522,083
	(1,030,107)	6,429,941

32.4 Foreign currency translation reserve

This is the component of Group's equity as reported on the consolidated statement of financial position which represents the ownership interest of equity holders other than the parent of the subsidiary. See below for the changes in non-controlling interest during the year.

	Group 31 December 2021 N'000	Group 31 December 2020 N'000
Opening balance	(68,885)	(2,898)
(Loss)/profit attributable to NCI	(56,905)	(65,987)
	(125,790)	(68,885)

33 Capital management

The Group is to maintain a strong capital base in order to retain the confidence of the Nigerian people and the market with a bid to sustain future developments for the business. Management monitors the return on capital by reviewing monthly performance returns from investment managers.

The Group manages its capital structure and makes necessary regulatory adjustments to it according to changes in economic conditions and the risk of its activities. In order to maintain or adjust its capital structure, the Group may through its Board restrict capital return to shareholders or drawdowns from its stabilisation funds. Capital management is overseen by the Board of Directors who have overall responsibility for ensuring adequate capital is maintained for the Group. The Group has a process of ensuring adequate capital is maintained and this process includes effective capital planning, prudent portfolio management, stress testing and contingency planning.

The Group monitors capital using a ratio of adjusted net debt to adjusted equity. For this purpose, adjusted net debt is defined as total liabilities, comprising payables to counterparties and other obligations, less cash and cash equivalents. Adjusted equity comprises all components of equity.

The Group's adjusted net debt to equity ratio at 31 December 2021 was as follows:

	Group 31 December 2021 N'000	Group 31 December 2020 N'000	Authority 31 December 2021 N'000	Authority 31 December 2020 N'000
Cash and cash equivalents	269,602,956	145,257,520	268,782,415	144,447,965
Less: Total liabilities	(308,102,429)	(209,033,510)	(288,009,644)	(156,775,908)
Net surplus	(38,499,473)	(63,775,990)	(19,227,229)	(12,327,943)
Total equity	919,726,650	772,747,514	909,321,196	766,368,128
Adjusted equity	919,726,650	772,747,514	909,321,196	766,368,128
Net surplus to adjusted equity ratio	-4%	-8%	-2%	-2%

Notes to the Consolidated and Separate Financial Statements

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34 Related parties

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. NSIA is the ultimate parent of the Group.

As disclosed in the investment in subsidiaries, associates and joint venture notes, NSIA Motorways Investment Company (NMIC), KG Brussels LP, FGF Private Equity Co. Limited, FGF Investments Limited, FGF PE Beta Limited, NSIA Agriculture Investment Company (NAIC), NAIC-NPK Limited, NSIA Property Investment Company Limited, NSIA Power Investment Company Limited, NSIA Healthcare Development and Investment Company Limited, NSIA Investment Management Company, FMCU Advanced Medical Diagnostics Ltd, LUTH Advanced Medical Services Ltd, AKTH Advanced Medical Diagnostics Limited, Lagos-Ibadan Expressway Development Company Limited, Abuja-Kano Expressway Development Company Limited, East-West Expressway Development Company Limited, Mambilla Hydropower Development Company Limited are subsidiaries and sub-subsidiaries of the Authority and are related parties in accordance with the applicable standards.

NMRC, FHFL, Panda Agricultural Properties Management (Mauritius) Limited and Pandagric Novum Limited are associates of the Authority.

UFF-NAIC Agriculture Investment Company (Mauritius) Limited, Panda Agricultural Properties Management Ltd, Panda Agricultural Properties Management (Mauritius) Limited, Multipurpose Industrial Platform Limited (MIPL), and Infrastructure Credit Guarantee Company Limited (INFRACREDIT) are jointly controlled by other entities and are therefore also related parties.

The following are the balances with the Federal Government of Nigeria during the year:

	Group 31 December 2021 ₦'000	Group 31 December 2020 ₦'000
Payables to the Federal Government of Nigeria in respect of the Second Niger Bridge	19,001,075	18,442,124
Cost incurred on behalf of the Federal Government of Nigeria in respect of Second Niger Bridge	16,118,660	16,113,745

Compensation of key management personnel

The Authority's key management personnel, and persons connected with them, are also considered to be related parties for disclosure purposes. The key management includes those persons having authority and responsibility for planning, directing and controlling the activities of NSIA, directly or indirectly, including any director (whether executive or otherwise) of the Authority, including the close members of family of key personnel and any entity over which key management exercise control. The members of the board of the Authority did not hold any shares in the Authority during or as at the end of the year. The compensation paid or payable to key management for employee services is shown below:

	Group 31 December 2021 ₦'000	Group 31 December 2020 ₦'000
Directors' remuneration and expenses:		
Executive compensation	1,237,420	989,971
Non-Executive Directors fees and other benefits	64,177	100,000
Defined contribution plan	53,593	47,901
	1,355,190	1,137,872

Notes to the Consolidated and Separate Financial Statements

Continued

34 Related parties continued

Balances with subsidiaries and other related entities

The Authority has the following receivables from the underlisted subsidiaries/other related entities as at the reporting date:

	Type of interests	31 December 2021 ₦'000	31 December 2020 ₦'000
NSIA Motorways Investments Company	Subsidiary	612,754	611,474
NSIA Property Investment Co. Limited	Subsidiary	6,066,829	2,112,135
NSIA Power Investment Co. Limited	Subsidiary	5,100	3,850
NSIA Healthcare Development and Investment Co. Limited	Subsidiary	86,205	83,009
FGF Private Equity Co. Limited	Subsidiary	17,228,073	18,593,853
FGF P. E. Beta Limited	Subsidiary	5,456,274	8,300
FGF Investment Limited	Subsidiary	10,169,576	5,250
NSIA Agriculture Investment Company	Subsidiary	5,742,327	5,791,584
Second Niger Bridge Development Company Ltd	Associate	84	–
FMCU Advanced Medical Diagnostics Limited	Sub-subsidiary	2,185,302	1,542,206
AKTH Advanced Medical Diagnostics Limited	Sub-subsidiary	2,161,147	1,816,932
LUTH Advanced Medical Services Limited	Sub-subsidiary	4,466,537	4,422,296
PFI-NPK Limited	Trustee	50,168,537	45,281,519
Presidential Infrastructure Development Fund	Trustee	9,973,222	2,985,091
Federal Government of Nigeria		16,118,660	16,113,745
		130,440,627	99,371,244

The Authority has the following payables to the underlisted subsidiaries/other related entities as at the reporting date:

	Type of interests	31 December 2021 ₦'000	31 December 2020 ₦'000
NSIA Motorways Investments Company	Subsidiary	39,013	39,013
NSIA Property Investment Co. Limited Subsidiary	Subsidiary	42,050	1,000
NSIA Healthcare Development and Investment Co. Limited	Subsidiary	30,854	1,000
FGF Private Equity Co. Limited	Subsidiary	1,000	1,000
FGF P. E. Beta Limited	Subsidiary	1,000	1,000
FGF Investment Limited	Subsidiary	1,000	1,000
NSIA Agriculture Investment Company	Subsidiary	192,181	116,001
NSIA Power Investment Co. Limited	Subsidiary	1,000	1,000
AKTH Advanced Medical Diagnostics Limited	Subsidiary	1,789	3,528
LUTH Advanced Medical Services Limited	Subsidiary	–	1,178,769
PFI-NPK Limited	Trustee	16,426,725	16,427,022
Presidential Infrastructure Development Fund	Trustee	10,496,108	–
		27,232,720	17,770,333

The above related party balances are not secured, performing, not guaranteed with any sum as at 31 December 2021 and shall all be settled in cash.

The above disclosed related-party receivables and payables represent balances in which settlement of the liabilities were undertaken by the Authority on behalf of its related parties and similarly settled on its behalf by the same respectively; all transacted at arms' length.

Notes to the Consolidated and Separate Financial Statements

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Related party transactions	Nature of relationship	Nature of transaction	31 December 2021 Amount (₦)	31 December 2020 Amount (₦)
NMIC	Subsidiary	Audit fees	1,138,000	1,000,000
KG Brussels L.P.	Subsidiary	Audit fees	569,000	500,000
FGF Investments Ltd	Subsidiary	Audit fees	1,423,000	1,450,000
FGF Private Equity Co. Ltd	Subsidiary	Audit fees	2,277,000	2,300,000
FGF Beta	Subsidiary	Audit fees	2,277,000	2,300,000
NSIA Healthcare Dev. & Invest Co.	Subsidiary	Audit fees	1,000,000	1,725,000
NSIA Property Inv.	Subsidiary	Audit fees	2,277,000	1,625,000
NSIA Power Inv.	Subsidiary	Audit fees	1,423,000	1,250,000
NSIA Agric Inv. Co	Subsidiary	Audit fees	1,594,000	1,750,000
FMCU Advanced Med.	Sub-subsidiary	Audit fees	–	–
AKTH Advanced Med.	Sub-subsidiary	Audit fees	–	–
Panda Agricultural Properties Mgt Ltd***	Associate	Audit fees	–	–
Pandagric Novum Limited***	Associate	Audit fees	–	–

The audit expenses were incurred by the Authority on behalf of the subsidiaries, sub-subsidiaries and a joint venture and they are to be back-charged to them.

During the year ended, there were no related party transactions relating to the following:

- Provisions for doubtful debts related to the amount of outstanding balances
- Expense recognised during the year in respect of bad or doubtful debts due from related parties.

35 Other contracts

The investment activities of the three separate funds established by the Authority were managed by various investment managers engaged during the year.

35.1 Stabilisation fund

The Authority engaged the following investment manager through its global custodian JP Morgan for the management of the Stabilisation Fund. The details of the investment manager as of year end are:

UBS Global Asset Management (UK) LTD

Engagement and Service

The Authority engaged UBS Global Asset Management Ltd as its agent and delegate to manage the investment and reinvestment of certain monies and assets, deposited from time to time by the Authority and held by JP Morgan. UBS Global Asset Management Company provides the Authority with reports containing the transactions, valuations and portfolio performance of the account on a monthly, quarterly and annual basis.

Smith Graham & Co

Engagement and Service

Smith Graham provides investment management services on behalf of NSIA within the parameters of the investment guidelines that include a discretionary authority to make investments in the portfolio; investing in US treasury, agencies, commercial papers, money market funds. effective duration of the portfolio should not exceed 120 days; Insight into fixed income financial market conditions. Periodic reports communicated to the Authority include information on holdings, transactions, executive summary and economic outlook.

Income Research + Management (IR+M)

IR+M is a privately-owned, independent, fixed income investment management firm that provides investment management services to the Authority. Their investment philosophy and process are based on our belief that careful security selection and active risk management provide superior results over the long term. They provide investment management services for investments in US fixed income securities in investment opportunities across the corporate, securitised, government, and municipal sectors.

Notes to the Consolidated and Separate Financial Statements

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35 Other contracts *continued*

Ninety One Global Strategy

Ninety One is a global investment manager established in South Africa in 1991. They offer active investment strategies across equities, fixed income, multi-asset and alternatives to the Authority and other individual investors around the world. They are an independent firm, dual-listed in Johannesburg and London. Their range of active investment strategies spans global, regional, emerging and frontier markets.

35.2 Future Generations Fund

Hedge fund

The hedge fund managers in which the Future Generations Fund is invested as at year end are stated below:

1. Canyon Value Realisation Fund Ltd
2. Naya Fund
3. Sachem Head Capital Management
4. Morgan Stanley
5. Palestra Capital Offshore Fund Ltd
6. Holocene Advisors Offshore Fund LTD
7. John Street Systematic Limited

Long Only Equity Managers

The long only equity managers in which the Future Generations Fund is invested as at year end are stated below:

1. Cevian Capital II
2. Marathon Asset Management
3. Vanguard Investment
4. Fundsmith LLP
5. Invesco Capital Management LLC
6. BlackRock Advisors
7. Artisan Partners
8. EFG Bank
9. Goldman Sachs
10. Bluebox Asset Management
11. Edgbaston
12. Prince Street Capital
13. RWC Asset Advisors US LLC

Private equity partners

The private equity fund in which the Future Generations Fund is invested as at year end are stated below:

1. Z Capital Fund II & III
2. Healthcare Royalty Partners Fund III & IV
3. Xenon Private Equity VI
4. Helios Investors III
5. Gsquared IV & V
6. Actis Real Estate Fund III
7. Abraaj Growth Healthcare Fund LP
8. Ingressive Capital LP
9. Reverence Capital Fund II
10. StepStone VC Secondaries Fund IV & VI
11. Lifesciences Fund II
12. Xenon PE VII
13. Whitehorse Liquidity Partners (Offshore) II LP
14. Petershill Private Equity Seeding Offshore SCsp
15. Alitheia IDF Fund LP
16. Falko Regional Aircraft Opportunities Fund I & II
17. Helios Investors IV
18. Lombard Odier Secondaries III
19. Lombard Odier European VC III

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20. LifeSci Venture Partners II
21. Synergy Private Equity I & II
22. Africa Capital Alliance Fund
23. Verod Growth Fund II & III
24. Euro Choice Secondary II
25. CardinalStone Growth Fund
26. CardinalStone Legacy Fund
27. Z Capital Partners Credit Tactical Fund Series B
28. The Rise Fund II
29. Gateway Fund II
30. Tidal Ventures ILP

35.3 Nigeria Infrastructure Fund

Private equity partners

The private equity fund and investments in which the Infrastructure Fund invested as at year end is stated below:

1. Fund for Agricultural Finance in Nigeria (FAFIN)
2. Nigeria Infrastructure Debt Fund

35.4 Custodians

Engagement and Service

The Authority engaged JP Morgan Chase & Co (global custodian), Stanbic IBTC Bank Limited (local custodian) and Citibank Nigeria Limited (Local Custodian) to provide custody services, as well as accounting, performance and compliance services to capital managed by the Authority. The custodians provide reports to the Authority on the performance of the capital custodied by it on a monthly basis.

Reports on Investments

The investment management fees paid to the investment fund managers, global and local custodians has been disclosed on the income statement.

36 Commitments

(a) Capital commitments

The Authority's unfunded commitments with private equity fund managers are as follows:

Capital commitments – US\$:

	Naira equivalent			
	Authority 31 December 2021 \$'000	Authority 31 December 2020 \$'000	Authority 31 December 2021 ₦'000	Authority 31 December 2020 ₦'000
Gateway Fund II	3,130		1,292,747	–
Tidal Ventures I LP	4,087	–	1,687,801	–
StepStone VC opportunities Fund VI	1,976	1,976	816,068	748,904
StepStone VC Secondaries Fund IV	1,128	–	465,853	–
Abraaj Growth Markets Health Fund L.P	2,332	2,197	962,963	832,663
Actis Africa Real Estate	3,333	3,333	1,376,589	1,263,207
Capital Alliance Private Equity Fund “CAPE IV”	4,062	4,062	1,677,565	1,539,498
Evercare Health Fund Feeder	378	2,325	156,269	881,175
Fund for Agricultural Finance in Nigeria (FAFIN)	4,501	4,501	1,859,034	1,705,879
HealthCare Royalty Partners (HCRP)	9,655	23,727	3,987,495	8,992,533
Helios Investors	3,986	7,470	1,646,010	2,831,130
Z Capital Partners	12,125	3,320	5,007,336	1,258,280
RMB WestPort Real Estate Development Fund II LP	6	–	2,387	–
Total	50,699	52,911	20,938,117	20,053,269

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36 Commitments continued

Capital commitments – Euro:

	Naira equivalent			
	Authority 31 December 2021 \$'000	Authority 31 December 2020 \$'000	Authority 31 December 2021 ₦'000	Authority 31 December 2020 ₦'000
Xenon Private Equity	4,495	3,724	2,101,441	1,726,697
Total	4,495	3,724	2,101,441	1,726,697
Total Authority's capital commitments			23,039,558	21,779,966

Other Group members unfunded commitments with private equity fund managers are as follows:

	31 December 2021 \$'000	31 December 2020 \$'000	31 December 2021 ₦'000	31 December 2020 ₦'000
Lifesci Venture Partners II, LP	4,314	–	1,781,639	–
The Rise Fund II	2,718	–	1,122,507	–
Fundsmith Equity Fund	–	–	–	–
Ingressive Capital LP	175	175	72,273	66,325
Synergy Private Equity Fund LP	175	–	72,273	–
Synergy Private Equity Fund II LP	5,453	5,453	2,252,034	2,066,687
Verod Capital	4,778	4,845	1,973,266	1,836,255
Falko Regional Aircraft Opportunities Fund	392	9,083	161,892	3,442,457
Falko Regional Aircraft Opportunities Fund II	12,001	–	4,956,293	–
Reverence Capital Partners Opportunities Fund II, LP	8,812	9,223	3,639,268	3,495,517
Fortress Investment Fund IV, LP	133	133	54,928	50,407
Fortress Investment Fund V, LP	38	38	15,694	14,402
Fortress Investment Fund V Co-investment, LP	46	46	18,998	17,434
LO Secondary III	7,282	7,282	3,007,393	2,759,878
Petershill Private Equity Seeding Offshore Advisor	878	878	362,605	332,762
Alitheia IDF Fund LP	4,702	4,702	1,941,879	1,782,058
Whitehorse liquidity fund II	2,949	3,495	1,217,908	1,324,605
H.I.G. Bayside Opportunity Fund, LP	17	163	7,021	61,777
Marlin Equity, LP	262	281	108,203	106,499
Marlin Equity II, LP	593	600	244,903	227,400
OCM Opportunities Fund VIIIb, LP	313	313	129,266	118,627
G Squared IV, SCSp	278	1,000	114,811	379,000
G Squared V	7,000	–	2,890,930	–
CardinalStone Capital Advisers Legacy Fund LP	1,500	1,500	619,485	568,500
CardinalStone Capital Advisers Growth Fund LP	4,916	4,916	2,030,259	1,863,164
Total	69,725	54,126	28,795,728	20,513,754

Euro:

	Naira equivalent			
	Group 31 December 2021 Euro'000	Group 31 December 2020 Euro'000	Group 31 December 2021 ₦'000	Group 31 December 2020 ₦'000
Euro Choice Secondary II, LP	8,158	7,496	3,813,903	3,476,002
LO European	2,106	2,106	984,565	976,800
Total	10,264	9,602	4,798,468	4,452,802
Total unfunded commitment to private equity fund			56,633,754	46,746,522

Notes to the Consolidated and Separate Financial Statements

Continued

As disclosed above, the Group has committed to provide capital to various collective investment vehicles. The total of these commitments at the statement of financial position date is US\$121.4million/₦50.1billion and Euro 14.7 million/₦6.9billion (2020: US\$105.2million/₦32.4billion and Euro 14.6 million/₦1.05billion). The Group's commitment obligations, being capital calls, are set out in the various underlying subscription documents. Whilst the actual timing of the capital calls to be made by the managers of these vehicles is uncertain, as it is dependent on the managers sourcing suitable investment opportunities, the Group has recorded the commitments as being current in accordance with the underlying legal documents. The Group has appropriate liquidity planning in place to ensure a suitable allocation of resources will be available to cover these future commitments of capital.

37 Other fiduciary activities

The Authority performs the following fiduciary activities:

- a) The Authority holds shares in Development Bank of Nigeria (DBN) in trust for the Federal Government of Nigeria (FGN). The shares are valued at ₦8 billion, which represents 20% of the shareholding of the DBN. The Ministry of Finance has mandated the Authority to guide DBN towards the achievement of its organisational goals. The Authority is expected to remit all dividends received from DBN within 30 days and obtain prior consent from the FGN before the disposal, transfer or otherwise change of ownership of the shares. There were no dividends paid by DBN in the current year (2020: nil).
- b) The Authority provides investment management and custody services to the Debt Management Office (DMO) which involves the Authority making allocation, purchase and sale decisions in relation to a wide range of financial instruments and investments. Those assets and income that are held in a fiduciary capacity are not included in these financial statements as they are not assets of the Authority. The fees and commissions which relates mainly to these investment management transactions and other fiduciary activity fees are recognised under other income in profit or loss as the related services being provided are performed.

The sums of USD\$200 million ("the Fund") were received from the Debt Management Office ("DMO") under an Investment Management Agreement ("the Agreement"). NSIA acts as a manager of the Funds. The agreement provides for the Authority to invest the Funds in gas, power and other related projects. Consideration is payable to the Authority after certain milestones have been met and the customers' share of return has been paid. A total of USD\$100 million was withdrawn from the DMO fund in order to fund the Second Niger Bridge Project and Lagos/Ibadan expressway project on the authority of the Federal Government.

The fair value of the Managed Funds as at 31 December 2021 stood at USD152.32 million for DMO (2020: \$143.54 million for DMO) while nil income was accrued by the Authority from the fiduciary agreement activities as of 31 December 2021.

- c) The Authority started its fiduciary function on FGN Stabilisation Fund on 6 May 2015, with an initial funding of ₦409.4million. A total sum of ₦43.12 billion has been received from the Federal Government Stabilisation Account via the Office of the Accountant General of the Federation ("OAGF") until date. NSIA is to act as a manager to the fund with a mandate to invest the funds in line with the investment policies of the Stabilisation Fund of the Authority. The fair value of the Fund as at 31 December 2021 was ₦43.356 billion (2020: 43.783 billion). The assets and liabilities of the Funds have been excluded from these financial statements as they are not assets and liabilities of the Authority.
- d) In 2018, the President of the Federal Republic of Nigeria, President Muhammadu Buhari approved the establishment of a Presidential Infrastructure Development Fund (PIDF), which is to be managed by the Nigeria Sovereign Investment Authority (NSIA), and invested specifically in critical road and power projects across the country. The National Economic Council (NEC) authorised the initial transfer of \$650 million to the NSIA from the Nigeria Liquefied Natural Gas (NLNG) Dividend Account, as seed funding for PIDF on 17 May 2018. A subsequent funding of ₦90 billion was received from the Office of the Accountant General of the Federation ("OAGF") on 30 September 2019. This is followed by subsequent inflow of \$169.5million received into the Fund in April 2021. A special but purposeful Fund under Presidential Infrastructure Development Fund (PIDF) termed "PIDF Recovered Assets" was additionally inaugurated in 2020 which recorded its first funding in May 2020 to the tune of \$311.8 million.

This initiative aims to eliminate the risks of project funding, cost variation and completion that have plagued the development of the nation's critical infrastructure assets – such as the Second Niger Bridge, Lagos to Ibadan Expressway, East-West Road, Abuja to Kano Road, Mambilla Hydroelectric Power – over the last few decades. This fund is currently being managed by the Authority. The income earned from management of the funds during the year is ₦814.1 million (2020: ₦782 million).

Notes to the Consolidated and Separate Financial Statements

Continued

37 Other fiduciary activities *continued*

Terms of agreement

The Authority acting as a manager of PIDF:

- i) has complete discretion to deploy prudent fund/cash management strategies in relation to the fund;
 - ii) may not, without prior written consent of the FGN, borrow on FGN's behalf in relation to the PIDF projects;
 - iii) will receive the sum of 0.25% of the fund annually as management fee and deduct fund management expenses from the fund;
 - iv) will retain tax exempt status and as such, no taxes may be applied to any fees due and payable to the NSIA;
 - v) shall not except in case of fraud or gross negligence, be held liable for failure of PIDF to meet its objectives;
 - vi) will be indemnified by FGN in respect of all losses, liabilities, damages and claims and costs; and
 - vii) will provide promptly to the FGN detailed information and reports in relation to the PIDF projects.
- e) The executed Investment Management Agreement (IMA) dated 27 May 2019 between the Authority and the Government of the Federal Republic of Nigeria gives the NSIA the right of option to call for the conversion of the Fund Management Account as additional capital contribution to the Authority by the Federal Government of Nigeria (FGN). However, this is optional and this is subject to the delivery of the written notice to the Federal Government of Nigeria by the Authority. This clause has nil financial implication for the Authority and does not affect its assets nor liabilities as at 31 December 2021.

38 Events after the reporting period

Russia-Ukraine Conflicts: The implication for NSIA

The conflict between Russia and Ukraine has been causing knock-on effects on the stock markets globally. Sanctions have led to soaring commodity prices and the general uncertainty has brought concerns over slowing growth to the global economy. The turmoil has caused a supply shock that has helped drive up oil and other commodity prices.

Global Stock Markets were already selling off before the Russian invasion, however the selloff was exacerbated at the onset of the war. Nearly \$1 trillion was wiped off the value of the global stock market and accelerated a drop in the major indexes as investors began to be jittery about major central banks rate hikes. The S&P 500 declined 13.3% through April 2022, the steepest four-month drop to start any year since 1939. The index continues to fall in May 2022, approaching the 20% threshold that some investors consider confirmation of a bear market.

These trends have affected the US and the European stock markets, where a significant proportion of our funds are invested in. The asset class that has the largest impact has been the long only equities portfolio, both developed market and emerging market with an average decline of 10%-15% year to date. We expect some impact on the private market portfolio in Q1 2022 valuations as well due to the broader market impact. We can argue that Russian Ukraine crisis is partially responsible for the drawdown in the portfolio, as the tightening of financial conditions by monetary policy authorities in response to persistently high inflation has been the major cause of the decline the markets have experienced. Before the crisis, Russia and Ukraine were 3% and 0.5% of the global GDP.

However, due to the diversified nature of the FGF and SF with a significant portion to alternative assets provide downside protection, the impact has been reduced. As of March 2022, the FGF was down less than 3.0% and the SF is down -0.33%. We expect some recovery as the conflict subsides and financial markets have some certainty of the direction of the global geopolitics.

A Decade of Financial Stewardship

Now one of the world's most respected sovereign wealth funds, NSIA has earned widespread trust for its sound, financial stewardship, whether effectively managing public sector spending, supporting the government financially in times of economic hardship or for attracting and managing third-party funds for inward investment in Nigeria's infrastructure sector.



A Decade of Stewardship

The capital contribution to NSIA over the last 10 years has been largely due to revenue from sale of fossil fuel. However, Nigeria's current energy challenges presents an opportunity to introduce solutions that address the issue without producing greenhouse gas emissions from fossil fuels while simultaneously reducing air pollution. In this regard, the Authority is committed to developing and investing in scalable infrastructure towards addressing Nigeria's energy deficits sustainably. We aim to investing in alternative energy sources which allows the country to take advantage of its unique geographical location such as Solar Energy and Hydroelectric Power. The longer-term objective is to diversify energy supply, reduce the over-dependence on imported fuels and drive economic development and job creation across many sectors of the economy.

The NSIA is overseeing the investment and installation of a brand new 10MW solar plant on 24ha of land in Kumbotso Local Government, Kano State to feed an industrial cluster.



Value Added Statement

	Group 31 December 2021 ₦'000	%	Group 31 December 2020 ₦'000	%	Authority 31 December 2021 ₦'000	%	Authority 31 December 2020 ₦'000	%
Revenue	148,604,261		161,545,929		144,917,795		164,606,908	
Administrative expenses (Local and foreign)	(7,495,615)		(8,377,993)		(6,261,795)		(6,799,994)	
Other non-operating income (Local and foreign)	8,343,797		3,871,293		4,259,916		1,629,861	
Value added	149,452,443	100	157,039,229	100	142,915,916	100	159,436,775	100
Applied as follows:								
To pay employees								
Salaries and other personnel cost	3,201,780	2	2,385,532	2	2,589,449	5	2,083,427	1
Maintenance of assets								
Depreciation and ammortisation	918,759	1	568,926	0	303,857	0	244,289	0
To pay government								
Taxation	1,743	0	12,417	0	-	0	-	0
Retained for growth and expansion								
Profit for the year	145,330,161	97	154,072,354	98	140,022,610	95	157,109,059	99
	149,452,443	100	157,039,229	100	142,915,916	100	159,436,775	100

Value added is the wealth created by the efforts of the Authority and its employees and its allocation between employees, shareholders, government and re-investment for the future creation of further wealth.

Five Year Financial Summary

	Authority 31 December 2021 ₦'000	Authority 31 December 2020 ₦'000	Authority 31 December 2019 ₦'000	Authority 31 December 2018 ₦'000	Authority 31 December 2017 ₦'000
Statement of financial position					
Asset					
Cash and cash equivalents	268,782,415	144,447,965	185,736,007	61,777,335	8,545,297
Investment securities	536,385,478	544,423,629	324,361,629	441,635,909	404,313,672
Loans and receivables	16,850,542	3,243,527	–	–	–
Restricted balances and other assets	362,353,574	218,908,170	75,878,818	36,082,678	72,310,092
Investment in subsidiary	9,000	895,797	1,753,398	5,116,826	16,085,655
Investment in associate and joint ventures	12,278,115	10,614,990	10,614,990	10,614,990	1,600,490
Right-of-use asset	73,414	13,421	43,488	–	–
Property and equipment	513,481	475,253	370,522	272,950	48,503
Intangible assets	84,820	121,284	100,235	12,893	63
Total assets	1,197,330,839	923,144,036	598,859,087	555,513,581	502,903,772
Liabilities					
Other liabilities	288,009,644	156,775,908	27,015,570	18,915,515	7,884,464
Total liabilities	288,009,644	156,775,908	27,015,570	18,915,515	7,884,464
Equity and reserves					
Contribution by Government	347,375,000	347,375,000	280,662,500	280,662,500	280,662,500
Retained earnings	556,236,854	413,624,795	287,750,520	253,690,496	170,859,498
Fair value reserves	5,709,341	5,368,333	3,430,497	2,245,070	43,497,310
Total equity and amount attributable to equity contributors (Government)	909,321,195	766,368,128	571,843,517	536,598,066	495,019,308
Total equity	909,321,195	766,368,128	571,843,517	536,598,066	495,019,308
Total equity and liabilities	1,197,330,839	923,144,036	598,859,087	555,513,581	502,903,772

Five Year Financial Summary

Continued

	Authority 31 December 2021 ₦'000	Authority 31 December 2020 ₦'000	Authority 31 December 2019 ₦'000	Authority 31 December 2018 ₦'000	Authority 31 December 2017 ₦'000
Statement of comprehensive income					
Investment and Interest income	8,944,690	10,719,006	7,567,781	24,899,792	21,701,131
Interest income on instrument measured at FVTPL	33,708,242	42,757,522	26,345,056	796,525	–
Net gain on financial assets	56,464,806	60,358,759	3,595,984	884,039	4,153,564
Net foreign exchange gains	45,800,056	50,771,621	1,288,894	18,901,727	1,703,128
Total operating income	144,917,794	164,606,908	38,797,715	45,482,083	27,557,823
Investment management fees	(1,055,765)	(927,775)	(745,501)	(731,478)	(654,562)
Local custodian fees	(43,947)	10,732	(19,181)	(45,613)	(6,494)
Foreign custodian fees	(144,410)	(126,534)	(177,611)	(89,629)	(47,755)
Total investment management and custodian fees	(1,244,122)	(1,043,577)	(942,293)	(866,720)	(708,811)
Impairment charges on financial assets	(342,008)	(1,106,280)	(965,076)	(321,761)	–
Total operating profit	143,331,664	162,457,051	36,890,346	44,293,602	26,849,012
Other income	4,259,916	1,629,861	946,600	1,025,390	7,960
Total other income	4,259,916	1,629,861	946,600	1,025,390	7,960
Operating and administrative expenses	(4,976,463)	(4,647,646)	(3,769,396)	(3,282,523)	(3,170,090)
Total operating and administrative expenses	(4,976,463)	(4,647,646)	(3,769,396)	(3,282,523)	(3,170,090)
Interest expense	(3,058)	(7,526)	(2,491)	–	–
Profit before tax	142,612,059	159,431,740	34,060,024	42,036,469	23,686,882
Profit for the year	142,612,059	159,436,775	34,060,024	42,036,469	23,686,882

	Authority 31 December 2021 ₦'000	Authority 31 December 2020 ₦'000	Authority 31 December 2019 ₦'000	Authority 31 December 2018 ₦'000	Authority 31 December 2017 ₦'000
Statement of comprehensive income					
Other comprehensive income:					
Items that may be subsequently reclassified to profit and loss					
Movement in fair value reserves					
Net change in fair value	341,008	1,937,836	1,185,427	(208,616)	7,435,016
Net amount transferred to profit or loss/retained earnings	–	–	–	–	–
Other comprehensive income for the year	341,008	1,937,836	1,185,427	(208,616)	7,435,016
Total comprehensive income for the year	142,953,067	161,374,611	35,245,451	41,827,853	31,121,898

Five Year Financial Summary

Continued

	Group 31 December 2021 N'000	Group 31 December 2020 N'000	Group 31 December 2019 N'000	Group 31 December 2018 N'000	Group 31 December 2017 N'000
Statement of financial position					
Asset					
Cash and cash equivalents	269,602,956	145,257,520	216,047,631	73,844,290	22,336,959
Investment securities	571,633,505	569,376,444	357,524,381	461,391,586	429,852,525
Loans and receivables	15,467,411	1,440,792	–	–	–
Restricted balances and other assets	340,764,438	162,270,572	53,582,445	46,499,369	49,134,358
Inventories	142,746	152,549	4,615,646	20,685,075	13,797,596
Investment in associate and joint ventures	24,680,009	19,371,487	15,226,911	13,647,879	2,453,380
Right-of-use asset	251,270	202,222	249,905.00	–	–
Property and equipment	5,161,049	5,431,210	2,498,894	1,617,016	16,306,560
Intangible assets	125,695	213,544	100,235	12,893	1,201
Total assets	1,227,829,079	903,716,340	649,846,048	617,698,108	533,882,579
Assets classified as held for sale	–	78,064,684			
	1,227,829,079	981,781,024	649,846,048	617,698,108	533,882,579
Liabilities					
Other liabilities	308,102,429	159,824,323	47,177,240	48,258,049	29,285,925
Borrowings	–	–	23,133,382	26,052,673	3,534,631
Liabilities directly associated with assets classified as held for sale	–	49,209,187			
Total liabilities	308,102,429	209,033,510	70,310,622	74,310,722	32,820,556
Equity and reserves					
Contribution by Government	347,375,000	347,375,000	280,662,500	280,662,500	280,662,500
Retained earnings	567,617,909	414,000,617	291,026,827	256,550,342	170,402,086
Fair value reserves	5,889,638	5,010,841	3,941,139	1,786,620	43,190,981
Currency translation reserves	(1,030,107)	6,429,941	3,907,858	4,382,101	6,801,726
Total equity and amount attributable to equity contributors (Government)	919,852,440	772,816,399	579,538,324	543,381,563	501,057,293
Non-controlling interests	(125,790)	(68,885)	(2,898)	5,823	4,730
Total equity	919,726,650	772,747,514	579,535,426	543,387,386	501,062,023
Total equity and liabilities	1,227,829,079	981,781,024	649,846,048	617,698,108	533,882,579

Five Year Financial Summary

Continued

	Group 31 December 2021 N'000	Group 31 December 2020 N'000	Group 31 December 2019 N'000	Group 31 December 2018 N'000	Group 31 December 2017 N'000
Statement of comprehensive income					
Investment and Interest income	10,200,690	8,720,542	8,443,836	27,026,428	24,370,719
Interest income on instrument measured at FVPL	33,708,242	42,757,522	26,345,056	796,525	–
Net gain on financial assets	56,913,252	58,094,087	2,831,932	245,960	4,153,564
Net foreign exchange gains	45,774,912	51,214,487	1,289,159	18,052,191	1,652,172
Total operating income	146,597,096	160,786,638	38,909,983	46,121,104	30,176,455
Investment management fees	(1,218,136)	(1,077,746)	(1,228,662)	(887,151)	(654,562)
Local custodian fees	(44,264)	10,732	(19,711)	(45,613)	(6,765)
Foreign custodian fees	(144,410)	(128,889)	(181,155)	(89,629)	(47,755)
Total investment management and custodian fees	(1,406,810)	(1,195,903)	(1,429,528)	(1,022,393)	(709,082)
Impairment charges on financial assets	544,789	(744,867)	1,208,237	(943,923)	–
Total operating profit	145,735,075	158,845,868	38,688,692	44,154,788	29,467,373
Revenue from infrastructure subsidiaries investments	2,007,165	759,291	31,965,979	27,403,230	31,367,992
Expense from infrastructure subsidiaries investments	(575,920)	(190,130)	(35,662,535)	(30,608,117)	(33,514,157)
Loss from infrastructure subsidiaries investments	1,431,245	569,161	(3,696,556)	(3,204,887)	(2,146,165)
Other income	4,305,732	1,712,546	7,123,910	11,405,258	7,960
Total other income	4,305,732	1,712,546	7,123,910	11,405,258	7,960
Operating and administrative expenses	(6,971,632)	(6,801,111)	(4,263,302)	(3,762,225)	(4,719,621)
Total operating and administrative expenses	(6,971,632)	(6,801,111)	(4,263,302)	(3,762,225)	(4,719,621)
Interest expense	(3,058)	(2,491)	(4,546,556)	(2,617,160)	(85,223)
Share of profit of investments in associates	4,038,065	2,158,747	1,363,940	209,300	434,988
Profit before tax	148,535,427	156,482,720	34,670,128	46,185,074	22,959,312
Taxation	(1,743)	(12,417)	(202,364)	(219,461)	(402,038)
Profit for the year from continuing operations	148,533,684	156,470,303	34,467,764	45,965,613	22,557,274
Profit from discontinued operations	5,026,703	–	–	538,816	–
Profit for the year	153,560,387	156,470,303	34,467,764	46,504,429	22,557,274

	Group 31 December 2021 N'000	Group 31 December 2020 N'000	Group 31 December 2019 N'000	Group 31 December 2018 N'000	Group 31 December 2017 N'000
Statement of comprehensive income					
Other comprehensive income:					
Items that may be subsequently reclassified to profit and loss					
Movement in fair value reserves					
Net change in fair value	–	–	1,185,427	490,298	6,469,348
Share of other comprehensive income of investments in associate	(210,446)	147,586	215,092	59,960	(1,156,763)
Net amount transferred to profit or loss/retained earnings	–	–	–	–	–
Currency translation differences	(7,460,048)	2,522,083	(474,243)	(2,418,579)	60,049
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods (net of tax):					
Net gain/(loss) on equity instruments designated at fair value through other comprehensive income	1,089,243	922,116	754,000	(299,000)	–
Other comprehensive income for the year	(6,581,251)	3,591,785	1,680,276	(2,167,321)	5,372,634
Total comprehensive income for the year	146,979,136	160,062,088	36,148,040	44,337,108	27,929,908

List of Abbreviations

AED	United Arab Emirates Dirham	GSCI	Goldman Sachs Commodity Index	OCP	OCP Group of Morocco
AFC	Africa Finance Corporation			OPEC	Organisation of Petroleum Exporting Countries
AfDB	African Development Bank	HKD	Hong Kong Dollar	P/E	Price/Earning
AI	Artificial Intelligence	IDB	Islamic Development Bank	PFI	Presidential Fertiliser Initiative
AKTH	Aminu Kano Teaching Hospital	IDR	Indonesian Rupiah	PHP	Philippine Peso
APP	Agriculture Promotion Policy	IFRS	International Financial Reporting Standard	PIDF	Presidential Infrastructure Development Fund
ARS	Argentine Peso	IFSWF	International Forum of Sovereign Wealth Funds	PIDG	Private Infrastructure Development Group
ASI	All-Share Index	IMF	International Monetary Fund	PPP	Purchasing Power Parity
AUM	Assets Under Management	INEC	Independent National Electoral Commission	Q	Quarter
BIA	Bridge International Academies	InfraCredit	Infrastructure Credit Guarantee Company Limited	ROA	Return on Asset
BOD	Board of Directors	INR	Indian Rupee	ROCE	Return on Capital Employed
BPE	Bureau of Public Enterprises	IPS	Investment Policy Statement	ROI	Return on Investment
BPS	Basis Points	IT	Information Technology	RUB	Russian Ruble
BREXIT	Britain's Exit from the European Union	JCPOA	Joint Comprehensive Plan of Action	S&P	Standard & Poor's
BRL	Brazilian Real	JPY	Japanese Yen	SDGs	Sustainable Development Goals
CBN	Central Bank of Nigeria	KfW	German Development Bank/Kfw Bankengruppe	SEK	Swedish Krona
CEO	Chief Executive Officer	KPIs	Key Performance Indicators	SF	Stabilisation Fund
CFA	Chartered Financial Analyst	KRW	South Korean Won	SGD	Singapore Dollar
CHF	Swiss Franc	KWD	Kuwaiti Dinar	SPV	Special Purpose Vehicle
CIBN	Chartered Institute of Bankers of Nigeria	LUTH	Lagos University Teaching Hospital	SSA	Sub Saharan Africa
CIO	Chief Investment Officer	MD	Managing Director	SWF	Sovereign Wealth Fund
CNY	Chinese Yuan	MSCI	Morgan Stanley Capital International	SWFI	Sovereign Wealth Fund Institute
COO	Chief Operating Officer	MXN	Mexican Peso	TBD	To Be Determined
CPI	Consumer Price Index	MYR	Malaysian Ringgit	T-Bill	Treasury Bill
DBN	Development Bank of Nigeria	NAIC	NAIC Agriculture Investment Company (Mauritius) Limited	TG	Trust Group
DfID	Department for International Development	NBET	Nigerian Bulk Electricity Trading Plc	THB	Thai Baht (Currency of Thailand)
DIC	Direct Investment Committee	NBS	National Bureau of Statistics	TWD	New Taiwan Dollar
DKK	Danish Krone	NCX	Nigerian Commodities Exchange	UBS	Union Bank of Switzerland
DMO	Debt Management Office	NEC	National Economic Council	UFF	African Agri Investments
ECB	European Central Bank	NED	Non-Executive Director	UK	United Kingdom
ED	Executive Director	NFN	NSIA Female Network	UN	United Nations
EM	Emerging Market	NGN	Nigerian Naira	UNCTAD	United Nations Conference on Trade and Development
EMI	Externally Managed Investments	NHDIC	NSIA Healthcare Development and Investment Company	UNEPFI	United Nations Environment Programme Finance Initiative
EMIC	Externally Managed Investments Committee	NIF	Nigeria Infrastructure Fund	US	United States of America
ERGP	Economic Recovery and Growth Plan	NKDC	NSIA-Kano Diagnostic Centre	USD	United States Dollar
ERP	Enterprise Resource Planning	NLNG	Nigeria Liquefied Natural Gas Limited	VAIDS	Voluntary Assets and Income Declaration Scheme
EU	European Union	NMRC	Nigeria Mortgage Refinance Company	VC	Venture Capital
EUR	Euro	NNPC	Nigerian National Petroleum Corporation	VND	Vietnamese Dong
EXIMBANK	Export Import Bank	NSE	Nigeria Stock Exchange	WB	World Bank
FCT	Federal Capital Territory	NSIA	Nigeria Sovereign Investment Authority	WEF	World Economic Forum
FDI	Foreign Direct Investment	NUDC	NSIA-Umuahia Diagnostic Centre	ZAR	South African Rand
FG	Federal Government				
FGF	Future Generations Fund				
FMCU	Federal Medical Centre, Umuahia				
FX	Foreign Exchange				
GBP	Great Britain Pound				
GCI	Global Climate Institute				
GCRI	Global Conflict Risk Index				
GDP	Gross Domestic Product				
GFC	Global Financial Crisis				
GPs	General Partners				

Corporate Information

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Auditors

PricewaterhouseCoopers
Landmark Towers
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Victoria Island
Lagos, Nigeria

Bankers

Central Bank of Nigeria
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Cadastral Zone
Abuja, Federal Capital Territory
Nigeria

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25 Bank Street
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Stanbic IBTC Bank Limited (Local Custodian)
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