Nigeria Sovereign Investment Authority Annual Report & Accounts 2020

Nigeria Sovereign Investment Authority

Resilience + Impact

ANNUAL REPORT & ACCOUNTS 2020

From the outset, Management recognised that resilience would drive our long-term strategy to deliver consistent performance, in the form of risk adjusted returns and high impact, national infrastructure programmes. A set of fresh policies, operational systems and frameworks underpinned our goal of creating sustainable and scalable value. Further, the strength of character that comes from years of experience and positive management gave us the resilience to deal decisively with the unexpected.

In a year when the world faced one of its most devastating global challenges, these deliberate sequence of decisions within our DNA gave us the confidence to grasp the difficult and transform it into opportunity.

Nigeria Sovereign Investment Authority

is an investment institution of the Federation which manages Nigeria's Sovereign Wealth Fund.

NSIA was established as an independent investment institution by an Act of the National Assembly in May 2011.

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About NSIA

The Nigeria Sovereign Investment Authority ("NSIA" or "the Authority") is the statutory investment institution of the Federation for managing Nigeria's sovereign wealth fund. NSIA was established by the Nigeria Sovereign Investment Authority (Establishment, etc.) Act 2011 to manage fiscal savings by the Government. The core funding for the Authority is allocated to three ring-fenced funds, namely the Stabilisation Fund ("SF"), Future Generations Fund ("FGF") and Nigeria Infrastructure Fund (NIF).

NSIA has recorded nine years of successful operations and eight years of investing, consistently posting above-average returns on its investments. Based on its stellar performance, the Authority has sustained the trust of its stakeholders, including the three tiers of Government in Nigeria, leading development finance institutions, the sovereign wealth fund community and investment partners.

Since the allocation to the Authority of US$1 billion seed capital in 2013, its total assets under management (AUM) have grown to more than US$3.56 billion with US$2.1 billion of this from additional funding and retained earnings while the balance of US$1.46 billion is from third-party managed funds. The Government's additional funding of the Authority in recent years, despite the constraints of dwindling fiscal revenue, is in recognition of NSIA's investment and asset management expertise and the important role the institution is playing in the economy.

The Authority's asset allocation strategy across all the three funds are as follows: Up till 2017, the Authority's funding was allocated in the ratio 20:40:40 to the SF, FGF and NIF, respectively. From 2018, the ratio was changed to 20:30:50, to the SF, FGF and NIF, respectively, to reflect the increased focus on investments in domestic infrastructure.

The investment philosophy for the SF and FGF, which are funds that invest in opportunities in multiple geographies, is to preserve value and earn decent returns. The Authority's investment strategies and risk management expertise have ensured that it consistently meets these objectives, thereby providing a model for managing the country's public financial investments. The NIF operates differently. It is entirely invested locally to drive the development of strategic domestic infrastructure for the long-term performance of the economy, attract foreign investment, and support economic diversification.

In response to the Government's increased policy focus on infrastructure development, the Authority has rapidly increased its capacity to develop and manage infrastructure investment projects. This has resulted in its appointment by the Federal Government to manage or participate in infrastructure projects of national priority. These include the Presidential Infrastructure Development Fund ("PIDF"), the Presidential Fertiliser Initiative ("PFI") and, more recently, InfraCo Nigeria. The Authority's role in Nigerian infrastructure development has continued to grow, and it has also created a robust risk management architecture for managing third party funds, as well as co-investing in Nigeria's infrastructural development with local and international investors.

The Authority remains focused on delivering on its mandate, under the supervision of a diverse and experienced Board of Directors. The Authority is also led by a competent management team working with well-motivated professional staff and is playing an active role in catalysing investments to achieve Nigeria's sustainable economic growth and shared prosperity.

The Mandate Funds

Stabilisation Fund

The Stabilisation Fund is managed to provide the Government with a financing source for its budget deficit during periods of acute revenue shortfall, thereby ensuring continuous fiscal support for Nigeria's economic growth and service delivery to the people.

Future Generations Fund (FGF)

The Future Generations Fund is a savings fund that invests long-term for the benefit of future generations of Nigerians. It is an intergenerational designed to provide future generations of Nigerians a solid savings base for such a time as when the hydrocarbon reserves in Nigeria are exhausted.

Nigeria Infrastructure Fund (NIF)

The Nigeria Infrastructure Fund invests in domestic infrastructure that aligns with national priorities and meets the set goals of commercial returns, positive social impact, environmental sustainability and co-investment opportunities.

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 by:

- Building a savings base for the Nigerian people.
- Enhancing the development of Nigeria's infrastructure.
- Providing stability in times of economic stress.

Our Vision

To establish the Authority as a leading sovereign wealth fund globally and to play a key role in promoting investments which benefit Nigeria's economic development.

Our Values

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

Integrity

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

Discipline

We conscientiously apply ourselves in the delivery of our statutory mandate.

Transparency

Our activities are clear and consistent with best practices.

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

Chairman's Statement

Mr Jide Zeitlin
Chairman, Board of Directors

Before the onset of the pandemic, NSIA had invested in building healthcare centres in the country's key regions.

Dear Stakeholder,

2020 was as challenging and uncertain a year as Nigeria and the world has faced in our lifetimes. The Authority was not spared the uncertainties of the Covid-19 pandemic. We rethought our organisation at every level, from how we worked, spending a material portion of the year working remotely, to how we prioritised our investment decisions.

As the Nigerian economy contracted, NSIA was a source of liquidity for the Federal Government. We were a provider of healthcare services and jobs for Nigerian citizens. We invested in agricultural growth at a time when it was critical to decrease Nigeria's reliance on imported food. The Board is proud of how this organisation met the challenges of 2020 and positioned itself for 2021. At the same time, we identify and grieve with those of you who suffered losses.

In this statement, I will summarise our financial results in 2020 and highlight select initiatives where the Authority had a positive impact on the Nigerian people. Most importantly, I trust you will come away from your review of the Authority's Annual Report and Accounts with an understanding of an organisation that strives to be transparent; where investments and decisions as to where to focus our attention and resources are governed by policies and the objective evaluation of facts. An institution that is aware of the political context of any decision, but independent of any ideology or partisan interest.

Chairman's Statement

Financial Performance

NSIA posted positive financial and non-financial results in 2020. At the Group level, operating income increased by 313% to ₦160.79 billion, from ₦38.90 billion in 2019. Net profit increased to ₦156.47 billion, against ₦34.46 billion in 2019, an increase of 354%. The Authority realised 39% growth in total assets under management (AUM), ending 2020 at ₦981.78 billion, compared to ₦649.84 billion in 2019.

These results benefited from strong returns in risk assets during the second half of the year. Our profit grew on a constant currency basis; however, NSIA's Naira denominated returns benefitted from the adjustment of the official foreign exchange rate from ₦325/US$1 at the end of 2019 to ₦379/US$1 in 2020.

Each of our three principal fund groups – the Stabilisation Fund, the Future Generations Fund and the Nigeria Infrastructure Fund – delivered positive returns in 2020. In September, the Stabilisation Fund returned US$150 million to the Federal Government to provide the Government with liquidity in a challenging environment.

Throughout the year, the Nigeria Infrastructure Fund deployed capital in key sectors of the Nigerian economy such as healthcare, agriculture, education, power, financial markets infrastructure, toll roads and gas industrialisation.

Enhancing Nigeria's Capacity in Healthcare and Food Security

The contraction of Nigeria's GDP in 2020 exacerbated long-term pressures on Nigerian citizens. The Authority leveraged its access to global talent and resources to offset negative secular trends in sectors where we believed we could be a force for good, in addition to earning a financial return.

Healthcare services is one of such sectors. Despite the deep pool of Nigerian physicians and other healthcare specialists worldwide, there is an acute shortage of facilities and specialists domestically. Covid-19 accentuated this supply/demand shortfall.

Before the onset of the pandemic, NSIA had invested in building healthcare centres in some regions of the country. These centres include the NSIA-LUTH Cancer Care Centre ("NLCC") in Lagos, which was commissioned in 2019 by His Excellency, President Muhammadu Buhari. The centre offers oncology consultations, external and internal beam radiotherapy, chemotherapy and brachytherapy to patients, as well as pharmaceutical and oncology training services to healthcare workers.

During 2020, the NLCC provided out-patient radiotherapy and chemotherapy services to 2,373,933 and 2,831 patients, respectively. These patients are Nigerian citizens who otherwise would have had to travel abroad, or not had access to services. NSIA's other medical facilities include NSIA-Kano Diagnostic Centre (NKDC) in partnership with Aminu Kano Teaching Hospital, in Kano State and NSIA-Umuahia Diagnostic Centre (NUDC) in partnership with the Federal Medical Centre at Umuahia, Abia State. The Authority intends to make additional healthcare investments.

Chairman's Statement

In late 2016, His Excellency President Muhammadu Buhari invited NSIA to establish and oversee the Presidential Fertiliser Initiative (PFI). The PFI produces NPK 20:10:10 fertiliser and strengthens food security by onshoring the production of fertiliser – reducing the cost and increasing the supply of this critical enabler of productive domestic farming.

As of year-end 2020, more than 30 million 50 kg bags of NPK 20:10:10 had been produced since the start of operations. The PFI has supported the resuscitation of 44 fertiliser blending plants, with plans for another five in 2021. The PFI helped to bring down the price of a 50 kg bag of fertiliser to ₦5,000, from the previous average price of ₦13,500. Approximately 250,000 direct and indirect jobs have been created across the fertiliser supply chain, saving the country circa US$350 million in foreign exchange that otherwise would have been used to import fertiliser.

Investing in Technology to Accelerate Productivity Growth

The impact of technology was as visible as ever during the year. Numerous workplaces, including NSIA's head office, moved to remote working practices. Our experience underscored the importance of investing in digital innovation in Nigeria. With its young and technologically savvy population, Nigeria is a fertile ground for investing by global and local tech companies in areas such as outsourced code development and business process outsourcing.

Over the years, the Authority has invested in companies focused on local code development and educational technology, among other relevant sectors. During 2020, we developed plans to invest in technology-enabling sectors that will reduce the cost of internet access for Nigerian citizens and businesses, and enhance digital capacity by building hyperscale data centres.

Our investments in financial markets infrastructure are vital components in the national financial landscape.

We have already begun acting on these innovation plans, entering into early agreements with global leaders such as Google and Facebook to enhance our domestic digital capacity. Over time, we believe these initiatives will create millions of Nigerian, high-paying, 21st century jobs, that will drive the Fourth Industrial Revolution.

Investing in the Foundations for a Resilient Economy

NSIA was conceived as an organisation that would make investments to benefit today's citizens and invest savings for the benefit of future generations. In recent years, the Authority has allocated total undesignated capital contributions of 50% to savings, and 50% to infrastructure.

Infrastructure investments in physical projects create jobs, such as those involved in building the massive roads and bridges that feature in the Presidential Infrastructure Development Fund ("PIDF"). PIDF projects such as Lagos-Ibadan Expressway, the Second Niger Bridge and the Abuja-Kano Road are catalysts for economic growth

Our investments in financial markets infrastructure are vital components in the national financial landscape. Examples of such investments in recent years include the Infrastructure Credit Guarantee Company Ltd (InfraCredit), Development Bank of Nigerian (DBN), and Family Homes Fund Limited (FHFL). During 2020, NSIA invested in NG Clearing, Nigeria's first counterparty clearinghouse.

Chairman's Statement

Gratitude

NSIA is a permanent institution, governed by its founding Act and guided by transparent policies and practices. An institution that is greater than any partisan imperative, individual executive, or Board of Directors. The Authority has benefited from the engagement of key Government and private sector stakeholders and the hard work of its employees.

This was particularly evident during such a challenging year such as 2020. I know I speak for my Board colleagues in thanking each of our stakeholders for your contributions to the Authority's work.

In some nine years of engagement with NSIA, I have learned that this institution operates at its best when its executive team and Board are comprised of individuals who bring a diversity of personal backgrounds and professional experiences to their deliberations and decisions. Individuals who are prepared to challenge each other about individual investments and policy decisions based on an objective evaluation of the facts – leaving politics and regionalism at the conference room door.

As the Government maintains its support for the Authority, I would encourage policymakers to develop and implement a framework for the more consistent allocation of new funds to the Authority.

NSIA has proven itself a responsible and effective steward of funds. The funds have had – and will continue to have – a significant impact on current and future generations of Nigerians. The more systematic funding of NSIA, even in extremely difficult times such as these, is in the country's best interests.

Next year will herald the arrival of a new Board and a number of new executives. With new leaders come fresh perspectives on how best this organisation can leverage its human and financial capital to improve the lives of ordinary Nigerians.

It is privilege to serve on this Board. I am grateful for having had the opportunity.

Keep well and be safe,

Jide J. Zeitlin
Chairman
Board of Directors

Chief Executive Officer's Review

Mr Uche Orji
Managing Director and
Chief Executive Officer

I am pleased to present the Annual Report of the Nigeria Sovereign Investment Authority ("NSIA" or "the Authority") for the year ended 31 December 2020. The Authority posted positive results with net asset growth of 33% in the year under review in spite of the adverse impact of the Covid-19 pandemic on economies and financial markets.

Before I launch into the details, I wish to pay my respects to the more than 2,000 victims of the Covid-19 pandemic in Nigeria, and particularly to the family of the late Chief of Staff to the President, Mallam Abba Kyari, who passed away on 17 April 2020 due to Covid-related complications.

I wish to pay my respects to the more than 2,000 victims of the Covid-19 pandemic in Nigeria.

In the year under review, the Authority's performance was influenced by four major factors. First, the economic policy support of central banks bolstered asset prices, which drove our investments in equities in the international markets. Second, we expanded our equity positions and increased our footprint in private equity, including venture capital, direct trading in exchange traded funds (ETF) and single stock pre-initial public offering (pre-IPO), co-investments with our alternative assets external managers, and new sector fund positions – such as technology funds.

The third is our foreign currency position, which contributed significantly in Naira terms. As the currency was devalued, it shored-up our positions in foreign currencies. To this, we also added alternative asset classes to our investments during the year.

Finally, we achieved better contributions from the consolidated subsidiaries and affiliates where profits improved in some cases, such as Infrastructure Credit Guarantee Company Ltd (InfraCredit), Nigeria Mortgage Refinance Company (NMRC) and Family Homes Funds Limited (FHFL); recorded reduced losses in new subsidiaries; such as the three healthcare companies; and received a positive contribution from the management of third-party assets and projects, such as the Presidential Fertilizer Initiative (PFI), Presidential Infrastructure Development Fund (PIDF) and the FGN Stabilisation Account.

Finally, we kept overheads to the barest minimum as we took steps to rationalise costs and sought effective alternatives to operational challenges.

Chief Executive Officer's Review

Productivity during Covid-19 Lockdown

Although the Covid-19 pandemic disrupted most of our infrastructure projects with the PFI and PIDF projects experiencing particularly significant delays, staff productivity was hardly affected. Our staff were well equipped with remote work tools, and throughout the lockdown, we held daily executive management calls. Each team unit also had daily virtual meetings. On the downside, we were unable to hire new staff and effectively train some of the new hires.

The Authority continued to operate and deliver value all through the Covid-19 lockdown.

Projects such as the Presidential Fertiliser Initiative (PFI), agriculture and road infrastructure, were severely disrupted due to the imposition of interstate lockdown and curfews. For example, the turnaround time for the logistical operations that support PFI was extended from six days to between 14 and 20 days, thereby reducing the planned production targets and increasing cost.

In terms of managing the Stabilisation Fund and the Future Generations Fund, however, there was a general improvement. All our meetings with investment managers were held virtually. Without the travel involved, productivity increased. This virtual work mode may well remain the norm.

I will now highlight the performance of our various investment funds and initiatives:

Stabilisation Fund

The Stabilisation Fund is invested in fixed income assets, which are mainly short tenured, interest yielding instruments with various counterparties. By design, it serves to provide the Government with a financing source for budget deficits during periods of acute revenue shortfall, thereby ensuring ongoing fiscal support for the country's economic growth and service delivery to the Nigerian people.

At year end, 21% of the Fund was invested in a portfolio of hedge assets, primarily US Treasury bonds tracking the Bloomberg Barclays US Treasury bond 1-3 year index. Growth assets make up the rest of the portfolio, with investments in short duration US Corporate Credit, Asset Backed Securities, and other fixed income instruments. NSIA also maintained some exposure to derivative financial instruments, which provided a degree of downside protection.

In the period under review, the SF performed well given the economic climate and ultra-low interest rates set by central bankers. The SF also benefitted from NSIA's bullish investment strategy and the optimisation of the Authority's investment management activities during the year, delivering 9% returns in Naira terms.

As yields compressed because of the various easing policies adopted by central banks globally, the SF portfolio made positive returns, thanks to the capital appreciation of its hedge and growth assets. A significant portion of these assets were liquidated in 2020 to meet the US$150 million redemption that augmented the funding of the Federation's July budget and to offset the impact of the fall in crude oil prices. This was the first withdrawal by Government and is well within the Fund's mandate.

Future Generations Fund

During the year, NSIA protected its capital from the harsh and volatile market environment where equities and bonds in many leading economies declined during Q1. Despite these market developments, our manager selection strategy and diversified asset strategy resulted in a favourable performance.

Chief Executive Officer's Review

The Emerging Markets Equity composite was the best performing asset class. The Authority increased market exposure as markets rebounded from lows because of Covid-19, which became a major factor in March. Financial markets rallied significantly after the sell-off and we benefitted from this reversal.

Developed markets equity, private equity and hedge funds all delivered a positive performance in 2020. Notably, NSIA's diversified hedge fund portfolio made gains, led by global long/short managers that participated in the market recovery in H2 2020.

The strategy to prioritise the private equity and venture capital asset classes was also vindicated as the market rallied and delivered substantial returns. The Authority committed significant additional funding to the market as we capitalised on favourable market opportunities.

More importantly, we increased our investment of the Future Generations Fund, which is now 90 per cent allocated, generating a 9% yield. We also added new hedge fund managers and started direct trading on the BTS, the London Stock Exchange's multi-asset and multi-market front end trading and quoting solution.

Nigeria Infrastructure Fund

The Nigeria Infrastructure Fund's key area of focus are healthcare, agriculture, roads, power, financial market infrastructure and gas industrialisation. The Authority reached many project milestones in 2020 and closed some deals, including a ₦200 billion fund for infrastructure investment arrangement with Central Bank of Nigeria (CBN). The various project updates are summarised as follows:

Healthcare

We fully operationalised three healthcare infrastructure projects during the year. We changed the management of the NSIA-LUTH Cancer Care Centre (NLCC) by creating an in-house management team to replace Healthshare Group, whose ability to run the centre effectively was disrupted by the Covid-19 travel restrictions.

We also partnered with Bio Ventures for Global Health to provide cancer treatment medication to Nigerians more cheaply. Thanks to this partnership, patients are now able to buy life-saving cancer medications at our NLCC facility.

The NSIA-Kano Diagnostic Centre (NKDC) and NSIA-Umuahia Diagnostic Centre (NUDC) were commissioned in March and August 2020, respectively. The pandemic disrupted their operations, forcing us to close the centres a few times.

During the period, we witnessed increased patient count and an increase in revenue from the Centres as some patients who had been unable to travel due to restrictions, became first time patients.

Following the Centres' early success, we plan to invest more aggressively in healthcare. We have plans to develop a multi-speciality hospital, invest in pharmaceutical manufacturing, and develop about 20 centres for cancer treatment, diagnostics and renal care over the next five years.

To develop our pharmaceuticals strategy, we engaged University College London. The restrictions on pharma exports by countries such as India and China have highlighted the challenges faced by depending on trade for essential products. We plan to address this as a strategic area of investment for the benefits of Nigerians.

The strategy to prioritise the private equity and venture capital asset classes was also vindicated as the market rallied and delivered substantial returns.

Press briefing at the launch of the NSIA Kano Diagnostic Centre (L-R): Mr Uche Orji; Mr Aliyu Mohammed, Director, Federal Ministry of Health; Mrs Zainab Ahmed, Hon. Minister of Finance, Budget and National Planning; HE. Alh. Nasiru Gawuna, Dep. Gov., Kano State; and Mr Ahmed Idris, Accountant of the Federation.

This photograph was taken prior to the Covid-19 Pandemic.

Chief Executive Officer's Review

Panda agriculture project, the fully integrated crop production and feed mill enterprise, is expected to be completed in 2021.

Agriculture

Key investments in agriculture during the year included the management of the PFI, the partnership with UFF Agri in the Panda Farms in Nasarawa State and the concession of the Gurara Scheme in Kaduna State.

With the PFI now in its fourth year, we have increased the number of blending plants to 44, from less than seven at the inception of the initiative. Approximately 12 million 50 kg bags of NPK 20:10:10 fertiliser were blended in 2020, bringing the total number of bags to date to 30 million.

With the success of the PFI, the President approved a restructuring which will substantially reduce our role from 2021. The bulk of the activities, such as transport and logistics, blending and sales, will be transferred to the blenders.

Our role will be restricted to using our balance sheet and credibility to purchase discounted raw materials from OCP, UralChem and Indorama on behalf of the blenders. They, in turn, will pay cash for these materials or provide a bank guarantee. This new arrangement eliminates any financial and operational risk to the NSIA, while the blenders will pay a fee to us for this service.

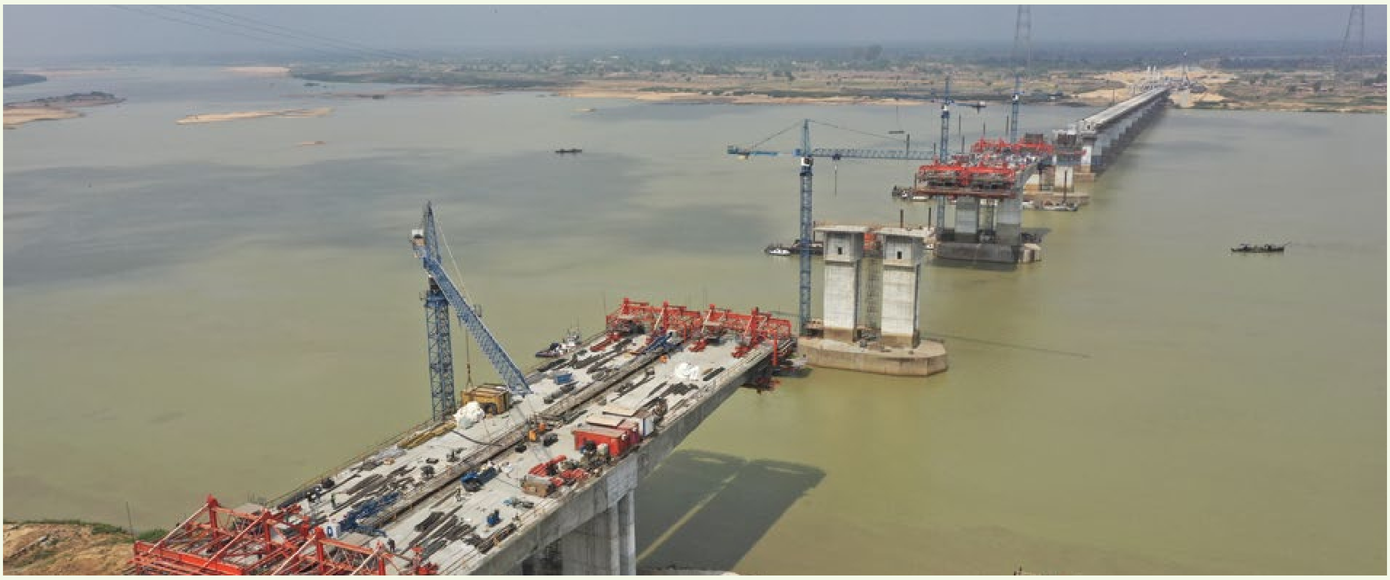
The development of the Panda agriculture project under a joint venture with the Old Mutual Group of South Africa, through its agriculture development partners, UFF African Agri Investments, gained significant traction during the year. The fully integrated crop production and feed mill project is expected to be completed in 2021. We expect this will revolutionise the agriculture sector and provide a platform for future diversification.

Under the Gurara Irrigated Scheme in Kaduna State, the Authority was allocated 320 hectares of farmland with centre pivot irrigation by the Federal Ministry of Water Resources. Discussions are being held with other concessionaires in order to expand the land coverage area to approximately 2,000 hectares and boost local grain production significantly.

In 2021, we will be partnering with the AfDB to develop the US$600 million Special Agri Processing Zones initiative to help close the yield gap, using productivity enhancing technology and equipment. The aim is to build agro processing hubs, across all the geopolitical zones, to enable agricultural producers, processors, aggregators and distributors to operate within an ecosystem. This will result in lower transaction costs, and the sharing of business development services, to increase productivity and competitiveness.

Ongoing installation of equipment at the new mill in Panda Farm.

Chief Executive Officer's Review



We continued to make good progress with the construction of the Second Niger Bridge.

Road Infrastructure Projects

Substantial progress was made in the management of the road infrastructure projects under the PIDF. These are the 375km Abuja-Kano Road ("AKR"); the 11.9km Second Niger Bridge project ("2NB"), comprising a 1.6km tolled concrete box-girder bridge, with two separate superstructures and 10.3km roads; and the 127km Lagos-Ibadan Expressway ("LIE").

The completion rates of the three projects by year end were 60% physical completion of the 92.5km across the AKR project's three sections; 51% of the 2NB project; and 62% of the LIE project. The Authority is on track to achieve several commercial conditions that will enable it take full concession of the projects to develop economic corridors.

The scope of the 2NB project was increased to include two approach roads on either side of the bridge, connecting Benin to Asaba and Onitsha to Enugu. The AKR project was also changed from a rehabilitation project to full reconstruction. The increased scope of the project has presented a funding gap. We are currently working towards raising the required funds to bridge this gap.

The East-West Road project was removed from the PIDF project portfolio in 2020 by the Federal Government and is now being developed under the Ministry of Niger Delta Affairs.

Gas Industrialisation

For the last two years, NSIA and OCP of Morocco have developed the Multipurpose Industrial Platform Project, which involves both the establishment of an ammonia (NH3) and phosphate-based fertiliser production plant for domestic consumption and export.

The project is a backward integration initiative aimed at consolidating the successes of the PFI. In addition, it will commercialise Nigeria's vast natural gas resources as well as realign the bilateral balance of trade between Nigeria and Morocco. After extensive technical investigations, Ikot Abasi in Akwa Ibom State was selected as the most suitable location for the project. We expect to break ground in Q3 2021, with final investment decision expected to be taken in Q3 2022.

The Authority is also prospecting other gas commercialisation initiatives, such as flare reduction projects and liquefied petroleum gas adoption projects. We expect to be very active in this area over the next two to three years.

Chief Executive Officer's Review

Financial Market Infrastructure

NSIA developed and invested in the Nigeria Mortgage Refinance Company (NMRC), Family Homes Fund Limited (FHFL), Development Bank of Nigeria (DBN) and Infrastructure Credit Guarantee Company Ltd (InfraCredit). In 2020, we added one more major investment: NG Clearing, a derivative-instruments clearing house that will boost the derivatives market at the Nigerian Stock Exchange and fill the void in the Nigerian financial market.

The NMRC has had a significant impact in mortgage refinancing, enabling access to thousands of new mortgages in 2020. The FHFL has also been effective in creating low-cost housing in different parts of the country, including Yobe, Borno, Delta and Nasarawa. With the synergy between the two housing funds, we have been able to create mortgages for affordable housing in the ₦2-3 million range.

InfraCredit: We were pleased to admit new investors in InfraCredit during the year. So far, we have received both tier 1 and tier 2 investors and welcomed investments by InfraCo Africa – a part of the Private Infrastructure Development Group (PIDG) funded by the UK Government; KfW – the German Government's development finance institution; and other entities.

InfraCredit was sponsored by the Authority and co-developed with Guarantco and PIDG. Following its successful operational launch and clear market impact, the African Finance Corporation (AFC) invested in the company. InfraCredit has had a significant impact on Nigeria's infrastructure investment by providing credit enhancement and infrastructure fund insurance.

NSIA Innovation Fund

We launched our Innovation Fund at the end of the year. The Fund invests in technology, which is very close to my heart because of my background in the sector. With our co-investors, we plan to invest in technology, from hardware to software and fintech. We are also looking at agricultural and industrial technology, pharmacology and biotechnology.

The NSIA Innovation Fund will seek to advance on the progress the country has made in biotech. It will also drive the commercialisation of inventions and R&D in our institutions. One of the most intriguing investments we have made with the Future Generations Fund was in Healthcare Royalty Partners, a US company that helps to develop inventions and R&D by American universities into products that are sold to drug makers. The drug manufacturers then turn the inventions and R&D into finished goods and pay royalties upon sale. We intend replicating the same concept in Nigeria, since commercialising some of the country's R&D solutions will be important for the country's economic transformation.

We intend to make several investments through the Fund in 2021.

Power

We achieved significant progress in the development of the Haske power project (formerly Kano Solar Project), which is expected to be operational at the end of 2022. The project is owned by the Federal Government (represented by the Ministry of Finance Incorporated (MOFI), Kano State Government and Kumbotso Local Governments of Kano State. The Authority is the project manager of this 10 MW grid-connected, solar photo-voltaic power plant in Kumbotso. Upon completion, the solar project will be one of the largest on-grid solar power plants in Nigeria and will be nested within an integrated utility set-up (distribution franchise).

By leveraging our experience of developing the Project, we intend to proliferate small to medium scale integrated renewable energy projects across Nigeria. The Authority is excited by the potential of renewable energy to support industrialisation, as well as increase access to clean, affordable energy in the country. In line with our investment approach, we will first invest our fund and then bring co-investors into our projects.

L-R seated: Mr Uche Orji, Managing Director, NSIA; Mr Pradeep Pursnani, Chief Executive Officer, Konexa, and Dr Mohammed Jibrilla, MD, Kano State Investment and Properties Ltd at the signing of the term sheets for Haske solar power project, witnessed by (L-R standing) Ms Helen Grant, MP, Ms Catriona Laing CB, British High Commissioner to Nigeria and Mr James Duddridge, UK MP and Minister for Africa.

Chief Executive Officer's Review

Education

We invested in Bridge International Academies Limited (Bridge) and own 13% of the company, which provides first-class, tech-enabled, data-driven education to people at a more affordable cost. Bridge runs its own community schools and collaborates with State Governments to provide educational services.

Since our investment in 2017, Bridge now serves 715,000 students in 1,900 schools across Lagos, Edo, Osun and Borno States. It is actively powering the successful transformation of state-wide public sector education, as exemplified by the collaborations with Edo and Lagos States under the EdoBEST (since 2018) and EKOEXCEL (since 2019) programmes.

Through their academic model, Bridge continues to deliver positive outcomes, such as rapidly improving classroom culture, teacher presence and practices, while literacy and numeracy rates in Bridge students are three and two times faster, respectively, than those of their peers.

GE Healthcare patient monitors.

Creating Impact

Our overall experience in 2020 informed the theme of this year's Annual Report, which is Resilience and Impact. Our investment in healthcare was quite timely and helpful. The facilities are providing quality healthcare services to patients, and the impact of travel restrictions on those who normally travel abroad for such services has been eased.

As part of our contribution to the national response to Covid-19, we donated oxygen concentrators and other healthcare supplies to 21 teaching hospitals and medical centres in the country to assist with the treatment of Covid-19 patients.

We also partnered with Global Citizen Nigeria to create the Nigerian Solidarity Support Fund, the objective of which is to support the nation's pandemic response recovery and mitigation efforts through transformative interventions affecting vulnerable Nigerians, healthcare systems and workforce development.

As already pointed out, we contributed US$150 million to the Federal Government as a withdrawal from the Stabilisation Fund. Our management of the first draw down on the Fund, to provide the Government with fiscal stability support, delivered on this critical objective.

Chief Executive Officer's Review

Outlook

Although we believe that the market is unlikely to repeat the performance of 2020, it is more likely that a broader market recovery will occur, with economies opening up, unlike 2020, when technology stocks drove market performance.

Regarding the Future Generations Fund, we expect to allocate more capital to venture capital and global equity markets, and to increase our exposure to European equities where we were under-exposed in 2020. Our view is that a broad opening of the markets will provide a comprehensive lift to equities.

Within the Nigeria Infrastructure Fund, we expect the Innovation Fund to be very active as we seek opportunities in datacenters, data networking, software, pharmaceutical manufacturing and many others.

We expect to complete the concession, capital raising and operationalisation of the ongoing PIDF projects as scheduled and within budget: Lagos-Ibadan Expressway in 2022, Second Niger Bridge in 2022 and Abuja-Kano Road in 2025 based on the new project scope. We also expect to break ground on the Ammonia and Diammonium Phosphate Plant joint venture with OCP in mid-to-late 2021.

Despite concerns about new waves of Covid-19, the Authority remains confident that, with widespread vaccination programmes, global economies will continue to reopen and provide more opportunities to create value.

Appreciation

I would like to thank President Muhammadu Buhari and Vice President Yemi Osinbajo for their continued support. Their commitment in injecting capital into the NSIA, even as the country was faced with recession, is remarkable and for that we are appreciative.

I am also grateful for the support of our stakeholders, including members of the National Assembly; the governors and the Honourable Minister of the FCT, Alh. Mohammed Musa Bello; the Honourable Minister of Finance, Budget and National Planning, Mrs Zainab Ahmed; the Governor of the Central Bank of Nigeria, Mr Godwin Emefiele; our investment partners; and Nigerians in general.

I would like to thank the Board Members, led by Mr. Jide Zeitlin, and in particular those who are due to complete their current tenure on 11 May 2021. Their commitment to the NSIA is greatly appreciated and has shaped the Authority's vision; leaving a legacy of first-class governance.

To my colleagues, especially the executive management team, Stella Ojekwe-Onyejeli, Aminu Umar-Sadiq, Kola Owodunni and Ezinwa Okoroafor, I wish to thank you all for your commitment in helping us navigate a challenging environment.

Thank you.

Mr Uche Orji
Managing Director and Chief Executive Officer

Investment Milestones

NSIA at the agreement signing ceremony with Old Mutual Investment Group.

This photograph was taken prior to the Covid-19 Pandemic.

2016

- Started Presidential Fertilizer 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 Privatization (NCP) and the Honourable Minister of Finance to invest in pre-privatisation phase of the Nigeria Commodities Exchange.
- Incorporate 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.

The President entrusted the PFI programme to the NSIA from inception.

2017

- Second NSIA Board inaugurated.
- 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 Fertilizer Initiative (PFI).
- Invested in Education sector through Bridge International Academies.
- Invested in the Chapel Hill Denham Nigeria Infrastructure Debt Fund.

Construction of Second Niger Bridge under PIDF.

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 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).

FAMILY HOMES FUNDS
...financing social housing

DBN Development Bank of Nigeria

Investment Milestones

President Muhammadu Buhari delivering the keynote address at the Commissioning of NLCC.
This photograph was taken prior to the Covid-19 Pandemic.

NSIA Commissioned Diagnostic Centres in Kano and Umuahia.
This photograph was taken prior to the Covid-19 Pandemic.

2019

- Core capital stood at US$1.5 billion as of year-end.
- Total assets grew 5% to ₦649.84 billion (2018: ₦617.70 billion).
- The Federal Government contributed an additional net sum of ₦70.3billion 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, a further endorsement of our prudent fund management investment strategy.
- 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.

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 sector 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 Kumbutsu, 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


Access 2

Funds Management

Market Overview 2020

NSIA Supports Tertiary Medical Institutions with Covid-19 Relief Equipment

NSIA donated **126 units of patient monitors** and **63 units of oxygen concentrators to 21 healthcare institutions** across the **6 geopolitical zones of the country**, augmenting the Federal Government's ongoing effort to enhance clinical care available to Covid-19 patients and to add to the stock of critical medical equipment needed in hospitals across the country.

Market Overview

The Covid-19 pandemic caused severe global economic disruption in 2020. Aggressive measures to contain the spread of disease were announced by supra-national authorities, national Governments, local and municipal authorities, as well as businesses, around the world.

International travel was restricted, while cities went into lockdown and businesses were shuttered. The combination of the public health crisis, and the economic disruption caused – due to the integration of global supply chains, markets and workplaces – was unprecedented in world history.

The acute economic disruption caused the prices of commodities, including crude oil, to collapse. From US$66 per barrel (pb) in December 2019, crude oil prices fell to US$22 pb in 2020. As Asia's manufacturing powerhouses closed their factories, and the transportation industry around the world almost ground to a halt, demand for the commodity collapsed. Some factories that were key to the global supply chain had to convert some of their facilities to temporary Covid-19 isolation centres.

Following an estimated 2.9% growth in global output in 2019, the IMF in its January 2020 World Economic Outlook (WEO) projected world GDP growth of 3.3%. But, with the onset of the pandemic, the IMF revised its growth forecast, projecting a global economic contraction of -3.3% in 2020. In its June 2020 WEO update – tagged "A Crisis Like No Other, An Uncertain Recovery" – the IMF further revised downward its growth forecast for the year to -4.9%.

Annualised US economic output declined by 32.9% in Q2, 2020. In the euro area, the GDP contracted by 12.1%, while the UK's output growth was -20.4% compared to the same period a year earlier. However, China recorded an early economic rebound from the pandemic, with 3.2% GDP growth in Q2.

The Covid-19 saga took a heavy toll on jobs around the world. After a steady decline in the US unemployment rate to below 4%, because of the positive economic impact of the 2017 tax cuts and pullback from market regulation, the unemployment rate jumped to double digits in Q2 2020. Labour market performance in the advanced and developing economies was only cushioned by substantial stimulus spending by countries most able to afford it, including the US, Japan and European economies.

However, in the second half of 2020, the global economy started to recover from its contraction. According to World Bank estimates, global economic contraction was -2.9% by year end, beating the dire estimates, including those of the IMF, its sister institution. The recovery was due to the easing of lockdown measures, positive news of emergency authorisation of Covid-19 vaccines in the US and Europe, and more financial stimulus programmes.

However, emerging and developing economies continued to face additional challenges, including unprecedented reversals in capital flows and major currency pressures. According to the World Bank, the pandemic has set back years of gains in poverty alleviation in poor countries, with the livelihoods of many people severely threatened or lost.

Market Overview

Financial Markets

2020 was a remarkable year for global financial markets. Although the Covid-19 pandemic triggered the worst economic downturn in generations, unparallel stimulus measures, and breakthroughs in vaccine development, sent stocks back up to record highs. The year turned out to be quite positive for stock markets, with most regions recovering well by year end.

The Initial Public Offering (IPO) market saw volumes of about twice the previous peak of 2014, as new companies came to the market. The boost in IPOs was attributed to high quality Special Purpose Acquisition Companies (SPACs), public entities created with the sole purpose of raising money on the market to acquire companies. SPACs raised a record US$82.1 billion, a six-fold increase from the 2019 record high.

Developed Markets

US

US stock markets were characterised by significant volatility during the year. As the potential negative impact of the novel coronavirus infections became evident in March, the US stock market plunged to a record low, with the S&P 500 Index declining 33.79% in Q1 2021. The decline was short-lived as the Index swung to a 68% rise by August, and closed the year up by more than 16%. The rebound was fuelled by the largest federal government stimulus in history.

The Dow Jones Industrial and Nasdaq, gained 7.25% and 43.6%, respectively. Tech companies were the clear early winners as the pandemic accelerated the move towards digitisation, video-conferencing and e-commerce. The FAANG technology titans – Facebook, Apple, Amazon, Netflix and Google (owned by Alphabet) helped the Nasdaq to finish strongly. Tesla enjoyed the most astonishing run, up almost 700% during the year.

Europe

In Italy, the Lombardy region's decision to impose its own lockdown to control the pandemic triggered the continent's worst stock market decline in decades. The Stoxx 600 Europe had fallen by nearly 35% by mid-March. Similarly, the FTSE100 fell 36% over the same period.

There was a record-breaking rush into safe haven assets. But similarly breathtaking was how quickly equity markets recovered. As the rest of the world looked to the US yield curve steepening for signs of recovery, investors in Europe were no exception. The yield on the 10-year German bond remained steady throughout most of 2020, including Q4. The yield on Portugal's 10-year government bond went negative for the first time in December, while Spain's 10-year government bond fell to near zero, indicating that the European Central Bank monetisation of the EU economy had been effective.

The economic impact of the Covid-19 pandemic hit the UK particularly hard. Figures for the first half of 2020 show the UK was the second worst of all the Organisation for Economic Co-operation and Development (OECD) countries. In Q2, a 20.4% decline in UK output was more than two times greater than the 9.9% average for OECD countries. GDP data for Q3 showed that the UK economy was still 9.7% below its pre-pandemic level, more than double the decline seen in the US and the EU.

For the full year 2020, the German DAX Index returned 3.55% while the UK's FTSE 100 returned -14.3%, additionally weighed down by post-Brexit uncertainties. The strong recovery in Germany was spurred by the unprecedented levels of stimulus by the ECB, although the Bank of England also responded in similar fashion to stymie the negative impact of the pandemic.

Market Overview

Japan

The Japanese Nikkei 225 index closed the year up 16%, its highest annual performance since 1989. The Index made a V-shaped recovery following a series of stimulus efforts, after plunging 30% in March on growing fears that the world was heading for a Covid-19 economic catastrophe. The Tokyo 2020 Olympic Games was postponed for a year and the government declared a state of emergency in April.

The Bank of Japan maintained its asset-buying programme, including purchases of stocks, which made the central bank the biggest shareholder in Japan's listed companies. Investors also shrugged off Prime Minister Shinzo Abe's sudden resignation, his replacement, Yoshihide Suga, having pledged to take over his predecessor's stimulus measures. By the end of November, the Nikkei Stock Average hit its highest level in almost three decades to become one of the developed markets' top performers, the outcome of the US elections being seen as a contributory factor.

Emerging Markets

Emerging market stocks posted their largest gains in more than eight years, with the MSCI Emerging Markets (EM) Index up 18%, as investors looked beyond US-China trade tensions. The development of Covid-19 vaccines and their authorisation for emergency use, imminent changes in the US administration with the victory of former Vice-President Joe Biden in the November presidential election, and economic stimulus packages by the EM's fiscal and monetary authorities, all contributed to the strong performance.

However, despite the strong equity performance, many EM economies saw their currencies depreciate against the US dollar in 2020.

China, the largest player in the MSCI EM Index, registered strong gains of more than 40%. Although the pandemic had started in China, cases in the country had flatlined by late March and stayed that way for the rest of the year.

Two Covid-19 vaccines developed by Chinese companies received approval for domestic emergency use in mid-year. In a divergence from the world's major economies, the Chinese economy posted 2.3% growth for the year, aided by strict virus containment measures and emergency relief for businesses. Mainland stocks soared as a record-breaking 1.62 million new investors came into the market and a number of new Chinese companies listed on the stock exchange during the year.

Despite the much-anticipated withdrawal of the Ant Group Financial from China in late 2020, four of the largest 10 globally-listed companies are on mainland China, and another one in Hong Kong. Following cycles of heightened trade tensions been the US and China, the incoming Administration in the US was deemed a relief by the market signalling a return to normalcy in the market.

In other key emerging market developments, Brazil tested the international debt market with a US$3.5 billion bond sale, which was well received. Egypt and the IMF reached a staff-level agreement on a US$5.2 billion stand-by facility that aimed to alleviate the economic impact of Covid-19.

Russia's economy fell at a much slower pace in Q3, after a sharp fall in GDP in Q2, as Covid-19 restrictions began to ease and consumer confidence boosted demand for durable household goods. However, Q4 was marked by worsening private sector conditions following the drop in domestic oil output, stagnant international crude oil prices and a second wave of new Covid-19 cases.

Market Overview

South Korea's government unveiled a US$63 billion "new deal" spending plan to revamp the economy. After posting its slowest growth since the global financial crisis, Malaysia unveiled US$8.2 billion in additional stimulus to help the economy recover from the pandemic.

Nigeria

According to the National Bureau of Statistics (NBS), Nigeria's GDP grew by 0.11% year-on-year in Q4, representing the year's first positive quarterly growth. This growth was largely driven by the information and communication sector and agriculture, which grew by 15.9% and 3.42%, respectively, and marked the country's exit from the pandemic-driven economic recession.

As a result of sharp declines in the price and production volume of crude oil, the country faced a large balance of payments (BOP) shock in 2020. Since Nigeria operates a managed-float exchange rate regime, it is naturally susceptible to such BOP shocks and also by virtue of its status as a major oil exporter. The current account continued to deteriorate over the course of 2020, with the deficit widening to 4.8% of GDP in Q4.

Market Outlook 2021

First, as vaccination against Covid-19 extends to most of the world's population, which will lead to greater mobility and increased household consumption demand, the IMF projects that the global economy will grow at 5.8% in 2021 and 4.2% in 2022.

Second, we expect extremely low interest rates in developed markets and a 'new normal' of lower rates in emerging markets. As such, a push into equities, increased valuations and the continued flow of retail investors into markets should be expected.

Third, significant monetary and fiscal stimulus should be expected as central banks' balance sheets are expected to expand by 29% of GDP between 2020-2022, compared to 7% during the global financial crisis. Emerging and frontier markets equities are also projected to outperform the advanced markets.

The Stabilisation Fund

Table 2.1: Target Asset Allocation for the Stabilisation Fund

	Policy Target	Benchmark
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
Growth Assets	**75%**	**Barclays 1-3 Year Corporate Bond**
Investment Grade Corporate Bond 1-3 years		Barclays 1-3 Year Corporate Bond

The SF has an allocation of 20% among the Authority's pool of core funds. It is structured to play a fundamental role in serving as a source of economic stability in times of acute fiscal revenue shortfall.

The Fund is intended to act as a buffer against macroeconomic stress. The assets are, therefore, invested conservatively, striking a balance between generating a positive return and preserving capital in nominal terms, while also meeting the short-term liquidity requirements.

Withdrawals from the SF can be made at the discretion of the Honourable Minister of Finance (HMoF), provided the request satisfies the criteria set out in the NSIA Act. In 2020, the Honourable Minister of Finance, Budget and National Planning, Mrs Zainab Shamsuna Ahmed, exercised this right and US$150 million was withdrawn from the SF to help the Government close the fiscal deficit caused by the economic impact of the Covid-19 pandemic.

The SF invested in the following asset classes in 2020 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% of the investment assets of the SF and provided exposure to the very liquid and highly rated US Treasury instruments in 2020, tracking the Bloomberg Barclays US Treasury bond 1-3 year Index. The underlying investments have a maturity range of between one and three years. This component returned 3.04%, slightly below the set benchmark by 12 basis points.

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

The Authority has two managers 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 the other invests in short- to medium-term investment-grade US corporate bonds. We also have some exposure to Structured Collateralised Deposits with credible counterparties that provide some yield enhancement, while providing some downside protection, thereby fulfilling the Fund's capital preservation goal.

Year in Review

Over the course of the year, the SF performed very well, despite the highly volatile economic climate and ultra-low interest rates set by central banks. Overall, the Fund returned 6.92%, which was 5.63% above the benchmark (US CPI). This was due mainly to expectations that the Federal Reserve would not raise interest rates any time soon. As with other funds, cash management formed a significant part of this component given the dynamic market environment.

2021 Outlook

Our investment team will continue to monitor the Fund's performance in line with the mandate, and in accordance with the strategic asset allocation guidelines. NSIA expects SF returns to decline in 2021, compared with 2020, as the Federal Reserve continues to reduce US interest rates. However, we will continue to seek ways to optimise returns, while following the Fund's capital preservation mandate.

The Future Generations Fund

Table 2.2: 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 Future Generations Fund was created by the NSIA Act 2011 and became operational in 2012. At its creation, 40% of the Authority's seed capital was allocated to this Fund. The percentage allocation was applied to the core capital contributions received by the Authority.

However, with effect from 2018, the FGF began to receive 30% of the core capital contributions to the Authority. The Board decision for the restructuring was based on the need to increase infrastructure investment in the country, which would also benefit future generations. The NIF, therefore, started to receive an additional 10% of subsequent fund allocations to the Authority.

The FGF is a long-term investor and has an investment horizon of above 20 years, so it is expected to weather multiple economic and market cycles. Diversification is used as a key risk management tool in achieving the investment objectives and to mitigate the effects of volatility and uncertainty on the Fund's investment.

The Fund has a multi-asset strategy and investments range from traditional assets, such as equities, to alternative assets including hedge funds and private equity. The Board Investment Committee approved a strategy that provides 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 and achieving stronger risk-adjusted returns.

The asset allocation is based on long-term risk and return objectives, with due consideration to volatility, and is diversified across various asset classes. This ensures that risk is mitigated. Due to the Fund's long-term horizon, the asset allocation is skewed to growth assets which account for 85% of the allocation. The rest is apportioned to inflation hedges (10%) and deflation hedges (5%). External managers are used to gain exposure to these asset classes at this point in the Authority's life cycle.

The Future Generations Fund

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 returned 7.7% in US dollar terms in 2020, lagging the MSCI World Index, which returned 16%.

All four managers (Cevian, Marathon, Artisan and Fundsmith) engaged by NSIA provide regional diversification by focusing on developed regions: US, Europe, Japan and global equity markets. All managers in the component had positive returns, with a notable return from Fundsmith, returning 20.4% for the year.

The decision in 2019 to increase exposure to equity markets passively through ETFs increased the Fund's public market exposure and reduced the fee burden on the portfolio. The ETFs with exposure to US, European and Asian markets averaged 30% performance with Invesco QQQ (US Nasdaq) emerging as the strongest performer, returning 49% in 2020.

Emerging Market (EM) long equities allocation returned 22% in 2020, beating the MSCI World Index, which returned 16%. Emerging markets ended on a strong note after a turbulent year. The pandemic dominated the headlines and governments increased their borrowing to provide fiscal stimulus to reduce the recessionary pressures from global lockdown measures. The EM allocation constituted 12.4% of the portfolio.

Absolute Return

As at year end, the Absolute Return component constituted 17% of the Fund. This allocation returned 7.2%, versus 8.8% by the HFRI Event Driven Total Return Index. The managers in this asset class deployed strategies that aimed to earn a positive return, irrespective of market direction. Each manager exercised the discretion to invest across different strategies and geographies and is expected to provide growth in times of stress in equity markets. Sachem Head was the best performer in 2020, returning 50%. The Authority fully exited its Brasidas Asia position as of December 2020, in response to poor performance.

Private Equity

The private equity component made up 17% of the Fund in 2020, although the amounts committed are significantly higher. This component is well diversified, with a good mix of developed market private equity managers from Europe and the US. There is additional exposure to EM through pan-African focused managers. Increasingly, the investment team is looking to gain exposure to Asia in this asset class.

In the year under review, the Authority made nine commitments to new funds in this asset class, including an ESG-focused private equity fund and a life-sciences-focused venture capital fund. These investments increased the Authority's exposure to regions such as the US and Europe.

Other Diversifiers

This component of the Fund has a target allocation of 10%. At year-end, 6.2% had been allocated, with some 11.5% of it committed. The purpose of this component is to seek managers that provide exposure to products, such as direct lending (private credit), leasing and royalties, with the aim of seeking returns uncorrelated to the rest of the portfolio. In the year, we added Z Capital Tactical Credit, which invests in the distressed credit sector to the component.

The Future Generations Fund

Inflation Hedges

Hard Assets

The Hard Assets component of the Fund has a target allocation of 5%, with 0.7% allocated and 1.5% committed as of year-end 2019. RMB Westport II is looking to exit the only investment and formally close the Fund, while Actis has been fully committed. The Authority has not added any new managers in the Hard Asset component in the period under review.

Deflation Hedge

For most of 2020, 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 12.5% of the AUM of the Fund.

Year in Review

The impact of the Covid-19 pandemic meant that the first half of the year was a tough one for markets, but public equities rallied in Q4. This strong global performance was most pronounced in US markets, with the S&P 500 Price Index up 15.8% by year close. As already mentioned, governments played a significant role in mitigating the overall impact of the pandemic on global economies by providing both fiscal and monetary stimulus, while news of the development and emergency-use authorisation of Covid-19 vaccines buoyed market expectations.

2021 Outlook

In 2021, we are aiming to gain additional market exposure by allocating to the passive investments in the DM and EM Equities Long Only Component, using a combination of managers and ETFs. We are also aiming to increase our hedge fund exposure through the onboarding of high conviction styles and strategies.

In addition, the investment team will increase the allocation to venture capital and private equity funds on an opportunistic basis (with increased focus on the African venture capital space) and consider co-investment opportunities with selected GPs. The goal is to harness optimal risk-adjusted returns within the dynamic global market environment.

The Nigeria Infrastructure Fund

The NIF is one of three distinct and ring-fenced funds managed by the Authority. It focuses entirely on domestic investments in selected infrastructure sectors, including motorway, healthcare, power and agriculture.

The Fund's mandate is to catalyse growth in the stock of infrastructure assets in the country. Unlike the SF and FGF – the Authority's other core funds, which are outsourced to external fund managers – 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 anchored 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.

Figure 2.1: Nigeria Infrastructure Fund Investment Approach

Direct Investment Strategy	Co-Investment Strategy	Institutions to Support Financial Market Infrastructure
• **Presidential Infrastructure Development Fund:** N673.3 billion investment in 3 high priority road projects namely Lagos-Ibadan Expressway, Abuja-Kano Road and Second Niger Bridge • **NLCC Centre: US$20 million** investment in the development of a cancer diagnostic and treatment centre in partnership with LUTH • **Radiology and Diagnostic** Centres at Aminu Kano Teaching Hospital and Federal Medical Centre, Umuahia	• **FAFIN: US$10 million** commitment in the Fund for Agricultural Finance in Nigeria (FAFIN), a **US$100 million** partnership with German Development Bank, KFW and Federal Ministry of Agriculture and Rural Development • **NSIA-UFF Agriculture Fund:** Investment of US$25 million, in a **US$200 million** Nigeria Agriculture Fund in partnership with UFF of South Africa which committed **US$25 million** • **Innovation and Digital Technology Fund:** Recently launched and set to make first investments in information technology, Fintech and Agritech	• **Nigeria Mortgage Refinance Company (NMRC):** Launched the NMRC to lower costs and improve access to mortgages. • **Infrastructure Credit Guarantee Company Ltd (InfraCredit):** NSIA launched InfraCredit in partnership with GuarantCo & PIDG. • **Family Homes Fund Limited (FHFL):** Collaborated with the Federal Ministry of Finance to create the FHFL, an innovative financing solution to Nigeria's housing challenges. • **Development Bank of Nigeria (DBN):** NSIA operationalised DBN on behalf of the Ministry of Finance Incorporate (MOFI) to alleviate financing constraints faced by MSMEs and small Corporates in Nigeria. • **NG Clearing:** NSIA invested in NG Clearing, the first central counterparty (CCP) clearing house providing clearing and settlement for exchange-traded derivative instruments in the Nigerian capital market.

The Authority received an additional contribution of US$250 million from the Federal Government in 2020. In accordance with its fund allocation, 50% of the new contribution (US$125 million) was allocated to the NIF for domestic investments in selected infrastructure sectors.

Despite the restrictions caused by the Covid-19 pandemic, the Authority made the following advances in managing the NIF in 2020:
— The Board approved the inclusion of gas industrialisation and technology/innovation to its focus sector areas.
— Two projects in the healthcare sector were completed and operationalised: NSIA-Kano Diagnostic Centre and NSIA-Umuahia Diagnostic Centre. Both were commissioned by the Honourable Minister of Finance, Budget and National Planning, Mrs Zainab Shamsuna Ahmed, in March and August, respectively.
— An additional ₦536.3 million was invested in NG Clearing Limited. The Authority converted its deposit for shares account into an ordinary equity holding of 16.45% in the company.

The Nigeria Infrastructure Fund

- Continued progress in the construction of the toll-road projects, namely Lagos-Ibadan Expressway, Abuja-Kano Road, and Second Niger Bridge, under the PIDF, with a further ₦92.2 billion disbursed to the projects.
- Significant progress in the development of the solar fund project.
- Advances in the NSIA-OCP Basic Chemicals Platform, the Authority's pilot gas industrialisation project.
- Continued progress in developing existing transactions in agriculture undertaken in collaboration with UFF.
- Restructuring of the PFI. The Authority's shares in NAIC-NPK were transferred to the Ministry of Finance Incorporated. The Authority will remain on the NAIC-NPK Board as an observer and play the role of operator.
- The Authority was selected by the Federal Government as one of six preferred bidders and offered 320 hectares of farmland and associated irrigation facilities in Gurara for an initial lease period of 10 years.

Pandagric Novum Project

Development of the Pandagric Novum Project, a joint venture between NSIA through its subsidiary NAIC-NPK Ltd, and UFF African Agri Investments – an institutional investment boutique owned by South Africa's Old Mutual, Africa's largest financial services group. The project, which started in 2018, is located in Panda, Nasarawa State, Nigeria, and entails the production of maize and soybeans to provide feedstock for the production of poultry and fish feeds.

The ongoing development involves the acquisition and installation of various fixed assets, including mills, silos and bunkers, warehouses for finished goods and an irrigation system with centre pivots and water reservoirs. The project will cover 5,000 hectares (ha) of land with an estimated cost of US$29 million and is projected to yield an Internal Rate of Return (IRR) of 15%.

Once the development stage is completed, the project's assets will include a farm (maize and soybean), maize mill, soybean mill, grain storage, water management assets, and a state-of-the-art 147 kilometre-tonne (kmt) poultry feed mill with the option of processing fish feed.

The project is structured into two entities, with Panda Agricultural Properties Management Ltd, a Property Holding Company (PropCo), owning the assets. The other entity, Pandagric Novum Ltd, is an Operating Company (OpCo) and will lease the assets from the PropCo and operate them.

Laying the stone base on a section of the Abuja-Kano Road.

This photograph was taken prior to the Covid-19 Pandemic.

The Nigeria Infrastructure Fund

The following milestones were reached during the year:
- US$12 million was deployed.
- The project's processing capacity was increased from 86 kmt to 147 kmt, which increased the planned dry land farming area from 1,000 ha to 3,500 ha and reduced the irrigation coverage area from 1,300 ha to 750 ha.
- Successful planting of 830 ha of maize.
- Start of construction of the new factory and residential building, now partly completed.
- Construction of a 1.4 million cubic metre capacity reservoir started.
- Delivery and part installation of irrigation equipment, with two centre pivots now commissioned.
- Installation and part completion of storage facilities, including bunkers, silos and warehouses.

The project is expected to boost the nation's food security, producing up to 130,000 tonnes of agricultural commodities over the next five years and more than 200,000 metric tonnes of feeds annually, when completed. As of year-end, the project employed more than 200 direct staff and 300 indirectly through outgrower schemes and subcontracting.

Over the next five years, the project will create over 20,000 jobs, 520 of which will be direct jobs, while the remaining will be self-employment roles generated through the outgrower farmers.

Project Panda, as the project is codenamed, will also boost research and development (R&D) in the country's agricultural sector. Five hectares of the farmland have been dedicated to seed trials and research, in collaboration with the International Institute of Tropical Agriculture (IITA) and other international seed organisations, with the objective of increasing the national average yield from maize cultivation. Overall, the project is projected to make a significant contribution to the country's economic growth.

It is expected that the development of the project will be completed in 2021 with the various facilities commissioned.

New storage silo at Panda Farm.

Third-Party Managed Funds

Presidential Infrastructure Development Fund (PIDF)

The PIDF was established in 2018 to accelerate the delivery of certain critical and strategic infrastructure projects, namely; the Lagos-Ibadan Expressway, Second Niger Bridge, Abuja-Kano Road, East-West Road, and Mambilla Hydropower Project. NSIA was subsequently appointed by President Muhammadu Buhari, GCFR, as the fund manager for PIDF, which received initial seed capital of US$650 million, with the Government contributing an additional net sum of ₦70.3 billion in late 2019.

Construction of the Lagos-Ibadan Expressway, Second Niger Bridge and Abuja-Kano Road is ongoing. The Lagos-Ibadan Express and Second Niger Bridge are scheduled for completion in 2022 while the Abuja-Kano Road is scheduled for completion in 2025.

Construction work on the Mambilla Hydropower has yet to start, while the East-West Road was removed from the PIDF during the year and allocated as a project under the Federal Ministry of Niger Delta Affairs.

Access roads to the Second Niger Bridge, 2A and 2B, were added to the PIDF portfolio, since these roads will enhance the viability of the Second Niger Bridge project.

As directed by the President, the scope of the Abuja-Kano Road has been expanded, from the rehabilitation of 92.5km along three sections of the road, to the full reconstruction of the entire stretch of 375km, which has extended the completion date to 2025.

When completed, the projects will have a significant impact on the economy. They are expected to boost infrastructure development, increase economic activity and ease the transportation of people and goods across the country. The multiplier effects of the projects will contribute to the growth and diversification of the Nigerian economy, attract foreign direct investment and create jobs and opportunities for the further development of more infrastructure projects in the country.

The projects are also expected to generate financial returns to ensure sustainability and longevity. Since third-party capital will be deployed to complete them, it is also important that the projects yield economic returns. We have engaged financial advisers who are exploring commercialisation strategies for the projects. These may include tolling, setting up of trailer parks, etc.

Looking ahead, 2021 is projected to be a key year for the PIDF, as it seeks to raise funds from the market to ensure the timely completion of the projects and to start the Mambilla Hydropower Project. The existing construction contracts for the projects will be adjusted to facilitate their successful commercialisation. In this regard, we believe that the continued support of the Federal Government, Federal Ministry of Works and Housing, and other key stakeholders, will be key to their success.

Debt Management Office (DMO)

We have continued to manage, on behalf of the DMO, 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 by the Government in July 2013 through the DMO.

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 of the fund, using an investment strategy similar to that of the NIF.

Corporate Governance
Our People, Culture, Diversity and Technology

NSIA's corporate culture was strenghtened as staff migrated to virtual work mode.

The remarkable financial performance as well as the progress recorded across key programmes in 2020 attests to strength of the institution's shared values and commitment to delivering the mandates.

Our People, Culture, Diversity and Technology

Our people are at the centre of the NSIA's value creation. We remain committed to delivering our mandate in a sustainable, equitable and profitable manner by deploying the talents of a diverse group of professionals, be they employees or consultants. The 2020 manning strategy aimed to position the NSIA for growth, as the Authority sought to leverage potential co-investments, and third-party assets, to grow our balance sheet and deliver positive impacts in the country.

To ensure that the Authority remained highly productive, despite the Covid-19 pandemic, the HR unit implemented strategies which challenged our operations, recruitment activities and culture. HR deployed the Authority's business continuity plan to ensure that employees were kept engaged and able to contribute to delivering the year's strategic objectives.

Covid-19 and Productivity

Before the outbreak of the pandemic, remote working by senior executives was part of the Authority's work culture. It ensured a quick turnaround time for projects, optimised deal-making processes and the management of our investments. Following the outbreak of Covid-19, and the imposition of a national lockdown, curfew and restrictions on interstate travel, the Board approved full remote working. This necessitated enhancing the work-from-home framework to minimise disruption to work. These included provision of additional tools and data bundles to enable staff to work from home, switch to online courses to support continuous learning, digital communication platforms to ensure collaboration between team members and line managers and virtual meetings etc. The following measures to safeguard management and staff were also introduced: provision of transportation for staff who ordinarily would have had to commute to work by public transport, adjustment of workstations in the pool area and provision of face masks and hand sanitisers to enhance safety and compliance with Covid-19 protocol.

We had to adapt the operations and strategy to be flexible and resilient enough to weather the Covid-19 storm. The Government designated the Authority as providing "essential service." This required the HR team to navigate some vague and unforeseen situations, while ensuring productivity remained high. To ensure staff were able to cope, HR provided virtual support and migrated mental health programmes, fitness programmes and work-life balance initiatives online. These support measures were retained during the phased re-opening of the economy after months of hard lockdown.

In December, there was a small cluster of infections following a mandatory testing of all employees. In response, management swiftly engaged the Nigeria Centre for Disease Control (NCDC), two private medical practitioners, and other experts, to curb further spread of the infection and to care for affected staff. Thankfully, no employee was lost to Covid-19. Overall, the pandemic had a minimal impact on work at the Authority, although some of the infrastructure projects were significantly affected by lockdown measures.

NSIA employee in a painting session to foster wellbeing and inclusion while helping to develop creativity.

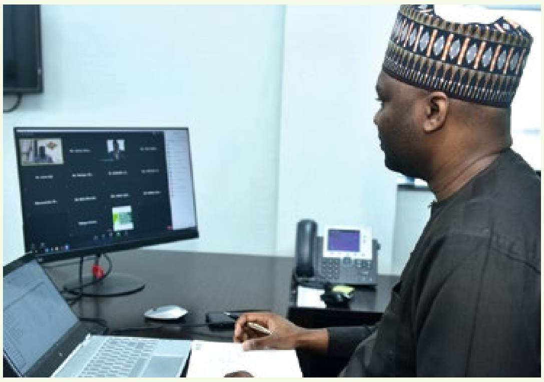
These photographs were taken prior to the Covid-19 Pandemic.

Our People, Culture, Diversity and Technology

Learning & Development

We implemented several employee engagement and capacity development programmes, in keeping with the tradition of equipping employees with cutting edge skills commensurate with working in a globally competitive environment. Some of these initiatives are highlighted below.

Virtual Learning: NSIA's training calendar was methodically designed for bespoke capacity building. It addressed the skill sets required for each role and identified the competency and knowledge gap to be bridged for each staff member. The key capacity building areas for 2020 were identified as technical competencies in Project Finance, Corporate Valuation, Investment Portfolio Management, Operations and Risk Management, Corporate Governance, Ethics and Leadership. We ensured employees had an engaging learning experience, even on the virtual training platforms used. The pandemic has accelerated the evolution of training as a traditional classroom event. We have embraced the new virtual training approach, which is more accessible and cost-effective, and launched the e-Learning platform, LearningHub, which delivers learning in line with modern accessibility standards.



Since the onset of Covid-19, our regular seminars have been conducted online.

This photograph was taken prior to the Covid-19 Pandemic.

LearningHub was accessible to all employees in 2020, irrespective of their locations. The courses comprised both tailored and off-the-shelf modules. In addition, the Authority signed up to edX for Business, a trusted platform for education and learning established by Harvard University and Massachusetts Institute of Technology (MIT). All courses are delivered 100% online and are asynchronous.

NSIA Breakfast Seminar (NBS): Two institutions featured in the NBS in 2020: Nigeria Incentive-Based Risk Sharing System for Agricultural Lending (NIRSAL) and Infrastructure Concession Regulatory Commission (ICRC). The speakers were Aliyu Abdulhameed and Chidi Izuwah, the CEOs of NIRSAL and ICRC, respectively. NBS is aimed at understanding the businesses of relevant organisations, drawing insights on how these businesses function and identifying collaborative opportunities with the Authority. The sessions continued the annual theme of "Courting Co-Investment Relationships" with NSIA.

Continuous learning is an integral aspect of the NSIA Way; the NBS is one of the platforms through which we learn about the role of other government agencies.

Lunch & Learn: Employees participated in the quarterly bite-sized learning workshops titled Lunch and Learn. Each of the two-hour sessions was run virtually and allowed employees and external/internal facilitators to share knowledge across different areas of the business.

Our People, Culture, Diversity and Technology

Employee Engagement

The Human Resources Unit engaged employees in the following events/ activities:

M Series: Steve Harris, a renowned motivational/inspirational speaker led discussions with male members of staff on the theme "Saving Superman." He spoke about societal and professional expectations placed on men compared to the vicissitudes that often occur on a man's journey.

Female Network Programme: Female employees in line with the Female Network Programme, joined other women to mark the International Women's Day. Mrs Awuneba Ajumogobia and Ms Adepoju Jaiyeoba were hosted in one of the planned programmes set to discuss career issues, share challenges and best practice and provide inspiring solutions specific to female employees.

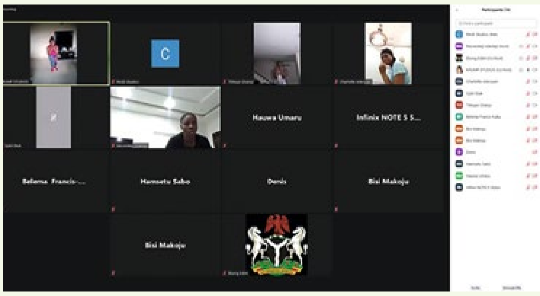
Mental Health Awareness: NSIA observed World Mental Health Day on 10 October 2020, with the overall objective of raising awareness of, and mobilising support for, mental health issues.

Fitness for All: With the lockdown restricting lifestyle activities during the year, virtual fitness sessions were organised to support employees in remaining active and maintaining their physical health.

2020 Employee Week: NSIA continued the practice of expressing its appreciation of employees' contributions to its success story. Each year, the HR team develops events that foster teamwork and remind employees that beyond being a workplace, the Authority is also a family. These programmes in addition to other programmes slated in the HR Corporate Calendar reinforce the value the Authority places on its staff and the importance of its core values. Employees held a virtual year-end party, virtual fun day and other virtual social events.

NSIA's Female Network Forum continued to educate, engage and foster collaboration among female employees.

This photograph was taken prior to the Covid-19 Pandemic.



Fitness session held even during the lockdown period albeit virtually.

Diversity and Inclusion

We recognise the value of workplace diversity in driving creativity, innovation, brand appeal and employee adaptability. As an equal-opportunity employer, we continue to employ individuals from different backgrounds as a catalyst for positive change and industry leadership. We also ensure that women are well represented at all levels of the workforce.

Gender Mix in the Authority

The following chart shows the gender distribution of our employees in Q4 2020.

Chart 3.1: Q4 2020 Gender Distribution across grades

	Male	Female
Executive Management	2	1
Senior Management	5	3
Management	8	2
Middle Management	6	5
Officer	9	6

Our People, Culture, Diversity and Technology

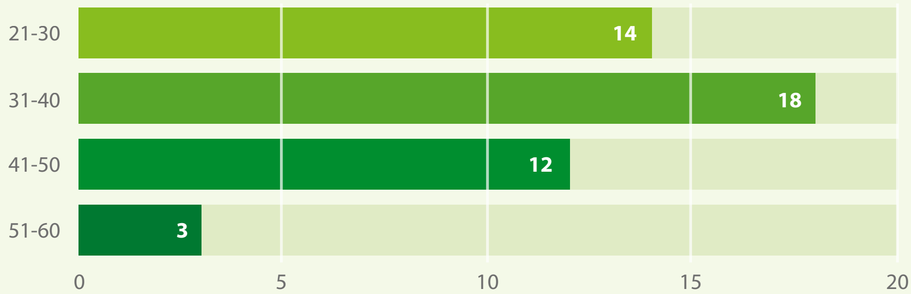
Diversity in our workplace is fundamental to our principals.

This photograph was taken prior to the Covid-19 Pandemic.

Age Profile of Employee

The chart below shows the age profile of NSIA's Full-Time Employees in Q4 2020.

Chart 3.2: Q4 2020 Age profile of employees



Technology

Our pre-existing digitisation programme and core IT infrastructure put us in a good position to cope with Covid-19 pandemic disruptions. In line with the Authority's strategic rolling five-year plan 2019-2023, our critical processes and activities had already been digitised. Even before the outbreak, we had introduced secure remote working for core staff to enable them to function seamlessly when outside the physical office.

As the number of Covid-19 infections in the country rose, our Crisis Management Team proposed the roll-out of secured remote working for all staff. We were already well positioned to continue functioning effectively when the Federal Government announced the lockdown measures at the end of March 2020.

The IT unit's goal for the year was to improve the resilience of the IT infrastructure and the management information system within a secured environment. The key enablers identified were collaboration tools and business process automation.

During the year, we completed the second phase of our deployment of Microsoft Dynamics 365 and integrated the ERP with standalone applications. Redundant applications were retired. Strategic business units (SBUs) workstreams were also automated, using SharePoint, the goal being to ensure that paper touchpoints were reduced to the bare minimum.

Our People, Culture, Diversity and Technology

Before the lockdown, we had encouraged virtual meetings largely via the Microsoft Teams and Zoom platforms. Unsurprisingly, the number of virtual meetings increased during the lockdown, with all units conducting their team meetings via the provided platforms and benefitting from Microsoft's collaborative tools.

We also strengthened our security system by hardening the security of the network, emails and the corporate website. As a result of the growing number of business email compromise (BEC) threats globally, we increased staff education around cyber security awareness.

The performance of Internet Service Providers (ISPs) during the initial months of the lockdown proved to be the major challenge with remote working. However, we were able to work with our ISP partners to provide redundant internet access for our staff.

Overall, the IT unit achieved more than 90% of its goals agreed with the management for the year. We were also able to test our disaster recovery plan and its incident response in practical terms.

We had also planned to expand our IT infrastructure and were able to set up systems in the newly acquired office space in the current office building. We also introduced an IT service desk solution to ensure that IT services are delivered consistently and on time.

The Authority's main goals are to reduce operational costs and improve efficiency by investing in automation and other emerging technologies. This approach is supported by empirical studies which confirm that, as organisations grow in head count and business volume, they gain favourable positions in the market if they invest adequately in IT. We fully subscribe to this winning strategy.

We made extensive use of technology to deliver our 2020 agenda as part of mankind's technological response to the Covid-19 challenge around the world. One of the key meetings we hosted during the year was the launch of the Nigeria Solidarity Support Fund (NSSF), chaired by the Vice President, Professor Yemi Osinbajo, SAN, GCON. Senior government officials, including the Honourable Minister of Finance, Budget and National Planning, Mrs Zainab Shamsuna Ahmed, participated in the virtual conference.

The Authority also hosted the press conferences to announce the release of the 2019 Annual Report and Accounts, and for the commissioning of the NSIA-Umuahia Diagnostic Centre, co-commissioned by the Abia State Governor, Mr Okezie Ikpeazu and the Finance Minister. They were joined by the Honourable Minister of State for Health, Dr Adeleke Mamora, as well as the Honourable Minister of State for Budget and National Planning, Mr Clem Agba. Significant costs were saved by hosting these highly important events virtually.

We also invested more in internet bandwidth subscription to enable our staff to optimise digital platforms for work and engagement with external stakeholders. In the "new normal" of physical distancing and remote working, we are making firm commitments to leverage IT. While there was no successful cyber-attack recorded during the year, we will strengthen our security system and continue to invest in emerging technologies.

Governance

From the outset, the Authority has been committed to upholding the best corporate governance principles and practices. We have continued to subject our processes and operations to the highest standards of corporate governance to increase stakeholder value consistently. This governance framework is an essential cornerstone of our sustainable corporate success and stakeholder confidence, which ensures that NSIA routinely ranks highly on the measures of Sovereign Wealth Fund transparency and accountability.

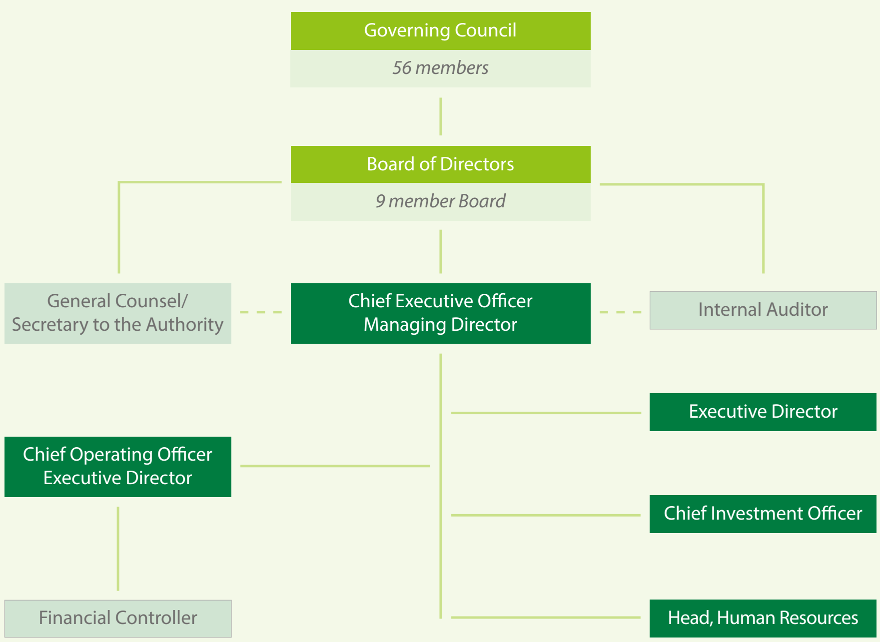
Our core values of discipline, integrity and transparency remain the foundation upon which our governance framework is established. These values are fundamental to our culture and embedded in the daily conduct of our business. They are also enshrined in every employee's work process and the systems through which the NSIA Way is expressed.

NSIA's Code of Corporate Governance provides a robust framework for the governance of the Authority and its subsidiaries. The Code is periodically reviewed to align with international standards and global best practice. In addition, the Authority aggressively promotes its core values to employees through its Code of Professional Conduct, Whistle-blowing Policy, Ethics Policy, and Communications Policy, which regulate employee relations with internal and external parties. This is a strong indication of the Authority's determination to ensure that its employees remain professional.

In the year under review, we executed various governance initiatives, including reviewing the Corporate Governance Code and the Charters of all the Board Committees, to update them and ensure that they remain at par with leading international practice and comply with the country's laws. The Board and its Committees periodically conduct self-assessments to evaluate compliance with their terms of reference as contained in their respective Charters.

We are a member of the International Forum of Sovereign Wealth Funds (IFSWF) and a signatory to the Santiago Principles. In keeping with this membership, we subscribe to the ethos of transparency, good governance, accountability and prudent investment practice. The Authority is run along the best commercial principles and philosophies applicable to the private sector. Our governance practices strengthen operational efficiency and drive effectiveness across the organisation.

Figure 3.1: NSIA Governance Structure



Governance

Governing Council

The Governing Council is the NSIA's 'Advisory Body' and counsels the Board of Directors. This Council consists of:

- 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
- The Attorney General of the Federation
- The Governor of Central Bank of Nigeria
- 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.

The Governing Council is charged with the oversight responsibility for the Authority's operations and performance, obtaining clarification from and giving guidance and counsel to the Board, while observing the independence of the Board and Management. The Governing Council holds its Annual Meetings after the publication of the Authority's Financial Statements for the year.

The Board

The Board of Directors is responsible for the Authority's governance and is accountable to its Governing Council. Section 15 of the NSIA Establishment etc. Act. 2011, specifically, provides 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 the highest standards of business integrity, ethical values and governance. The Board also recognises the Authority's responsibility to conduct its affairs with transparency, prudence, fairness, accountability, and social responsibility, thereby safeguarding the interests of all stakeholders.

The Authority's Directors also possess the right pedigree of expertise, skills and experience, which translates to an effective Board capable of steering the Authority's affairs in the right direction – in an ever-changing and challenging environment. The members of the Board bring their independent judgment to bear on its deliberations, debate constructively and make decisions dispassionately.

The current members of the Board are seasoned professionals, who have excelled in sectors that include asset management, investment, commercial and corporate banking, engineering, oil and gas, as well as legal practice.

Board Responsibilities

The Board determines the NSIA's overall strategy and follows up on its implementation. It is responsible for supervising the Authority's performance, while actively contributing to its development as a focused, sustainable and respected investment institution. The Board exerts its direction and control through its Board Committees.

In accordance with the provisions of the enabling Act, the Board is responsible for the achievement of the Authority's objectives, policy making, general supervision of the Authority's management and affairs, and other such functions conferred upon it by any other provision of the Act. The primary role of the Board is to provide effective leadership and direction to enhance the Authority's long-term value to its shareholders.

Governance

The Board also has overall responsibility for reviewing the Authority's strategic plans and performance objectives, financial plans and annual budget, key operational initiatives; major funding and investment proposals, financial performance reviews, and corporate governance practices. It operates on the understanding that sound governance practices are fundamental to earning the trust of stakeholders, which is critical to sustainable growth.

Section 24 (1) of the NSIA Act empowers the Board to delegate the daily operations of the Authority to the management. The Board is responsible, however, for ensuring that robust internal control systems are maintained, and that management maintains an effective risk management and oversight process to ensure that growth is delivered sustainably. The Board is also responsible for determining and promoting the Authority's collective vision.

In carrying out its oversight functions, matters reserved for the Board include, but are not limited to, defining the Authority's business strategy and objectives and approving its;

- Corporate governance framework
- Policies
- Framework for determining policies
- Quarterly, half yearly and full year financial statements
- Significant changes in accounting policies and practices
- Major acquisitions, divestments of operating companies, disposal of capital assets and capital expenditure
- Charters and membership of Board Committees
- Asset Allocation Strategy

Further, the Board:

- Sets annual objectives and goals
- Monitors execution of strategy and performance against plan
- Reviews and monitors the performance of the Group Managing Director and the executive team
- Ensures the maintenance of ethical standards and compliance with relevant laws
- Ensures effective communication with stakeholders
- Promotes disclosure and transparency to ensure the integrity of financial reports
- Approves all matters of importance to the Authority as a whole because of their strategic, financial, risk or reputational implications or consequences.

Board Meetings

The Board meets quarterly, while emergency meetings are convened as may be required. The annual calendar of Board and Committee meetings is approved in advance during the last quarter of the preceding year. Material decisions may be taken between meetings through written resolutions in accordance with the provisions of the various Board Charters and the NSIA Act.

The annual calendar of the Board's activities includes a Board retreat at an offsite location to consider strategic matters and review the opportunities and challenges facing the institution. More recently, virtual meetings have been included in the general meeting structure, including Board retreats, to enable participation despite the effect of the global pandemic.

All Directors are provided with notices, agenda and meeting papers in advance of each meeting to enable them to prepare for the meeting. Where a director is unable to attend a meeting, he/she is still provided with the relevant meeting papers. Such a director also reserves the right to discuss with the Chairman any matter he/she may wish to raise at the meeting. Directors are also provided with regular updates on developments in the regulatory and business environment.

To demonstrate its commitment to environmental sustainability, the Board operates a secure electronic portal for the circulation of Board documentation to members.

Governance

Independent professional advice is available, on request, to all Directors, when required to enable Board members to perform certain responsibilities effectively. The Authority also meets the costs of such independent professional advice, obtained jointly or severally by a Director (or Directors), where it is necessary to enable the obligations imposed on an individual, committee, or the Board as a whole, to be properly fulfilled.

The Directors are provided with comprehensive Group and Authority information at each of the quarterly Board meetings and are also briefed on business developments in-between Board meetings.

The Board met five times during the year ended 31 December 2020. The attendance of the meetings is provided below.

Attendance of Board Meetings in 2020

(✓ Present × Absent)

Name of Director	Mar 28	Jun 6	Jun 20	Sep19	Dec 5
Jide Zeitlin	✓	✓	✓	✓	✓
Uche Orji	✓	✓	✓	✓	✓
Stella Ojekwe-Onyejeli	✓	✓	✓	✓	✓
Aminu Umar-Sadiq	✓	✓	✓	✓	✓
Halima Buba	✓	✓	✓	✓	✓
UK Eke MFR	✓	✓	✓	✓	✓
Asue Ighodalo	✓	✓	×	✓	✓
Bello Maccido	✓	✓	✓	✓	✓
Lois Machunga-Disu	✓	✓	✓	✓	✓

The Board devoted considerable time and effort to the following issues in 2020:
- Approval of appointments to subsidiary boards
- Monitoring the implementation of the 2019-2023 strategic plan
- Review and approval of policies
- Consideration of updates on the implementation of Board Retreat outcomes
- Approval of interim and full-year audited financial statements
- Supporting the Federal Government in its response to the Covid-19 pandemic
- Monitoring the programmes of PFI and PIDF

NSIA Chairman

The Chairman provides leadership and direction to the Board, is accountable to the Governing Council and liaises with other Board members and the Authority's management, through the various Chairs of the Board Committees.

The positions of Chairman and MD/CEO are held by separate individuals. More specifically, the duties and responsibilities of the Chairman are as follows:
- Effective operation of the Board
- Ensuring the Board works towards achieving the NSIA's strategic objectives
- Setting the agenda for Board meetings in conjunction with the MD/CEO and the General Counsel
- Approving the annual Board activities calendar
- Playing a leading role in ensuring that the Board and its committees have the relevant skills and competencies for their roles
- Ensuring that Board meetings are properly conducted and that the Board is effective and functions cohesively

Governance

- Ensuring that the Directors receive accurate and clear information about the Authority's affairs in a timely manner to enable them to make sound decisions
- Acting as the main link between the Board and the MD/CEO as well as advising the MD/CEO on the effective discharge of his duties
- Ensuring that all directors focus on their key responsibilities and play constructive roles in the Authority's affairs
- Ensuring effective communication with the Authority's strategic stakeholders
- Taking a leading role in assessing, improving and developing the Board

Managing Director and Chief Executive Officer

The MD/CEO has overall responsibility for leading the development and execution of the Authority's long-term strategy, with a view to executing the NSIA mandate and creating sustainable value for stakeholders. He manages the day-to-day operations of the Authority and ensures consistency with the policies approved by the Board.

More specifically, the duties and responsibilities of the MD/CEO include the following:
- Serving as head of the management team
- Ensuring that staff at all levels embrace a culture of integrity and legal compliance
- Consistently achieve the Authority's financial objectives and goals
- Ensuring that the Authority's philosophy, vision, mission and values are internalised and observed throughout the institution
- Ensuring that the allocation of capital reflects NSIA's risk management philosophy
- Ensuring that the Authority's risks are controlled and managed effectively, optimally, and in line with the Authority's strategies and objectives
- Serving as the Authority's chief spokesperson and ensuring that NSIA is properly presented to its various publics
- Ensuring that the Directors are provided with sufficient information to support their decision-making

The General Counsel and Company Secretary

The Company Secretary serves as a point of reference and support for all Directors, consulting regularly with them to ensure that they receive the required information promptly. The Board may obtain information from external sources, such as consultants and other advisers, if there is a need for outside expertise, via the Company Secretary, if not directly.

She is responsible for assisting the Board and management in the implementation of the Authority's Code of Corporate Governance, coordinating the orientation and training of new Directors and the continuous education of non-executive Directors. She is also responsible for assisting the Chairman and CEO to formulate an annual Board plan, and with the administration of other strategic issues at Board level.

She organisies Board meetings and ensures that Board meeting minutes clearly and properly capture Board discussions and decisions.

Delegation of Authority

The ultimate responsibility for the Authority's operations rests with the Board. As provided in sections 24 (1) and 24(2), the Board retains effective control through a well-developed Board Committee structure that provides in-depth focus on the Board's responsibilities. Each Committee has a written term of reference and presents regular reports to the Board on its activities. The Board delegates authority to the Managing Director to manage the affairs of the Authority within the established parameters from time to time.

Governance

NSIA Board Committees

A functional Board Committee structure is central to the Board's ability to provide effective oversight. The NSIA Board exercises its oversight responsibilities through five Committees: Board Externally Managed Investments Committee; Board Direct Investments Committee; Board Finance and General-Purpose Committee; Board Compensation & Governance Committee; and Board Audit and Risk Committee.

Board Externally Managed Investments Committee (BEMIC):

The Committee assists the Board in fulfilling its oversight responsibility for the Authority's externally-managed investments. The Committee oversees investment processes, strategies and policies employed with respect to the assets under the SF and FGF. Its members are:

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

Board Direct Investments Committee (BDIC)

The Committee assists the Board in overseeing policies, strategies and the implementation framework for domestic infrastructure investment in NIF.

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

Board Audit & Risk Committee (BARC)

This Committee assists the Board in fulfilling its oversight responsibilities in respect of NSIA's internal controls environment and general compliance with internal and regulatory policies and procedures, accounting and financial reporting policies and practices through oversight of the internal audit function as well as enterprise risk. It oversees the outcome of the scheduled Audits. Its members are:

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

Board Finance and General-Purpose Committee (BF&GPC)

This BF&GPC oversees the Authority's finance strategy, subsidiary operations operational and administrative functions on behalf of the Board. The Committee also serves as the Authority's Tenders Board. Its members are:

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

Board Compensation & Governance Committee (BC&GC)

The BC&GC assists the Board in fulfilling its oversight responsibility for setting policies for employee compensation, employee issues that are consistent with NSIA's long-term objectives. The committee also assists the Board in its governance and nominations duties. The members of the committee are:

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

Tenure of Directors

To ensure continuity and an injection of fresh ideas into the Board, the tenure for non-executive Directors is limited to a maximum of two terms of four years each, while the Managing Director and other Executive Directors are tenured, based on the agreements terms of their employment contracts.

Governance

The current Managing Director and Chief Executive Officer initially had a five-year tenure, which was subsequently renewed for another five-year term commencing in October of 2017, while the Executive Directors are currently serving four-year terms. Board appointments, as set out in sections 16 (2) & 16 (3) of the NSIA Act, are the prerogative of the President on the recommendation of the Honourable Minister of Finance, who is expected to consult with the National Economic Council.

Board Appraisal

In the Authority's usual way of embracing best corporate governance practice, the Board periodically engages an independent consultant to carry out an appraisal of the Board and Directors. The appraisal covers all aspects of the Board's structure, composition, responsibilities, processes, relationships, individual members' competencies and respective roles.

Communication Policy

The Authority's Board and Management ensure that the communication and dissemination of information on its management and operations to its shareholders, wider stakeholders and the public is timely, accurate and frequent. This is to give a balanced and fair view of the Authority's financial and non-financial matters.

Such information, is available on the Authority's website, **https://www.nsia.com**. The website is constantly updated with information as events occur."

The website also has an Investor Relations portal where the Authority's financial reports and other relevant information is posted and is accessible to stakeholders and the wider public.

The Communication Policy's main objective is to support the Authority in achieving the overall goals described in its core values, which strengthen its culture of transparency in pursuit of best corporate governance practice.

To reach its overall goal on information dissemination, the Authority is guided by the following principles:

i. Efficiency: NSIA uses modern communication technologies to communicate with its target groups
ii. Transparency: As a respected Federation investment institution, the Authority maintains its policy on transparent and open communication as set out in the NSIA Act. This is designed to maintain public confidence in the Authority
iii. Clarity: The Authority aims to be always clear by sending uniform and clear messages on key issues
iv. Cultural awareness: The Authority operates in a multi-cultural environment, and so recognises the need to be sensitive to cultural diversity

Management Committees

These are Committees comprising the Authority's senior management staff. They are risk-driven, since they have essentially been set up to identify, analyse, synthesise and make recommendations on risks arising from the Authority's day-to-day activities.

They provide inputs for the respective Board Committees, while also ensuring that Board Committee recommendations are effectively and efficiently implemented. The Management Committees meet as frequently as necessary.

The standing Management Committees are:

— Executive Management Committee
— Management Committee
— Investment Executive Committee
— Crisis Management Committee

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 and Chief Executive Officer and two other Executive Directors) and five non-executive Directors. The NSIA's Board of Directors brings a diverse range of skills and competences from a broad spectrum of relevant backgrounds. Its current members are:

Chairman
- Mr Olajide Zeitlin

Executive Management
- Mr Uche Orji, MD & CEO
- Mrs Stella Ojekwe-Onyejeli, ED & COO
- Mr Aminu Umar-Sadiq, ED

Non-Executive Directors
- Ms Halima Buba
- Mr Urum Kalu Eke, MFR
- Mr Asue Ighodalo
- Mr Bello Maccido
- Ms Lois Laraba Machunga-Disu

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

Mr Jide Zeitlin
Chairman, Board of Directors

Mr Jide Zeitlin is the Founder of The Keffi Group, a private investor group focused on life sciences, natural resources and financial services in the Middle East and Africa. He was the former Chairman and Chief Executive Officer of Tapestry, the parent company for luxury brands of Coach New York, Kate Spade New York and Stuart Weitzman. He brings more than three decades of investment banking experience to his role.

Mr Zeitlin joined Goldman Sachs & Co. in 1987 and rose to become a Partner in 1996. He served as the Global Chief Operating Officer in the Bank's investment banking division until his departure in December 2005. His career at Goldman Sachs included a number of senior management positions in the investment division, where he focused on the industrial and healthcare industries and also served in the Executive Office.

He serves on the board of Affiliated Managers Group, Inc., and is Chairman Emeritus of Amherst College. He is currently, or has been, a member of numerous boards, including Milton Academy; Teach for America; Doris Duke Charitable Foundation; Montefiore Medical Center; Playwrights Horizons; Saint Ann's School; and Common Ground Community. He is also a member of Harvard Business School's Board of Dean's Advisors. He also serves as a Director of Cogentus Pharmaceuticals, Inc.

Mr Zeitlin was nominated as a representative of the United States of America to the United Nations for UN Management and Reform, with the rank of ambassador. He was a member of the Economics and International Trade Team tasked with reviewing the Department of the Treasury during the Obama transition.

Before his appointment as the Chairman, he was a member of the Authority's Board and chaired its Investment Committee.

He holds a BA in Economics and English, graduating magna cum laude from Amherst College in 1985. He also holds an MBA from Harvard University, obtained in 1987.

Board of Directors

Mr Uche Orji
Managing Director and
Chief Executive Officer

Mr Uche Orji is the Authority's Managing Director and Chief Executive Officer. He brings to the Board three decades of global experience in banking, asset management and financial services.

In addition to his role as MD/CEO, he serves on the Boards of the Infrastructure Credit Guarantee Company Ltd (InfraCredit) as Chairman and as a non-executive Director at the Development Bank of Nigeria (DBN), Family Homes Funds Ltd (FHFL), NG Clearing Ltd and Nigeria Mortgage Refinance Company (NMRC).

Over the years, he has worked in leading investment organisations, including UBS Securities, New York, where he was a Managing Director and Global Coordinator of Semiconductor Equities Research; JP Morgan Securities, London, as a Vice President, later Managing Director in the Equities Division and Analyst in charge of European Semiconductor Equities Research; Goldman Sachs Asset Management, where he was an Executive Director serving as Analyst/Portfolio Manager, covering the chemicals and telecommunication equipment sectors, and co-manager of Global Technology Fund and pan-European Equities Fund.

Before his international career, he served as the 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 Corps (NYSC) programme in Bauchi, where he worked at the Nigeria Industrial Development Bank, NIDB (now Bank of Industry).

As an analyst, Mr Orji advised leading global asset managers, ranking #1 in Europe and top 3 in the United States, according to Institutional Investor magazine All-Equities Analyst Ranking. As part of his sector coverage, he provided strategic advice to the management of leading companies such as Intel Electronics, Nvidia, ASML, Philips Electronics, AMD and Texas Instruments. He 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, as well as the broader technology investment sectors. He was 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.

Mrs Stella Ojekwe-Onyejeli
Executive Director and
Chief Operating Officer

Mrs Stella Ojekwe-Onyejeli brings more than 25 years of financial advisory, controls, governance and risk management experience to the Board. Before the realignment of her portfolio for the COO role and reappointment for a second term by the President of Nigeria, she served as the Authority's Executive Director and Chief Risk Officer from 2012 to 2017.

She joined the Authority in October 2012, following a distinguished tenure as Director and Head of Operational Risk and Control at Barclays, where she covered 15 countries spanning Africa, Middle East and Asia. Before this, she was a Vice President and Head of Quality Assurance, Africa, Citibank, with direct oversight of the enterprise risk and control environment in 14 countries across Africa. She previously spent more than a decade at professional services firms Arthur Andersen and KPMG in Nigeria and South Africa, providing financial advisory and business assurance services.

She is a qualified Chartered Financial and Tax Accountant. She was a scholar of the Federal Government of Nigeria and an Institute of Chartered Accountants of Nigeria (ICAN) prize winner.

In addition to serving on the Board, Mrs Ojekwe-Onyejeli also serves on the Boards of Infrastructure Credit Guarantee Company Limited, Bridge International Academies Ltd, and Verod Capital Fund I (Advisory).

She holds a first degree in Chemistry from the University of Lagos, a Master's Degree in Business Administration from Cranfield School of Management, United Kingdom and is also a Fellow of the Institute of Chartered Accountants of Nigeria.

Board of Directors

Mr Aminu Umar-Sadiq
Executive Director

Mr Aminu Umar-Sadiq has significant experience in investment banking, private equity and public finance, including his most recent role at the NSIA where he served as a Senior Vice-President and Deputy Head, Infrastructure.

Since joining the Authority, he has led the development, execution and management of critical domestic infrastructure projects in the agriculture, healthcare, motorways, real estate and power sectors.

Before joining the NSIA, he worked in mergers and acquisitions at Morgan Stanley, where he focused on energy and utilities. He also worked with Denham Capital Management, an oil and gas, mining and power focused private-equity fund.

A Bauchi-State academic scholar, he holds Bachelor's and Master's degrees in Engineering Sciences from the University of Oxford. He is an Archbishop Desmond Tutu Fellow, a Nigeria Leadership Initiative Associate and a Mandela Washington Fellow.

Ms Halima Buba
Non-Executive Director

Ms Halima Buba is a financial services expert with experience spanning diverse functions in banking. She is currently the Managing Director and Chief Executive Officer of SunTrust Bank Limited.

Before her SunTrust Bank appointment, she was an Executive Director in the Taj Consortium, an organisation of dynamic technocrats and financial advisory experts. In addition, she sits on the board of several reputable institutions, including Anchoria Asset Management Company Ltd – a leading provider of high-value investment products and services to individual and institutional investors – as a non-executive Director. She served on the Board of Adamawa Homes and Savings between 2009 and 2014.

Ms Buba started her banking career with All States Trust Bank, before joining Zenith Bank Limited in 2002. She later joined Inland Bank PLC's public sector Group Abuja and moved on to Oceanic Bank in 2005. She was a member of the senior integration team that masterminded the acquisition of Oceanic Bank by Ecobank in 2012. She later rose to the position of Deputy General Manager (DGM) for FCT and the North before she resigned from the bank in 2016 to take on the challenge of testing her entrepreneurial prowess in the world of business.

A champion of youth's and women's empowerment, Ms Buba consistently supports causes and extends philanthropy towards girls' education via various platforms and non-governmental organisations.

She graduated from the University of Maiduguri, Borno State, Nigeria, where she obtained her Bachelor of Science (BSc) and subsequently Master of Business Administration (MBA) degrees. She is also an alumnus of Lagos Business School (LBS), a Fellow of the Institute of Management Consultants (IMC) and an Honorary Senior Member of the Chartered Institute of Bankers of Nigeria (CIBN).

Mr Urum Kalu (UK) Eke, MFR
Non-Executive Director and Chair, Externally Managed Investments Committee

Mr Urum Kalu Eke, MFR, is a financial services expert and currently serves as Group Managing Director, FBN Holdings Plc. He is also a Non-executive Director of First Bank of Nigeria Limited and FBNQuest Merchant Bank Limited.

He joined the Board of First Bank Plc, an FBN Holdings Company, in 2011 as Executive Director, Public Sector South. Before this, he was Executive Director, Regional Businesses, Lagos and West at Diamond Bank Plc. Mr Eke previously worked at Deloitte Haskins & Sells International. He has more than 35 years' experience in financial services covering auditing, consulting, taxation, process re-engineering and capital market operations.

He is a Fellow of the Chartered Institute of Bankers of Nigeria (CIBN), the Institute of Management Consultants (IMC), Institute of Directors (IoD) and Institute of Chartered Accountants of Nigeria (ICAN).

He is the founder and Chairman of Elder K.U. Eke Memorial Foundation, an entity set up in 2001 to provide humanitarian aid in Nigeria. He is a Patron, Lagos State Council, Boys' Brigade Nigeria and a Paul Harris Fellow of The Rotary Club International.

Mr Eke holds a B.Sc. in Political Science (first-class) from the University of Lagos. He also holds an MBA in Project Management Technology from the Federal University of Technology, Owerri. He is an alumnus of the prestigious Wharton Business School and a recipient of Nigeria's National Honour of Member of the Order of the Federal Republic (MFR).

Board of Directors

Mr Asue Ighodalo
Non-Executive Director and Chair, Compensation & Governance Committee

Mr Asue Ighodalo is a founding partner of Banwo & Ighodalo, a multi-disciplinary law firm providing legal advice on numerous aspects of Nigerian corporate and commercial law.

His core areas of practice are corporate and project finance, securities and capital markets, energy and natural resources, mergers and acquisitions, and banking and securitisation. He is the Chairman of Sterling Bank Plc and Dangote Flour Mills Plc. He also serves on the Boards of Ensure Assurance Company Plc, Okomu Oil Palm Company Plc, CardinalStone Partners Limited, Global Mix Limited, Mainstreet Technologies Limited, Christopher Kolade Foundation and Fate Foundation.

Mr Ighodalo obtained a Bachelor's Degree in Economics from the University of Ibadan in 1981, a law degree from the London School of Economics and Political Science in 1984 and was called to the Nigerian Bar in July 1985.

He is an alumnus of Georgetown University, Harvard Business School, Aspen Institute and INSEAD Business School, where he has undertaken several executive education programmes.

Mr Bello Maccido
Non-Executive Director and Chair, Direct Investments Committee

Mr Maccido is an accomplished corporate and investment banker with more than 31 years post graduate experience, 26 of which were spent in the financial services industry.

He started his career at Ecobank Nigeria Plc and steadily rose through the ranks in the banking industry, culminating in his appointment as Executive Director in charge of Retail Banking at First Bank of Nigeria Limited. With the change in the structure of the First Bank Group to a financial holding company in 2012, he subsequently became the pioneer Group CEO of FBN Holdings Plc.

During his career, he was also the pioneer CEO of Legacy Pension Managers Limited (now FCMB Pension), a pension administration company, during which period he took the company through financial breakeven to operating profitability.

He has served on the Boards of FBN Holdings Plc, First Bank of Nigeria Plc and Legacy Pension Manager Limited. He is currently the Chairman, FBNQuest Merchant Bank Ltd, FBN Group's investment banking arm. He is also on the board of the Development Bank of Nigeria, Babban Gona Farmer Services Limited and chairs the Board of the Aminu Kano Advanced Medical Diagnostics Limited.

Mr Maccido is a Fellow of the Chartered Institute of Stockbrokers (CIS) and the Chartered Institute of Bankers of Nigeria (CIBN). He holds a Law Degree (LL. B) and two MBAs from Ahmadu Bello University, Zaria and Wayne State University, Detroit, Michigan, USA..

He is a Barrister at Law (BL) of the Supreme Court of Nigeria and an Alumnus of the Executive Business Programs of the Harvard Business School, Wharton School, INSEAD Business School and IMD.

Ms Lois Laraba Machunga-Disu
Non-Executive Director and Chair, Audit and Finance & General-Purpose Committees

Ms Lois Machunga-Disu is a petroleum energy economist and analyst with more than 30 years' oil and gas industry experience. She is the Chief Executive Officer of JALZ Energy, an oil and gas consulting and technical services provider.

She worked for 21 years at the Nigerian National Petroleum Corporation (NNPC), where she held senior management positions with experience in exploration and production (E&P) and joint-interest management with the major international oil companies (IOCs). Some of her functions at NNPC included budget and long-term strategic plan development and she was also involved in the management of large-scale engineering development projects.

She has been involved in policy formulation and governance reform through her participation in many Presidential, Parliamentary, Ministerial and private sector committees. She serves as adviser to various international development agencies and local NGOs.

She holds a B.Sc. in Social Science from the Ahmadu Bello University, Zaria; a Postgraduate Diploma in Petroleum Management (CPS, Oxford, UK); and Postgraduate Diploma in Management Science from Imperial College, London.

She is a member of the Institute of Petroleum (UK), Nigerian Gas Association, Nigerian Chamber of Shippers and the International Association for Energy Economics (IAEE), among others.

Risk Management

Risk Overview

Without a strong risk management framework, resilience would have been unattainable.

All through 2020, NSIA maintained a keen sense of awareness around its operational, market and infrastructure risk environment. As a result, there was minimal impact on the business. No staff was lost, pace of operations was maintained, and identified project delays was structured to seamlessly resume full operations post lockdown. Risk management was an essential component of the Authority's success in 2020.

Risk Overview

In March 2020, the World Health Organisation declared Covid-19 a pandemic, prompting uncertainty in all major economies.

Developments in Global Risks

The major risk faced by countries, corporates and individuals in 2020 was the Covid-19 pandemic. The reference index case of the novel coronavirus disease was reported in China's Wuhan province in December 2019. With China, the world's second-largest economy by GDP, well integrated into the global supply chain through aviation and maritime links, the disease spread to several countries. In March 2020, the World Health Organisation (WHO) declared SARS-CoV-2 (the scientific name for Covid-19) a pandemic as it continued to spread through international aviation and community spread.

Covid-19 proved to be highly infectious. According to data compiled by Johns Hopkins University, more than 82.8 million people around the world had been infected, with 1.8 million fatalities recorded, by the end of the year.

Many analysts took the outbreak as a black swan event, because it did not feature in the outlook for market risks at the end of 2019. However, scientists had warned for years of the danger of zoonotic diseases, with Hollywood movies dramatising it and global philanthropist and billionaire, Bill Gates, amplifying the warning. The transmission of highly infectious diseases from animals to humans was predicated on the continuing destabilisation of the ecosystem by human activities, and past outbreaks, like the severe acute respiratory syndrome (SARS) in the 2000s.

The World Economic Forum (WEF) Global Risks Report 2006 had also warned that a lethal flu outbreak could severely impair travel, tourism and other service industries, as well as manufacturing and retail supply chains, causing longer-term harm to investor risk appetites and demand by consumers. Covid-19 has all but fulfilled this doomsday prophesy.

The IMF estimates that the global economy contracted by 3.2% in 2020, mainly due to the acute economic disruption caused by the Covid-19 pandemic. The shrinkage in global economic output dramatically reversed the 3.3% real GDP growth projection for the world's economy in 2020. This projection was founded on the growth momentum in global output, which increased by 2.9% in 2019.

However, 2020 proved to be a year of two halves. Many countries entered the pandemic-induced recession in the first half. The US economy, for example, recorded -32.9% growth in H1 2020, economic output shrank by 12.1% in the Euro area and by 20.4% in the UK during the period. Japan, the world's third largest economy, posted annualised economic contraction of 27.8% in Q2 2020. The outlier among the larger economies was China, which grew by 3.2% in H1 2020.

Risk Overview

The second half saw a dramatic reversal in the global economic trend. Many of the economies in recession during the first half returned to positive growth. The World Bank estimates that global economic output grew by 2.9% by year end, a 7.8% increase from the -4.9% contraction projected by the IMF in June 2020.

But Covid-19 was not the only risk to the world's economy in 2020, although it temporarily displaced traditional and new geopolitical risks. Nevertheless, the trade tension and geopolitical rivalry between the US and China continued and was further stoked by conspiracy theories around the coronavirus outbreak.

Owing to the heightened geopolitical tensions in the Middle East on account of the attacks on Iraq, concerns about how Iran might retaliate grew. This development affected crude oil production, shutting in about 6% of global production capacity and resulting in a rise in prices.

The risks from international and domestic terrorism and cyber-attack were also concerns. There were fears that, despite the mutually assured destruction of the major military powers, which has acted as a deterrent against major armed conflicts, countries could sleep-walk into a cataclysmic nuclear event.

The other major risk was the November 2020 US general election. The markets had concerns about the outcome of the US elections. However, as events unfolded, markets normalised in the wake of the results and the emergence of a new Administration.

Finally, the UK left the European Union at the end of January following the 2016 Brexit referendum. The UK economy was expected to be negatively impacted by its withdrawal from the single customs union, and the world's largest trading bloc and second-largest economy. The risk of Brexit remained muted throughout the year as the economic and healthcare ravages of the Covid-19 pandemic took centre stage.

Three major factors buoyed the arrival of global economic recovery in H2 2020. The first factor was that the global economy had strong fundamentals. Second, the major economies enacted large fiscal and monetary stimuli which boosted consumer spending. Third, there was fast-paced development of effective vaccines against Covid-19.

In December, the Pfizer-BioNTech vaccine received authorisation for emergency use in the US, with the Moderna Covid-19 vaccine similarly authorised eight days later. Preliminary data showed that the vaccines were safe and highly effective. In the same month, the UK authorised the use of vaccines jointly developed by Oxford University and AstraZeneca. The roll out of the vaccines and others gave hope that, sooner rather than later, the world would defeat the virus that unleashed such economic destruction and caused so many deaths.

Risk Overview

Nigeria Risk Environment in 2020

The World Bank describes Nigeria as a key regional player in West Africa, with an abundance of natural resources, and Africa's largest oil exporter, with the largest natural gas reserves on the continent.

Before the Covid-19 pandemic, the World Bank had projected that the Nigerian economy would grow by 2.1% in 2020. With the decline in oil prices, coupled with the other effects of the pandemic, the World Bank revised its projection downwards to a 3.2% economic contraction. The economy was projected to plunge into a severe economic recession, the worst since the 1980s.

Nigeria technically fell into a recession in the third quarter of 2020 as it recorded two consecutive quarters of negative growth. The GDP declined by -6.10% in Q2, 2020 and -3.62% in Q3, 2020, according to the National Bureau of Statistics (NBS) data. However, the GDP rebounded to 0.11% in the fourth quarter of 2020, ending the recession. The economy posted a -1.92% growth in 2020, better than the World Bank's projection.

The recovery was driven largely by a significant crude oil price rally in the international market, and improvements in domestic production in agriculture, crude oil and natural gas, telecommunications and information services, and real estate.

During the year, oil prices plummeted as the fight for market share saw Russia and Saudi Arabia, two of the world's largest producers, flood the market with oil. The collapse in demand because of the Covid-19 pandemic put further downward pressure on oil prices. Falling from US$66 per barrel in December 2019, the Brent Crude Futures tumbled to US$22.7 pb in March 2020, but later rose above US$50 in December.

The acute decline in oil prices severely affected the 2020 fiscal plan. The budgetary benchmark price of crude oil was revised downward from US$57 pb to US$30 pb. Oil production output was also revised downwards, from approximately 2.1 million barrels to 1.7 million per day. The oil price volatility exposed the risk of the Government's excessive reliance on crude oil export proceeds, despite its efforts in the past few years to diversify the foreign exchange revenue base.

The most significant risks the country faced throughout the year were domestic insecurity and economic risk. Insecurity was fuelled by continuing terrorist attacks in the northeast of the country by Boko Haram and its affiliate groups; widespread protests by youth activists against police brutality, tagged #EndSARS; clashes between pastoral herders and local communities; and widespread kidnapping-for-ransom by various criminal groups.

The economic risk drove up inflation. The NBS reported that inflation, as measured by the Consumer Price Index, hit double digits and rose throughout the year. According to the Nigerian statistics agency data, inflation rose for 16 consecutive months to 15.75% year-on-year by December 2020 – the highest figure recorded since November 2017.

The nation's foreign reserves also dropped from US$38.61 billion at the end of December 2019 to US$35.36 billion at year end as the Central Bank of Nigeria continued efforts to defend the value of the Naira by recurrent interventions in the foreign exchange market.

The drop in foreign reserves was exacerbated by a drop in foreign direct investments (FDI) flows into the country in 2020. According to the United Nations Conference on Trade and Development (UNCTAD) 2020 World Investment Report, FDI flows to Nigeria totalled US$2.6 billion in 2020, a 21% decline from the US$3.3 billion it attracted in 2019. The report attributed the decline in FDI flows to uncertainty over the evolution of the Covid-19 pandemic, with investors likely to remain cautious in committing capital to new overseas productive assets.

Risk Overview

However, investors in the Nigerian equity market enjoyed upward price volatility in 2020. The All-Share Index (ASI), which is the main index of the Nigerian Stock Exchange (NSE – now, Nigerian Exchange Group – NGX), closed the year up 50.03%, reversing the 14.9% loss in 2019. The superlative performance in 2020 was driven by renewed investor optimism, improving economic conditions in the later part of the year, low fixed income yields and better-than-expected corporate earnings.

In his presentation on the 2020 Market Recap and 2021 Outlook, the NSE Chief Executive Officer, Mr Oscar Onyema, said that out of the 93 global equity indices tracked by Bloomberg, the NSE ASI emerged as the best-performing index, surpassing the S&P 500 (+16.26%), Dow Jones Industrial Index (+7.25%) and other global and African market indexes.

The Economy and NSIA in 2020

The Federal Government designated the Authority as one of the "Exempted Government Agencies" very early into the national lockdown because of its essential work. As a result, NSIA's offices remained open and Covid-19 protocols were fully observed with some levels of staff permitted working remotely.

We continued to make progress on critical infrastructure projects and some of these are summarised below:

Healthcare: NSIA commissioned the NSIA-Kano Diagnostic Centre in partnership with Aminu Kano Teaching Hospital, Kano State and the NSIA-Umuahia Diagnostic Centre in partnership with the Federal Medical Centre at Umuahia, Abia State.

We also donated 126 patient monitors and 63 oxygen concentrators to 21 healthcare institutions across the country's six geopolitical zones. The Authority's Corporate Sustainability and Responsibility (CSR) initiative was aimed at supporting the management of the country's Covid-19 patients.

Agriculture: We delivered more than 11 million 50 kg bags of NPK 20:10:10 fertiliser during the year. The 31 participating blending plants are spread across the country, ensuring Nigerian farmers have access to affordable fertiliser to improve their crop yields. The projects are creating and supporting significant numbers of direct and indirect jobs across the agriculture value chain, including logistics, ports, bagging, rail, industrial warehousing and haulage.

Transportation: We deployed approximately ₦92.2 billion across all the road and bridge construction projects under the PIDF in 2020: the Second Niger Bridge, Lagos – Ibadan Expressway and Abuja-Kano Road.

We concluded negotiations on a trilateral agreement involving the Federal Governments of Nigeria, Bailiwick of Jersey (a British island territory near the coast of Normandy, France) and the United States on the US$311.8 million Nigerian recovered assets. The fund was allocated for the infrastructure projects under the PIDF.

Risk Outlook

Nigeria remains exposed to oil price shocks, even though the Government continues to explore avenues to increase tax revenue. Oil price volatility has repeatedly shown its adverse effect in fiscal management, CBN's foreign reserves and the value of the Naira.

The economy is also vulnerable to security breaches, including attacks on oil facilities in the Niger Delta region. Other risks include the high unemployment rate, which stood at 33.3% in Q4 2020, with even higher youth unemployment rate of 42.5%.

Risk Management

Risk Management

At NSIA, we believe that a sound risk management system is the foundation for building a vibrant and viable institution.

Our risk universe is broadly categorised under the headings of investment, operational, political and strategic risk 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 internal and external activities.

Risk Management Objectives

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 ourselves against unexpected losses and reduce the volatility of our earnings
- 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 the 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' interests
- Seek assurance on the effectiveness of the Authority's risk management processes, using 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 as appropriate. Details regarding the composition and main responsibilities of our Board and the Board Committees regarding risk management oversight are contained in their respective charters.

Risk Appetite

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.

The 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. As part of its remit, our risk management team provides independent risk oversight by monitoring and challenging the effectiveness of our 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 because of avoidable losses in the Authority's investment transactions, or because of fraud and operational inefficiencies. The risk management function periodically recommends specific measures to the Board (or its committees) for approval as required.

Executive management defines the process for setting the risk appetite and makes recommendations to the Board for approval annually or as necessary.

Risk Universe

Risk Universe

We have analysed and outlined the mitigation steps for risk groups to take across every facet 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 4.1: Risk Management Universe

Investment Risk	Operational Risk	Strategic & Political Risks
• Market Risk • Credit Risk • Portfolio Risk • Liquidity Risk • Infrastructure Risk	• Legal & Regulatory Compliance • Systems Risk • Outsourcing Risk • Fraud • People Risk • Physical Security Risk • External Events • Internal Processes	• Strategic Objectives • Strategic Implementation • Political Risk (domestic) • Political Risk (international)

Investment Risk

Investment risk management encompasses assessing, monitoring and managing the Authority's investment risk. The investment risk management portfolio covers:

- Market risk
- Credit risk
- Portfolio risk
- Liquidity risk
- Infrastructure risk

Risk Universe

Market Risk

Market risk includes interest rates, exchange rates, capital market and commodity price volatility. The market values of the financial instruments NSIA invests in are exposed to potential losses because 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. In accordance with our risk management framework, we produce risk measures and monitor them to ensure that the Authority's investment portfolios remain within the risk appetite approved by the 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.

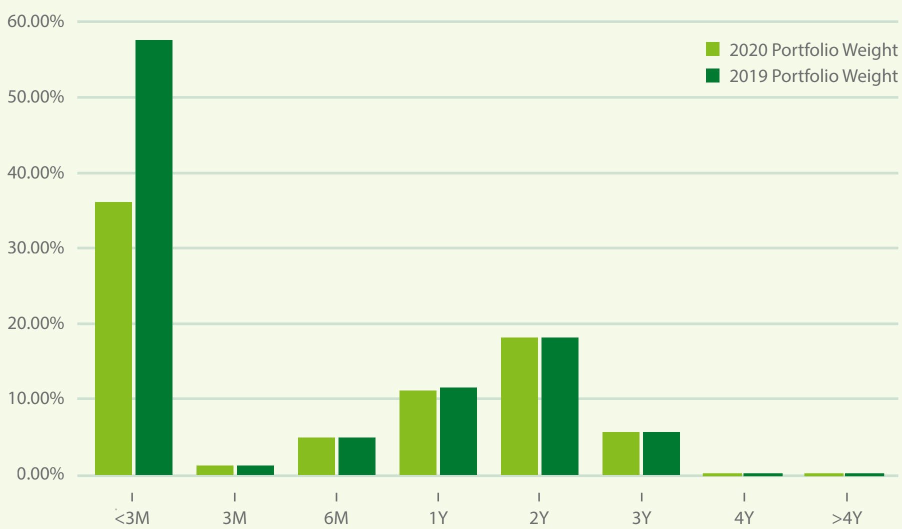
For longer-term horizons, our primary risk measures are stress tests. Our assessment of these risks and their impact on our portfolio are outlined below.

- **Commodity Price Risk:** This results from exposure to changes in spot prices, forward prices and price volatility of commodities such as grains, metals, crude oil, natural gas, etc. At the end of December 2020, the Future Generations Fund had no direct exposure to commodities. However, the volatility in commodity prices had an indirect impact on the FGF through commodity-related equity holdings within Long Only Equity Fund and Hedge Fund Portfolios.
- **Interest Rate Risk:** Interest rate movements directly affect the prices of fixed income instruments. The Stabilisation Fund is exposed to interest rate risk. The average duration of the portfolio, a measure of the sensitivity of instrument prices to changes in the rates, stood at 0.86 years at the end of 2020.

The Authority maintained a cautious approach, given the rising interest rate environment in the US in 2019. This proved extremely prudent as the Federal Government made its first ever withdrawal, in the amount of US$150 million, from the Stabilisation Fund in 2020. The portfolio was constructed with a tilt towards the short end of the yield curve and an average duration significantly less than the three-year upper limit set in the SF's Investment Policy Statement.

The investment distribution duration of instruments in the Stabilisation Fund is shown in the chart below:

Chart 4.1: Investment Distribution Duration



Risk Universe

Equity Price Risk: This results from exposure to changes in prices and the volatility of individual equities, baskets of equities and equity indices. At the end of December 2020, NSIA had approximately 42% of the Future Generations Fund directly invested in the global equity markets via long-only equity managers and hedge funds. This is a significant increase on the 35% of the previous year.

Currency Rate Risk: The value of the funds under NSIA management is significantly affected by exchange rate movements, which result from exposure to changes in spot prices, forward prices and the volatility of currency exchange rates. The Authority experienced significant currency risk in 2020 as global markets demonstrated a flight to safe-haven assets and currencies in the early part of the year. There was significant volatility in FX rates within the G10 currencies, with significantly higher volatility in Emerging Market currencies.

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. In 2020 the official exchange rate was adjusted from ₦325/US$1 to ₦379/US$1, which resulted in an FX gain in excess of ₦55 billion for the year.

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

The NSIA's core funds' investments are exposed to different currencies through the underlying assets; this exposure is termed as the absolute currency exposure. Further analysis of the absolute currency exposure of assets held by the various portfolio managers at the end of December 2020 shows exposure to a swathe of global currencies, some of which are provided in the accompanying table 4.1 to the right.

Credit Risk

Credit risk represents the potential for loss due to 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.

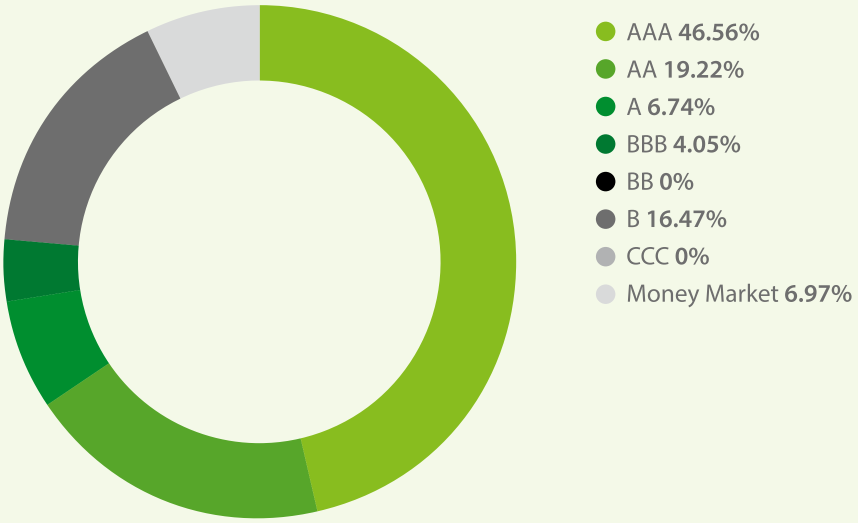
We expected a significant increase in credit risk because of the Covid-19 pandemic. However, the massive amount of liquidity pumped in by central banks globally helped to prevent a major wave of defaults. We have defined our counterparty risk limits with Nigerian banks and are using this as a guide to manage our credit risk exposures to these counterparties. A snapshot of the credit risk profile of NSIA's Stabilisation Fund is shown below:

Table 4.1: Global currency exposure

Currency	Portfolio Weight
USD	79.57%
NGN	7.83%
EUR	4.31%
JPY	1.38%
CNY	1.24%
KRW	0.63%
GBP	0.53%
HKD	0.49%
TWD	0.49%
INR	0.44%
CHF	0.44%
DKK	0.34%
BRL	0.32%
SEK	0.25%
IDR	0.23%
RUB	0.17%
SGD	0.15%
ZAR	0.15%
MXN	0.13%
THB	0.13%
TRY	0.11%
MYR	0.08%
EGP	0.08%
CAD	0.06%
SAR	0.06%
PHP	0.06%
AUD	0.05%
Others	0.03%

Risk Universe

Chart 4.2: Credit profile



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.

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 during times of economic slump, when some investments could be substantially discounted due to lack of demand or market depth.

As far as the Stabilisation Fund is concerned, 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. These allocations are held mostly in liquid instruments, limiting the Authority's liquidity risk. As NSIA continues to invest in more sophisticated and illiquid products and infrastructure projects, liquidity risk will feature more prominently. This is particularly true for the Nigeria Infrastructure Fund.

Risk Universe

Infrastructure Risk

Infrastructure risk is the risk of loss to earnings and capital resulting from the occurrence of events that negatively affect the cost efficiencies, schedule management, quality control, safety, or technical performance of infrastructure projects.

The Group's infrastructure risk universe includes:
Construction risks: 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.

Design risks: Risks from improper and incomplete project design, analysis, surveys, scope, specifications, site investigations, and resource availability.

Procurement risks: These arise from the failure of a procurement process designed to purchase services, products or resources.

Legal, regulatory and political risks: They cover changes in laws and regulations, issues relating to project approvals and permits, government policies, contract variations, supervision and bureaucracy, and non-compliance with laws and regulations.

Financial risks: They entail counterparty credit, adverse movements in foreign currency rates, interest rates, equity prices, and commodity prices.

Environmental and social risks: These relate to water and air pollution, noise impacts, ecological damage, loss of biodiversity, community protests, and hazardous waste.

Project management risks: They involve cost overruns, site risks, community concerns, issues relating to performance, operation and maintenance, project scoping, scheduling, communication, and the activities of project consultants and contractors.

Force majeure risks: These cover prolonged business interruption due to factors beyond human control, such as fires, storms, floods, pandemic, terrorism and civil unrest/war.

Effective management of infrastructure risk helps to minimise risk issues and losses, increases the capacity to seize more business opportunities, ensures a more effective use and allocation of financial resources and achieves optimal decision making.

Management of Infrastructure Risk

We adopt a cautious approach to infrastructure risk and avoid 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.

Risk Universe

Operational Risk

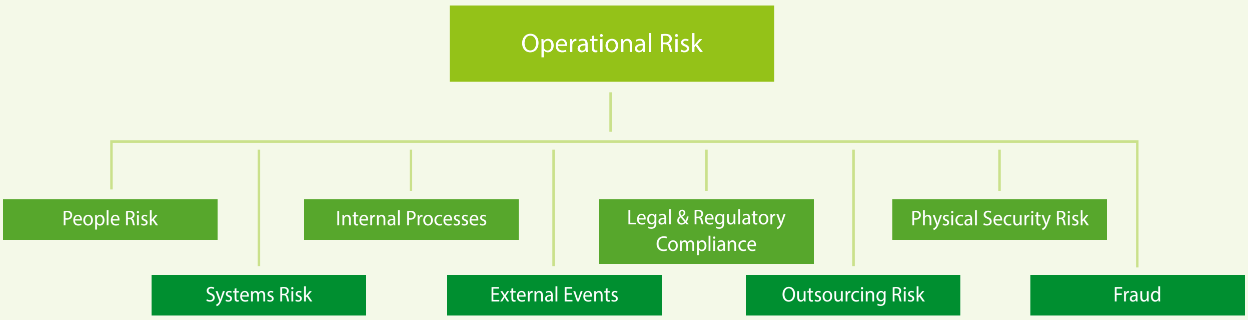
We define operational risk as the risk of loss or other outcome arising as a result of failed or inadequate internal processes, people, systems, or external factors that are outside our control.

We have defined eight key operational risk categories, as depicted below, for more detailed and effective management. We seek to manage our operational risk through:

- 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 the occurrence of operational risk events; and
- Independent monitoring of operational risk indicators and profile. Our end goal is to provide early warning signals of any deterioration in our system of internal controls and, ultimately, to minimise and eliminate, where possible, any negative financial or non-financial impact on our business.

We have 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 help us monitor and report on operational risks.

Figure 4.2: Operational Risk Management Structure



Consolidated and separate financial statements
for the year ended 31 December 2020

Consolidated and separate financial statements

Other Disclosures

General Information

Board of Directors	Mr Olajide Zeitlin (Chairman) Mr Uche Orji (Managing Director) Mrs Stella Ojekwe-Onyejeli (Executive Director) Mr Aminu Umar-Sadiq (Executive Director) Ms Halima Buba (Non-executive Director) Mr Urum Kalu Eke, MFR (Non-executive Director) Mr Asue Ighodalo (Non-executive Director) Mr Bello Maccido (Non-executive Director) Ms Lois Laraba Machunga-Disu (Non-executive Director)
Registered office	The Clan Place 4th Floor, Plot 1386A Tigris Crescent Maitama Abuja
Auditor	PricewaterhouseCoopers Landmark Towers 5B Water Corporation Road Victoria Island Lagos
Secretary to the Authority	Mrs. Ezinwa Okoroafor
Fund custodians	JP Morgan Chase & Co (Global Custodian) 25 Bank Street Canary Wharf London, E14 5JP. United Kingdom 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 ('the Authority' or '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 2020.

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 2020 ₦'000	Authority 31 December 2020 ₦'000	Group 31 December 2019 ₦'000	Authority 31 December 2019 ₦'000
Interest and investment income	51,478,064	53,476,528	34,788,892	33,912,837
Net gain on financial assets	58,094,087	60,358,759	2,831,932	3,595,984
Net foreign exchange gain	51,214,487	50,771,621	1,289,159	1,288,894
Investment management and custodian fees	(1,195,903)	(1,043,577)	(1,429,528)	(942,293)
Impairment (charge)/write back on financial assets	(744,867)	(1,106,280)	1,208,237	(965,076)
Loss from infrastructure subsidiaries investments	569,161	–	(3,696,556)	–
Other income	1,712,546	1,629,861	7,123,910	946,600
Operating and administrative expenses	(6,801,111)	(4,647,646)	(4,263,302)	(3,769,396)
Interest expense	(2,491)	(2,491)	(4,546,556)	(7,526)
Share of profit of investments accounted for using the equity method	2,158,747	–	1,363,940	–
Profit before taxation	**156,482,720**	**159,436,775**	**34,670,128**	**34,060,024**
Total comprehensive income for the year	**160,062,088**	**161,374,611**	**36,148,040**	**35,245,451**

Impact of COVID-19 on the operations and results of the Authority

On 11 March 2020, the World Health Organization (WHO) announced that the novel Coronavirus (COVID-19) had escalated into a pandemic. In its wake, COVID-19 decimated many economies spurring widespread shutdowns, business closures, and job losses. With over 121 million infected cases on records, 2.68 million fatalities and a global economy in shambles as of year-end, 2020 was a year like no other in recent memory. Its looming effects made the investment environment a generally challenging one and is expected to linger with headwinds that may constrain investments into 2022.

As governments across the world scrambled to deploy mitigation measures against the spread of the diseases, the second and third quarters of 2020 were particularly difficult for the global economy and financial markets in general. These quarters were characterized by significant reductions in income, a rise in unemployment, and disruptions in key sectors of the global economy including transportation, construction, logistics, hospitality, and manufacturing amongst others.

Many countries including Nigeria from the second quarter of 2020 announced lockdown of its borders and as extra measures banned movements within the country, while only allowing for essential travels. The Authority in compliance with this directive had to adopt remote-work approach and as a result provided technological and digital tools to employees to promote performance and delivery of tasks and targets. Virtual team meetings and staff engagements were sustained during the period as the organization concentrated on delivering its key mandates in spite of the challenges. Over the period, employees benefitted from wider access to virtual learning and training tools, flexible working hours and longer time-with-family for improved mental health.

Directors' Report

The Authority continued to execute its strategic objectives and made notable progress in operationalizing its Healthcare strategy by commissioning diagnostic centers in Umuahia and Kano. Other Infrastructure projects in the pipeline were also progressed in the areas of Agriculture, Power and Toll Roads. With regards to the performance of the Authority's assets in the global markets, there was a rallying in Q4 2020 on the back of a strong bullish run, propelled by positive vaccine news, quick resolution of US elections and government stimulus across the globe. This performance was a continuation from Q3 2020 when economies began to open up after a prolonged period of lockdown. Most funds returned positive numbers for the quarter and the year, having recovered all the losses which were suffered in the earlier part of the year.

Over the period, NSIA supported efforts to combat COVID-19 and its economic impact on Nigerians with the co-creation of the Nigeria Solidarity Support Fund (NSSF) alongside Global Citizen. The Authority supported the Presidential Task Force on Covid-19 (PTF) by providing funding for technical assistance to the task force. NSIA also released US$150 million to fund FAAC for the month of June 2020, following a request from the Hon. Minister of Finance, Budget and National Planning. NSIA contributed about $600,000 worth of essential medical equipment to designated tertiary medical institutions across all 6 geopolitical zones of the country to sustain the fights against the virus.

The Authority is pleased with the outcome of the tactics and strategies employed to contain the impact of the coronavirus pandemic on the business, its operations, and the operating environment across all mandates. The NSIA remains committed to serving as an enabler for the diversification of Nigeria's economy and contributing towards the attainment of the state's economic transformation and developmental governance agenda.

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 2020:

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 Olajide Zeitlin
Chairman
FRC/2018/IODN/00000018084

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 2020, 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 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 2020;
— the consolidated and separate statements of financial position as at 31 December 2020;
— 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, 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 identified above 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 perlormed, 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.

pwc

Independent Auditor's Report

To the Members of Nigeria Sovereign Investment Authority

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 perlorm 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 audito'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 perlormance 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

INSTITUTE OF CHARTERED ACCOUNTANTS OF NIGERIA
SG/ICAN
0434839

For: **PricewaterhouseCoopers**
Chartered Accountants
Lagos, Nigeria

8 May 2021

Engagement Partner: Patrick Obianwa
FRC/2013/ICAN/00000000880

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

Statement of Comprehensive Income

For the year ended 31 December 2020

Continuing operations	Note(s)	Group 31 December 2020 ₦'000	Group 31 December 2019 ₦'000	Authority 31 December 2020 ₦'000	Authority 31 December 2019 ₦'000
Interest income on financial assets at amortised cost	9	5,776,966	7,963,950	6,263,822	7,103,276
Investment income	10	2,943,576	479,886	4,455,184	464,505
Interest income on financial assets at FVTPL	11	42,757,522	26,345,056	42,757,522	26,345,056
Net gain on financial assets at FVTPL	12	58,094,087	2,831,932	60,358,759	3,595,984
Net foreign exchange gain	13	51,214,487	1,289,159	50,771,621	1,288,894
Total operating income		**160,786,638**	**38,909,983**	**164,606,908**	**38,797,715**
Investment management fees		(1,077,746)	(1,228,662)	(927,775)	(745,501)
Local custodian fees		10,732	(19,711)	10,732	(19,181)
Global custodian fees		(128,889)	(181,155)	(126,534)	(177,611)
Total investment management and custodian fees		(1,195,903)	(1,429,528)	(1,043,577)	(942,293)
Impairment (charge)/write back on financial assets	14	(744,867)	1,208,237	(1,106,280)	(965,076)
Total operating profit		**158,845,868**	**38,688,692**	**162,457,051**	**36,890,346**
Infrastructure operating revenue	15	759,291	31,965,979	–	–
Infrastructure operating expenses	16	(190,130)	(35,662,535)	–	–
Operating profit/(loss) from infrastructure subsidiaries		**569,161**	**(3,696,556)**	–	–
Other income	17	1,712,546	7,123,910	1,629,861	946,600
Operating and administrative expenses	18	(6,801,111)	(4,263,302)	(4,647,646)	(3,769,396)
Interest expense	19	(2,491)	(4,546,556)	(2,491)	(7,526)
Share of profit of investments accounted for using the equity method	25	2,158,747	1,363,940	–	–
Profit before tax from continuing operation		**156,482,720**	**34,670,128**	**159,436,775**	**34,060,024**
Taxation	29.4	(12,417)	(202,364)	–	–
Profit for the year from continuing operations		**156,470,303**	**34,467,764**	**159,436,775**	**34,060,024**
Loss from discontinued operations	24.2	–	–	–	–
Profit for the year		**156,470,303**	**34,467,764**	**159,436,775**	**34,060,024**
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		147,586	215,092	–	–
Exchange differences on translating foreign operations		2,522,083	(474,243)	–	–
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		922,116	1,939,427	1,937,836	1,185,427
Net other comprehensive income		**3,591,785**	**1,680,276**	**1,937,836**	**1,185,427**
Total comprehensive income for the year		**160,062,088**	**36,148,040**	**161,374,611**	**35,245,451**
Profit attributable to:					
Owners of NSIA		156,536,290	34,476,485	159,436,775	34,060,024
Non-controlling interest		(65,987)	(8,721)		–
		156,470,303	**34,467,764**	**159,436,775**	**34,060,024**
Total comprehensive income attributable to:					
Owners of NSIA		160,128,075	36,156,761	161,374,611	35,245,451
Non-controlling interest		(65,987)	(8,721)		–
		160,062,088	**36,148,040**	**161,374,611**	**35,245,451**

The accompanying notes on pages 76 to 153 form an integral part of these consolidated and separate financial statements.

Statement of Financial Position

As at 31 December 2020

	Note(s)	Group 31 December 2020 ₦'000	Group 31 December 2019 ₦'000	Authority 31 December 2020 ₦'000	Authority 31 December 2019 ₦'000
Assets					
Cash and cash equivalents	20	145,257,520	216,047,631	144,447,965	185,736,007
Investment securities	21	570,817,236	357,524,381	544,423,629	324,361,629
Restricted balances and other assets	22	162,270,572	53,582,445	222,151,697	75,878,818
Inventories	23	152,549	4,615,646	–	–
Investment in subsidiaries	24	–	–	895,797	1,753,398
Investments accounted for using the equity method	25	19,371,487	15,226,911	10,614,990	10,614,990
Right of use asset	26	202,222	249,905	13,421	43,488
Property and equipment	27	5,431,210	2,498,894	475,253	370,522
Intangible assets	28	213,544	100,235	121,284	100,235
		903,716,340	**649,846,048**	**923,144,036**	**598,859,087**
Assets classified as held for sale	24.2	78,064,684	–	–	–
Total assets		**981,781,024**	**649,846,048**	**923,144,036**	**598,859,087**
Liabilities					
Other liabilities	29	159,824,323	47,177,240	156,775,908	27,015,570
Borrowings	30	–	23,133,382	–	–
Liabilities directly associated with assets classified as held for sale	24.2	49,209,187	–	–	–
Total liabilities		**209,033,510**	**70,310,622**	**156,775,908**	**27,015,570**
Equity					
Equity attributable to equity holders of parent					
Contribution by Government		347,375,000	280,662,500	347,375,000	280,662,500
Retained earnings	31.1	414,000,617	291,026,827	413,624,795	287,750,520
Fair value reserve	31.2	5,010,841	3,941,139	5,368,333	3,430,497
Foreign currency translation reserve	31.3	6,429,941	3,907,858	–	–
		772,816,399	**579,538,324**	**766,368,128**	**571,843,517**
Non-controlling interest	31.4	(68,885)	(2,898)	–	–
		772,747,514	**579,535,426**	**766,368,128**	**571,843,517**
Total equity and liabilities		**981,781,024**	**649,846,048**	**923,144,036**	**598,859,087**

Signed on behalf of the board of directors on 8 May 2021 by:

Mr Olajide Zeitlin
Chairman
FRC/2018/IODN/00000018084

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 76 to 153 form an integral part of these consolidated and separate financial statements.

Statements of Changes in Equity

For the year ended t 31 December 2020

	Group Contribution by Government ₦'000	Group Foreign currency translation reserve ₦'000	Group Fair value reserve ₦'000	Group Retained earnings ₦'000	Group Non-controlling interest ₦'000	Group Total equity ₦'000
Balance at 1 January 2019	280,662,500	4,382,101	1,786,620	256,550,342	5,823	543,387,386
Profit for the year	–	–	–	34,476,485	(8,721)	34,467,764
Currency translation differences	–	(474,243)	–	–	–	(474,243)
Net change in fair value of financial assets FVTOCI	–	–	1,939,427	–	–	1,939,427
Share of other comprehensive income of associates	–	–	215,092	–	–	215,092
Total other comprehensive income for the year	–	(474,243)	2,154,519	–	–	1,680,276
Total comprehensive income for the year	**–**	**(474,243)**	**2,154,519**	**34,476,485**	**(8,721)**	**36,148,040**
Balance at 31 December 2019	**280,662,500**	**3,907,858**	**3,941,139**	**291,026,827**	**(2,898)**	**579,535,426**
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
Net change in fair value of financial assets FVTOCI	–	–	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 conribution 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**

The accompanying notes on pages 76 to 153 form an integral part of these consolidated and separate financial statements.

	Authority Contribution by Government ₦'000	Authority Fair value reserve ₦'000	Authority Retained earnings ₦'000	Authority Total equity ₦'000
Balance at 1 January 2019	280,662,500	2,245,070	253,690,496	536,598,066
Profit for the year	–	–	34,060,024	34,060,024
Net change in fair value of financial assets at FVOCI	–	1,185,427	–	1,185,427
Total other comprehensive income for the year	–	1,185,427	–	1,185,427
Total comprehensive income for the year	**–**	**1,185,427**	**34,060,024**	**35,245,451**
Balance at 31 December 2019	**280,662,500**	**3,430,497**	**287,750,520**	**571,843,517**
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
Net change in fair value of financial assets at FVOCI	–	1,937,836	–	1,937,836
Total other comprehensive income for the year	–	1,937,836	–	1,937,836
Additional conribution 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**

The accompanying notes on pages 76 to 153 form an integral part of these consolidated and separate financial statements.

Statements of Cash Flows

For the year ended 31 December 2020

	Note(s)	Group 31 December 2020 ₦'000	Group 31 December 2019 ₦'000	Authority 31 December 2020 ₦'000	Authority 31 December 2019 ₦'000
Cash flow from operating activities					
Profit before income tax from continuing operations		156,482,720	34,670,128	159,436,775	34,060,024
Loss from discontinued operations	24.2	–	–	–	–
Profit before income tax including discontinued operations		**156,482,720**	**34,670,128**	**159,436,775**	**34,060,024**
Adjustments to reconcile profit before tax to net cash flow from operating activities:					
Depreciation of PPE and right of use assets	18	507,923	170,905	214,839	159,865
Amortisation of intangible assets	18	61,003	1,636	29,450	1,636
Impairment of goodwill	18	1,227,773	–	–	–
Interest income		(6,239,972)	(34,015,951)	(6,889,108)	(33,155,277)
Investment income		(2,943,576)	(772,941)	(4,455,185)	(757,560)
Interest income on open market operation bills		(41,932,636)	–	(41,932,636)	–
Unrealised gain on financial instruments at FVTPL		(56,075,992)	(2,947,559)	(58,340,664)	(3,711,611)
Subsidy from Federal Government of Nigeria on cost differential on fertilizer sales		(15,125,505)	(3,553,735)	–	–
Impairment charge/(write-back)	14	579,732	(1,208,237)	1,106,281	965,076
Interest expense	19	3,382,190	4,546,556	2,491	7,526
Share of profit from associate and joint venture	25	(2,158,747)	(1,363,940)	–	–
Benefit from below market loan		(2,453,484)	–	–	–
Net exchange difference		(1,142,480)	–	(2,204,594)	–
Movements in operating assets/ liabilities:					
Inventories	23	4,463,097	16,069,429	–	–
Restricted balances and other assets	22	(147,612,315)	(4,520,182)	(147,011,722)	(39,796,140)
Other liabilities	29	152,039,991	(1,080,809)	129,829,847	8,100,055
Cash (used in)/generated from operations		**43,059,722**	**5,995,300**	**29,785,774**	**(34,126,406)**
Tax paid	29.4	(12,417)	(439,972)	–	–
Net cash generated from/(used) in operating activities		**43,047,305**	**5,555,328**	**29,785,774**	**(34,126,406)**
Cash flows from investing activities					
Purchase of property and equipment	27	(861,423)	(998,348)	(266,496)	(213,949)
Addition to right of use assets	26	(35,490)	–	(23,007)	–
Purchase of other intangible assets	28	(59,591)	(88,978)	(50,499)	(88,978)
Net cashflow on acquisition of subsidiary	24.3	429,278	–	–	–
Proceeds from sale of equity instruments at fair value		516,526	5,653,915	516,526	5,440,081
Purchase of equity instruments at fair value		(536,500)	–	(536,500)	
Investment in financial assets carried at FVTPL		(121,803,489)	(72,430,295)	(115,708,354)	(68,168,062)
Proceeds from sale/redemption of financial assets carried at FVTPL		98,991,180	–	95,238,798	–
Purchases of open market operation and treasury bills		(317,017,162)	(195,141,916)	(317,017,162)	(176,107,129)
Maturity of open market operation and treasury bills		183,621,746	289,717,703	174,319,083	289,717,703
Investment in financial assets carried at amortised cost		(233,303,319)	–	(233,303,319)	–
Proceeds from redemption of financial assets carried at amortised cost		251,070,986	–	251,070,986	–
Investment and interest income received		34,136,303	117,450,114	36,184,541	107,561,537
Dividend received		192,926	–	2,361,391	–
Investments in joint ventures/associates	25	(2,031,170)	–	–	–
Net cash generated from investing activities		**(106,689,199)**	**144,162,195**	**(107,214,012)**	**158,141,203**

Statements of Cash Flows

For the year ended 31 December 2020

	Note(s)	Group 31 December 2020 ₦'000	Group 31 December 2019 ₦'000	Authority 31 December 2020 ₦'000	Authority 31 December 2019 ₦'000
Cash flows from financing activities					
Payment of principal portion of lease liabilities	26	(72,000)	(48,000)	(72,000)	(48,000)
Acquisition of non-controlling interest in KG Brussels		–	(8,125)	–	(8,125)
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	30.1	(5,750,000)	(5,500,000)	–	–
Interest expense	30.1	(731,898)	(1,958,057)	–	–
Net cash generated from/(used) in financing activities		**26,596,102**	**(7,514,182)**	**35,018,481**	**(56,125)**
Net cash movement for the year		**(37,045,792)**	**142,203,341**	**(42,409,756)**	**123,958,672**
Cash and cash equivalents at beginning of year	20	216,047,631	73,844,290	185,736,007	61,777,335
Effects of exchange rate changes on cash and cash equivalents		1,142,480	–	1,121,714	–
Cash and cash equivalents at year end		**180,144,319**	**216,047,631**	**144,447,965**	**185,736,007**
Cash and cash equivalents comprise:					
Cash in hand	20	5,989	2,944	1,299	2,944
Bank balances	20	136,378,529	138,865,158	135,574,631	108,553,534
Money market placements	20	8,873,002	77,179,529	8,872,035	77,179,529
Bank balances attributable to discontinued operations	20	34,886,799			
Total cash and cash equivalents		**180,144,319**	**216,047,631**	**144,447,965**	**185,736,007**

The accompanying notes on pages 76 to 153 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, NAYA FUND, Vanguard, Fundsmith, John Street Systematic Limited, Bayview, Z Capital Partners, Healthcare Royalty Partners, Xenon, Helios Investors, FAFIN, Actis Africa, Africa Capital Alliance, Abraaj, Unigestion, Reverence Capital, Healthcare Royalty Partners L.P., G Squared, Xenon Private Equity, Artisan Fund, Alitheia IDF, Greenspring Associates, Helios, Lombard Odier, LifeSci Venture.

2 Structure and content

The financial statements comprise:

(a) A statement of financial position at the end of the year;
(b) A statement of comprehensive income for the year;
(c) A statement of changes in equity for the year;
(d) A statement of cash flows for the year;
(e) 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 though 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.

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:

Notes to the Consolidated and Separate Financial Statements
Continued

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 2020.

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 2020. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Amendments to IFRS 3: Definition of a Business

The amendment to IFRS 3 Business Combinations clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that, together, significantly contribute to the ability to create output. Furthermore, it clarifies that a business can exist without including all of the inputs and processes needed to create outputs. These amendments had no impact on the consolidated financial statements of the Group, but may impact future periods should the Group enter into any business combinations.

Amendments to IFRS 7, IFRS 9 and IAS 39 Interest Rate Benchmark Reform

The amendments to IFRS 9 and IAS 39 Financial Instruments: Recognition and Measurement provide a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainty about the timing and/or amount of benchmark-based cash flows of the hedged item or the hedging instrument. These amendments have no impact on the consolidated financial statements of the Group as it does not have any interest rate hedge relationships.

Amendments to IAS 1 and IAS 8 Definition of Material

The amendments provide a new definition of material that states, "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. These amendments had no impact on the consolidated financial statements of, nor is there expected to be any future impact to the Group.

Conceptual Framework for Financial Reporting issued on 29 March 2018

The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The purpose of the Conceptual Framework is to assist the IASB in developing standards, to help preparers develop consistent accounting policies where there is no applicable standard in place and to assist all parties to understand and interpret the standards. This will affect those entities which developed their accounting policies based on the Conceptual Framework. The revised Conceptual Framework includes some new concepts, updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts. These amendments had no impact on the consolidated financial statements of the Group.

Notes to the Consolidated and Separate Financial Statements
Continued

3 Basis of preparation *continued*

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 amendment applies to annual reporting periods beginning on or after 1 June 2020. 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.

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)

IFRS 1 First-time Adoption of International Financial Reporting Standards	**Subsidiary as a first-time adopter** — 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.
IFRS 9 Financial Instruments	**Fees in the '10 per cent' test for derecognition of financial liabilities** — 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.
Illustrative Examples accompanying IFRS 16 Leases	**Lease incentives** — 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.
IAS 41 Agriculture	**Taxation in fair value measurements** — 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.

Notes to the Consolidated and Separate Financial Statements
Continued

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 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.

Other issued standards issued but not yet effective include:
- Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37
- Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 and IAS 28.

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.

Notes to the Consolidated and Separate Financial Statements
Continued

4 Significant accounting policies *continued*
4.1 Consolidation continued

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 noncontrolling 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 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.

Notes to the Consolidated and Separate Financial Statements
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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.

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.

Notes to the Consolidated and Separate Financial Statements
Continued

4 Significant accounting policies *continued*

4.7.1 Recognition and initial measurement

The Group initially recognizes 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 realizing 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 realized.

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 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.

Notes to the Consolidated and Separate Financial Statements
Continued

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.

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.

Notes to the Consolidated and Separate Financial Statements
Continued

4 Significant accounting policies *continued*

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.

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.

Notes to the Consolidated and Separate Financial Statements
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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 till 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 noncurrent 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.

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.

Notes to the Consolidated and Separate Financial Statements
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4 Significant accounting policies *continued*

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
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 amortization and accumulated impairment losses. Software is recognized 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 capitalized as part of the software. Software is accounted for using the cost model. After initial recognition, the software is carried at cost less accumulated amortization and any accumulated impairment losses.

Subsequent expenditure on software assets is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred. Amortization is recognized in profit or loss on a straight-line basis over the estimated useful life of 3 years, from the date that it is available for use. The amortization 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 realizable 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 realizable 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 realization 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 recognized because it is not probable that an outflow of resources 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 recognized, 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.

Notes to the Consolidated and Separate Financial Statements
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4.13 Employee benefits
4.13.1 Post employment benefits
Defined contribution plans
Obligations for contributions to defined contribution plans are recognized 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 recognized 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 recognized 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 recognized 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 recognized) over time, or whether a performance obligation is satisfied (and revenue is recognized) at a point in time for all contracts. All revenue derived by the entity (NSIA) are recognized 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 recognizes revenue from the following sources:
- Sales of NPK fertilizers
- Interest/ investment income

In order to meet the core principle of recognizing 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 recognize revenue.

Sale of NPK fertilizers
For sales of NPK fertilizers, revenue is recognized when control of the goods has transferred, being when the goods have been made available for pick up at the blenders premises. Agro-dealers and state governments are the only customers under this sale.

There are no provision to deliver the fertilizers to the customers. A receivable is recognized by the Group when the goods 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 fertilizers are sold on price concessions based on amounts agreed with the Federal Government of Nigeria. Revenue from these sales is recognized 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.

4.15 Below market borrowings (Government grants)
The Group, through its subsidiary, NAIC-NPK Limited benefits from the Central Bank of Nigeria's Real Sector Support Facility (RSSF) Scheme where the Federal Government of Nigeria/Central Bank of Nigeria through some commercial banks provide finance to companies in certain industries at subsidized interest rates. Grants from the government are recognized at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions. Government grants relating to costs are deferred and recognized in the income statement over the period necessary to match them with the costs that they are intended to compensate.

Notes to the Consolidated and Separate Financial Statements
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4 Significant accounting policies *continued*

4.16 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.

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

4.18 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.

4.19 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.

4.20 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.

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.

Notes to the Consolidated and Separate Financial Statements
Continued

4.21 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.

4.22 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.

4.23 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 tretained earnings.

5 Critical accounting estimates and judgments
The preparation of financial statements in conformity with IFRS requires management to make judgments, 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 judgments 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 recognized 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.

5.1 Critical accounting judgments 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

Notes to the Consolidated and Separate Financial Statements
Continued

5 Critical accounting estimates and judgments *continued*

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 realized 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 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 2020 financial year.

Notes to the Consolidated and Separate Financial Statements
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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 is 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 Authority's functional currency is determined based on the management's assessment of the economic environment in which the Group entities operate.

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 and will be transferred to the Ministry of Finance at the book value. Hence, the Group determines that the book value approximates the fair value less cost to sale under based on the requirements of IFRS 5.

5.1.9 Impairment of goodwill

The Group performed goodwill impairment test in December 2020. The Group considers the relationship between the fair value of the acquired entity and its book value, among other factors, when reviewing for indicators of impairment. As at 31 December 2020, the net liability of LAMSL increased significantly from the value as at acquisition date as the entity continues to be loss-making, indicating an impairment of the goodwill recognised. The Group's management consequently made a decision to fully impair the goodwill.

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 minimize 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 minimize 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.

Notes to the Consolidated and Separate Financial Statements
Continued

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 2020, 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 2020 ₦'000	Group 31 December 2019 ₦'000	Authority 31 December 2020 ₦'000	Authority 31 December 2019 ₦'000
(i) Bank balances				
Counter parties with external credit ratings				
A+ (S&P)	258	–	258	–
A- (S&P)	–	647,778	–	648,121
B- (S&P)	136,378,271	–	135,574,373	–
B2 (Moody)	–	134,639,321	–	107,905,411
BBB+ (S&P)	–	3,578,059	–	–
Total cash at bank balances	**136,378,529**	**138,865,158**	**135,574,631**	**108,553,532**
(ii) Money market placements				
Counter parties with external credit ratings				
A+ (S&P)	8,873,002	–	8,872,035	–
B+ (Fitch)	–	77,179,529	–	77,179,529
Total money market placements	**8,873,002**	**77,179,529**	**8,872,035**	**77,179,529**
(iii) Restricted balances and other assets				
Counter parties with external credit ratings				
A-2 (S&P)	–	1,008,796	–	1,008,796
B (Fitch)	–	16,115,245	–	–
B- (S&P)	19,277,860	–	–	–
	19,277,860	17,124,041	–	1,008,796
Counter parties without external credit ratings				
Other receivables	143,311,423	22,528,033	143,745,916	21,637,631
Trade receivables	1,266,107	9,795,174	1,265,467	4,461,410
Intercompany receivables	–	–	75,850,113	49,517,554
Total other assets (Financial assets)	**163,855,390**	**49,447,248**	**220,861,496**	**76,625,391**

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	Group 31 December 2020 ₦'000	Group 31 December 2019 ₦'000	Authority 31 December 2020 ₦'000	Authority 31 December 2019 ₦'000
(iv) Investment securities				
Counter parties with external credit ratings				
Financial assets at amortized cost				
A (Agusto & Co.)	12,396,988	–	12,396,988	–
A- (Agusto & Co.)	3,871,432	–	3,871,432	–
A+ (S&P)	–	8,394,931	–	8,394,931
B- (S&P)	–	–	–	
B2 (Moody)	–	10,231,235	–	925,744
A+ (Fitch)	15,602,259	–	15,602,259	–
A1+ (Fitch)	–	13,365,358	–	10,802,464
A- (GCR)	–	3,279,250	–	3,279,250
AA- (Fitch)	–	8,176,639	–	8,176,639
B (Fitch)	11,171,799	23,169,670	11,171,799	23,169,671
B+ (Fitch)	–	11,948,675	–	11,948,675
B- (Fitch)	27,246,531	–	27,246,531	–
B2 (Moody)	–	16,028,282	–	16,028,282
B (S&P)	1,777,089	11,608,966	1,777,089	11,611,795
	72,066,098	**106,203,006**	**72,066,098**	**94,337,451**
Counter parties without external credit ratings				
Financial assets at amortized cost	1,440,792	1,656,073	–	–
	1,440,792	1,656,073	–	–
Total financial assets at amortized cost (exclusive of impairment)	**73,506,890**	**107,859,079**	**72,066,098**	**94,337,451**

Financial assets at FVOCI	Group 31 December 2020 ₦'000	Group 31 December 2019 ₦'000	Authority 31 December 2020 ₦'000	Authority 31 December 2019 ₦'000
Counter parties with external credit ratings				
B-	1,081,666	–	1,081,666	–
B (Fitch)	5,966,017	–	4,556,137	–
Counter parties without external credit ratings	–	5,759,993	–	3,679,993
Total financial assets at FVTOCI	**7,047,683**	**5,759,993**	**5,637,803**	**3,679,993**

Financial assets at FVTPL	Group 31 December 2020 ₦'000	Group 31 December 2019 ₦'000	Authority 31 December 2020 ₦'000	Authority 31 December 2019 ₦'000
Counter parties with external credit ratings				
AAA (Moody)	–	34,664,953	–	34,664,952
Baa3 (Moody)	–	1,626,000	–	1,626,000
A	8,557,730	–	8,557,730	–
A (IM) (Agusto & Co.)	1,626,000	–	1,626,000	–
AA	7,769,124	–	7,769,124	–
AA- (Fitch)	7,901,037	–	7,901,037	–
AA+ (S&P)	22,001,565	–	22,001,565	–
B (Fitch)	11,292,687	–	11,292,687	–
B- (S&P)	224,603,338	–	224,603,338	–
Counter parties without external credit ratings				
Financial assets at FV through profit and loss	207,147,212	210,833,067	183,604,278	190,709,052
Total financial assets at FVTPL	**490,898,693**	**247,124,020**	**467,355,759**	**227,000,004**

Notes to the Consolidated and Separate Financial Statements
Continued

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 categorized by geographical region as 31 December 2020 and 31 December 2019. For this table, the Group has allocated exposures to regions based on the country of domicile of its counterparties.

31 December 2020	Group Nigeria ₦'000	Group America ₦'000	Group Total ₦'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 amortized cost	–		–
Open market operations bills (OMO bills)	72,066,099	–	72,066,099
Fixed deposits	1,440,792		1,440,792
Loans and receivables			–
At FVTPL			–
US treasury notes	–	22,001,565	22,001,565
Fixed income products	–	24,227,891	24,227,891
	375,497,290	**53,345,978**	**428,843,268**

31 December 2019	Group Nigeria ₦'000	Group America ₦'000	Group Total ₦'000
Cash and cash equivalents			
Money market placements	77,179,529	–	77,179,529
Bank balances	135,287,099	3,578,059	138,865,158
Restricted balances and other assets			
Other receivables	23,536,829	–	23,536,829
Account receivables	9,795,174	–	9,795,174
Cost incurred on behalf of related party	16,113,745		16,113,745
Restricted balances	1,500	–	1,500
Investment securities			
At amortized cost	925,744	–	925,744
Nigerian treasury bills	9,302,663		9,302,663
Open market operations bills (OMO bills)	95,974,599	–	95,974,599
Fixed deposits	1,656,073		1,656,073
Loans and receivables			
At FVTPL			
US treasury notes	–	27,713,425	27,713,425
Fixed income products	–	30,465,259	30,465,259
	369,772,955	**61,756,743**	**431,529,698**

Notes to the Consolidated and Separate Financial Statements
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31 December 2020	Authority **Nigeria** **₦'000**	Authority **America** **₦'000**	Authority **Total** **₦'000**
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 amortized cost			
Open market operations bills (OMO bills)	–	–	–
Fixed deposits	72,066,098	–	72,066,098
At FVTPL			
US treasury notes	–	22,001,565	22,001,565
Fixed income products	–	24,227,891	24,227,891
	430,399,073	**53,204,643**	**483,603,716**

31 December 2019	Authority **Nigeria** **₦'000**	Authority **America** **₦'000**	Authority **Total** **₦'000**
Cash and cash equivalents			
Money market placements	77,179,529	–	77,179,529
Bank balances	108,553,534	–	108,553,534
Restricted balances and other assets			
Other receivables	22,646,427	–	22,646,427
Account receivables	4,461,410	–	4,461,410
Intercompany receivables	49,517,554	–	49,517,554
Investment securities			
At amortized cost			
Eurobonds	–	–	–
Nigerian treasury bills	925,744	–	925,744
Open market operations bills (OMO bills)	–	–	–
Fixed deposits	93,411,705	–	93,411,705
At FVTPL			
US treasury notes	–	27,713,425	27,713,425
Fixed income products	–	30,465,259	30,465,259
	356,695,903	**58,178,684**	**414,874,587**

Notes to the Consolidated and Separate Financial Statements
Continued

6 Financial risk management *continued*

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 amortized 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 recognized from initial recognition of the receivables.

The Authority recognizes 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 recognized 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.

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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 realizing 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.

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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6 Financial risk management *continued*

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. — 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 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 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.	— All facilities with a rating of D are grouped in stage 3
— 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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6.2.6.2 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

— 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:
  — 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.
  — No evidence that full repayment of interest and principal will require the realization of collaterals or other form of support.
— 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.
— 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.
	— 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.
	— Evidence that full repayment of interest and principal will require the realization 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.
	— 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.
	— 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.
	— 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.
		— 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 license from the obligor.
		  — Voluntary liquidation/insolvency of the obligor.
		  — If it becomes probable that the obligor may enter bankruptcy or other financial reorganization.
		  — 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.
		  — 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.

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6 Financial risk management *continued*

Stage 1	Stage 2	Stage 3
— 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. — 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. — 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. — 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. — 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. — 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. — 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.	— 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. — 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. — 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.	

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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 amortized 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 amortizing instruments/assets, this is based on the contractual repayments owed by the borrower over a 12month 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 utilization 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.

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.

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6 Financial risk management *continued*

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 analyzing 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 Macro economic 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 2020 are set out below. The scenarios “best”, “optimistic” and “downturn” were used for all portfolios.

		2021	2022	2023	2024	2025
a GDP growth rate (%)	Best	2%	3%	3%	3%	3%
	Optimistic	2%	3%	3%	3%	3%
	Downturn	1%	2%	2%	2%	2%
b Inflation rate (%)	Best	14%	10%	10%	10%	10%
	Optimistic	12%	8%	8%	8%	8%
	Downturn	17%	13%	13%	13%	13%
c Oil price (USD)	Best	53	53	53	53	53
	Optimistic	55	56	56	56	56
	Downturn	51	51	51	51	51

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

Notes to the Consolidated and Separate Financial Statements
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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:

2020	Group ECL allowance ₦'000	Group Net effect ₦'000	Authority ECL Allowance ₦'000	Authority Net effect ₦'000
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

2019	Group ECL allowance ₦'000	Group Net effect ₦'000	Authority ECL Allowance ₦'000	Authority Net effect ₦'000
Growth rate				
10% increase	1,582,014	(175,779)	1,382,337	(153,593)
No change	1,757,793	–	1,535,930	–
10% decrease	1,933,572	175,779	1,689,523	153,593
Inflation rate				
1% increase	1,775,371	17,578	1,551,289	15,359
No change	1,757,793	–	1,535,930	–
1% decrease	1,740,215	(17,578)	1,520,571	(15,359)
Oil prices				
5% increase	1,669,903	(87,890)	1,459,134	(76,797)
No change	1,757,793	–	1,535,930	–
5% decrease	1,845,683	87,890	1,612,727	76,797

6.2.10 Loss allowance

The loss allowance recognized 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 recognized during the period, as well as releases for financial instruments de-recognized 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 derecognized and write-offs of allowances related to assets that are written off.

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:

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6 Financial risk management *continued*

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 2020	Group Estimated total gross carrying amount 31 December 2020 ₦'000	Group Expected credit loss 31 December 2020 ₦'000
0 - 29 days	1.17%	6,584,542	76,970
30 - 59 days	1.60%	135,801	2,172
60 - 89 days	1.89%	–	–
90 - 119 days	2.17%	2,293,025	49,798
120 - 149 days	3.27%	2,762,427	90,287
150 - 179 days	4.19%	2,499,930	104,758
180 - 209 days	4.19%	90,000	3,771
210 - 239 days	4.69%	–	–
240 - 269 days	9.67%	2,392,817	241,745
Total		**16,758,542**	**569,501**

Group Days past due	Group Expected credit loss rate 31 December 2019	Group Estimated total gross carrying amount 31 December 2019 ₦'000	Group Expected credit loss 31 December 2019 ₦'000
0 - 29 days	1.54%	157,135	2,414
30 - 59 days	1.99%	–	–
60 - 89 days	2.16%	–	–
90 - 119 days	2.27%	–	–
120 - 149 days	2.95%	10,000	295
150 - 179 days	3.29%	–	–
180 - 209 days	4.45%	8,588	382
210 - 239 days	5.51%	–	–
240 - 269 days	11.06%	–	–
270 - 299 days	11.31%	–	–
300 - 329 days	12.04%	–	–
330 - 359 days	30.72%	–	–
360 days and above	100.00%	155,979	155,979
Total		**331,702**	**159,070**

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 2020.

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The table below analyses the Group's financial assets measured at amortized cost based on stage in which the allowances taken on them are. All financial assets fair valued through other comprehensive income are equity instruments.

2020	Group Stage 1 12 months exposure ₦'000	Group Stage 2 Lifetime exposure ₦'000	Group Stage 3 Lifetime exposure ₦'000	Group Total ₦'000
Financial assets measured at amortized cost				
Open Market Operations bills (OMO bills)	–	–	–	–
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**

2019	Group Stage 1 12 months exposure ₦'000	Group Stage 2 Lifetime exposure ₦'000	Group Stage 3 Lifetime exposure ₦'000	Group Total ₦'000
Financial assets measured at amortized cost				
Nigerian treasury bills	925,744	–	–	925,744
Open Market Operations bills (OMO bills)	9,302,663	–	–	9,302,663
Fixed deposits	93,411,705	–	–	93,411,705
Loans and receivables	1,656,073	–	–	1,656,073
Restricted balances and other assets	52,010,142			52,010,142
	157,306,327	**–**	**–**	**157,306,327**
Loss allowance (investment securities & other assets)	(1,757,793)	–	–	(1,757,793)
Carrying amount	**155,548,534**	**–**	**–**	**155,548,534**
Individually impaired	1,757,793	–	–	1,757,793
Collectively impaired	–	–	–	–
	1,757,793	**–**	**–**	**1,757,793**

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6 Financial risk management *continued*

2020	Authority Stage 1 12 months exposure ₦'000	Authority Stage 2 Lifetime exposure ₦'000	Authority Stage 3 Lifetime exposure ₦'000	Authority Total ₦'000
Financial assets measured at amortized cost				
Open Market Operations bills (OMO bills)	–	–	–	–
Fixed deposits	72,066,098	–	–	72,066,098
Other assets	–	–	–	–
Loss allowance	72,066,098	–	–	72,066,098
Carrying amount	**(2,642,211)**	**–**	**–**	**(2,642,211)**
	69,423,887	–	–	69,423,887
Individually impaired	2,642,211	–	–	2,642,211
Collectively impaired	–	–	–	–
	2,642,211	**–**	**–**	**2,642,211**

2019	Authority Stage 1 12 months exposure ₦'000	Authority Stage 2 Lifetime exposure ₦'000	Authority Stage 3 Lifetime exposure ₦'000	Authority Total ₦'000
Financial assets measured at amortized cost				
Nigerian treasury bills	925,744	–	–	925,744
Fixed deposits	93,411,705	–	–	93,411,705
Other assets	76,625,391	–	–	76,625,391
	170,962,840	–	–	170,962,840
Loss allowance	(1,535,930)	–	–	(1,535,930)
Carrying amount	**169,426,910**	**–**	**–**	**169,426,910**
Individually impaired	1,535,930	–	–	1,535,930
Collectively impaired	–	–	–	–
	1,535,930	**–**	**–**	**1,535,930**

A reconciliation of changes in gross carrying amount and corresponding allowance for ECL by stage for fixed deposits is as follows:

	Group Stage 1 Individual		Group Stage 1 Individual	
	Gross carrying amount 2020 ₦'000	ECL 2020 ₦'000	Gross carrying amount 2019 ₦'000	ECL 2019 ₦'000
As at 1 January	95,974,599	655,817	93,069,036	620,955
New asset purchased	–	–	2,905,563	34,862
Assets derecognised or matured (excluding write-offs)	(20,746,242)	(19,786)	–	–
As at 31 December	**75,228,357**	**636,031**	**95,974,599**	**655,817**

	Authority Stage 1 Individual		Authority Stage 1 Individual	
	Gross carrying amount 2020 ₦'000	ECL 2020 ₦'000	Gross carrying amount 2019 ₦'000	ECL 2019 ₦'000
As at 1 January	93,411,705	655,817	93,069,036	569,926
New asset purchased	–	(19,786)	342,669	85,891
Assets derecognised or matured (excluding write-offs)	(21,345,607)	–	–	–
As at 31 December	**72,066,098**	**636,031**	**93,411,705**	**655,817**

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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 2020 ₦'000	ECL 2020 ₦'000	Gross carrying amount 2019 ₦'000	ECL 2019 ₦'000
As at 1 January	9,795,174	1,101,976	8,333,282	2,334,713
New asset purchased		–	1,461,892	–
Assets derecognised or matured (excluding write-offs)	(8,529,067)	(2,803,470)	–	(1,232,737)
As at 31 December	**1,266,107**	**(1,701,494)**	**9,795,174**	**1,101,976**

	Authority Stage 1 Individual		Authority Stage 1 Individual	
	Gross carrying amount 2020 ₦'000	ECL 2020 ₦'000	Gross carrying amount 2019 ₦'000	ECL 2019 ₦'000
As at 1 January	53,978,964	880,113	33,803,262	929
New asset purchased	26,380,143	1,126,067	20,175,702	879,184
Assets derecognised or matured (excluding write-offs)	–	–	–	–
As at 31 December	**80,359,107**	**2,006,180**	**53,978,964**	**880,113**

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 2020 ₦'000	Group 31 December 2019 ₦'000	Authority 31 December 2020 ₦'000	Authority 31 December 2019 ₦'000
Cash in hand	5,989	2,944	1,299	2,944
Bank balances	136,378,529	138,865,158	135,574,631	108,553,534
Placements with financial institutions	8,873,002	77,179,529	8,872,035	77,179,529
Total cash and cash equivalents	**145,257,520**	**216,047,631**	**144,447,965**	**185,736,007**

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.

31 December 2020	Group Up to 6 months ₦'000	Group Between 6 months and 1 year ₦'000	Group Between 1 and 2 years ₦'000	Group Greater than 2 years ₦'000	Group Total ₦'000
Trade payables	1,300,561	–	–	–	**1,300,561**
Other payables	138,293,189	–	–	–	**138,293,189**
Accruals	1,436,218	–	–	–	**1,436,218**
Borrowings	141,029,968	–	–	–	**141,029,968**
Total liabilities					
Unfunded commitments with private equity fund managers	46,746,523	–	–	–	**46,746,523**
Total commitments	**46,746,523**	–	–	–	**46,746,523**

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6 Financial risk management *continued*

31 December 2019	Group Up to 6 months ₦'000	Group Between 6 months and 1 year ₦'000	Group Between 1 and 2 years ₦'000	Group Greater than 2 years ₦'000	Group Total ₦'000
Trade payables	2,377,517	–	–	–	**2,377,517**
Other payables	19,076,465	–	–	–	**19,076,465**
Lease liability	48,000	–	–	–	**48,000**
Accruals	856,888	–	–	–	**856,888**
Borrowings	3,993,733	5,228,623	9,802,001	12,736,909	**31,761,266**
Total liabilities	**26,352,603**	**5,228,623**	**9,802,001**	**12,736,909**	**54,120,136**
Unfunded commitments with private equity fund managers	39,630,241	–	–	–	**39,630,241**
Total commitments	**39,630,241**	**–**	**–**	**–**	**39,630,241**

31 December 2020	Authority Up to 6 months ₦'000	Authority Between 6 months and 1 year ₦'000	Authority Between 1 and 2 years ₦'000	Authority Greater than 2 years ₦'000	Authority Total ₦'000
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**

31 December 2019	Authority Up to 6 months ₦'000	Authority Between 6 months and 1 year ₦'000	Authority Between 1 and 2 years ₦'000	Authority Greater than 2 years ₦'000	Authority Total ₦'000
Trade payables	1,721,250	–	–	–	**1,721,250**
Intercompany payables	8,968,987	–	–	–	**8,968,987**
Other payables	15,528,802	–	–	–	**15,528,802**
Lease liability	48,000	–	–	–	**48,000**
Accruals	750,029	–	–	–	**750,029**
Total liabilities	**27,017,068**	**–**	**–**	**–**	**27,017,068**
NAIC-NPK loan guaranteed by NSIA	3,993,733	5,228,623	9,802,001	12,736,909	**31,761,266**
Unfunded commitments with private equity fund managers	18,589,763	–	–	–	**18,589,763**
Total commitments	**22,583,496**	**5,228,623**	**9,802,001**	**12,736,909**	**50,351,029**

6.4 Market risk

Market risk is the risk of loss from unfavorable 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 categorized 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.

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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 categorized 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 recognized 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.

The tables below shows the sensitivity of the Group's total comprehensive income to appreciation or depreciation of the naira in relation to other currencies.

Concentration of foreign currency exposure

31 December 2020	Group Naira ₦'000	Group USD ₦'000	Group Euro ₦'000	Group Yen ₦'000	Group Total ₦'000
Cash and cash equivalents	135,384,422	9,702,018	171,080	–	**145,257,520**
Investment securities (at amortized cost)	–	73,506,891	–	–	**73,506,891**
Investment securities (at FVTPL)	–	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**
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 5% appreciation	–	(56,793,561)	(962,365)	(774,053)	**(58,529,979)**
Sensitivity at 5% depreciation	–	56,793,561	962,365	774,053	**58,529,979**

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6 Financial risk management *continued*

Concentration of foreign currency exposure continued

31 December 2019	Group Naira ₦'000	Group USD ₦'000	Group Euro ₦'000	Group Yen ₦'000	Group Total ₦'000
Cash and cash equivalents	169,846,307	45,780,896	420,428	–	**216,047,631**
Investment securities (at amortized cost)	–	107,203,262	–	–	**107,203,262**
Investment securities (at FVTPL) – Monetary	–	240,911,958	–	6,212,062	**247,124,020**
Investment securities (at FVOCI)	523,000	5,236,993	–	–	**5,759,993**
Restricted balances and other assets	15,828,114	36,182,028	–	–	**52,010,142**
Total monetary financial assets	**186,197,421**	**435,315,137**	**420,428**	**6,212,062**	**628,145,048**
Trade payables	1,332,406	1,045,111	–	–	**2,377,517**
Other payables	18,783,193	293,272	–	–	**19,076,465**
Deferred income relating to government grant	6,366,618	–	–	–	**6,366,618**
Payable to Federal Government of Nigeria	18,453,250	–	–	–	**18,453,250**
Borrowings	23,133,382	–	–	–	**23,133,382**
Total monetary financial liabilities	**68,068,849**	**1,338,383**	**–**	**–**	**69,407,232**
Net financial asset	**–**	**433,976,754**	**420,428**	**6,212,062**	**440,609,244**
Sensitivity at 5% appreciation	–	(65,096,513)	(63,064)	(931,809)	**(66,091,386)**
Sensitivity at 5% depreciation	–	65,096,513	63,064	931,809	**66,091,386**

31 December 2020	Authority Naira ₦'000	Authority USD ₦'000	Authority Euro ₦'000	Authority Yen ₦'000	Authority Total ₦'000
Cash and cash equivalents	134,720,336	9,556,274	171,080	–	**144,447,690**
Investment securities (at amortized 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 5% appreciation	–	–	(1,443,547)	–	**(1,443,547)**
Sensitivity at 5% depreciation	–	–	1,443,547	–	**1,443,547**

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31 December 2019	Authority Naira ₦'000	Authority USD ₦'000	Authority Euro ₦'000	Authority Yen ₦'000	Authority Total ₦'000
Cash and cash equivalents	139,534,683	45,780,896	420,428	–	**185,736,007**
Investment securities (at amortized cost)	–	93,681,632	–	–	**93,681,632**
Investment securities (at FVTPL)	–	220,787,942	–	6,212,062	**227,000,004**
Investment securities (at FVOCI)	523,000	3,156,993	–		**3,679,993**
Restricted balances and other assets	40,443,363	36,182,028	–	–	**76,625,391**
Total monetary financial assets	**180,501,046**	**399,589,491**	**420,428**	**6,212,062**	**586,723,027**
Trade payables	1,721,250	–	–	–	**1,721,250**
Intercompany payables	8,968,987	–	–	–	**8,968,987**
Other payables	15,528,802	–	–	–	**15,528,802**
Total monetary financial liabilities	**26,219,039**	–	–	–	**26,219,039**
Net financial asset FCY exposure	–	**399,589,491**	**420,428**	**6,212,062**	**406,221,981**
Sensitivity at 5% appreciation	–	**(59,938,424)**	**(63,064)**	**(931,809)**	**(60,933,297)**
Sensitivity at 5% depreciation	–	**59,938,424**	**63,064**	**931,809**	**60,933,297**

Effective closing rate as at 31 December 2020 is ₦379/ US Dollar (2019: ₦325/ US Dollar).

6.4.4 Interest rate risk

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 scenarios 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.

	Group 31 December 2020 ₦'000	Group 31 December 2019 ₦'000	Authority 31 December 2020 ₦'000	Authority 31 December 2019 ₦'000
Currency swap	235,896,025	62,687,710	235,896,025	62,687,710
Private equity investments	87,717,247	57,169,278	64,174,313	37,045,262
Hedge funds and long only equity investments	119,429,965	67,462,348	119,429,965	67,462,348
Nigeria Infrastructure Debt Fund	1,626,000	1,626,000	1,626,000	1,626,000
Fixed income products	24,227,891	30,465,259	24,227,891	30,465,259
US treasury notes	22,001,565	27,713,425	22,001,565	27,713,425
	490,898,693	**247,124,020**	**467,355,759**	**227,000,004**
Borrowings	(20,031,183)	(23,133,382)	–	–
Net interest earning financial instruments	**470,867,510**	**223,990,638**	**467,355,759**	**227,000,004**

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6 Financial risk management *continued*

Net interest income sensitivity

In thousands of Nigerian Naira	Impact on	Sensitivity to 5% strengthening	Sensitivity to 5% weakening
Group			
31 December 2020	Profit or loss	23,543,376	(23,543,376)

In thousands of Nigerian Naira	Impact on	Sensitivity to 5% strengthening	Sensitivity to 5% weakening
Group			
31 December 2019	Profit or loss	11,199,532	(11,199,532)

In thousands of Nigerian Naira	Impact on	Sensitivity to 5% strengthening	Sensitivity to 5% weakening
Authority			
31 December 2020	Profit or loss	23,367,788	(23,367,788)

In thousands of Nigerian Naira	Impact on	Sensitivity to 5% strengthening	Sensitivity to 5% weakening
Authority			
31 December 2019	Profit or loss	11,350,000	(11,350,000)

6.4.5 Equities securities price risk

The Group is exposed to equity securities price risk because of investments held by the Group and recognized 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 summarizes 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 2020** **₦'000**	Group 31 December 2019 ₦'000	Authority **31 December 2020** **₦'000**	Authority 31 December 2019 ₦'000
Equity instruments measured at FVOCI	7,047,683	5,759,993	5,637,803	3,679,993
	(7,047,683)	(5,759,993)	(5,637,803)	(3,679,993)

Other comprehensive income would increase/(decrease) as a result of gains/(losses) on equity securities measured at FVOCI by the amounts shown above.

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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 analyze within the fair value hierarchy the Authority's financial assets (by class) measured at fair value at 31 December 2020. All fair value measurements disclosed are recurring fair value measurements.

Investment securities at FVOCI

31 December 2020	Group Level 1 ₦'000	Group Level 2 ₦'000	Group Level 3 ₦'000	Group Total ₦'000
NG Clearing Ltd	–	–	1,081,666	1,081,666
MTN securities and Bridge Academies Limited	4,556,137	–	2,425,600	6,981,737
	4,556,137	**–**	**3,507,266**	**8,063,403**

Investment securities at FVOCI

31 December 2019	Group Level 1 ₦'000	Group Level 2 ₦'000	Group Level 3 ₦'000	Group Total ₦'000
NG Clearing Ltd	–	–	523,000	523,000
MTN securities and Bridge Academies Limited	3,156,993	–	2,080,000	5,236,993
	3,156,993	**–**	**2,603,000**	**5,759,993**

Investment securities at FVOCI

31 December 2020	Authority Level 1 ₦'000	Authority Level 2 ₦'000	Authority Level 3 ₦'000	Authority Total ₦'000
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**

Investment securities at FVOCI

31 December 2019	Authority Level 1 ₦'000	Authority Level 2 ₦'000	Authority Level 3 ₦'000	Authority Total ₦'000
NG Clearing Ltd	–	–	523,000	523,000
MTN securities	3,156,993	–	–	3,156,993
	3,156,993	**–**	**523,000**	**3,679,993**

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7 Fair value hierarchy *continued*

Financial assets at fair value through profit or loss

31 December 2020	Group Level 1 ₦'000	Group Level 2 ₦'000	Group Level 3 ₦'000	Group Total ₦'000
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**

31 December 2019	Group Level 1 ₦'000	Group Level 2 ₦'000	Group Level 3 ₦'000	Group Total ₦'000
Currency swap (Note 21.3.1)	–	62,687,710	–	62,687,710
Private equity investments	–	–	57,169,278	57,169,278
Hedge funds and long only equity investments	–	–	67,462,348	67,462,348
Nigeria Infrastructure Debt Fund	–	1,626,000	–	1,626,000
US treasury notes	–	27,713,425	–	27,713,425
Fixed income products	–	30,465,259	–	30,465,259
	–	**122,492,394**	**124,631,626**	**247,124,020**

31 December 2020	Authority Level 1 ₦'000	Authority Level 2 ₦'000	Authority Level 3 ₦'000	Authority Total ₦'000
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**

31 December 2019	Authority Level 1 ₦'000	Authority Level 2 ₦'000	Authority Level 3 ₦'000	Authority Total ₦'000
Currency swap (Note 21.3.1)	–	62,687,710	–	62,687,710
Private equity investments	–	–	37,045,262	37,045,262
Hedge funds and long only equity investments	–	–	67,462,348	67,462,348
Nigeria Infrastructure Debt Fund	–	1,626,000	–	1,626,000
US treasury notes	–	27,713,425	–	27,713,425
Fixed income products	–	30,465,259	–	30,465,259
	–	**122,492,394**	**104,507,610**	**227,000,004**

(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 2020. 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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(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 maximize 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 judgment 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 2020 for financial assets measured at FVOCI.

	Group 31 December 2020 ₦'000	Group 31 December 2019 ₦'000	Authority 31 December 2020 ₦'000	Authority 31 December 2019 ₦'000
Financial assets measured at FVOCI – Bridge Academies Limited and NG Clearing				
Opening balance	2,603,000	2,062,835	523,000	523,000
Additions	536,500	–	536,500	–
Disposal	–	(213,835)	–	–
Fair value movement	22,166	754,000	22,166	–
Closing balance	**3,161,666**	**2,603,000**	**1,081,666**	**523,000**

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 2020 ₦'000	Group 31 December 2019 ₦'000	Authority 31 December 2020 ₦'000	Authority 31 December 2019 ₦'000
Financial assets at fair value through profit or loss – Private equity				
Opening balance	57,169,278	43,559,000	37,045,262	26,933,165
Additions	17,448,811	22,822,452	11,353,676	9,562,337
Disposals, repayments and distributions received	(5,493,970)	(10,012,286)	(1,945,287)	(1,762,780)
Fair value movement	9,284,789	801,572	11,036,074	2,314,000
Exchange gain	9,037,823	(1,460)	6,408,419	(1,460)
Closing balance	**87,446,731**	**57,169,278**	**63,898,144**	**37,045,262**

Notes to the Consolidated and Separate Financial Statements
Continued

7 Fair value hierarchy *continued*

	Group 31 December 2020 ₦'000	Group 31 December 2019 ₦'000	Authority 31 December 2020 ₦'000	Authority 31 December 2019 ₦'000
Financial assets at fair value through profit or loss – Hedge funds				
Opening balance	67,462,348	69,343,323	67,462,348	69,343,323
Additions	28,445,918	16,799,224	28,445,918	16,799,224
Disposals, repayments and distributions received	(427,396)	(24,771,957)	(427,396)	(24,771,957)
Fair value movement	11,422,150	6,091,758	11,422,150	6,091,758
Exchange gain/(loss)	12,526,945	–	12,526,945	–
Closing balance	**119,429,965**	**67,462,348**	**119,429,965**	**67,462,348**

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 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

			Group 31 December 2019 ₦'000	Authority 31 December 2019 ₦'000
Net fair value sensitivity	5% changes in fair value movement	Inputs	Difference	Difference
Impact on total comprehensive income	Increase	NAV/Fair value	37,700	–
Impact on total comprehensive income	Decrease	NAV/Fair value	(37,700)	–

The table below shows the sensitivity analysis of financial assets measured at FVTPL

			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)

			Group 31 December 2019 ₦'000	Authority 31 December 2019 ₦'000
Net fair value sensitivity	5% changes in fair value movement	Inputs	Difference	Difference
Impact on total comprehensive income	Increase	NAV/Fair value	40,079	115,700
Impact on total comprehensive income	Decrease	NAV/Fair value	(40,079)	(115,700)

There were no level 3 instruments classified at fair value through profit or loss in 2020.

Notes to the Consolidated and Separate Financial Statements
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31 December 2020	Group Carrying value ₦'000	Group Level 1 ₦'000	Group Level 2 ₦'000	Group Level 3 ₦'000	Group Fair value ₦'000
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 amortized cost	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**

31 December 2019	Group Carrying value ₦'000	Group Level 1 ₦'000	Group Level 2 ₦'000	Group Level 3 ₦'000	Group Fair value ₦'000
Financial assets					
Other receivables	23,536,829	–	–	23,536,829	23,536,829
Trade receivables	9,795,174	–	–	9,795,174	9,795,174
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	1,500	–	1,500	–	1,500
Financial assets measured at amortized cost	105,296,185	–	105,296,185	–	105,296,185
	154,743,433	**–**	**105,297,685**	**49,445,748**	**154,743,433**
Financial liabilities					
Borrowings	23,133,382	–	–	23,133,382	23,133,382
Trade payables	2,377,517	–	–	2,377,517	2,377,517
Other payables	19,076,465	–	–	19,076,465	19,076,465
Payables to Federal Government in respect of the Second Niger Bridge	18,453,250	–	–	18,453,250	18,453,250
	63,040,614	**–**	**–**	**63,040,614**	**63,040,614**

Notes to the Consolidated and Separate Financial Statements
Continued

7 Fair value hierarchy *continued*

31 December 2020	Authority Carrying value ₦'000	Authority Level 1 ₦'000	Authority Level 2 ₦'000	Authority Level 3 ₦'000	Authority Fair value ₦'000
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 amortized 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**

31 December 2019	Authority Carrying value ₦'000	Authority Level 1 ₦'000	Authority Level 2 ₦'000	Authority Level 3 ₦'000	Authority Fair value ₦'000
Financial assets					
Other receivables	22,646,427	–	–	22,646,427	22,646,427
Account receivables	4,461,410	–	–	4,461,410	4,461,410
Intercompany receivables	49,517,554	–	–	49,517,554	49,517,554
Financial instruments at amortized cost	94,337,449	–	94,337,449	–	94,337,449
	170,962,840	**–**	**94,337,449**	**76,625,391**	**170,962,840**
Financial liabilities					
Trade payables	1,721,250	–	–	1,721,250	1,721,250
Intercompany payables	8,968,987	–	–	8,968,987	8,968,987
Other payables	15,528,802	–	–	15,528,802	15,528,802
	26,219,039	**–**	**–**	**26,219,039**	**26,219,039**

8 Fund information

The Authority has three Funds being the Stabilization 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

Notes to the Consolidated and Separate Financial Statements
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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 2020	Stabilisation Fund ₦'000	Future Generations Fund ₦'000	Nigeria Infrastructure Fund ₦'000	Unallocated ₦'000	Total ₦'000
Interest income	1,025,485	858,700	3,728,661	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 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
Global 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)
Interest expense	–	–	(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 for the year from continuing operations	**26,434,431**	**69,059,502**	**66,860,923**	**(5,884,553)**	**156,470,303**
Profit from discontinued operations	**–**	**–**		**–**	**–**
Profit for the year	**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	33,122,969	394,875	144,447,965
Investment securities	58,317,804	258,185,705	253,551,447	1,485,317	571,540,273
Other assets	48,459,243	70,925,940	41,841,434	1,043,955	162,270,572
Inventories	–	–	150,168	–	150,168
Investment in subsidiary	–	–	–	–	–
Investments accounted for using the equity method	–	–	19,371,487	–	19,371,487
Right of use assets	–	–	197,696	13,421	211,117
Property and equipment	–	–	4,936,795	475,253	5,412,048
Intangible assets	–	–	85,740	121,283	207,023
	158,047,743	**388,771,070**	**353,257,736**	**3,534,104**	**903,610,653**
Reportable fund liabilities					
Other liabilities	(43,205,494)	(51,096,699)	(41,893,655)	(20,580,060)	(156,775,908)
Borrowings	–	–	–	–	–
	(43,205,494)	**(51,096,699)**	**(41,893,655)**	**(20,580,060)**	**(156,775,908)**

Notes to the Consolidated and Separate Financial Statements
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8 Fund information *continued*

31 December 2019	Stabilisation Fund ₦'000	Future Generations Fund ₦'000	Nigeria Infrastructure Fund ₦'000	Unallocated ₦'000	Total ₦'000
Interest income	1,094,109	2,391,822	4,411,073	66,946	7,963,950
Investment income/(loss)	3,158,421	1,879,024	(4,567,613)	10,053	479,885
Interest income on instrument measured at FVPL	4,454,430	7,547,318	14,343,308	–	26,345,056
Net gain/(loss) on financial assets	863,949	11,819,829	4,391,728	1,182,654	18,258,160
Net foreign exchange gain/(loss)	653,782	686,089	(51,658)	946	1,289,159
Total operating segment income	**10,224,691**	**24,324,082**	**18,526,838**	**1,260,599**	**54,336,210**
Investment management fees	(65,139)	(1,161,598)	(1,924)	–	(1,228,661)
Local custodian fees	(7,076)	(7,139)	(5,496)	–	(19,711)
Foreign custodian fees	(30,748)	(125,556)	(10,045)	(14,806)	(181,155)
Impairment charge on financial assets	–	–	1,118,687	89,550	1,208,237
Total fund investment management & custodian fees	**(102,963)**	**(1,294,293)**	**1,101,222**	**74,744**	**(221,290)**
Total operating fund profit	**10,121,727**	**23,029,789**	**19,628,060**	**1,335,343**	**54,114,920**
Revenue from infrastructure subsidiaries investment	–	–	31,965,979	–	31,965,979
Expense from infrastructure subsidiaries investment	–	–	(35,662,535)	–	(35,662,535)
Loss from infrastructure subsidiaries investment	**–**	**–**	**(3,696,556)**	**–**	**(3,696,556)**
Other income			6,177,310	946,600	7,123,910
Operating and administrative expenses	(426)	(550,663)	(1,266,625)	(2,445,588)	(4,263,302)
Total operating and administrative expenses	**(426)**	**(550,663)**	**(1,266,625)**	**(2,445,588)**	**(4,263,302)**
Finance cost			(4,539,030)	(7,526)	(4,546,556)
Share of profit of investment in associate	–	–	1,363,940	–	1,363,940
Profit before tax	**10,121,301**	**22,479,126**	**17,667,099**	**(171,171)**	**50,096,356**
Taxation	**–**	**(202,364)**	**–**		**(202,364)**
Profit after tax	**10,121,301**	**22,276,762**	**17,667,099**	**(171,171)**	**49,893,992**
Profit attributable to:					
Owners of NSIA	10,121,301	22,276,762	17,675,820	(171,171)	49,902,712
Non-controlling interest	–	–	(8,721)	–	(8,721)
	10,121,301	**22,276,762**	**17,667,099**	**(171,171)**	**49,893,991**
Reportable fund assets					
Cash and cash equivalents	69,312,400	68,842,897	77,892,334	–	216,047,631
Investment securities	48,725,492	135,885,011	175,476,772	–	360,087,275
Restricted balances and other assets	–	2,491,175	35,304,814	13,223,562	51,019,551
Inventories			4,615,646		4,615,646
Investment accounted for using the equity method			15,226,911		15,226,911
Property and equipment	–	–	2,128,372	370,522	2,498,894
Right of use assets			206,417	43,488	249,905
Intangible assets				100,235	100,235
	118,037,892	**207,219,083**	**310,851,266**	**13,737,807**	**649,846,048**
Reportable fund liabilities					
Other liabilities	1,443,453	–	45,733,787	–	47,177,240
Borrowings	–	–	23,133,382	–	23,133,382
	1,443,453	**–**	**68,867,169**	**–**	**70,310,622**

Notes to the Consolidated and Separate Financial Statements
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9 Interest income

	Group 31 December 2020 ₦'000	Group 31 December 2019 ₦'000	Authority 31 December 2020 ₦'000	Authority 31 December 2019 ₦'000
Interest income on Nigerian treasury bills	78,940	1,254,466	78,940	526,876
Interest income on loans	265,175	–	921,505	–
Interest income on fixed deposits	5,332,269	5,804,399	5,170,051	5,671,315
Interest income on Eurobonds	–	338,456	–	338,456
Interest income on bank balances	100,582	566,629	93,326	566,629
	5,776,966	**7,963,950**	**6,263,822**	**7,103,276**

10 Investment income

	Group 31 December 2020 ₦'000	Group 31 December 2019 ₦'000	Authority 31 December 2020 ₦'000	Authority 31 December 2019 ₦'000
Investment income from securities (10.1)	2,943,576	479,886	4,455,184	464,505
	2,943,576	**479,886**	**4,455,184**	**464,505**

10.1 Investment income comprises the following

	Group 31 December 2020 ₦'000	Group 31 December 2019 ₦'000	Authority 31 December 2020 ₦'000	Authority 31 December 2019 ₦'000
Dividend from ordinary equity investments	320,761	–	320,761	–
Income distribution by fund managers	2,622,815	479,886	2,093,794	464,505
Dividend from subsidiaries	–	–	1,849,519	–
Others	–	–	191,111	–
	2,943,576	**479,886**	**4,455,184**	**464,505**

11 Interest income on financial assets at FVTPL

	Group 31 December 2020 ₦'000	Group 31 December 2019 ₦'000	Authority 31 December 2020 ₦'000	Authority 31 December 2019 ₦'000
Interest income on US treasury note	625,286	527,177	625,286	527,177
Interest income from fixed income products	199,600	293,055	199,600	293,055
Interest income on Open Market operations bill	41,932,636	25,524,824	41,932,636	25,524,824
	42,757,522	**26,345,056**	**42,757,522**	**26,345,056**

12 Net gain on financial assets

	Group 31 December 2020 ₦'000	Group 31 December 2019 ₦'000	Authority 31 December 2020 ₦'000	Authority 31 December 2019 ₦'000
Net gain on financial assets at fair value through profit or loss (Note 12.1)	57,447,464	2,304,636	59,712,136	3,068,688
Net fair value gain/loss and trading income on US treasury notes and fixed income products	646,623	527,296	646,623	527,296
	58,094,087	**2,831,932**	**60,358,759**	**3,595,984**

12.1 Net gain on financial assets at fair value through profit or loss (FVTPL)

	Group 31 December 2020 ₦'000	Group 31 December 2019 ₦'000	Authority 31 December 2020 ₦'000	Authority 31 December 2019 ₦'000
Unrealized fair value gain/(loss) on financial swap	11,292,687	(2,188,744)	11,292,687	(2,188,744)
Realized fair value gain/(loss) on financial swap	24,518,207	(4,462,409)	24,518,207	(4,462,409)
Fair value changes on private equity, hedge funds and other securities	20,265,098	9,598,712	22,529,770	10,362,764
Net gain/(loss) on sale of equity instruments	1,371,472	(642,923)	1,371,472	(642,923)
	57,447,464	**2,304,636**	**59,712,136**	**3,068,688**

The increase in the Group's Net gain on financial assets at fair value through profit or loss in relation to the Authority is due to the performance of private equity funds within the subsidiary entities which is based on the respective fund' life cycle.

Notes to the Consolidated and Separate Financial Statements
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13 Net foreign exchange gain

	Group 31 December 2020 ₦'000	Group 31 December 2019 ₦'000	Authority 31 December 2020 ₦'000	Authority 31 December 2019 ₦'000
Net foreign exchange gain	51,214,487	1,289,159	50,771,621	1,288,894
	51,214,487	**1,289,159**	**50,771,621**	**1,288,894**

14 Impairment charge/(write back) on financial assets

	Group 31 December 2020 ₦'000	Group 31 December 2019 ₦'000	Authority 31 December 2020 ₦'000	Authority 31 December 2019 ₦'000
Financial assets at amortized cost	744,867	(1,208,237)	1,106,280	965,076
	744,867	**(1,208,237)**	**1,106,280**	**965,076**

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:

31 December 2020	Group Stage 1 12-month ECL ₦'000	Group Stage 2 Lifetime ECL ₦'000	Group Stage 3 Lifetime ECL ₦'000	Group Purchased credit-impaired ₦'000	Group Total ₦'000
Loss allowance as at 1 January 2020	1,747,431	–	–	–	**1,747,431**
Movements without 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**

31 December 2019	Group Stage 1 12-month ECL ₦'000	Group Stage 2 Lifetime ECL ₦'000	Group Stage 3 Lifetime ECL ₦'000	Group Purchased credit-impaired ₦'000	Group Total ₦'000
Loss allowance as at 1 January 2019	2,955,668	–	–	–	**2,955,668**
Movements with P/L impact					
Changes on financial assets during the year	(1,208,237)	–	–	–	**(1,208,237)**
Total net P/L charge during the period	(1,208,237)	–	–	–	**(1,208,237)**
Loss allowance as at 31 December 2019	**1,747,431**	–	–	–	**1,747,431**

31 December 2020	Authority Stage 1 12-month ECL ₦'000	Authority Stage 2 Lifetime ECL ₦'000	Authority Stage 3 Lifetime ECL ₦'000	Authority Purchased credit-impaired ₦'000	Authority Total ₦'000
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**
FX and other movements		–	–	–	–
Total net P/L charge during the period	1,106,280	–	–	–	**1,106,280**
Loss allowance as at 31 December 2020	**2,642,211**	–	–	–	**2,642,211**

31 December 2019	Authority Stage 1 12-month ECL ₦'000	Authority Stage 2 Lifetime ECL ₦'000	Authority Stage 3 Lifetime ECL ₦'000	Authority Purchased credit-impaired ₦'000	Authority Total ₦'000
Loss allowance as at 1 January 2019	570,855	–	–	–	**570,855**
Movements with P/L impact					
Changes on financial assets during the year	965,076	–	–	–	**965,076**
Total net P/L charge during the period	965,076	–	–	–	**965,076**
Loss allowance as at 31 December 2019	**1,535,931**	–	–	–	**1,535,931**

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 2020 ₦'000	Group 31 December 2019 ₦'000	Authority 31 December 2020 ₦'000	Authority 31 December 2019 ₦'000
Revenue from sale of fertilizers	–	31,965,979	–	–
Sale of special blends	–	–	–	–
Revenue from healthcare facilities	759,291	–	–	–
	759,291	**31,965,979**	**–**	**–**

Revenue from sale of fertilizer represents proceeds from sale of finished and packaged fertilizer to Agro-dealers and State Governments.

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

	Note(s)	Group 31 December 2020 ₦'000	Group 31 December 2019 ₦'000	Authority 31 December 2020 ₦'000	Authority 31 December 2019 ₦'000
Cost of sales of fertilizers and special blends	Note 16.1	–	35,662,535	–	–
Cost of providing health services		190,130	–	–	–
		190,130	**35,662,535**	**–**	**–**

16.1 Cost of sales of fertilizers and special blends

	Group 31 December 2020 ₦'000	Group 31 December 2019 ₦'000	Authority 31 December 2020 ₦'000	Authority 31 December 2019 ₦'000
Raw materials consumed	–	23,594,620	–	–
Blending plants fees	–	4,091,627	–	–
Direct trucking, storage and other logistics	–	6,126,350	–	–
Logistics and collateral management fees	–	215,427	–	–
Fertilizer clearing and testing expense	–	3,461	–	–
Inventory write off	–	1,631,050	–	–
	–	**35,662,535**	**–**	**–**

Unauthorized Lifting of Fertilizer Products at Blending Plants under the Presidential Fertilizer Initiative
In 2020, inventory loss relates to the losses due to the diversion of raw materials by a sub-contractor of one of the Group's transporters and unauthorised lifting of finished goods (i.e. fertilizer) by Blending Plants registered under the Presidential Fertilizer Initiative (PFI). This has been accounted for in discontinued operations.

The PFI being implemented by by the Group continues to sustain the production and distribution of NPK 20:10:10 fertiliser. To secure the inventory of raw materials and finished goods, the Federal Government set-up a joint task force of security forces to monitor the movement of both the raw materials and finished goods. The Nigeria Sovereign Investment Authority also ensures that the Blending plants selected to implement the program are accredited based on stringent selection criteria.

In 2019, some incidence of unauthorized lifting of NPK 20:10:10 fertilizer product were discovered at Bauchi Fertilizer Company and Bejafta Group Nigeria Limited, two of the blending plants participating in the PFI. The development was escalated to the Office of the National Security Adviser (ONSA) and the Economic and Financial Crimes Commission (EFCC) for investigation. Debt service arrangements have been entered into with the aforementioned blending plants whereby the Group deducts 60% from blending fees and raw materials supplied by the affected blending plants as offset against the amount owed. This offset will continue until the full amount owed, in the sum of ₦600 million and ₦1.031 billion by Bauchi State Fertiliser & Company and Bejafta Group Nigeria Limited respectively, is fully settled. The full amount of ₦1.631 billion was recorded as inventory loss in the financial statements and charged to the income statement for the year 2019.

As at 31 March 2021, the outstanding balance from Bauchi State Fertilser Company and Bejafta Group Nigeria Limited are ₦14.81 million and ₦718.07 million respectively.

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17 Other income

	Group 31 December 2020 ₦'000	Group 31 December 2019 ₦'000	Company 31 December 2020 ₦'000	Company 31 December 2019 ₦'000
Fiduciary income	782,232	858,000	782,232	858,000
Other operating income	930,314	127,631	847,629	88,600
Subsidy from Federal Government of Nigeria on cost differential on fertilizer sales**	–	3,553,735	–	–
Benefit from below market rate loan**	–	2,584,544	–	–
	1,712,546	**7,123,910**	**1,629,861**	**946,600**

In 2020, ₦782 million of fiduciary income relates to fund management fees earned from the Presidential Infrastructure Development Fund. While ₦858 million of the 2019 fiduciary income relates to fund management fees earned from the Presidential Infrastructure Development Fund 2020.

Subsidy from the Federal Government of Nigeria on cost differentials on sales of fertilizer relates to approved disbursement by the Federal Government of Nigeria for cost differential on the sales of fertilizer by the Group subsidiary NAIC-NPK Ltd. The subsidy amount of ₦9.45 billion (2019: ₦3.55 billion) was granted to the group to settle the shortfalls of the 2020 Presidential Fertilizer Initiative (PFI).

Benefit from below market rate loan arose from the straight line amortization of the fair value of the benefit over the tenor of the borrowing. See Note 30.1 for additional information.

The amounts relating to subsidy and benefit from government has been excluded in this note as they relate to NAIC-NPK which has been classified as held for sale. These amounts have been included in determination of profit or loss from discontinued operations in the statement of comprehensive income.

18 Operating and administrative expenses

	Group 31 December 2020 ₦'000	Group 31 December 2019 ₦'000	Authority 31 December 2020 ₦'000	Authority 31 December 2019 ₦'000
Personnel expenses (see 18.1)	2,439,334	1,869,840	2,137,229	1,816,928
Directors expenses (Non-executives)	101,750	101,600	100,000	101,600
Depreciation of PPE and right of use assets	507,923	170,905	214,839	159,865
Amortisation of intangible assets	61,003	1,636	29,450	1,636
Audit fees	130,684	82,500	60,000	48,000
Impairmemt of goodwill (see 18.2)	1,227,773	–	–	–
Non-audit fees (see 18.3)	15,000	16,000	15,000	16,000
Other professional fees	809,802	859,165	734,610	705,536
General and administrative expenses	982,385	618,574	1,075,490	596,954
Office rent and other expenses	433,892	158,705	200,512	152,516
Travel expenses	91,565	384,377	80,516	170,361
	6,801,111	**4,263,302**	**4,647,646**	**3,769,396**

18.1 Personnel expenses

	Group 31 December 2020 ₦'000	Group 31 December 2019 ₦'000	Authority 31 December 2020 ₦'000	Authority 31 December 2019 ₦'000
Salaries and allowances	2,315,403	1,774,242	2,018,323	1,721,330
Defined contribution plan	123,931	95,598	118,906	95,598
	2,439,334	**1,869,840**	**2,137,229**	**1,816,928**

18.2 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.

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18.3 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

19 Interest expense

	Group 31 December 2020 ₦'000	Group 31 December 2019 ₦'000	Authority 31 December 2020 ₦'000	Authority 31 December 2019 ₦'000
Effective interest on borrowings	–	4,539,030	–	–
Interest on lease liabilities	2,491	7,526	2,491	7,526
	2,491	**4,546,556**	**2,491**	**7,526**

Effective interest on borrowings relates to the interest expense the Group incurred in connection with the borrowing of funds. The amount borrowed was provided by the Central Bank of Nigeria to NAIC-NPK (a subsidiary of the Group) to finance the Presidential Fertilizer Initiative for which the Authority initially provided stop-gap financing. See notes 30 for details of the borrowings.

20 Cash and cash equivalents

	Group 31 December 2020 ₦'000	Group 31 December 2019 ₦'000	Authority 31 December 2020 ₦'000	Authority 31 December 2019 ₦'000
Cash on hand	5,989	2,944	1,299	2,944
Bank balances	136,378,529	138,865,158	135,574,631	108,553,534
Money market placements	8,873,002	77,179,529	8,872,035	77,179,529
	145,257,520	**216,047,631**	**144,447,965**	**185,736,007**

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 2020 ₦'000	Group 31 December 2019 ₦'000	Authority 31 December 2020 ₦'000	Authority 31 December 2019 ₦'000
Cash on hand	5,989	2,944	1,299	2,944
Bank balances	136,378,529	138,865,158	135,574,631	108,553,534
Money market placements	8,873,002	77,179,529	8,872,035	77,179,529
Cash at banks attributable to discontinued operations	**34,886,799**	–	–	–
	180,144,319	**216,047,631**	**144,447,965**	**185,736,007**

21 Investment securities

		Group 31 December 2020 ₦'000	Group 31 December 2019 ₦'000	Authority 31 December 2020 ₦'000	Authority 31 December 2019 ₦'000
Financial assets measured at amortized cost	21.1	72,870,860	104,640,368	71,430,067	93,681,632
Financial assets measured at FVOCI	21.2	7,047,683	5,759,993	5,637,803	3,679,993
Financial assets at fair value through profit or loss	21.3	490,898,693	247,124,020	467,355,759	227,000,004
		570,817,236	**357,524,381**	**544,423,629**	**324,361,629**

Notes to the Consolidated and Separate Financial Statements
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21 Investment securities *continued*

21.1 Financial assets measured at amortized cost

	Group 31 December 2020 ₦'000	Group 31 December 2019 ₦'000	Authority 31 December 2020 ₦'000	Authority 31 December 2019 ₦'000
Nigerian treasury bills	–	925,744	–	925,744
Open market operations bills (OMO bills)	–	9,302,663	–	–
Fixed deposits	72,066,099	93,411,705	72,066,098	93,411,705
Loans and receivables	1,440,792	1,656,073	–	–
	73,506,891	105,296,185	72,066,098	94,337,449
Expected credit loss on financial assets at amortised cost	(636,031)	(655,817)	(636,031)	(655,817)
	72,870,860	**104,640,368**	**71,430,067**	**93,681,632**
Maturity analysis:				
Current	72,870,860	104,640,368	71,430,067	93,681,632
	72,870,860	**104,640,368**	**71,430,067**	**93,681,632**

21.1.1 Impairment/Expected Credit loss

	Group 31 December 2020 ₦'000	Group 31 December 2019 ₦'000	Authority 31 December 2020 ₦'000	Authority 31 December 2019 ₦'000
As at 1 January	655,817	620,955	655,817	569,926
(Write back)/charge for the year	(19,786)	34,862	(19,786)	85,891
Provision for expected credit losses	**636,031**	**655,817**	**636,031**	**655,817**
As at 31 December	**636,031**	**655,817**	**636,031**	**655,817**

21.2 Financial assets measured at FVOCI

	Group 31 December 2020 ₦'000	Group 31 December 2019 ₦'000	Authority 31 December 2020 ₦'000	Authority 31 December 2019 ₦'000
Equity instruments				
NG Clearing Ltd	1,081,666	523,000	1,081,666	523,000
MTN securities and Bridge Academies Limited	5,966,017	5,236,993	4,556,137	3,156,993
	7,047,683	5,759,993	5,637,803	3,679,993
Maturity analysis:				
Non-current	7,047,683	5,759,993	5,637,803	3,679,993
	7,047,683	**5,759,993**	**5,637,803**	**3,679,993**

21.3 Financial assets at fair value through profit or loss

	Group 31 December 2020 ₦'000	Group 31 December 2019 ₦'000	Authority 31 December 2020 ₦'000	Authority 31 December 2019 ₦'000
Currency swap (Note 21.3.1)	235,896,025	62,687,710	235,896,025	62,687,710
Private equity investments	87,717,247	57,169,278	64,174,313	37,045,262
Hedge funds and long only equity investments	119,429,965	67,462,348	119,429,965	67,462,348
Nigeria Infrastructure Debt Fund	1,626,000	1,626,000	1,626,000	1,626,000
Fixed income products	24,227,891	30,465,259	24,227,891	30,465,259
US treasury notes	22,001,565	27,713,425	22,001,565	27,713,425
	490,898,693	**247,124,020**	**467,355,759**	**227,000,004**
Maturity analysis:				
Current	255,002,668	120,866,394	231,459,734	120,866,394
Non-current	235,896,025	126,257,626	235,896,025	106,133,610
	490,898,693	**247,124,020**	**467,355,759**	**227,000,004**

Notes to the Consolidated and Separate Financial Statements
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21.3.1 For swap instruments, the balance in 2020 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 $579.08 million (2019: $180 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.

22 Restricted balances and other assets

	Group 31 December 2020 ₦'000	Group 31 December 2019 ₦'000	Authority 31 December 2020 ₦'000	Authority 31 December 2019 ₦'000
Financial assets:				
Other receivables (22.1)	143,311,423	23,536,829	143,745,916	22,646,427
Account receivables	1,266,107	9,795,174	1,265,467	4,461,410
Intercompany receivables	–	–	75,850,113	49,517,554
Intercompany loan	–	–	3,243,527	
Cost incurred on behalf of the Federal Government of Nigeria	16,113,745	16,113,745	–	–
Restricted balances	3,164,115	2,564,394	–	–
	163,855,390	**52,010,142**	**224,105,023**	**76,625,391**
Impairment /Expected Credit loss (22.2)	(1,701,494)	(1,101,976)	(2,006,180)	(880,113)
Total financial assets	**162,153,896**	**50,908,166**	**222,098,843**	**75,745,278**
Non-financial assets:				
Prepayment	116,676	2,674,279	52,854	133,540
Total other assets	**162,270,572**	**53,582,445**	**222,151,697**	**75,878,818**
Maturity analysis:				
Current	–	–	–	–
Non-current	162,270,572	53,582,445	222,151,697	75,878,818
	162,270,572	**53,582,445**	**222,151,697**	**75,878,818**

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.

Restricted balances relates to cash 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.

Expected credit losses on trade receivables from the Group's subsidiary NAIC-NPK Limited and has been accounted for in line with the applicable financial reporting standards. Subsequent to the reporting date, the Company has recovered its receivable balance in full from the various obligors.

Restricted balances includes ₦3.16 billion fixed deposits and cash of ₦1.8 million representing the unspent funds belonging to the Federal Government of Nigeria in relation to the Second Niger Bridge project. These balances are not available for use in the Group's liquidity management activities (2019: ₦2.56 billion and ₦1.5 million).

22.1 Other receivables

	Group 31 December 2020 ₦'000	Group 31 December 2019 ₦'000	Authority 31 December 2020 ₦'000	Authority 31 December 2019 ₦'000
Receivable from CBN (Matured Treasury bill proceeds)	1,000	4,001,000	–	4,000,000
LUTH Advanced Medical Service-Deposit for Shares	–	3,409,780	1,178,769	3,409,780
Receivable from Presidential Infrastructure Development Fund	9,086,125	14,824,830	9,086,125	14,824,830
AOA-Matured Swap Proceed Receivable	132,650,000	–	132,650,000	–
Receivable: Others	1,574,214	1,300,135	830,938	411,733
Receivables from Associates & Joint Ventures	84	1,084	84	84
	143,311,423	**23,536,829**	**143,745,916**	**22,646,427**

Notes to the Consolidated and Separate Financial Statements
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22 Restricted balances and other assets *continued*

22.2 Impairment/expected credit loss on other assets

	Group 31 December 2020 ₦'000	Group 31 December 2019 ₦'000	Authority 31 December 2020 ₦'000	Authority 31 December 2019 ₦'000
As at 1 January	1,101,976	2,334,713	880,113	929
Asset derecognised	**(165,135)**	–	–	–
Charge/(write back) for the year	764,653	(1,232,737)	1,126,067	879,184
Provision for expected credit losses	1,701,494	1,101,976	2,006,180	880,113
As at 31 December	**1,701,494**	**1,101,976**	**2,006,180**	**880,113**

Asset derecognised during the year relates to financial assets of NAIC-NPK Limited. This is due to the fact that NAIC-NPK Limited has now been classified as held for sale. Total assets and liablities directly associated to the disposal group have been presented as line items on the statement of financial position.

23 Inventories

	Group 31 December 2020 ₦'000	Group 31 December 2019 ₦'000	Authority 31 December 2020 ₦'000	Authority 31 December 2019 ₦'000
Raw materials	59,705	1,921,575	–	–
Finished goods	92,844	2,694,071	–	–
	152,549	**4,615,646**	–	–
Maturity analysis:				
Current	152,549	4,615,646	–	–
	152,549	**4,615,646**	–	–

There were no inventories pledged as security for liabilities. (2019: NIL)

24 Investments in subsidiaries

	Authority 31 December 2020 ₦'000	Authority 31 December 2019 ₦'000
At the beginning of the year	1,753,398	5,116,826
Additions during the year	–	1,000
Acquisition of non-controlling interest in KG Brussels	–	8,125
Return of capital investment in KG Brussels	(1,940,481)	–
Reclassification to shares held in FGFs	–	(3,372,553)
Exchange gain on return of capital	1,082,880	–
At the end of the year	**895,797**	**1,753,398**
Investment types:		
Investment in equity shares	895,797	1,753,398
	895,797	**1,753,398**
Maturity analysis:		
Non-current	895,797	1,753,398
	895,797	**1,753,398**

During the year 2020, there was a return of capital and return on 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.

Notes to the Consolidated and Separate Financial Statements
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24.1 Information on subsidiary entities controlled by the Authority

Name of entity	Place of business/ Country of incorporation	% of ownership interest 31 December 2020	% of ownership interest 31 December 2019	Carrying amount 31 December 2020 ₦'000	Carrying amount 31 December 2019 ₦'000
NSIA Motorways Investment Company (NMIC) (i)	Nigeria	**99.99%**	99.99%	**1,000**	1,000
KG Brussels LP (ii)	USA	**100%**	100%	**886,797**	1,744,398
FGF Private Equity Co. Limited (iii)	Nigeria	**99.99%**	99.99%	**1,000**	1,000
FGF Investments Limited (iv)	Nigeria	**99.99%**	99.99%	**1,000**	1,000
NSIA Agriculture Investment Company (v)	Nigeria	**99.99%**	99.99%	**1,000**	1,000
FGF PE Beta Limited (vi)	Nigeria	**99.99%**	99.99%	**1,000**	1,000
NSIA Property Investment Company Limited (vii)	Nigeria	**99.99%**	99.99%	**1,000**	1,000
NSIA Power Investment Company Limited (viii)	Nigeria	**99.99%**	99.99%	**1,000**	1,000
NSIA Healthcare Development and Investment Company Limited (ix)	Nigeria	**99.99%**	99.99%	**1,000**	1,000
NSIA Investment Management Company	Nigeria	**100%**	100.00%	**1,000**	1,000
				895,797	**1,753,398**

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.

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.

Notes to the Consolidated and Separate Financial Statements
Continued

24 Investments in subsidiaries *continued*

The Authority also has indirect interests in the following subsidiaries:

	Place of business Country of incorporation	% of ownership interest 31 December 2020 ₦'000	% of ownership interest 31 December 2019 ₦'000
FMCU Advanced Medical Diagnostics Limited (x)	Nigeria	**90%**	90%
AKTH Advanced Medical Diagnostics Limited (xi)	Nigeria	**90%**	90%
LUTH Advanced Medical Services Limited	Nigeria	**100%**	50%
NAIC-NPK Limited (xii)	Nigeria	**100%**	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 centers 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.

24.2 Discontinued operation

24.2 (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 will result in the transfer of the business operations of NAIC-NPK to the Ministry of Finance Incorporated (MOFI). The new entity will no longer be a subsidiary of NSIA but will be owned by MOFI. Financial information relating to the discontinued operation is set out below.

Notes to the Consolidated and Separate Financial Statements
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24.2 (b) 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.

	2020 ₦'000	2019 ₦'000
Assets classified as held for sale		
Cash and cash equivalents	34,886,799	26,596,256
Investments	–	9,302,663
Trade receivables	16,193,417	222,419
Other receivables	16,467,584	7,722,711
Inventories	10,516,884	4,615,647
Total assets of disposal group held for sale	**78,064,684**	**48,459,696**
Liabilities directly associated with assets classified as held for sale		
Trade payables	15,140,301	211,893
Other payables	14,037,703	9,708,026
Borrowings	20,031,183	23,133,382
Total liabilities of disposal group held for sale	**49,209,187**	**33,053,301**

24.2 (c) Financial performance and cash flow information

Revenue and expenses of subsidiary classified as held for sale

	2020 ₦'000	2019 ₦'000
Revenue	86,974,425	31,965,979
Cost of sales	(99,066,450)	(35,678,550)
Gross loss	**(12,092,025)**	**(3,712,571)**
Net foreign exchange gain/(loss)	(2,516,083)	(769,735)
Impairment write back on financial assets	(711,710)	2,168,886
Administrative expense	(168,599)	(284,880)
Operating loss	**(15,488,417)**	**(2,598,300)**
Investment income	518,112	727,590
Other income	18,350,004	6,177,310
Interest expense	(3,379,699)	(3,769,030)
Loss from discontinued operations	–	**537,570**
Other comprehensive income from discontinued operations	–	–
Total comprehensive loss from discontinued operations	–	**537,570**
24.2 (d) Cash flows attributable to discontinued operations		
Net cash generated from operating activities	3,715,939	34,093,572
Net cash generated from/(used in) investing activities	9,820,775	(8,575,073)
Net cash used in financing activities	(5,754,068)	(6,688,323)
Net increase in cash generated by discontinued operations	**7,782,646**	**18,830,176**

The Group has determined that for the purpose of disposal group classified as 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 less costs to sell for the purpose of disposal group classified as held for sale under IFRS 5.

Notes to the Consolidated and Separate Financial Statements
Continued

24 Investments in subsidiaries *continued*

24.3 Business combination

(a) Acquisition of LUTH Advanced Medical Services Limited (LAMSL)

LUTH Advanced Medical Services Limited (LAMSL) was established to carry on business as providers of modern medical pathology laboratory services, provide modern radiography services and provide healthcare services. The Company was incorporated in 2016 as a joint venture between NHDIC and Lagos University Teaching Hospital (LUTH), each with 50% ownership interest. On 20 June 2020, control was established as NSIA acquired LAMSL 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 accordance with IFRS 3, NSIA applied the acquisition method of accounting.

Assets acquired and liabilities assumed

The fair values of the identifiable assets and liabilities of LAMSL as at the date of acquisition were:

	Fair value recognised on acquisition 30 June 2020 ₦'000
Cash and cash equivalents	429,278
Other assets	68,252
Property & Equipment	2,599,892
Intangible Assets	114,722
Inventories	14,035
Total assets	**3,226,179**
Other liabilites	352,052
Deposit for shares	1,039,603
Shareholders loan	3,061,797
Total liabilities	**4,453,452**
Total identifiable net liabilities at fair value	(1,227,273)
Goodwill arising on acquisition	1,227,273
Purchase consideration transferred	**500**

The goodwill recognised on the date of acquisition was fully impaired at the year end as LAMSL has been a loss-making entity from inception.

Analysis of cash flows on acquisition:

	₦'000
Transaction costs of the acquisition	–
Net cash acquired with the subsidiary (included in cash flows from investing activities)	429,278
Net cash flow on acquisition	**429,278**

Purchase consideration

	₦'000
Shares	500
	500

The Group has determined that for the purpose of acquisition accounting, the carrying value of the assets and liabilities approximates the fair value. LAMSL was incorporated in 2016 and construction/installation of the facility was completed in 2019 while the entity commenced business activities in later part of the same year. Considering the foregoing, the management of the Group assessed that the depreciated value LAMSL as a cash generating unit (CGU) approximates its fair value less costs to sell. The financial instruments on the financial statements are measured at fair value for the purpose of acquisition accounting under IFRS 3.

Notes to the Consolidated and Separate Financial Statements
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(b) Revenue and profit contribution

The acquired business contributed revenue of ₦553.6 million and net loss of ₦382 million to the group for the period from 1 July to 31 December 2020.

If the acquisition had occurred on 1 January 2020, consolidated pro-forma revenue and loss for the year ended 31 December 2020 would have been ₦1.048 billion and ₦799.6 million respectively. These amounts have been calculated using the subsidiary's results.

(c) Impairment testing of goodwill

The Group performed goodwill impairment test in December 2020. The Group considers the relationship between the fair value less costs to sell and its book value, among other factors, when reviewing for indicators of impairment. As at 31 December 2020, the net liability of LAMSL increased significantly from the value as at acquisition date as the entity continues to be loss-making, indicating an impairment of the goodwill recognised. The Group's management consequently made a decision to fully impair the goodwill.

(d) Non-cash investing activity

Non-cash investing activities disclosed in the notes are:

- Acquisition of LAMSL through shares transfer (Note 24.3)
- PPE acquired in LAMSL as part of business combination (Note 27)
- Intangible assets acquired in LAMSL as part of business combination (Note 28)
- Dividend reinvested for issue of shares in additional shares Infracredit (Note 25.10.1)

25 Investments accounted for using the equity method

The amounts recognized in the statement of financial position are as follows;

	Group 31 December 2020 ₦'000	Group 31 December 2019 ₦'000	Authority 31 December 2020 ₦'000	Authority 31 December 2019 ₦'000
Associates and joint ventures	19,371,487	15,226,911	10,614,990	10,614,990
The amounts recognized in the statement of comprehensive income are as follows:				
Amount recognised in statement of profit or loss	2,158,747	1,363,940	–	–
Amount recognised in other comprehensive income	147,586	215,092	–	–
Total income recognised	**2,306,333**	**1,579,032**	–	–

The below shows a detailed movement of this balance:

	Group 31 December 2020 ₦'000	Group 31 December 2019 ₦'000	Authority 31 December 2020 ₦'000	Authority 31 December 2019 ₦'000
At the beginning of the year	15,226,911	13,647,879	10,614,990	10,614,990
Additions during the year	2,031,170	–	–	–
Share of profit of associate and joint venture	2,158,747	1,363,940	–	–
Share of fair value reserves of associate and joint venture	147,586	215,092	–	–
Dividend received	(192,926)	–	–	–
At the end of the year	**19,371,488**	**15,226,911**	**10,614,990**	**10,614,990**
Maturity analysis:				
Non-current	**19,371,488**	**15,226,911**	**10,614,990**	**10,614,990**

During the year, the Group increased its investment in UFF-NAIC Agriculture Investment Company (mauritius) Limited. An additional investment of ₦2.03 billion was made which brings the total investment in the entitity to ₦3.94 billion.

Interests in associates and joint ventures

Set out below are the associates and joint ventures of the Group as at 31 December 2020. 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.

Notes to the Consolidated and Separate Financial Statements
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25 Investments accounted for using the equity method *continued*

Name of company		Group Place of business/ Country of incorporation	Group % ownership interest 2020	Group % ownership interest 2019	Group Carrying amount 31 December 2020 ₦'000	Group Carrying amount 31 December 2019 ₦'000
Investment in associates						
Nigeria Mortgage Refinance Company (NMRC)	25.1	Nigeria	20.91%	20.91%	4,089,997	3,497,573
Family Homes Funds Limited (FHFL)	25.2	Nigeria	49%	49%	247,032	57,610
Panda Agriculture Operations and Management Ltd	25.3	Mauritius	30%	30%	–	–
Pandagric Novum Ltd	25.4	Nigeria	30%	30%	–	–
					4,337,029	**3,555,183**

Name of company		Authority Place of business/ Country of incorporation	Authority % ownership interest 2020	Authority % ownership interest 2019	Authority Carrying amount 31 December 2020 ₦'000	Authority Carrying amount 31 December 2019 ₦'000
Investment in joint venture						
UFF-NAIC Agriculture Management Company (Mauritius) Limited	25.6	Mauritius	50%	50%	–	–
UFF-NAIC Agriculture Investment Company (Mauritius) Limited	25.7	Mauritius	50%	50%	4,157,662	2,137,161
Panda Agricultural Properties Management Ltd	25.8	Mauritius	50%	50%	–	–
Panda Agricultural Properties Management Ltd	25.9	Nigeria	50%	50%	–	–
Infrastructure Credit Guarantee Company Limited	25.10	Nigeria	33.33%	50%	10,876,796	9,534,567
Total investment in joint venture					**15,034,458**	**11,671,728**
Total investments in joint ventures and associates					**19,371,487**	**15,226,911**

Name of company		Authority Place of business/ Country of incorporation	Authority % ownership interest 2020	Authority % ownership interest 2019	Authority Carrying amount 31 December 2020 ₦'000	Authority Carrying amount 31 December 2019 ₦'000
Investment in associates						
Nigeria Mortgage Refinance Company (NMRC)	25.1	Nigeria	20.91%	20.91%	1,600,000	1,600,000
Family Homes Funds Limited (FHFL)	25.2	Nigeria	49%	49%	490	490
Panda Agriculture Operations and Management Ltd	25.3	Mauritius	30%	30%	–	–
Pandagric Novum Ltd	25.4	Nigeria	25%	25%	–	–
					1,600,490	1,600,490

Name of company		Authority Place of business/ Country of incorporation	Authority % ownership interest 2020	Authority % ownership interest 2019	Authority Carrying amount 31 December 2020 ₦'000	Authority Carrying amount 31 December 2019 ₦'000
Investment in joint venture						
Infrastructure Credit Guarantee Company Limited	25.1	Nigeria	33.33%	50%	9,014,500	9,014,500
					9,014,500	**9,014,500**
Total investment in joint ventures and associates					**10,614,990**	**10,614,990**
The Authority has indirect investments in joint ventures in the following entities:						
UFF-NAIC Agriculture Management Company (Mauritius) Limited	25.5	Mauritius	50%	50%	3,052	3,052
UFF-NAIC Agriculture Investment Company (Mauritius) Limited	25.7	Mauritius	50%	50%	3,938,356	1,907,188
LUTH Advanced Medical Services Limited (LUTH)	25.5	Nigeria	–	50%	–	500
					3,941,408	**1,910,740**

Notes to the Consolidated and Separate Financial Statements
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Investment in associates

25.1 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 summarized financial information for NMRC which is accounted for using the equity method.

25.2 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 summarized financial information for FHFL which is accounted for using the equity method.

25.3 Panda Agriculture Operations and Management Ltd

A company limited by shares and incorporated in Mauritius on the 2 of 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.

25.4 Pandagric Novum Ltd

A company limited by shares and incorporated in Nigeria on the 16th of 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

25.5 LUTH Advanced Medical Services Limited (LUTH)

Luth Advanced Medical Services Limited 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 centers 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 and seized being a joint venture during the year 2020. The company became a subsidiary during the year as there was a "Transfer of shares" outstanding of 499,999 representing 50% share capital balance from LUTH to NSIA.

25.6 UFF-NAIC Agriculture Management Company (Mauritius) Limited

A company incorporated in Mauritius on the 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.

25.7 UFF-NAIC Agriculture Investment Company (Mauritius) Limited

UFF-NAIC Agriculture Investment Company (Mauritius) Limited was incorporated in Mauritius on the 27th March 2017 with company number 146100. The company is a joint venture between NSIA and Old Mutual African Agricultural Fund. An initial commitment of USD25 million from NSIA and Old Mutual African Agricultural Fund has been made with a target of a total commitment size of USD200 million 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.

Notes to the Consolidated and Separate Financial Statements
Continued

25 Investments accounted for using the equity method *continued*

25.8 Panda Agricultural Properties Management Ltd
A company limited by shares and incorporated in Mauritius on the 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.

25.9 Panda Agricultural Properties Management Ltd
A company limited by shares and incorporated in Nigeria on the 9 of 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.

25.10 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".

25.10.1 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 Infraco Africa Limited, in addition to the existing investment held by Africa Finance Corporation (AFC). A dividend amount of ₦1.096 billion due to the Group was was capitalized to increase its shareholding in Infracredit. This resulted in a nil impact on both Group and separate financial statements of the Authority. The ownership interest retained by the Group as a result of the dilution is 33.33% while Infraco and AFC holds 33.33% and 33.33% respectively. The Group assessed that the investment in the entity is a joint venture and continues to account for it using the equity method.

25.10.2 The Authority's share of associate financial position is as shown below:

	31 December 2020 ₦'000	31 December 2019 ₦'000
Balance at start of the year	9,534,568	9,017,288
Share of associate's profit before dilution of interest (50%)	1,265,537	–
Share of associate's profit after dilution of interest (33.33%)	76,692	–
Share of profit	–	517,280
Carrying amount as at 31 December 2020	10,876,797	9,534,568

The investment securities are recognized at their fair value.

Notes to the Consolidated and Separate Financial Statements
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Summarized financial information associates

Set out below are the financial information of the associates of the Group as at 31 December 2020, which, in the opinion of the directors, are material to the Group.

Summarised statement of comprehensive income	NMRC 31 December 2020 ₦'000	NMRC 31 December 2019 ₦'000	FHFL 31 December 2020 ₦'000	FHFL 31 December 2019 ₦'000
Interest income	9,272,059	9,610,997	2,314,526	901,200
Interest expense	(4,380,863)	(4,198,011)	–	–
Other income	514	7,093	142,730	–
Impairment allowance (ECL)	4,109	(141,065)	(803,428)	–
Depreciation and amortization	(111,708)	(172,413)	(42,008)	(13,834)
Personnel expenses	(772,158)	(901,201)	(559,981)	(464,159)
Operating expenses	(891,545)	(1,108,027)	(555,837)	(305,635)
Profit before tax	**3,120,408**	**3,097,373**	**496,002**	**117,572**
Income tax	(70,368)	(78,917)	–	–
Profit/(loss) for the year	**3,050,040**	**3,018,456**	**496,002**	**117,572**
Other comprehensive income	705,816	514,745	–	–
Total comprehensive income	**3,755,856**	**3,533,201**	**496,002**	**117,572**

Summarized statement of financial position	NMRC 31 December 2020 ₦'000	NMRC 31 December 2019 ₦'000	FHFL 31 December 2020 ₦'000	FHFL 31 December 2019 ₦'000
Cash and cash equivalents	16,848,637	7,354,230	739,046	2,054,150
Loans and advances	17,353,904	18,339,488	39,367,983	–
Investment securities	50,109,866	46,509,890	7,908,904	5,519,028
Inventories	–	–	16,194,824	12,590,689
Other assets	138,154	121,220	685,023	548,947
Investment properties	–	–	1,259,966	1,259,966
Property and equipment	515,975	519,944	135,036	102,844
Intangible assets	12,955	22,535	6,244	2,109
Total assets	**84,979,491**	**72,867,307**	**66,297,026**	**22,077,733**
Other liabilities	1,475,878	1,198,908	1,227,860	234,891
Tax liabilities	69,905	78,603	–	400,171
Borrowings	37,598,419	37,598,419	375,000	1,500,000
Debt securities issued	26,275,287	17,264,522	–	–
Total liabilities	**65,419,489**	**56,140,452**	**1,602,860**	**2,135,062**

Capital and reserves	NMRC 31 December 2020 ₦'000	NMRC 31 December 2019 ₦'000	FHFL 31 December 2020 ₦'000	FHFL 31 December 2019 ₦'000
Share capital	2,125,444	2,125,444	1,000	1,000
Share premium	5,925,233	5,925,233	(306,833)	–
Retained earnings	7,288,228	5,610,014	–	(58,329)
Statutory reserves	2,967,517	2,509,635	–	–
FGN grant	–	–	65,000,000	20,000,000
Fair value reserves	1,253,580	556,530	–	–
Total equity	**19,560,002**	**16,726,856**	**64,694,167**	**19,942,671**
Total liabilities and equity	**84,979,491**	**72,867,308**	**66,297,027**	**22,077,733**

Reconciliation of the summarized financial information presented to the carrying amount of its interest in NMRC and FHFL.

Notes to the Consolidated and Separate Financial Statements
Continued

25 Investments accounted for using the equity method *continued*

	NMRC 31 December 2020 ₦'000	NMRC 31 December 2019 ₦'000	FHFL 31 December 2020 ₦'000	FHFL 31 December 2019 ₦'000
Net assets of associate/joint venture	19,560,003	16,726,856	64,694,167	19,942,671
Group share of net assets	4,089,997	3,497,573	247,032	57,610
Carrying value of associate	4,089,997	3,497,573	247,032	57,610
Difference	–	–	–	
Share of losses not recognized	–	–	–	–

Summarized financial information of joint ventures

Set out below are the financial information of the joint ventures of the Group as at 31 December 2020, which, in the opinion of the directors, are material to the Group.

Summarized statement of comprehensive income	InfraCredit 31 December 2020 ₦'000	InfraCredit 31 December 2019 ₦'000	LUTH 31 December 2020 ₦'000	LUTH 31 December 2019 ₦'000
Revenue from contracts with customers	–	–	–	379,184
Cost of sales	–	–	–	(184,920)
Interest and investment income	3,353,250	2,329,300	–	–
Net foreign exchange gain/loss	1,809,977	9,792	–	–
Guarantee fee income	907,875	642,416	–	–
Other income	–	13,322	–	1,153
Guarantee fee expense	(103,478)	(123,409)	–	–
Impairment loss on financial assets	–	(44,097)	–	–
Operating expenses	(3,206,452)	(1,792,765)	–	(692,810)
Profit/(loss) for the year	**2,761,172**	**1,034,559**	**–**	**(497,393)**
Total comprehensive income	**2,761,172**	**1,034,559**	**–**	**(497,393)**

Summarized statement of financial position	InfraCredit 31 December 2020 ₦'000	InfraCredit 31 December 2019 ₦'000	LUTH 31 December 2020 ₦'000	LUTH 31 December 2019 ₦'000
Cash and cash equivalents	11,377,201	13,025,708	–	458,325
Investment securities	49,943,232	29,092,303	–	–
Other assets	3,421,812	2,924,961	–	22,244
Property and equipment	203,233	240,912	–	2,753,301
Right of use asset	195,244	217,141	–	–
Intangible assets	38,514	47,866	–	150,563
Total assets	**65,179,236**	**45,548,891**	**–**	**3,384,433**
Deposit for shares	426,819	–	–	2,982,279
Other liabilities	4,514,675	3,639,417	–	968,369
Debt capital	28,592,069	23,170,389	–	–
Total liabilities	**33,533,563**	**26,809,806**	**–**	**3,950,648**
Capital and reserves				
Ordinary share capital	2,974,785	1,983,190	–	1,000
Share premium	19,832		–	–
Preference shares capital	26,864,823	16,045,810	–	–
Retained earnings	1,786,233	710,085	–	(567,215)
Total equity	**31,645,673**	**18,739,085**	**–**	**(566,215)**
Total liabilities and equity	**65,179,236**	**45,548,891**		

Notes to the Consolidated and Separate Financial Statements
Continued

Reconciliation of the summarized financial information presented to the carrying amount of its interest in Infracredit and LUTH

	InfraCredit 31 December 2020 ₦'000	InfraCredit 31 December 2019 ₦'000	LUTH 31 December 2020 ₦'000	LUTH 31 December 2019 ₦'000
Net assets of associate/joint venture	31,645,673	18,739,085	–	(566,215)
Group share of net assets	10,876,796	9,534,567	–	(566,215)
Carrying value of associate	10,547,503	9,369,543	–	–
Difference	–	–	–	(566,215)
Share of losses not recognized	–	–	–	(566,215)

The summarized financial statements for LUTH Advanced Medical Services Limited have not been presented as the entity became a subsidiary in June 2020 and its financial statements have been included in consolidation.

Summarised statement of comprehensive income	UFF-NAIC Agriculture Management Company (Mauritius) Limited 31 December 2020 ₦'000	UFF-NAIC Agriculture Management Company (Mauritius) Limited 31 December 2019 ₦'000	UFF-NAIC Agriculture Investment Company (Mauritius) Limited 31 December 2020 ₦'000	UFF-NAIC Agriculture Investment Company (Mauritius) Limited 31 December 2019 ₦'000
Unrealized gain on financial assets	–	–	1,126,854	355,476
Interest income	–	–	569	–
Project related cost	–	–	–	–
Other income	5,775	14,469	–	–
Operating expenses	(5,775)	(18,017)	(13,252)	(37,677)
Profit before tax	**–**	**(3,548)**	**1,114,171**	**317,799**
Income tax	–	–	–	–
Loss for the period	**–**	**(3,548)**	**1,114,171**	**317,799**
Other comprehensive income	–	–	792,293	214,917
Total comprehensive loss	**–**	**(3,548)**	**1,906,464**	**532,716**
Profit/(loss) attributable to:				
Parent	–	–	1,114,171	–
Non controlling interest	–	–	–	–
	–	**–**	**1,114,171**	**–**
Total comprehensive income attributable to:				
Parent	–	–	1,906,464	–
Non controlling interest	–	–	–	–
	–	**–**	**1,906,464**	**–**

Notes to the Consolidated and Separate Financial Statements
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25 Investments accounted for using the equity method *continued*

Summarized statement of financial position	UFF-NAIC Agriculture Management Company (Mauritius) Limited 31 December 2020 ₦'000	UFF-NAIC Agriculture Management Company (Mauritius) Limited 31 December 2019 ₦'000	UFF-NAIC Agriculture Investment Company (Mauritius) Limited 31 December 2020 ₦'000	UFF-NAIC Agriculture Investment Company (Mauritius) Limited 31 December 2019 ₦'000
Cash and cash equivalents	1,597	224	71,107	10,745
Investment securities		–	9,978,847	3,880,556
Other assets	730	31,236	154,164	455,695
Property and equipment		–		–
Total assets	**2,327**	**31,460**	**10,204,118**	**4,346,996**
Other liabilities	1,762	30,976	44,024	72,677
Total liabilities	**1,762**	**30,976**	**44,024**	**72,677**
Capital and reserves				
Share capital	12,006	12,006	8,042,441	4,063,131
Retained earnings	(11,505)	(11,505)	984,086	(130,085)
Currency translation reserves	64	(17)	1,133,567	341,273
Non controlling interest	–	–		–
Total equity	**565**	**484**	**10,160,094**	**4,274,319**
Total liabilities and equity	**2,327**	**31,460**	**10,204,118**	**4,346,996**

	UFF-NAIC Agriculture Management Company (Mauritius) Limited 31 December 2020 ₦'000	UFF-NAIC Agriculture Management Company (Mauritius) Limited 31 December 2019 ₦'000	UFF-NAIC Agriculture Investment Company (Mauritius) Limited 31 December 2020 ₦'000	UFF-NAIC Agriculture Investment Company (Mauritius) Limited 31 December 2019 ₦'000
Net assets of associate/joint venture	565	484	10,160,094	4,274,319
Group share of net assets	–	–	5,080,047	2,137,160
Carrying value of associate	–	–	5,080,047	2,137,160

26 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 recognized and the movements during the period:

	Group 31 December 2020 ₦'000	Authority 31 December 2019 ₦'000
As at 1 January 2019	304,338	86,976
Depreciation expense	(54,433)	(43,488)
As at 31 December 2019	249,905	43,488
Additions	35,490	23,007
Depreciation expense	(83,173)	(53,074)
As at 31 December 2020	**202,222**	**13,421**

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 2020 ₦'000	Group 31 December 2019 ₦'000	Authority 31 December 2020 ₦'000	Authority 31 December 2019 ₦'000
As at 1 January	46,502	86,976	46,502	86,976
Additions	23,007	–	23,007	–
Accretion of interest	2,491	7,526	2,491	7,526
Payments	(72,000)	(48,000)	(72,000)	(48,000)
	–	46,502	–	46,502
Current	–	46,502	–	46,502
Non-current	–	–	–	–
	–	46,502	–	46,502

The following are the amounts recognized in profit or loss:

	Group 31 December 2020 ₦'000	Group 31 December 2019 ₦'000	Authority 31 December 2020 ₦'000	Authority 31 December 2019 ₦'000
Depreciation expense of right-of-use assets	83,173	54,433	53,074	43,488
Interest expense on lease liabilities	2,491	7,526	2,491	7,526
Total amount recognized in profit or loss	85,664	61,959	55,565	51,014

The Group had total cash outflows for leases of ₦72 million (2019: ₦48 million).

27. Property and equipment

	Group Buildings ₦'000	Group Plant and machinery ₦'000	Group Furniture and fittings ₦'000	Group Motor vehicles ₦'000	Group Computer equipment ₦'000	Group Office equipment ₦'000	Group Assets under construction ₦'000	Group Total ₦'000
Cost								
As at 1 January 2019	–	–	115,031	334,845	175,325	2,071	1,343,974	1,971,246
Additions	–	–	22,394	190,961	595	–	784,398	998,348
As at 31 December 2019	–	–	137,425	525,806	175,920	2,071	2,128,372	2,969,594
As at 1 January 2020	–	–	137,425	525,806	175,920	2,071	2,128,372	2,969,594
Acquisition of a subsidiary (note 24.3)	739,542	1,607,099	91,325	–	29,076	28,600	–	2,495,642
Transfers	324,162	758,778	78,545	5,490	–	17,168	(1,184,143)	–
Additions	–	178,821	42,136	160,381	60,362	110,077	309,646	861,423
As at 31 December 2020	1,063,704	2,544,698	349,431	691,677	265,358	157,916	1,253,875	6,326,659
Accumulated depreciation								
As at 1 January 2019	–	–	73,602	146,216	133,825	587	–	354,230
Charge for the year	–	–	16,991	82,058	16,172	1,249		116,470
As at 31 December 2019	–	–	90,593	228,274	149,997	1,836	–	470,700
As at 1 January 2020	–	–	90,593	228,274	149,997	1,836	–	470,700
Charge for the year	19,365	186,266	38,316	119,878	32,410	28,514	–	424,749
As at 31 December 2020	19,365	186,266	128,909	348,152	182,407	30,350	–	895,449
Carrying amount								
As at 31 December 2020	**1,044,339**	**2,358,432**	**220,522**	**343,525**	**82,951**	**127,566**	**1,253,875**	**5,431,210**
As at 31 December 2019	**–**	**–**	**46,832**	**297,532**	**25,923**	**235**	**2,128,372**	**2,498,894**

Notes to the Consolidated and Separate Financial Statements
Continued

27. 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 2019	115,031	321,061	175,326	2,071	613,489
Additions	22,394	190,961	594	–	213,949
As at 31 December 2019	137,425	512,022	175,920	2,071	827,438
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
Accumulated depreciation					
As at 1 January 2019	79,298	130,972	128,682	1,587	340,539
Charge for the year	11,295	83,518	21,315	249	116,377
As at 31 December 2019	90,593	214,490	149,997	1,836	456,916
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
Carrying amount					
As at 31 December 2020	**110,656**	**306,315**	**57,581**	**701**	**475,253**
As at 31 December 2019	**46,832**	**297,532**	**25,923**	**235**	**370,522**

* There are no capitalized borrowing cost.

* There were no impairment during the year.

28 Intangible assets

	Group Software 31 December 2020 ₦'000	Authority Software 31 December 2020 ₦'000
Cost		
Balance at 1 January 2020	126,536	126,374
Acquisition of a subsidiary (note 24.3)	**114,721**	–
Additions	59,591	50,499
Balance at 31 December 2020	300,848	176,873
Accumulated amortization		
Balance at 1 January 2020	26,301	26,139
Charge for the year	61,003	29,450
Balance at 31 December 2020	87,304	55,589
Carrying amount		
Balance at 31 December 2020	**213,544**	**121,284**

Notes to the Consolidated and Separate Financial Statements
Continued

	Group Software 31 December 2019 ₦'000	Authority Software 31 December 2019 ₦'000
Cost		
Balance at 1 January 2019	37,558	37,396
Additions	88,978	88,978
Balance at 31 December 2019	126,536	126,374
Accumulated amortization		
Balance at 1 January 2019	24,665	24,503
Charge for the year	1,636	1,636
Balance at 31 December 2019	26,301	26,139
Carrying amount		
Balance at 31 December 2019	100,235	100,235

There were no impairment losses during the year (2019: nil).

29 Other liabilities

	Group 31 December 2020 ₦'000	Group 31 December 2019 ₦'000	Authority 31 December 2020 ₦'000	Authority 31 December 2019 ₦'000
Financial liability:				
Trade payables	1,300,561	2,377,517	1,210,822	1,721,250
Intercompany payables	–	–	16,621,418	8,968,987
Other payables (29.1)	138,293,189	19,076,465	137,577,722	15,528,802
Payables to the Federal Government of Nigeria in respect of the Second Niger Bridge (29.2)	18,442,124	18,453,250	–	–
Deferred income arising from government grant (29.3)	–	6,366,618	–	–
Lease liability	–	46,502	–	46,502
Accruals	1,436,218	856,888	1,365,946	750,029
Non financial liability:				
Tax liabilities (29.4)	352,231	–	–	–
	159,824,323	**47,177,240**	**156,775,908**	**27,015,570**
Maturity analysis:				
Current	143,582,240	24,650,375	140,154,490	18,000,081
Non-current	16,242,083	22,526,865	16,621,418	9,015,489
	159,824,323	**47,177,240**	**156,775,908**	**27,015,570**

Notes to the Consolidated and Separate Financial Statements
Continued

29 Other liabilities *continued*

29.1 Other payables

	Group 31 December 2020 ₦'000	Group 31 December 2019 ₦'000	Authority 31 December 2020 ₦'000	Authority 31 December 2019 ₦'000
Statutory obligations (29.1.1)	662,577	1,099,475	215,007	1,162,145
Payable to Associates	1,490	1,490	1,490	1,490
Payable to Presidential Infrastructure Development fund (PIDF) (36d)	6,106,343	6,145,519	6,106,342	6,145,519
Payable to Federal Government Stabilisation Fund (36c)	12,880,531	4,004,724	12,880,531	3,919,379
Payable to contractors	892,248	2,980,257	624,352	1,050,269
Payable to CBN	117,750,000	4,845,000	117,750,000	3,250,000
	138,293,189	**19,076,465**	**137,577,722**	**15,528,802**

29.1.1 Statutory obligations consist of payments for withholding tax liability, pension payable and other obligations that are required by the law.

29.2 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 22.

29.3 Deferred income on Real Sector Support Facility (RSSF) borrowing relates to the deferred income on the below the market rate loan obtained from Union Bank of Nigeria Plc and United Bank for Africa Plc. The loans were secured for the Federal Government of Nigeria's Presidential Fertilizer Initiative scheme under the Central Bank of Nigeria's Real Sector Support Facility (RSSF) scheme. The fair value of the grant was recognized initially on the grant date and subsequently amortized on a straight line basis over the tenor of the loan. There were no unfulfilled conditions relating to the grant as at the reporting date. The total grant to date is ₦35 billion. An interest expense of ₦3.078 billion (2019: ₦4.539 billion) relating to this facility has been disclosed in the statement of comprehensive income for the year 2020. See note 30.1 for additional details.

29.4 Income tax payable

	Group 31 December 2020 ₦'000	Group 31 December 2019 ₦'000	Authority 31 December 2020 ₦'000	Authority 31 December 2019 ₦'000
Opening balance	–	237,608	–	–
Tax expense during the period	12,417	202,364	–	–
Paid during the year	(12,417)	(439,972)	–	–
	–	–	–	–

30 Borrowings

	Group 31 December 2020 ₦'000	Group 31 December 2019 ₦'000	Authority 31 December 2020 ₦'000	Authority 31 December 2019 ₦'000
Financial liabilities at amortized cost				
Real Sector Support Facility (RSSF) (30.1)	–	23,133,382	–	–
	–	**23,133,382**	–	–

Notes to the Consolidated and Separate Financial Statements
Continued

30.1 Movement in borrowings

	31 December 2020 ₦'000	31 December 2019 ₦'000	31 December 2020 ₦'000	31 December 2019 ₦'000
Opening balance	23,133,382	28,637,220	–	–
Interest accrued	3,379,699	3,769,030	–	–
Repayment of interest during the year	(731,898)	(3,769,030)	–	–
Repayment of capital during the year	(5,750,000)	(5,503,838)	–	–
Reclassified to disposal group held for sale	(20,031,183)	–	–	–
Closing balance	–	**23,133,382**	–	–

30.2 The amount borrowed was provided by the Central Bank of Nigeria to NAIC-NPK (a subsidiary of the Group) to finance the Presidential Fertilizer Initiative for which the Authority initially provided stop-gap financing. A total amount of ₦40 billion was approved by the Central Bank of Nigeria, however, the company has drawn down ₦35 billion at the end of the reporting period. The tenor of the loan is 6 years and interest rate is at a below market rate of 5%. This borrowing will be repaid from the proceeds of fertilizer sale. The deferred income element of ₦4.214 billion (2019: ₦6.37 billion) is shown in Note 29. The income recognized during the year was ₦2.654 billion (2019: ₦2.584 billion), this is shown is Note 17.

	Group 31 December 2020 ₦'000	Group 31 December 2019 ₦'000	Authority 31 December 2020 ₦'000	Authority 31 December 2019 ₦'000
Maturity analysis:				
Current	–	3,219,661	–	–
Non-current	–	19,913,721	–	–
	–	**23,133,382**	–	–

31 Equity and reserves

	Group 31 December 2020 ₦'000	Group 31 December 2019 ₦'000	Authority 31 December 2020 ₦'000	Authority 31 December 2019 ₦'000
Contribution by Government	347,375,000	280,662,500	347,375,000	280,662,500
Retained earnings	414,000,617	291,026,827	413,624,795	287,750,520
Fair value reserve	5,010,841	3,941,139	5,368,333	3,430,497
Foreign currency translation reserve	6,429,941	3,907,858	–	–
Non-controlling interest	(68,885)	(2,898)	–	–
	772,747,514	**579,535,426**	**766,368,128**	**571,843,517**

31.1 Retained earnings

	Group 31 December 2020 ₦'000	Group 31 December 2019 ₦'000	Authority 31 December 2020 ₦'000	Authority 31 December 2019 ₦'000
Opening balance	291,026,827	256,550,342	287,750,520	253,690,496
Exchange differences on translating return of capital	(33,562,500)	–	(33,562,500)	–
Profit for the year	156,536,290	34,476,485	159,436,775	34,060,024
	414,000,617	**291,026,827**	**413,624,795**	**287,750,520**

During the year, the Authority returned $150 million from its Stabilisation fund at the request of the Minister of Finance in compliance with its enabling Act. The total amount was recognised as a deduction from the contribution from Government while the amount of ₦33 billion exchange loss arising from the return of capital has been transferred to retained earings in the Statement of Changes in Equity.

Notes to the Consolidated and Separate Financial Statements
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31 Equity and reserves *continued*

31.2 Fair value reserve
The fair value reserve includes the net cumulative change in the fair value of equity instruments. The amounts are never transferred to profit or loss under IFRS 9 even when the investments are derecognized.

	Group 31 December 2020 ₦'000	Group 31 December 2019 ₦'000	Authority 31 December 2020 ₦'000	Authority 31 December 2019 ₦'000
Opening balance	3,941,139	1,786,620	3,430,497	2,245,070
Change in value of financial assets measured at FVOCI	922,116	1,939,427	1,937,836	1,185,427
Share of change in value of financial assets measured at FVOCI – (Associates)	147,586	215,092	–	–
	5,010,841	**3,941,139**	**5,368,333**	**3,430,497**

31.3 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.

	Authority 31 December 2020 ₦'000	Authority 31 December 2019 ₦'000
Opening balance	3,907,858	4,382,101
Exchange differences arising during the year	2,522,083	(474,243)
	6,429,941	**3,907,858**

31.4 Non-controlling interest (NCI)

	Authority 31 December 2020 ₦'000	Authority 31 December 2019 ₦'000
Opening balance	(2,898)	5,823
(Loss)/profit attributable to NCI	(65,987)	(8,721)
Fair value changes	–	–
Currency translation differences	–	–
	(68,885)	**(2,898)**

32 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 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 2020 was as follows:

	Group 31 December 2020 ₦'000	Group 31 December 2019 ₦'000	Authority 31 December 2020 ₦'000	Authority 31 December 2019 ₦'000
Cash and cash equivalents	145,257,520	216,047,631	144,447,965	185,736,007
Less: Total liabilities	(209,033,510)	(70,310,622)	(156,775,908)	(27,015,570)
Net surplus	(63,775,990)	145,737,009	(12,327,943)	158,720,437
Total equity	772,747,514	579,535,426	766,368,128	571,843,517
Adjusted equity	772,747,514	579,535,426	766,368,128	571,843,517
Net surplus to adjusted equity ratio	**-8%**	**25%**	**-2%**	**28%**

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33 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 Management Company (Mauritius) Limited, UFF-NAIC Agriculture Investment Company (Mauritius) Limited, Panda Agricultural Properties Management Ltd, Panda Agricultural Properties Management (Mauritius) Limited 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 2020 ₦'000	Group 31 December 2019 ₦'000
Payables to the Federal Government of Nigeria in respect of the Second Niger Bridge	18,442,124	18,453,250
Cost incurred on behalf of the Federal Government of Nigeria in respect of Second Niger Bridge.	16,113,745	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 definition of key management includes 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:

Directors' remuneration and expenses:	Group 31 December 2020 ₦'000	Group 31 December 2019 ₦'000
Executive compensation	989,971	1,024,880
Non-executive directors fees and other benefits	100,000	101,600
Defined contribution plan	47,901	47,300
	1,137,872	**1,173,780**

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 2020 ₦'000	31 December 2019 ₦'000
NSIA Motorways Investments Company	Subsidiary	611,474	604,224
NSIA Property Investment Co. Limited	Subsidiary	2,112,135	1,743,385
NSIA Power Investment Co. Limited	Subsidiary	3,850	800
NSIA Healthcare Development and Investment Co. Limited	Subsidiary	83,009	871,978
FGF Private Equity Co. Limited	Subsidiary	18,593,853	16,338,280
FGF P. E. Beta Limited	Subsidiary	8,300	1,700
FGF Investment Limited	Subsidiary	5,250	1,600
NSIA Agriculture Investment Company	Subsidiary	5,791,584	3,983,208
FMCU Advanced Medical Diagnostics Limited	Sub-subsidiary	1,542,206	943,933
AKTH Advanced Medical Diagnostics Limited	Sub-subsidiary	1,816,932	738,460
NAIC-NPK Limited	Sub-subsidiary	45,281,519	24,289,986
Presidential Infrastructure Development Fund	Trustee	2,985,091	8,679,311
Federal Government of Nigeria		16,113,745	–
		94,948,948	**58,196,865**

Notes to the Consolidated and Separate Financial Statements
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33 Related parties *continued*

The Authority has the following payables to the underlisted subsidiaries/other related entities as at the reporting date:

	Type of interests	31 December 2020 ₦'000	31 December 2019 ₦'000
NSIA Motorways Investments Company	Subsidiary	39,013	33,597
NSIA Property Investment Co. Limited Subsidiary	Subsidiary	1,000	1,000
NSIA Healthcare Development and Investment Co. Limited	Subsidiary	1,000	1,000
FGF Private Equity Co. Limited	Subsidiary	1,000	1,000
FGF P. E. Beta Limited	Subsidiary	1,000	1,000
NAIC-NPK Limited	Sub-subsidiary	16,427,022	8,884,590
FGF Investment Limited	Subsidiary	1,000	1,000
NSIA Agriculture Investment Company	Subsidiary	116,001	19,200
NSIA Power Investment Co. Limited	Subsidiary	1,000	1,000
AKTH Limited	Subsidiary	3,528	
LUTH Advanced Medical Services Limited	Subsidiary	1,178,769	3,409,780
		17,770,333	**12,353,167**

Related party transactions	Nature of relationship	Nature of transaction	31 December 2020 Amount (₦)	31 December 2019 Amount (₦)
NAIC-NPK	Subsidiary	Audit fees	25,000,000	19,500,000
NMIC	Subsidiary	Audit fees	1,000,000	1,000,000
KG Brussels L.P.	Subsidiary	Audit fees	500,000	500,000
FGF Investments Ltd	Subsidiary	Audit fees	1,450,000	1,250,000
FGF Private Equity Co. Ltd	Subsidiary	Audit fees	2,300,000	2,000,000
FGF Beta	Subsidiary	Audit fees	2,300,000	2,000,000
NSIA Healthcare Dev. & Invest Co.	Subsidiary	Audit fees	1,725,000	1,500,000
NSIA Property Inv.	Subsidiary	Audit fees	1,625,000	1,300,000
NSIA Power Inv.	Subsidiary	Audit fees	1,250,000	1,250,000
NSIA Agric Inv. Co	Subsidiary	Audit fees	1,750,000	1,400,000
FMCU Advanced Med.	Sub-subsidiary	Audit fees	–	1,400,000
AKTH Advanced Med.	Sub-subsidiary	Audit fees	–	1,400,000
Panda Agricultural Properties Mgt Ltd***	Associate	Audit fees	–	5,000,000
Pandagric Novum Limited***	Associate	Audit fees	–	10,000,000

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 transaction relating to the following:
- Provisions for doubtful debts related to the amount of outstanding balances
- Expense recognized during the year in respect of bad or doubtful debts due from related parties.

34 Other contracts
The investment activities of the three separate funds established by the Authority were managed by various investment managers engaged during the year.

34.1 Stabilization fund
The Authority engaged the following investment manager through its global custodian JP Morgan for the management of the Stabilization Fund. The details of the investment manager as of year end are:

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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, securitized, government, and municipal sectors.

34.2 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. JHL Capital Group LLP
2. Blue Mountain Capital Management
3. Arbiter Offshore Ltd
4. AQR Capital Management
5. The Canyon Value Realization Fund (Cayman) Ltd, CNPG
6. Palestra Capital
7. Brasidas Asia
8. Alpstone Global Macro Fund
9. Holocene Advisors Offshore Fund Ltd
10. Sachem Head Capital Fund
11. Morgan Stanley Fund of Funds
12. John Street Systemeatic Fund

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 UK LLP
2. Edgbaston
3. Somerset Small and Mid Capital Equity
4. Marathon Asset Management LLP
5. Goldman Sachs EM Core Fund
6. Prince Street Digital Decolonization Fund
7. Prince Street Opportunities Limited
8. RWC Emerging Markets Equity Fund
9. Artisan Growth Opportunities Fund
10. Fundsmith Equity Fund

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 Private Equity Fund II
2. Healthcare Royalty Partners Fund III
3. Xenon Private Equity XI
4. Helios Investment Partners III
5. Capital Alliance Private Equity IV
6. Actis Real Estate Fund III
7. TPG Growth Markets Health Fund L.P.
8. Unigestion Euro Choice II
9. Reverence Capital Fund II
10. Greenspring Secondaries Fund IV (Cayman) L.P.
11. Z Capital Private Equity Fund III
12. Xenon PE VII
13. G Squared IV SCSp
14. Petershill Private Equity Seeding Offshore SCsp
15. Alitheia IDF Fund LP
16. Greenspring Opportunities Fund VI
17. Helios Investors IV
18. Lombard Odier Secondaries III
19. Lombard Odier European VC III
20. LifeSci Venture Partners II
21. Verod Capital Growth Fund II
22. Verod Capital Growth Fund III
23. Synergy Private Equity Fund
24. Synergy Private Equity Fund II
25. Ingressive Capital Fund
26. Healthcare Royalty Partnership III
27. Healthcare Royalty Partnership IV
28. Whitehorse Liquidity Partners II

34.3 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

34.4 Custodians
Engagement and Service
The Authority engaged JP Morgan Chase & Co (global custodian) and Stanbic IBTC Bank 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.

Notes to the Consolidated and Separate Financial Statements
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35 Commitments

(a) Capital commitments

The Authority's unfunded commitments with private equity fund managers are as follows:

Capital commitments – US$:

	Authority 31 December 2020 $'000	Authority 31 December 2019 $'000	Naira equivalent Authority 31 December 2020 ₦'000	Naira equivalent Authority 31 December 2019 ₦'000
Abraaj Growth Markets Health Fund L.P	2,197	3,926	832,663	8,089,250
Actis Africa Real Estate	3,333	5,074	1,263,207	3,345,550
Capital Alliance Private Equity Fund "CAPE IV"	4,062	4,787	1,539,498	1,555,775
Evercare Health Fund Feeder	2,325	–	881,175	1,462,955
Fund for Agricultural Finance in Nigeria (FAFIN)	4,501	4,501	1,705,879	157,625
Greenspring Opportunities Fund	1,976	–	748,904	–
HealthCare Royalty Partners (HCRP)	23,727	24,890	8,992,533	1,276,009
Helios Investors	7,470	485	2,831,130	1,649,173
Z Capital Partners	3,320	10,294	1,258,280	
Total	**52,911**	**53,957**	**20,053,269**	**17,536,337**

Capital commitments – Euro:

	Authority 31 December 2020 $'000	Authority 31 December 2019 $'000	Naira equivalent Authority 31 December 2020 ₦'000	Naira equivalent Authority 31 December 2019 ₦'000
Xenon Private Equity	3,724	2,834	1,726,697	1,053,426
Total	**3,724**	**2,834**	**1,726,697**	**1,053,426**
Total Authority's capital commitments			**21,779,966**	**18,589,763**

Other Group members unfunded commitments with private equity fund managers are as follows:

	31 December 2020 $'000	31 December 2019 $'000	31 December 2020 ₦'000	31 December 2019 ₦'000
RMB WestPort Real Estate Development Fund II LP	–	285	–	92,625
Synergy Private Equity Fund LP	5,453	5,770	2,066,687	1,875,250
Verod Capital	4,845	894	1,836,255	290,550
Falko Regional Aircraft Opportunities Fund	9,083	11,878	3,442,457	3,860,350
Reverence Capital Partners Opportunities Fund II, L.P	9,223	13,787	3,495,517	4,480,775
Fortress Investment Fund IV, L.P.	133	133	50,407	43,225
Fortress Investment Fund V, L.P.	38	38	14,402	12,350
Fortress Investment Fund V Co-investment, L.P.	46	945	17,434	307,125
Ingressive Capital L.P	175	–	66,325	–
LO Secondary III	7,282	–	2,759,878	–
Petershill Private Equity Seeding Offshore Advisor	878	–	332,762	–
Alithea IDF Fund LP	4,702	–	1,782,058	–
Whitehorse liquidity fund II	3,495	5,281	1,324,605	1,716,325
H.I.G. Bayside Opportunity Fund, L.P.	163	163	61,777	52,975
Marlin Equity, L.P.	281	281	106,499	91,325
Marlin Equity II, L.P.	600	600	227,400	195,000
OCM Opportunities Fund VIIb, L.P.	313	625	118,627	203,125
G Squared IV, SCSp	1,000	3,000	379,000	975,000
CardinalStone Capital Advisers Legacy Fund L.P	1,500	1,500	568,500	487,500
CardinalStone Capital Advisers Growth Fund L.P	4,916	4,916	1,863,164	1,597,700
Cerberus Institutional Partners, L.P. Series Four	–	1,148	–	373,100
Total	**54,126**	**51,244**	**20,513,754**	**16,654,300**

Notes to the Consolidated and Separate Financial Statements
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Euro:

			Naira equivalent	
	Group 31 December 2020 Euro'000	Group 31 December 2019 Euro'000	Group 31 December 2020 ₦'000	Group 31 December 2019 ₦'000
Euro Choice Secondary II, L.P.	7,496	11,800	3,476,002	4,386,178
LO European	2,106	–	976,800	–
Total	**9,602**	**11,800**	**4,452,802**	**4,386,178**
Total unfunded commitment to private equity fund			**46,746,522**	**39,630,241**

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$105.2 million/₦32.4 billion and Euro 14.6 million/₦1.05 billion (2019: US$105.2 million/₦32.4 billion and Euro 14.6 million/₦1.05 billion). 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.

36 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 organizational 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 (2019: 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 recognized under other income in profit or loss as the related services being provided are performed.

   The fair value of the Managed Funds as at 31 December 2020 stood at USD143.54 million for DMO (2019: $124.03 million for DMO) while nil income has been accrued by the Authority from the fiduciary agreement activities as of 31 December 2020.

c) A total sum of ₦36.38 billion have been received from the Federal Government Stabilization Account via the Office of the Accountant General of the Federation ("OAGF"). 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 Stabilization Fund of the Authority. The fair value of the Fund as at 31 December 2020 was ₦43.783 billion (2019: ₦33.365 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) authorized 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 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 2nd 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 year is ₦782 million (2019: ₦858 million).

Notes to the Consolidated and Separate Financial Statements
Continued

36 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 meets 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 2020.

37 Events after the reporting period

i. On 9 March 2021, the Government of the United Kingdom and the Nigerian Federal Ministry of Justice signed an agreement announcing the planned return of the sum of £4.2 million to Nigeria which was recovered from the family and friends of a former Governor of Delta State, Mr. James Ibori, who was convicted of corruption charges in the U.K. in 2012.

The Federal Executive Council directed that the repatriated funds be deployed towards the completion of the Second Niger Bridge (2NB), Abuja-Kano Expressway (AKK), and the Lagos-Ibadan Expressway (LIE) under the coordination of the Nigeria Sovereign Investment Authority (NSIA). In line with the agreement signed, the funds will be managed under the investment management agreement for the Presidential Infrastructure Development Fund (PIDF) once the transfers are effected.

ii. The dissolution of UFF-NAIC Agricultural Management Company

NSIA set up an Agriculture Fund in partnership with UFF Africa Agri Investment, an Old Mutual Company, to bolster investment in the domestic agriculture space. The co-investment fund with a target fund size of US$200 million was created in 2016.

UFF-NAIC Agriculture Management Company (ManCo) was set up within the partnership structure along with other SPVs. In 2020, the overall business structure was reviewed, and it was decided that the ManCo was no longer required. Thereafter the entity was liquidated following the requisite legal process, however this has not impacted delivery of the fund's objectives.

iii. The divestment of NAIC-NPK

As part of the ongoing restructuring of the Presidential Fertiliser Initiative, the NSIA board approved the Authority's full divestment of its holding in the subsidiary, NAIC-NPK Ltd, to the Ministry of Finance Incorporated (MOFI). Under the arrangement, all the assets and liabilities of NAIC-NPK will be transferred to MOFI but NSIA remains the manager of the entity's business operations while ownership and governance will be assumed by MOFI.

From 2021 onwards, the Authority will no longer consolidate the financials of the subsidiary in the Group accounts for the NSIA as it ceases to exist as a wholly owned subsidiary. Notably, the necessary approval from the Presidency, the NSIA's Board of Directors and the MOFI have been duly secured for the restructuring and change in ownership.

Notes to the Consolidated and Separate Financial Statements
Continued

iv. Establishment of Infrastructure Company by the Federal Government

In February 2021, the Presidency cleared the way for the launch of an infrastructure company with initial seed capital of a trillion naira (U$2.4 billion). The company, named InfraCo, which is being set up in partnership with the private sector, is expected to grow its capital and assets to 15 trillion naira over time to fund public projects like roads, rails and power.

The start-up funding will come from the Central Bank of Nigeria, the Nigeria Sovereign Investment Authority, and the Africa Finance Corporation. The Vice President of Nigeria, Prof. Yemi Osinbajo will head a committee charged with getting the company started, while the Central Bank Governor, Godwin Emefiele, will Chair the Company. The Managing Director of the NSIA, the President of the AFC, representatives of the Nigerian Governors Forum, and the Federal Ministry of Finance, Budget and National Planning will constitute the board, along with three independent directors from the private sector.

Other Disclosures

Government withdrew US$150 million from the Stabilisation Fund to contain emerging fiscal risks.

Government withdrew the sum of US$150 million from the Stabilisation Fund to assist in addressing the emerging fiscal risks due to the coronavirus pandemic and the impact on government revenue.

Value Added Statement

	Group 31 December 2020 ₦'000	%	Group 31 December 2019 ₦'000	%	Authority 31 December 2020 ₦'000	%	Authority 31 December 2019 ₦'000	%
Revenue	161,545,929		70,875,962		164,606,908		38,797,715	
Administrative expenses (Local and foreign)	(8,946,919)		(44,896,048)		(6,799,994)		(5,684,291)	
Other non-operating income (Local and foreign)	3,871,293		8,487,850		1,629,861		946,600	
Value added	156,470,303	100	34,467,764	100	159,436,775	100	34,060,024	100
Applied as follows:								
To pay employees								
Salaries and other personnel cost	2,439,334	4	1,869,840	5	2,137,229	5	1,816,928	5
Maintenance of assets								
Depreciation and ammortization	568,926	0	172,541	1	244,289	0	161,501	1
To pay government								
Taxation	12,417	1	202,364	1	–	0	–	0
Retained for growth and expansion								
Profit for the year	153,449,626	95	32,223,019	93	157,055,257	95	32,081,595	94
	156,470,303	100	34,467,764	100	159,436,775	100	34,060,024	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

Statement of financial position	Authority 31 December 2020 ₦'000	Authority 31 December 2019 ₦'000	Authority 31 December 2018 ₦'000	Authority 31 December 2017 ₦'000	Authority 31 December 2016 ₦'000
Asset					
Cash and cash equivalents	145,257,520	185,736,007	61,777,335	8,545,297	141,076,852
Investment securities	570,817,236	324,361,629	441,635,909	404,313,672	234,132,773
Restricted balances and other assets	162,270,572	75,878,818	36,082,678	72,310,092	7,355,693
Investment in subsidiary	152,549	1,753,398	5,116,826	16,085,655	7,096,155
Investment in associate and joint ventures	19,371,487	10,614,990	10,614,990	1,600,490	1,600,000
Right of use asset	202,222	43,488	–	–	–
Property and equipment	5,431,210	370,522	272,950	48,503	66,304
Intangible assets	213,544	100,235	12,893	63	621
Total assets	**903,716,340**	**598,859,087**	**555,513,581**	**502,903,772**	**391,328,398**
Liabilities					
Other liabilities	159,824,323	27,015,570	18,915,515	7,884,464	3,718,488
Total liabilities	**209,033,510**	**27,015,570**	**18,915,515**	**7,884,464**	**3,718,488**
Equity and reserves					
Contribution by Government	347,375,000	280,662,500	280,662,500	280,662,500	204,375,000
Retained earning	414,000,617	287,750,520	253,690,496	170,859,498	147,172,616
Fair value reserves	5,010,841	3,430,497	2,245,070	43,497,310	36,062,294
Total equity and amount attributable to equity contributors (Government)	**766,386,458**	**571,843,517**	**536,598,066**	**495,019,308**	**387,609,910**
Total equity	**766,386,458**	**571,843,517**	**536,598,066**	**495,019,308**	**387,609,910**
Total equity and liabilities	**975,419,968**	**598,859,087**	**555,513,581**	**502,903,772**	**391,328,398**

Five Year Financial Summary

Statement of comprehensive income	Authority 31 December 2020 ₦'000	Authority 31 December 2019 ₦'000	Authority 31 December 2018 ₦'000	Authority 31 December 2017 ₦'000	Authority 31 December 2016 ₦'000
Investment and Interest income	10,719,006	7,567,781	24,899,792	21,701,131	11,151,243
Interest income on instrument measured at FVTPL	42,757,522	26,345,056	796,525	–	–
Net gain on financial assets	60,358,759	3,595,984	884,039	4,153,564	27,747,126
Net foreign exchange gains	50,771,621	1,288,894	18,901,727	1,703,128	92,796,051
Total operating income	**164,606,908**	**38,797,715**	**45,482,083**	**27,557,823**	**131,694,420**
Investment management fees	(927,775)	(745,501)	(731,478)	(654,562)	(564,855)
Local custodian fees	10,732	(19,181)	(45,613)	(6,494)	(20,535)
Foreign custodian fees	(126,534)	(177,611)	(89,629)	(47,755)	(96,811)
Total investment management and custodian fees	**(1,043,577)**	**(942,293)**	**(866,720)**	**(708,811)**	**(682,201)**
Impairment charges on financial assets	(1,106,280)	(965,076)	(321,761)	–	–
Total operating profit	**162,457,051**	**36,890,346**	**44,293,602**	**26,849,012**	**131,012,219**
Other income	1,629,861	946,600	1,025,390	7,960	663,877
Total other income	**1,629,861**	**946,600**	**1,025,390**	**7,960**	**663,877**
Operating and administrative expenses	(4,647,646)	(3,769,396)	(3,282,523)	(3,170,090)	(2,241,905)
Total operating and administrative expenses	**(4,647,646)**	**(3,769,396)**	**(3,282,523)**	**(3,170,090)**	**(2,241,905)**
Interest expense	(2,491)	(7,526)	–	–	–
Profit before tax	**159,436,775**	**34,060,024**	**42,036,469**	**23,686,882**	**129,434,191**
Profit for the year	**159,436,775**	**34,060,024**	**42,036,469**	**23,686,882**	**129,434,191**

Statement of comprehensive income	Authority 31 December 2020 ₦'000	Authority 31 December 2019 ₦'000	Authority 31 December 2018 ₦'000	Authority 31 December 2017 ₦'000	Authority 31 December 2016 ₦'000
Other comprehensive income:					
Items that may be subsequently reclassified to profit and loss					
Movement in fair value reserves					
Net change in fair value	–	–	(208,616)	7,435,016	**25,825,522**
Net amount transferred to profit or loss/retained earnings	–	–	–	–	**(12,359,477)**
Other comprehensive income for the year	**159,436,775**	**34,060,024**	**(208,616)**	**7,435,016**	**13,466,045**
Total comprehensive income for the year	**161,374,611**	**35,245,451**	**41,827,853**	**31,121,898**	**142,900,236**

Five Year Financial Summary

Statement of financial position	Group 31 December 2020 ₦'000	Group 31 December 2019 ₦'000	Group 31 December 2018 ₦'000	Group 31 December 2017 ₦'000	Group 31 December 2016 ₦'000
Asset					
Cash and cash equivalents	145,257,520	216,047,631	73,844,290	22,336,959	148,267,906
Investment securities	570,817,236	360,087,275	461,391,586	429,852,525	249,822,688
Restricted balances and other assets	162,270,572	51,019,551	46,499,369	49,134,358	4,698,044
Inventories	152,549	4,615,646	20,685,075	13,797,596	–
Investment in associate and joint ventures	19,371,487	15,226,911	13,647,879	2,453,380	1,957,853
Right of use asset	202,222	249,905	–	–	–
Property and equipment	5,431,210	2,498,894	1,617,016	16,306,560	16,187,064
Intangible assets	213,544	100,235	12,893	1,201	621
	903,716,340	**649,846,048**	**617,698,108**	**533,882,579**	**420,934,176**
Assets classified as held for sale	78,064,684	–	–	–	–
Total assets	**981,781,024**	**649,846,048**	**617,698,108**	**533,882,579**	**420,934,176**
Liabilities					
Other liabilities	159,824,323	47,177,240	48,258,049	29,285,925	24,089,561
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	**209,033,510**	**70,310,622**	**156,775,908**	**27,015,570**	**24,089,561**
Equity and reserves					
Contribution by Government	347,375,000	280,662,500	280,662,500	280,662,500	204,375,000
Retained earning	414,000,617	291,026,827	256,550,342	170,402,086	147,845,348
Fair value reserves	5,010,841	3,941,139	1,786,620	43,190,981	36,661,142
Currency translation reserves	6,429,941	3,907,858	4,382,101	6,801,726	7,958,502
Total equity and amount attributable to equity contributors (Government)	**772,816,399**	**579,538,324**	**543,381,563**	**501,057,293**	**396,839,992**
Non-controlling interests	(68,885)	(2,898)	5,823	4,730	4,623
Total equity	**772,747,514**	**579,535,426**	**543,387,386**	**501,062,023**	**396,844,615**
Total equity and liabilities	**981,781,024**	**649,846,048**	**617,698,108**	**533,882,579**	**420,934,176**

Five Year Financial Summary

Statement of comprehensive income	Group 31 December 2020 ₦'000	Group 31 December 2019 ₦'000	Group 31 December 2018 ₦'000	Group 31 December 2017 ₦'000	Group 31 December 2016 ₦'000
Investment and Interest income	8,720,542	8,443,836	27,026,428	24,370,719	11,895,128
Interest income on instrument measured at FVPL	42,757,522	26,345,056	796,525	–	–
Net gain on financial assets	58,094,087	2,831,932	245,960	4,153,564	27,747,126
Net foreign exchange gains	51,214,487	1,289,159	18,052,191	1,652,172	92,796,051
Total operating income	**160,786,638**	**38,909,983**	**46,121,104**	**30,176,455**	**132,438,305**
Investment management fees	(1,077,746)	(1,228,662)	(887,151)	(654,562)	(564,855)
Local custodian fees	10,732	(19,711)	(45,613)	(6,765)	(20,535)
Foreign custodian fees	(128,889)	(181,155)	(89,629)	(47,755)	(96,811)
Total investment management and custodian fees	**(1,195,903)**	**(1,429,528)**	**(1,022,393)**	**(709,082)**	**(682,201)**
Impairment charges on financial assets	(744,867)	1,208,237	(943,923)	–	
Total operating profit	**158,845,868**	**38,688,692**	**44,154,788**	**29,467,373**	**131,756,104**
Revenue from infrastructure subsidiaries investments	759,291	31,965,979	27,403,230	31,367,992	–
Expense from infrastructure subsidiaries investments	(190,130)	(35,662,535)	(30,608,117)	(33,514,157)	–
Loss from infrastructure subsidiaries investments	569,161	(3,696,556)	(3,204,887)	(2,146,165)	–
Other income	1,712,546	7,123,910	11,405,258	7,960	666,107
Total other income	**1,712,546**	**7,123,910**	**11,405,258**	**7,960**	**666,107**
Operating and administrative expenses	(6,801,111)	(4,263,302)	(3,762,225)	(4,719,621)	(2,332,541)
Total operating and administrative expenses	**(6,801,111)**	**(4,263,302)**	**(3,762,225)**	**(4,719,621)**	**(2,332,541)**
Interest expense	(2,491)	(4,546,556)	(2,617,160)	(85,223)	–
Share of profit of investments in associates	2,158,747	1,363,940	209,300	434,988	289,755
Profit before tax	**156,482,720**	**34,670,128**	**46,185,074**	**22,959,312**	**130,379,425**
Taxation	(12,417)	(202,364)	(219,461)	(402,038)	(132)
Profit for the year from continuing operations	**156,470,303**	**34,467,764**	**45,965,613**	**22,557,274**	**130,379,293**
Profit from discontinued operations	–	–	538,816	–	–
Profit for the year	**156,470,303**	**34,467,764**	**46,504,429**	**22,557,274**	**130,379,293**

Statement of comprehensive income	Group 31 December 2020 ₦'000	Group 31 December 2019 ₦'000	Group 31 December 2018 ₦'000	Group 31 December 2017 ₦'000	Group 31 December 2016 ₦'000
Other comprehensive income:					
Items that may be subsequently reclassified to profit and loss					
Movement in fair value reserves					
Net change in fair value	–	–	191,299	6,469,348	25,968,800
Share of other comprehensive income of investments in associate	147,586	215,092	59,960	(1,156,763)	(461,502)
Net amount transferred to profit or loss/retained earnings		–	–	–	(12,359,477)
Currency translation differences	2,522,083	(474,243)	(2,418,579)	60,049	6,306,224
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	922,116	1,939,427	(299,000)	–	–
Other comprehensive income for the year	**3,591,785**	**1,680,276**	**(2,466,320)**	**5,372,634**	**19,454,045**
Total comprehensive income for the year	**160,062,088**	**36,148,040**	**44,337,108**	**27,929,908**	**149,833,338**

List of Abbreviations

AED	United Arab Emirates Dirham
AFC	Africa Finance Corporation
AfDB	African Development Bank
AI	Artificial Intelligence
AKTH	Aminu Kano Teaching Hospital
APP	Agriculture Promotion Policy
ARS	Argentine Peso
ASI	All-Share Index
AUM	Assets Under Management
BIA	Bridge International Academies
BOD	Board of Directors
BPE	Bureau of Public Enterprises
BPS	Basis Points
BREXIT	Britain's Exit from the European Union
BRL	Brazilian Real
CBN	Central Bank of Nigeria
CEO	Chief Executive Officer
CFA	Chartered Financial Analyst
CHF	Swiss Franc
CIBN	Chartered Institute of Bankers of Nigeria
CIO	Chief Investment Officer
CNY	Chinese Yuan
COO	Chief Operating Officer
CPI	Consumer Price Index
DBN	Development Bank of Nigeria
DfID	Department for International Development
DIC	Direct Investment Committee
DKK	Danish Krone
DMO	Debt Management Office
ECB	European Central Bank
ED	Executive Director
EM	Emerging Market
EMI	Externally Managed Investments
EMIC	Externally Managed Investments Committee
ERGP	Economic Recovery and Growth Plan
ERP	Enterprise Resource Planning
EU	European Union
EUR	Euro
EXIMBANK	Export Import Bank
FCT	Federal Capital Territory
FDI	Foreign Direct Investment
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
GSCI	Goldman Sachs Commodity Index
HKD	Hong Kong Dollar
IDB	Islamic Development Bank
IDR	Indonesian Rupiah
IFRS	International Financial Reporting Standard
IFSWF	International Forum of Sovereign Wealth Funds
IMF	International Monetary Fund
INEC	Independent National Electoral Commission
InfraCredit	Infrastructure Credit Guarantee Company Limited
INR	Indian Rupee
IPS	Investment Policy Statement
IT	Information Technology
JCPOA	Joint Comprehensive Plan of Action
JPY	Japanese Yen
KfW	German Development Bank/Kfw Bankengruppe
KPIs	Key Performance Indicators
KRW	South Korean Won
KWD	Kuwaiti Dinar
LUTH	Lagos University Teaching Hospital
MD	Managing Director
MSCI	Morgan Stanley Capital International
MXN	Mexican Peso
MYR	Malaysian Ringgit
NAIC	NAIC Agriculture Investment Company (Mauritius) Limited
NBET	Nigerian Bulk Electricity Trading Plc
NBS	National Bureau of Statistics
NCX	Nigerian Commodities Exchange
NEC	National Economic Council
NED	Non-Executive Director
NFN	NSIA Female Network
NGN	Nigerian Naira
NHDIC	NSIA Healthcare Development and Investment Company
NIF	Nigeria Infrastructure Fund
NKDC	NSIA-Kano Diagnostic Centre
NLNG	Nigeria Liquified Natural Gas Limited
NMRC	Nigeria Mortgage Refinance Company
NNPC	Nigerian National Petroleum Corporation
NSE	Nigeria Stock Exchange
NSIA	Nigeria Sovereign Investment Authority
NUDC	NSIA-Umuahia Diagnostic Centre
OCP	OCP Group of Morocco
OPEC	Organisation of Petroleum Exporting Countries
P/E	Price/Earning
PFI	Presidential Fertiliser Initiative
PHP	Philippine Peso
PIDF	Presidential Infrastructure Development Fund
PIDG	Private Infrastructure Development Group
PPP	Purchasing Power Parity
Q	Quarter
ROA	Return on Asset
ROCE	Return on Capital Employed
ROI	Return on Investment
RUB	Russian Ruble
S&P	Standard & Poor's
SDGs	Sustainable Development Goals
SEK	Swedish Krona
SF	Stabilisation Fund
SGD	Singapore Dollar
SPV	Special Purpose Vehicle
SSA	Sub Saharan Afric a
SWF	Sovereign Wealth Fund

List of Abbreviations

SWFI	Sovereign Wealth Fund Institute
TBD	To Be Determined
T-Bill	Treasury Bill
TG	Trust Group
THB	Thai Baht (Currency of Thailand)
TWD	New Taiwan Dollar
UBS	Union Bank of Switzerland
UFF	UFF Agri Asset Management
UK	United Kingdom
UN	United Nations
UNCTAD	United Nations Conference on Trade and Development
UNEPFI	United Nations Environment Programme Finance Initiative
US	United States of America
USD	United States Dollar
VAIDS	Voluntary Assets and Income Declaration Scheme
VC	Venture Capital
VND	Vietnamese Dong
WB	World Bank
WEF	World Economic Forum
ZAR	South African Rand

Corporate Information

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