

Nigeria Sovereign Investment Authority
Unaudited interim consolidated and separate
financial statements
For the 9 months
period ended 30 September 2018

Nigeria Sovereign Investment Authority
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For the 9 months period ended 30 September 2018
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Nigeria Sovereign Investment Authority
Unaudited interim consolidated and separate financial statements
For the 9 months period ended 30 September 2018
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)** Mr. Hanspeter Ackermann (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 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 (Acting) |
| 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 |

**Tenure as an Executive Director lapsed in August 2018*

***Was announced Executive Director 13 March 2019, effective 21 February 2019*

****Was announced Executive Director 13 March 2019, effective 17 October 2017*

Nigeria Sovereign Investment Authority
Unaudited interim consolidated and separate financial statements
For the 9 months period ended 30 September 2018

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 review report for the period ended 30 September 2018.

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 Groups's business from the prior period.

3 Operating results

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

| | Group 30 September 2018 N'000 | Authority 30 September 2018 N'000 |
|--|--|--|
| Interest and investment income | 28,941,698 | 26,672,191 |
| Interest income on financial assets at FVTPL | 345,106 | 345,106 |
| Net gain on financial assets | 2,760,621 | 2,852,825 |
| Net foreign exchange gain | 2,315,545 | 2,226,275 |
| Investment management and custodian fees | (827,536) | (700,417) |
| Impairment charge on financial assets | (6,867,674) | (363,749) |
| Loss from infrastructure subsidiaries investments | (2,459,550) | - |
| Other income | 8,449,996 | 1,024,130 |
| Operating and administrative expenses | (2,897,889) | (2,389,496) |
| Interest expense | (1,662,638) | - |
| Share of profit of investments accounted for using the equity method | 241,890 | - |
| Profit before taxation | <u>28,339,569</u> | <u>29,666,865</u> |
| Total comprehensive income for the period | <u>25,171,552</u> | <u>30,386,308</u> |

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 36 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

Nigeria Sovereign Investment Authority
Unaudited interim consolidated and separate financial statements
For the 9 months period ended 30 September 2018
Statement of directors' responsibilities

The Nigeria Sovereign Investment Authority Act requires the preparation of quarterly reports of the financial affairs of the Authority and Group at the end of the period and of its profit or loss. The responsibility includes:

- a. ensuring that the Authority and Group keep proper accounting records that disclose, with reasonable accuracy, the financial position of the Authority and 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 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 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.

Signed on behalf of the board of directors by:



Mr. Uche Orji
Director
FRC/2014/IODN/0000007036



Mrs. Stella Djekwe-Onyejeli
Director
FRC/2014/ICAN/00000005766

Nigeria Sovereign Investment Authority
Unaudited interim consolidated and separate financial statements
For the 9 months period ended 30 September 2018



REPORT ON REVIEW OF INTERIM FINANCIAL STATEMENTS TO THE MEMBERS OF THE NIGERIA SOVEREIGN INVESTMENT AUTHORITY

Introduction

We have reviewed the accompanying consolidated and separate interim statement of financial position of Nigeria Sovereign Investment Authority ("the Authority") and its subsidiaries (together "the Group") as at 30 September 2018 and the related consolidated and separate statements of comprehensive income for the three-month and nine-month periods then ended, and statements of changes in equity and cash flows for the nine-month period then ended, and notes, comprising a summary of significant accounting policies and other explanatory notes. The Directors are responsible for the preparation and fair presentation of these consolidated and separate interim financial statements in accordance with the International Accounting Standard 34 "Interim financial reporting". Our responsibility is to express a conclusion on these consolidated and separate interim financial statements based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of interim financial information performed by the independent auditor of the entity." A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated and separate interim financial statements do not give a true and fair view of the financial position of the Group and the Authority as at 30 September 2018, and of its financial performance and its cash flows for the nine-month period then ended in accordance with International Financial Reporting Standard 34 "Interim financial reporting".

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

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



20 September 2019

Nigeria Sovereign Investment Authority
Unaudited interim consolidated and separate financial statements
Statement of comprehensive income
For the 3 and 9 months period ended 30 September 2018

| | Notes | Group | | | |
|--|-------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|
| | | Nine months ended | | Three months ended | |
| | | 30 September 2018 N '000 | 30 September 2017 N '000 | 30 September 2018 N '000 | 30 September 2017 N '000 |
| Interest income | 9 | 25,334,232 | 13,613,896 | 8,520,383 | 9,184,370 |
| Investment income | 10 | 3,607,466 | 3,868,530 | 343,803 | 1,225,675 |
| Interest income on financial assets at FVTPL | 11 | 345,106 | - | 182,041 | - |
| Net gain/(loss) on financial assets | 12 | 2,760,621 | (3,309,772) | 15,294,597 | 492,016 |
| Net foreign exchange gain | 13 | 2,315,545 | 12,426,036 | 665,630 | 2,582,493 |
| Total operating income | | 34,362,970 | 26,598,690 | 25,006,454 | 13,484,554 |
| Investment management fees | | (700,191) | (652,715) | (169,470) | (251,000) |
| Local custodian fees | | (44,938) | (6,494) | (44,938) | (1,561) |
| Global custodian fees | | (82,407) | (26,563) | (31,405) | (13,355) |
| Total investment management and custodian fees | | (827,536) | (685,772) | (245,813) | (265,916) |
| Impairment charge on financial assets | 14 | (6,867,674) | - | (213,847) | - |
| Total operating profit | | 26,667,760 | 25,912,918 | 24,546,794 | 13,218,638 |
| Revenue from infrastructure subsidiaries investments | 15 | 22,743,105 | 29,325,120 | 8,583,720 | 11,332,472 |
| Expense from infrastructure subsidiaries investments | 16 | (25,202,655) | (32,434,471) | (4,483,509) | (11,385,441) |
| Loss from infrastructure subsidiaries investments | | (2,459,550) | (3,109,351) | 4,100,211 | (52,969) |
| Other income | 17 | 8,449,996 | 162,484 | 3,245,191 | 158,956 |
| Operating and administrative expenses | 18 | (2,897,889) | (2,608,921) | (921,348) | (828,863) |
| Interest expense | 19 | (1,662,638) | - | (835,435) | - |
| Share of profit of investments accounted for using the equity method | 25 | 241,890 | 295,563 | 87,118 | 264,480 |
| Profit before taxation | | 28,339,569 | 20,652,693 | 30,222,531 | 12,760,242 |
| Taxation | | (168,208) | - | (55,979) | - |
| Profit for the period | | 28,171,361 | 20,652,693 | 30,166,552 | 12,760,242 |
| Other comprehensive income: | | | | | |
| Items that may be reclassified to profit or loss | | | | | |
| Net change in fair value of available-for-sale financial assets | | - | 4,810,340 | - | 1,169,791 |
| Net change in fair value of financial assets at FVOCI | | 463,016 | - | (95,718) | - |
| Share of other comprehensive (loss)/income of associates and joint venture | | (6,103) | 68,935 | (25,300) | (183,189) |
| Exchange differences on translating foreign operations | | (3,456,722) | (27,371) | (3,357,989) | (59,233) |
| Other comprehensive (loss)/income for the period | | (2,999,809) | 4,851,904 | (3,479,007) | 927,369 |
| Total comprehensive income for the period | | 25,171,552 | 25,504,597 | 26,687,545 | 13,687,611 |
| Profit attributable to: | | | | | |
| Owners of NSIA | | 28,170,473 | 20,652,198 | 30,164,730 | 12,760,210 |
| Non-controlling interest | | 888 | 495 | 1,822 | 32 |
| Total comprehensive income attributable to: | | 28,171,361 | 20,652,693 | 30,166,552 | 12,760,242 |
| Owners of NSIA | | 25,170,474 | 25,504,461 | 26,684,540 | 13,687,518 |
| Non-controlling interest | | 1,078 | 136 | 3,005 | 93 |
| | | 25,171,552 | 25,504,597 | 26,687,545 | 13,687,611 |

The accompanying notes on pages 11 to 103 form an integral part of these consolidated and separate financial statements.

Nigeria Sovereign Investment Authority
Unaudited interim consolidated and separate financial statements
Statement of comprehensive income
For the 3 and 9 months period ended 30 September 2018

| | | Authority | | | |
|--|----|--------------------------|---------------------|---------------------------|---------------------|
| | | Nine months ended | | Three months ended | |
| | | 30 September | 30 September | 30 September | 30 September |
| | | 2018 | 2017 | 2018 | 2017 |
| <i>Notes</i> | | N '000 | N '000 | N '000 | N '000 |
| Interest income | 9 | 25,334,232 | 13,608,035 | 8,520,383 | 9,178,509 |
| Investment income | 10 | 1,337,959 | 2,178,687 | 31,858 | 1,075,104 |
| Interest income on financial assets at FVTPL | 11 | 345,106 | - | 182,041 | - |
| Net gain/(loss) on financial assets | 12 | 2,852,825 | (3,309,772) | 10,288,827 | 492,016 |
| Net foreign exchange gain | 13 | 2,226,275 | 12,426,036 | 576,793 | 2,572,493 |
| Total operating income | | 32,096,397 | 24,902,986 | 19,599,902 | 13,318,122 |
| Investment management fees | | (573,072) | (494,039) | (115,815) | (163,002) |
| Local custodian fees | | (44,938) | (6,494) | (44,938) | (1,561) |
| Global custodian fees | | (82,407) | (26,562) | (31,405) | (13,354) |
| Total investment management and custodian fees | | (700,417) | (527,095) | (192,158) | (177,917) |
| Impairment charge on financial assets | 14 | (363,749) | - | 260,304 | - |
| Total operating profit | | 31,032,231 | 24,375,891 | 19,668,048 | 13,140,205 |
| Other income | 17 | 1,024,130 | 7,355 | 3,743 | 4,027 |
| Operating and administrative expenses | 18 | (2,389,496) | (2,064,834) | (767,849) | (850,683) |
| Profit for the period | | 29,666,865 | 22,318,412 | 18,903,942 | 12,293,549 |
| Other comprehensive income: | | | | | |
| Items that may be reclassified to profit or loss | | | | | |
| Net change in fair value of available-for-sale financial assets | | - | 7,317,371 | - | 3,740,320 |
| Net change in fair value of financial assets at FVOCI | | 719,443 | - | 4,699,228 | - |
| Share of other comprehensive loss/income of associates and joint venture | | - | - | - | - |
| Other comprehensive (loss)/income for the period | | 719,443 | 7,317,371 | 4,699,228 | 3,740,320 |
| Total comprehensive income for the period | | 30,386,308 | 29,635,783 | 23,603,170 | 16,033,869 |

The accompanying notes on pages 11 to 103 form an integral part of these consolidated and separate financial statements.

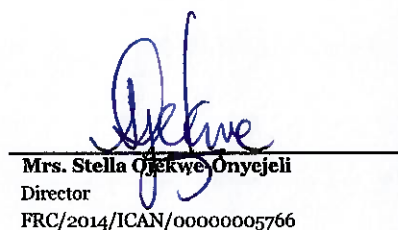
Nigeria Sovereign Investment Authority
Unaudited interim consolidated and separate financial statements
Statement of financial position
As at 30 September 2018

| | | Group 30 September 2018 N '000 | Group 31 December 2017 N '000 | Authority 30 September 2018 N '000 | Authority 31 December 2017 N '000 |
|--|--------------|---|--|---|--|
| | <i>Notes</i> | | | | |
| Assets | | | | | |
| Cash and cash equivalents | 20 | 59,004,149 | 22,336,959 | 37,422,872 | 8,545,297 |
| Investment securities | 21 | 458,729,892 | 429,852,525 | 431,475,740 | 404,313,672 |
| Other assets | 22 | 57,881,230 | 49,134,358 | 58,995,810 | 72,310,092 |
| Inventories | 23 | 19,051,244 | 13,797,596 | - | - |
| Investment in subsidiaries | 24 | - | - | 14,131,326 | 16,085,655 |
| Investments accounted for using the equity method | 25 | 4,599,907 | 2,453,380 | 1,600,490 | 1,600,490 |
| Property and equipment | 26 | 2,594,117 | 16,306,560 | 239,965 | 48,503 |
| Intangible assets | 27 | 2,316 | 1,201 | - | 63 |
| Total assets | | 601,862,855 | 533,882,579 | 543,866,203 | 502,903,772 |
| Liabilities | | | | | |
| Other liabilities | 28 | 53,247,401 | 29,285,925 | 18,709,681 | 7,884,464 |
| Borrowings | 29 | 24,393,624 | 3,534,631 | - | - |
| Total liabilities | | 77,641,025 | 32,820,556 | 18,709,681 | 7,884,464 |
| Equity | | | | | |
| Equity attributable to equity holders of parent | | | | | |
| Contribution by Government | 30.1 | 280,662,500 | 280,662,500 | 280,662,500 | 280,662,500 |
| Retained earnings | 30.2 | 238,217,279 | 170,402,086 | 241,320,892 | 170,859,498 |
| Fair value reserve | 30.3 | 1,992,204 | 43,190,981 | 3,173,130 | 43,497,310 |
| Foreign currency translation reserve | 30.4 | 3,344,039 | 6,801,726 | - | - |
| | | 524,216,022 | 501,057,293 | 525,156,522 | 495,019,308 |
| Non-controlling interest | 30.5 | 5,808 | 4,730 | - | - |
| | | 524,221,830 | 501,062,023 | 525,156,522 | 495,019,308 |
| Total equity and liabilities | | 601,862,855 | 533,882,579 | 543,866,203 | 502,903,772 |

Signed on behalf of the Board of Directors on 16 September 2019 by:

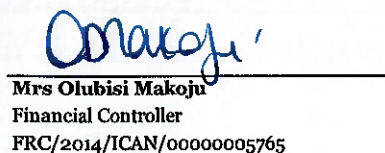


Mr Uche Orji
 Director
 FRC/2014/IODN/00000007036



Mrs. Stella Ojekwe Onyejeli
 Director
 FRC/2014/ICAN/00000005766

Additionally certified by:



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

The accompanying notes on pages 11 to 103 form an integral part of these consolidated and separate financial statements.

Nigeria Sovereign Investment Authority
Unaudited interim consolidated and separate financial statements
For the 9 months period ended 30 September 2018
Statement of changes in equity

| Group 30 September 2017 | Contribution by Government | Foreign currency translation reserve | Fair value reserve | Retained earnings | Non-controlling interest | Total equity |
|--|-----------------------------------|---|---------------------------|--------------------------|---------------------------------|---------------------|
| | N '000 | N '000 | N '000 | N '000 | N '000 | N '000 |
| Group | | | | | | |
| Balance at 1 January 2017 | 204,375,000 | 7,958,502 | 36,661,142 | 147,845,348 | 4,623 | 396,844,615 |
| Profit for the period | - | - | - | 20,652,197 | 495 | 20,652,692 |
| Currency translation differences | - | (27,381) | - | - | 10 | (27,371) |
| Net change in fair value of available for sale financial assets | - | - | 4,810,709 | - | (369) | 4,810,340 |
| Share of other comprehensive income of associates | - | - | 68,935 | - | - | 68,935 |
| Total other comprehensive income/ (loss) for the period | - | (27,381) | 4,879,644 | - | (359) | 4,851,904 |
| Total comprehensive income for the period | - | (27,381) | 4,879,644 | 20,652,197 | 136 | 25,504,596 |
| Contribution by Government | 76,287,500 | - | - | - | - | 76,287,500 |
| Total transactions with owners | 76,287,500 | - | - | - | - | 76,287,500 |
| Balance at 30 September 2017 | 280,662,500 | 7,931,121 | 41,540,786 | 168,497,545 | 4,759 | 498,636,711 |
| Group | | | | | | |
| | Contribution by Government | Foreign currency translation reserve | Fair value reserve | Retained earnings | Non-controlling interest | Total equity |
| | N '000 | N '000 | N '000 | N '000 | N '000 | N '000 |
| Balance at 1 January 2018 | 280,662,500 | 6,801,726 | 43,190,981 | 170,402,086 | 4,730 | 501,062,023 |
| Changes on initial application of IFRS 9 | - | - | - | (2,011,745) | - | (2,011,745) |
| Reclassification from fair value and currency reserves as a result of adoption of IFRS 9 | - | - | (41,656,465) | 41,656,465 | - | - |
| Restated balance as at 1 January 2018 | 280,662,500 | 6,801,726 | 1,534,516 | 210,046,806 | 4,730 | 499,050,278 |
| Profit for the period | - | - | - | 28,170,473 | 888 | 28,171,361 |
| Currency translation differences | - | (3,457,687) | - | - | 965 | (3,456,722) |
| Net change in fair value of financial assets FVTOCI | - | - | 463,791 | - | (775) | 463,016 |
| Share of other comprehensive loss of associates and joint venture | - | - | (6,103) | - | - | (6,103) |
| Total other comprehensive income/(loss) for the period | - | (3,457,687) | 457,688 | - | 190 | (2,999,809) |
| Total comprehensive income/(loss) for the period | - | (3,457,687) | 457,688 | 28,170,473 | 1,078 | 25,171,552 |
| Balance at 30 September 2018 | 280,662,500 | 3,344,039 | 1,992,204 | 238,217,279 | 5,808 | 524,221,830 |

The accompanying notes on pages 11 to 103 form an integral part of these consolidated and separate financial statements.

Nigeria Sovereign Investment Authority

Unaudited interim consolidated and separate financial statements

Statement of changes in equity

For the 9 months period ended 30 September 2018

| Authority 30 September 2017 | Contribution by Government N '000 | Fair value reserve N '000 | Retained earnings N '000 | Total equity N '000 |
|--|--|--|---|------------------------------------|
| Authority | | | | |
| Balance at 1 January 2017 | 204,375,000 | 36,062,294 | 147,172,616 | 387,609,910 |
| Profit for the period | - | - | 22,318,412 | 22,318,412 |
| Net change in fair value of available-for-sale financial assets | - | 5,597,724 | - | 5,597,724 |
| Total other comprehensive income for the period | - | 5,597,724 | - | 5,597,724 |
| Contribution by Government | 76,287,500 | - | - | 76,287,500 |
| Total comprehensive income for the period | 76,287,500 | 5,597,724 | 22,318,412 | 27,916,136 |
| Balance at 30 September 2017 | 280,662,500 | 41,660,018 | 169,491,028 | 491,813,546 |
| Group 30 September 2018 | | | | |
| Authority | Contribution by Government N '000 | Fair value reserve N '000 | Retained earnings N '000 | Total equity N '000 |
| Balance at 1 January 2018 | 280,662,500 | 43,497,310 | 170,859,498 | 495,019,308 |
| Changes on initial application of IFRS 9 | - | - | (249,094) | (249,094) |
| Reclassification from fair value and currency reserves as a result of adoption of IFRS 9 | - | (41,043,623) | 41,043,623 | - |
| Restated balance as at 1 January 2018 | 280,662,500 | 2,453,687 | 211,654,027 | 494,770,214 |
| Profit for the period | - | - | 29,666,865 | 29,666,865 |
| Net change in fair value of financial assets at FVOCI | - | 719,443 | - | 719,443 |
| Total other comprehensive income for the period | - | 719,443 | - | 719,443 |
| Total comprehensive income for the period | - | 719,443 | 29,666,865 | 30,386,308 |
| Balance at 30 September 2018 | 280,662,500 | 3,173,130 | 241,320,892 | 525,156,522 |

The accompanying notes on pages 11 to 103 form an integral part of these consolidated and separate financial statements.

Nigeria Sovereign Investment Authority
Unaudited interim consolidated and separate financial statements
Statement of cash flows
For the 9 months period ended 30 September 2018

| | Notes | Group 30 September 2018 N '000 | Group 30 September 2017 N '000 | Authority 30 September 2018 N '000 | Authority 30 September 2017 N '000 |
|---|-------|---|---|---|---|
| Cash flow from operating activities | | | | | |
| Profit before income tax | | 28,339,569 | 20,652,693 | 29,666,865 | 22,318,412 |
| Adjustments to reconcile profit before tax to net cash flow from operating activities: | | | | | |
| Depreciation charge for the year | 18 | 67,416 | 46,033 | 35,802 | 31,242 |
| Amortisation of intangible assets | 18 | 510 | 498 | 63 | 418 |
| Interest income | | (25,334,232) | (17,482,426) | (25,334,232) | (15,786,722) |
| Investment income | | (3,607,466) | - | 1,337,959 | - |
| Interest income on financial assets at FVTPL | | (345,106) | - | 345,106 | - |
| Impairment charge on financial assets | 14 | 6,867,674 | - | 363,749 | - |
| Unrealised gain/(loss) on financial instruments at FVTPL | | (5,300,998) | 5,080,996 | (4,851,450) | 5,080,996 |
| Subsidy from Federal Government of Nigeria on cost differential on fertilizer sales | | (5,874,904) | - | - | - |
| Dividend income | | - | (228,428) | - | (228,428) |
| Gain on disposal of a subsidiary | | (1,606,634) | - | (1,606,634) | - |
| Benefit from below market rate loan | | (1,432,494) | - | - | - |
| Interest expense | | 1,662,638 | - | - | - |
| Share of profit from associate and joint venture | 25 | (241,890) | (295,563) | - | - |
| Movements in operating assets/ liabilities: | | | | | |
| Inventories | 23 | (5,253,648) | (6,742,475) | - | - |
| Other assets | 22 | (8,746,872) | (14,416,323) | 13,314,282 | (31,843,188) |
| Other liabilities | 28 | 23,961,476 | 3,090,637 | 10,825,217 | 2,127,157 |
| Cash (used in)/generated from operations | | 3,155,939 | (10,294,358) | 24,096,727 | (18,300,113) |
| Tax paid | | - | - | - | - |
| Net cash generated from/(used) in operating activities | | 3,155,939 | (10,294,358) | 24,096,727 | (18,300,113) |
| Cash flows from investing activities | | | | | |
| Purchase of property and equipment | 26 | (2,468,718) | (100,097) | (227,264) | - |
| Purchase of other intangible assets | 27 | (1,625) | (1,300) | - | - |
| Payment for loans and receivables financial assets | | - | (119,813,429) | - | (118,882,622) |
| Payment for available-for-sale financial asset | | - | (104,705,034) | - | (104,294,332) |
| Payment for financial assets at fair value | | (31,668,699) | - | (30,943,210) | - |
| Proceeds from sale of financial assets at fair value | | 30,709,125 | - | 24,384,806 | - |
| Investments in financial assets held at amortised cost | | (54,123,324) | 33,500,430 | (48,365,346) | 33,500,430 |
| Proceeds from sale of financial assets held at amortised cost | | 50,918,117 | - | 49,918,117 | - |
| Investment and interest income received | | 9,939,775 | 16,628,560 | 7,439,775 | 16,128,560 |
| Dividend received | | - | 228,428 | - | 228,428 |
| Acquisition of subsidiary | 24 | - | (8,989,500) | - | (8,989,500) |
| Disposal of subsidiaries | 24 | 1,954,329 | - | 1,954,329 | - |
| Investments in associate and joint ventures | 25 | (1,910,740) | - | - | - |
| Net cash generated/(used) in investing activities | | 3,348,240 | (183,251,942) | 4,161,207 | (182,309,036) |
| Cash flows from financing activities | | | | | |
| Contribution by Government | 30.1 | - | 76,287,500 | - | 76,287,500 |
| Proceeds from borrowings | 29 | 30,000,000 | - | - | - |
| Interest expense | | (645,000) | - | - | - |
| Net cash generated from financing activities | | 29,455,000 | 76,287,500 | - | 76,287,500 |
| Net cash movement for the year | | | | | |
| | | 35,958,279 | (117,258,800) | 28,257,934 | (124,321,649) |
| Cash and cash equivalents at beginning of year | 20 | 22,336,959 | 148,267,906 | 8,545,297 | 141,076,852 |
| Net exchange gains/(losses) on cash and cash equivalents | | 708,911 | 11,296,871 | 619,641 | 11,324,242 |
| Cash and cash equivalents at year end | | 59,004,149 | 42,305,977 | 37,422,872 | 28,079,445 |
| Cash and cash equivalents comprise: | | | | | |
| Cash in hand | 20 | 1,372 | 113 | 467 | 24 |
| Bank balances | 20 | 35,367,094 | 20,382,532 | 16,092,713 | 6,156,089 |
| Placements with financial institutions | 20 | 23,635,683 | 21,923,332 | 21,329,692 | 21,923,332 |
| Total cash and cash equivalents | | 59,004,149 | 42,305,977 | 37,422,872 | 28,079,445 |

The accompanying notes on pages 11 to 103 form an integral part of these consolidated and separate financial statements.

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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 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 |
| Nigeria Infrastructure Fund (NIF) | In-house Management Team, Fund for Agricultural Finance in Nigeria (FAFIN) |
| Future Generations Fund (FGF) | Cevian Capital UK LLP, Blue Mountain, Capital Management, JHL Capital Group LLP, Edgbaston Investment Partners, Capital Group, Arbitr Offshore Limited, Somerset, Capital Management LLP, Marathon Asset Management LLP, Chieftain Capital, Prince Street, Xenon Private Equity, Z Capital Partners, Helios Investment Partners, Healthcare Royalty Partners, AQR Capital Management, Actis Capital, and Africa Capital Alliance, Abraaj Group, Unigestion SA, Canyon Partners, RWC Partners Limited, Goldman Sachs Asset Management, Whitehorse Liquidity Partners, Reverence Capital Partners, Cardinal Stone Partners, Oaktree Capital Management, L.P, Akina AG. |

2 Structure and content

The financial statements comprise:

- (a) A statement of financial position at the end of the period;
- (b) A statement of comprehensive income for the period;
- (c) A statement of changes in equity for the period;
- (d) A statement of cash flows for the period;
- (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) on Interim financial information (IAS 34), including International Accounting Standards and Interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) applicable to companies reporting under IFRS. Further standards may be issued by the International Accounting Standards Board (IASB) and may be subject to the interpretations issued by the IFRIC.

3.2 Basis of measurement

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

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

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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.

(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'.

Changes in the fair value of monetary securities denominated in foreign currency classified as available for sale are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortised cost are recognised in profit or loss, and other changes in carrying amount are recognised in other comprehensive income.

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.

(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:

- a) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- b) 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
- c) 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 2018.

3.5 New Standards, amendments and Interpretations

3.5.1 Standards and interpretations effective and adopted in the current year

IFRS 9 Financial instruments

IFRS 9 issued in November 2009 introduced new requirements for the classification and measurements of financial assets.

IFRS 9 was subsequently amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in November 2013 to include the new requirements for general hedge accounting. Another revised version of IFRS 9 was issued in July 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a "fair value through other comprehensive income" (FVTOCI) measurement category for certain simple debt instruments.

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Key requirements of IFRS 9:

- All recognised financial assets that are within the scope of IAS 39 Financial Instruments: Recognition and Measurement are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the outstanding principal are generally measured at amortised cost at the end of subsequent reporting periods. Debt instruments that are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on outstanding principal, are measured at FVTOCI. All other debt and equity investments are measured at fair value at the end of subsequent reporting periods. In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income with only dividend income generally recognised in profit or loss.

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, IFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of the liability is presented in other comprehensive income, unless the recognition of the effect of the changes of the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Under IAS 39, the entire amount of the change in fair value of a financial liability designated as at fair value through profit or loss is presented in profit or loss.

- In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. It is no longer necessary for a credit event to have occurred before credit losses are recognised.

- The new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in IAS 39. Under IFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been replaced with the principal of an "economic relationship". Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The effective date of the standard is for years beginning on or after 1 January, 2018.

The Group has adopted the standard for the first time in the 2018 financial statements.

Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts - Amendments to IFRS 4

In September 2016, the IASB published an amendment to IFRS 4 which addresses the concerns of insurance companies about the different effective dates of IFRS 9 Financial instruments and the forthcoming new insurance contracts standard. The amendment provides two different solutions for insurance companies: a temporary exemption from IFRS 9 for entities that meet specific requirements (applied at the reporting entity level), and the 'overlay approach'. Both approaches are optional. IFRS 4 (including the amendments) will be superseded by the forthcoming new insurance contracts standard. Accordingly, both the temporary exemption and the 'overlay approach' are expected to cease to be applicable when the new insurance standards becomes effective. The effective date of the standard is for years beginning on or after 1 January, 2018 or when the entity first applies IFRS 9.

Classification and Measurement of Share-based Payment Transactions – Amendments to IFRS 2

The amendments made to IFRS 2 in June 2016 clarify the measurement basis for cash-settled share-based payments and the accounting for modifications that change an award from cash-settled to equity-settled. They also introduce an exception to the classification principles in IFRS 2. Where an employer is obliged to withhold an amount for the employee's tax obligation associated with a share-based payment and pay that amount to the tax authority, the whole award will be treated as if it was equity-settled provided it would have been equity-settled without the net settlement feature. Entities with the following arrangements are likely to be affected by these changes: equity-settled awards that include net settlement features relating to tax obligations cash-settled share-based payments that include performance conditions, and cash-settled arrangements that are modified to equity-settled sharebased payments. The effective date of the standard is for years beginning on or after 1 January, 2018.

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Annual improvements 2014-2016 cycle

The following improvements were finalised in December 2016: IFRS 1 - deleted short-term exemptions covering transition provisions of IFRS 7, IAS 19 and IFRS 10 which are no longer relevant. IAS 28 - clarifies that the election by venture capital organisations, mutual funds, unit trusts and similar entities to measure investments in associates or joint ventures at fair value through profit or loss should be made separately for each associate or joint venture at initial recognition. The effective date of the standard is for years beginning on or after 1 January, 2018.

Transfers of Investment Property – Amendments to IAS 40

The amendments clarify that transfers to, or from, investment property can only be made if there has been a change in use that is supported by evidence. A change in use occurs when the property meets, or ceases to meet, the definition of investment property. A change in intention alone is not sufficient to support a transfer. The list of evidence for a change of use in the standard was recharacterised as a non-exhaustive list of examples to help illustrate the principle. The Board provided two options for transition: prospectively, with any impact from the reclassification recognised as adjustment to opening retained earnings as at the date of initial recognition, or retrospectively - only permitted without the use of hindsight. Additional disclosures are required if an entity adopts the requirements prospectively. The effective date of the standard is for years beginning on or after 1 January, 2018.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 supersedes IAS 11 Construction contracts; IAS 18 Revenue; IFRIC 13 Customer Loyalty Programmes; IFRIC 15 Agreements for the construction of Real Estate; IFRIC 18 Transfers of Assets from Customers and SIC 31 Revenue - Barter Transactions Involving Advertising Services.

The core principle of IFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps:

- Identify the contract(s) with a customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contract
- Recognise revenue when (or as) the entity satisfies a performance obligation.

IFRS 15 also includes extensive new disclosure requirements.

The effective date of the standard is for years beginning on or after 1 January, 2018.

The Group has adopted the standard for the first time in the 2018 financial statements. The impact of this standard is not significant to the financial statements.

IFRIC 22 Foreign currency transactions and advance consideration

The interpretation applies to circumstances when an entity has either paid or received an amount of consideration in advance and in a foreign currency, resulting in a non-monetary asset or liability being recognised. The specific issue addressed by the interpretation is how to determine the date of the transaction for the purposes of determining the exchange rate to use on the initial recognition of the related asset, expense or income when the non-monetary asset or liability is derecognised. The interpretation specifies that the date of the transaction, for purposes of determining the exchange rate to apply, is the date on which the entity initially recognises the non-monetary asset or liability.

The effective date of the interpretation is for years beginning on or after 1 January, 2018.

The impact of this interpretation is not significant to the financial statements.

3.5.2 Standards and interpretations not yet effective

The Group has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the Group's accounting periods beginning on or after 1 January, 2019 or later periods:

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IFRS 17 Insurance contracts

The IFRS establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts issued.

The objective of IFRS 17 is to ensure that an entity provides relevant information that faithfully represents those contracts. This information gives a basis for users of financial statements to assess the effect that insurance contracts have on the entity's financial position, financial performance and cash flows.

The effective date of the standard is for years beginning on or after 1 January, 2021.

The Group expects to adopt the standard for the first time in the 2021 financial statements. The impact of this standard is currently being assessed.

The effective date of the standard is for years beginning on or after 1 January, 2021.

The Group expects to adopt the standard for the first time in the 2021 financial statements. The impact of this standard is currently being assessed.

IFRIC 23 Uncertainty over income tax treatments

The interpretation clarifies how to apply the recognition and measurement requirements in IAS 12 when there is uncertainty over income tax treatments. Specifically, if it is probable that the tax authorities will accept the uncertain tax treatment, then all tax related items are measured according to the planned tax treatment. If it is not probable that the tax authorities will accept the uncertain tax treatment, then the tax related items are measured on the basis of probabilities to reflect the uncertainty. Changes in facts and circumstances are required to be treated as changes in estimates and applied prospectively.

The effective date of the interpretation is for years beginning on or after 1 January, 2019.

The Group expects to adopt the interpretation for the first time in the 2019 financial statements.

The Group is not affected by this amendment as it is exempted from paying all forms of taxes.

IFRS 16 Leases

IFRS 16 Leases is a new standard which replaces IAS 17 Leases, and introduces a single lessee accounting model. The main changes arising from the issue of IFRS 16 which are likely to impact the Group are as follows:

Company as lessee:

- Lessees are required to recognise a right-of-use asset and a lease liability for all leases, except short term leases or leases where the underlying asset has a low value, which are expensed on a straight line or other systematic basis.
- The cost of the right-of-use asset includes, where appropriate, the initial amount of the lease liability; lease payments made prior to commencement of the lease less incentives received; initial direct costs of the lessee; and an estimate for any provision for dismantling, restoration and removal related to the underlying asset.
- The lease liability takes into consideration, where appropriate, fixed and variable lease payments; residual value guarantees to be made by the lessee; exercise price of purchase options; and payments of penalties for terminating the lease.
- the right-of-use asset is subsequently measured on the cost model at cost less accumulated Depreciation and impairment and adjusted for any re-measurement of the lease liability. However, right-of-use assets are measured at fair value when they meet the definition of investment property and all Other investment property is accounted for on the fair value model. If a right-of-use asset relates to a class of property, plant and equipment which is measured on the revaluation model, then that right-of-use asset may be measured on the revaluation model.
- The lease liability is subsequently increased by interest, reduced by lease payments and re-measured for reassessments or modifications.
- Re-measurements of lease liabilities are affected against right-of-use assets, unless the assets have been reduced to nil, in which case further adjustments are recognised in profit or loss.
- The lease liability is re-measured by discounting revised payments at a revised rate when there is a change in the lease term or a change in the assessment of an option to purchase the underlying asset.
- The lease liability is re-measured by discounting revised lease payments at the original discount rate when there is a change in the amounts expected to be paid in a residual value guarantee or when there is a change in future payments because of a change in index or rate used to determine those payments.
- Certain lease modifications are accounted for as separate leases. When lease modifications which decrease the scope of the lease are not required to be accounted for as separate leases, then the lessee re-measures the lease liability by decreasing the carrying amount of the right of lease asset to reflect the full or partial termination of the lease. Any gain or loss relating to the full or partial termination of the lease is recognised in profit or loss. For all other lease modifications which are not required to be accounted for as separate leases, the lessee re-measures the lease liability by making a corresponding adjustment to the right-of-use asset.

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IFRS 16 Leases (cont'd)

- Right-of-use assets and lease liabilities should be presented separately from other assets and liabilities. If not, then the line item in which they are included must be disclosed. This does not apply to right-of-use assets meeting the definition of investment property which must be presented within investment property. IFRS 16 contains different disclosure requirements compared to IAS 17 leases.

Company as lessor:

- Accounting for leases by lessors remains similar to the provisions of IAS 17 in that leases are classified as either finance leases or operating leases. Lease classification is reassessed only if there has been a modification.

- A modification is required to be accounted for as a separate lease if it both increases the scope of the lease by adding the right to use one or more underlying assets; and the increase in consideration is commensurate to the stand alone price of the increase in scope.

- If a finance lease is modified, and the modification would not qualify as a separate lease, but the lease would have been an operating lease if the modification was in effect from inception, then the modification is accounted for as a separate lease. In addition, the carrying amount of the underlying asset shall be measured as the net investment in the lease immediately before the effective date of the modification. IFRS 9 is applied to all other modifications not required to be treated as a separate lease.

- Modifications to operating leases are required to be accounted for as new leases from the effective date of the modification. Changes have also been made to the disclosure requirements of leases in the lessor's financial statements.

Sale and leaseback transactions:

- In the event of a sale and leaseback transaction, the requirements of IFRS 15 are applied to consider whether a performance obligation is satisfied to determine whether the transfer of the asset is accounted for as the sale of an asset.

- If the transfer meets the requirements to be recognised as a sale, the seller-lessee must measure the new right-of-use asset at the proportion of the previous carrying amount of the asset that relates to the right-of-use retained. The buyer-lessor accounts for the purchase by applying applicable standards and for the lease by applying IFRS 16

- If the fair value of consideration for the sale is not equal to the fair value of the asset, then IFRS 16 requires adjustments to be made to the sale proceeds. When the transfer of the asset is not a sale, then the seller-lessee continues to recognise the transferred asset and recognises a financial liability equal to the transfer proceeds. The buyer-lessor recognises a financial asset equal to the transfer proceeds.

The effective date of the standard is for years beginning on or after 1 January, 2019.

The Group expects to adopt the standard for the first time in the 2019 financial statements. The impact of this standard is currently being assessed.

Prepayment Features with Negative Compensation – Amendments to IFRS 9

The narrow-scope amendments made to AASB 9 Financial Instruments in December 2017 enable entities to measure certain prepayable financial assets with negative compensation at amortised cost. These assets, which include some loan and debt securities, would otherwise have to be measured at fair value through profit or loss. To qualify for amortised cost measurement, the negative compensation must be 'reasonable compensation for early termination of the contract' and the asset must be held within a 'held to collect' business model. The effective date of the standard is for years beginning on or after 1 January, 2019.

Long-term Interests in Associates and Joint Ventures – Amendments to IAS 28

The amendments clarify the accounting for long-term interests in an associate or joint venture, which in substance form part of the net investment in the associate or joint venture, but to which equity accounting is not applied. Entities must account for such interests under AASB 9 Financial Instruments before applying the loss allocation and impairment requirements in AASB 128 Investments in Associates and Joint Ventures. The effective date of the standard is for years beginning on or after 1 January, 2019.

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Annual Improvements to IFRS Standards 2015-2017 Cycle

The following improvements were finalised in December 2017: -IFRS 3 - clarified that obtaining control of a business that is a joint operation is a business combination achieved in stages. - IFRS 11 - clarified that the party obtaining joint control of a business that is a joint operation should not remeasure its previously held interest in the joint operation. - IAS 12 - clarified that the income tax consequences of dividends on financial instruments classified as equity should be recognised according to where the past transactions or events that generated distributable profits were recognised. -IAS 23 - clarified that if a specific borrowing remains outstanding after the related qualifying asset is ready for its intended use or sale, it becomes part of general borrowings. The effective date of the standard is for years beginning on or after 1 January, 2019.

Plan Amendment, Curtailment or Settlement – Amendments to IAS 19

The amendments to IAS 19 clarify the accounting for defined benefit plan amendments, curtailments and settlements. They confirm that entities must : - calculate the current service cost and net interest for the remainder of the reporting period after a plan amendment, curtailment or settlement by using the updated assumptions from the date of the change - any reduction in a surplus should be recognised immediately in profit or loss either as part of past service cost, or as a gain or loss on settlement. In other words, a reduction in a surplus must be recognised in profit or loss even if that surplus was not previously recognised because of the impact of the asset ceiling - separately recognise any changes in the asset ceiling through other comprehensive income. The effective date of the standard is for years beginning on or after 1 January, 2019.

Sale or contribution of assets between an investor and its associate or joint venture – Amendments to IFRS 10 and IAS 28

The IASB has made limited scope amendments to IFRS 10 Consolidated financial statements and IAS 28 Investments in associates and joint ventures. The amendments clarify the accounting treatment for sales or contribution of assets between an investor and its associates or joint ventures. They confirm that the accounting treatment depends on whether the nonmonetary assets sold or contributed to an associate or joint venture constitute a 'business' (as defined in IFRS 3 Business Combinations). Where the non-monetary assets constitute a business, the investor will recognise the full gain or loss on the sale or contribution of assets. If the assets do not meet the definition of a business, the gain or loss is recognised by the investor only to the extent of the other investor's investors in the associate or joint venture. The amendments apply prospectively. In December the IASB decided to defer the application date of this amendment until such time as the IASB has finalised its research project on the equity method.

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

(a) Subsidiaries

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

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

Acquisition-related costs are expensed as incurred.

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

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Subsidiaries (cont'd)

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 re-measured, 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.

(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.

(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.

(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.

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(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.

(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.

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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.

4.7 Financial assets and financial liabilities (policy from 1 January 2018)

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.

4.7.2 Classification

From 1 January 2018, 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:

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- 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.

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.

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- 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

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.

When available, the Authority 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 Authority 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.

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The chosen valuation technique makes maximum use of market inputs, relies as little as possible on estimates specific to the Authority, 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 Authority 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.

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 made.

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4.7.11 Receivables

The fair value of short term receivables is measured at its carrying amount.

4.7.12 Impairment of financial assets

See credit risk disclosures 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 are recognised in profit or loss. Impairment losses are 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.

4.7.14 Accounting policies applied until 31 December 2017

The Group has applied IFRS 9 retrospectively, but has elected not to restate comparative information. As a result, the comparative information provided continues to be accounted for in accordance with the Group's previous accounting policy.

Classification

Until 31 December 2017, the Group classified its financial assets in the following categories:

- financial assets at fair value through profit or loss,
- loans and receivables,
- held-to-maturity investments, and
- available-for-sale financial assets.

The classification depended on the purpose for which the investments were acquired. Management determined the classification of its investments at initial recognition and, in the case of assets classified as held-to-maturity, re-evaluated this designation at the end of each reporting period.

Reclassification

The Group could choose to reclassify a non-derivative trading financial asset out of the held for trading category if the financial asset was no longer held for the purpose of selling it in the near term. Financial assets other than loans and receivables were permitted to be reclassified out of the held for trading category only in rare circumstances arising from a single event that was unusual and highly unlikely to recur in the near term. In addition, the Group could choose to reclassify financial assets that would meet the definition of loans and receivables out of the held for trading or available-for-sale categories if the Group had the intention and ability to hold these financial assets for the foreseeable future or until maturity at the date of reclassification.

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Reclassifications were made at fair value as of the reclassification date. Fair value became the new cost or amortised cost as applicable, and no reversals of fair value gains or losses recorded before reclassification date were subsequently made. Effective interest rates for financial assets reclassified to loans and receivables and held-to-maturity categories were determined at the reclassification date. Further increases in estimates of cash flows adjusted effective interest rates prospectively.

Subsequent measurement

The measurement at initial recognition did not change on adoption of IFRS 9, see description above. Subsequent to the initial recognition, loans and receivables and held-to-maturity investments were carried at amortised cost using the effective interest method. Available-for-sale financial assets and financial assets at FVPL were subsequently carried at fair value. Gains or losses arising from changes in the fair value were recognised as follows:

- for financial assets at FVPL – in profit or loss within other income
- for available-for-sale financial assets that are monetary securities denominated in a foreign currency – translation differences related to changes in the amortised cost of the security were recognised in profit or loss and other changes in the carrying amount were recognised in other comprehensive income
- for other monetary and non-monetary securities classified as available-for-sale – in other comprehensive income.

When securities classified as available-for-sale were sold, the accumulated fair value adjustments recognised in other comprehensive income were reclassified to profit or loss as gains and losses from investment securities.

Impairment

The Group assessed at the end of each reporting period whether there was objective evidence that a financial asset or Group of financial assets was impaired. A financial asset or a Group of financial assets was impaired and impairment losses were incurred only if there was objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) had an impact on the estimated future cash flows of the financial asset or Group of financial assets that could be reliably estimated. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost was considered an indicator that the assets are impaired.

- Assets carried at amortised cost: For loans and receivables, the Amount of the loss was measured as the difference between the asset's carrying Amount and the present value of estimated future Cash flows (excluding future credit losses that had not been incurred) discounted at the financial asset's original effective interest rate. the carrying Amount of the asset was reduced and the Amount of the loss was recognised in profit or loss. If A loan or held-to-maturity investment had A variable interest rate, the discount rate For measuring any impairment loss was the current effective interest rate determined under the contract. as A practical expedient, the Group could measure impairment on the basis of an instrument's fair value using an observable market price. If, in A subsequent period, the Amount of the impairment loss decreased and the decrease could be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss was recognised in profit or loss.

- Assets classified as available-for-sale: If there was objective evidence of impairment For available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – was removed from equity and recognised in profit or loss. impairment losses on Equity instruments that were recognised in profit or loss were not reversed through profit or loss in A subsequent period. If the fair value of a debt instrument classified as available-For-sale increased in a subsequent period and the increase could be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss was reversed through profit or loss.

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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

The cost of replacing part of an item of property or equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Authority and its cost can be measured reliably. The carrying amount of the replaced part is derecognised.

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

4.9.3 Depreciation

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

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

| Assets | Annual depreciation rate |
|------------------------|---------------------------------|
| 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.

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4.10 Intangible assets - software

Software acquired by the Authority is stated at cost less accumulated amortisation 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 capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred. Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful life of 3 years, from the date that it is available for use. The amortisation method and useful life of software are reassessed at each financial year end and adjusted if appropriate.

4.11 Trade 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.

4.12 Inventory

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

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

4.13 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.

4.14 Contingencies

4.14.1 Contingent assets

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

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

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

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4.14.2 *Contingent liabilities*

Contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or a present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or the amount of the obligation cannot be measured with sufficient reliability.

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

4.15 **Employee benefits**

4.15.1 *Post employment benefits*

Defined contribution plans

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

Pension Scheme

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

Obligations for contributions to defined contribution plans is recognised as an employee benefit expense in profit or loss in the period when the employees have rendered service entitling them to the contributions.

Contributions to a defined contribution plan that is due 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.

4.15.2 *Short term benefits*

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

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

4.16 **Revenue**

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

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

The Group determines whether a performance obligation is satisfied (and revenue is recognised) over time, or whether a performance obligation is satisfied (and revenue is recognised) at a point in time for all contracts. All revenue derived by the entity (NSIA) are recognised at a point in time because it has met all indicators of transfer of control which should be considered. This includes the following:

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

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The Group recognizes revenue from the following sources:

- Sales of NPK fertilizers
- Interest/ investment income

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

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

Sale of NPK fertilizers

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

4.17 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 subsidised interest rates. Grants from the government are recognised 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 recognised in the income statement over the period necessary to match them with the costs that they are intended to compensate.

4.18 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.

4.19 Comparatives

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

4.20 Intercompany receivables

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

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

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 fair values of the private equity investments held by one of the Group's subsidiaries has been determined at the reporting date using the net asset valuation method. This takes into account the net asset values as obtained from the different private equity investee funds' most recent available financial information, considering contributions and distributions between the last net asset valuation date and the reporting period. These private equity investments are unquoted and comparable market information was not available as at the end of the reporting period. Determining the fair values based on this valuation approach assumes that the investment will be realised at the reporting date at these values. The sensitivity of the fair values to changes in the assumptions made is disclosed in Note 6.

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.

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.

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5.1.2 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 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.

5.1.3 Fair value of private equity investments

The fair values of the private equity investments held by one of the Group's subsidiaries has been determined at the reporting date using the net asset valuation method. This takes into account the net asset values as obtained from the different private equity investee funds' most recent available financial information, considering contributions and distributions between the last net asset valuation date and the reporting period. These private equity investments are unquoted and comparable market information was not available as at the end of the reporting period. Determining the fair values based on this valuation approach assumes that the investment will be realised at the reporting date at these values. The sensitivity of the fair values to changes in the assumptions made is disclosed in Note 6.

6 Financial risk management

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

6.1 Approach to risk management

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

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

6.2 Credit risk

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

6.2.1 Management of credit risk

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

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6.2.2 *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 30 September 2018, all financial assets were neither past due nor impaired. The credit quality of these financial assets are disclosed in the table below:

| <i>(i) Bank balances</i> | Group 30 September 2018 N '000 | Group 31 December 2017 N '000 | Authority 30 September 2018 N '000 | Authority 31 December 2017 N '000 |
|--|---|--|---|--|
| Counterparties with external credit ratings | | | | |
| A (Fitch) | - | 6,492,094 | - | - |
| A+ (Fitch) | - | 4,045,473 | - | 832 |
| A- (S&P) | 20,332,409 | 7,762,495 | 1,058,028 | 5,489,286 |
| B (GCR) | - | 13,628 | - | 13,628 |
| B (S&P) | 222 | 73,031 | 222 | - |
| B2 (Moody) | 15,034,463 | 3,624,422 | 15,034,463 | 3,041,302 |
| BBB+ (S&P) | - | 9,135 | - | - |
| Total cash at bank balances | 35,367,094 | 22,020,278 | 16,092,713 | 8,545,048 |
| (ii) Money market placements | | | | |
| Counter parties with external credit ratings | | | | |
| A- (S&P) | 18,908,672 | - | 16,602,681 | - |
| B+ (Fitch) | - | 316,208 | - | - |
| B (S&P) | 4,727,011 | - | 4,727,011 | - |
| Total money market placements | 23,635,683 | 316,208 | 21,329,692 | - |
| (iii) Other assets | | | | |
| Counter parties with external credit ratings | | | | |
| B (GCR) | - | 339,003 | - | - |
| A-2 (S&P) | - | - | - | - |
| A+ (Fitch) | - | 883,526 | - | 883,526 |
| B (Fitch) | 5,874,904 | - | - | - |
| B2 (Moody) | - | 32,599,743 | - | 32,599,743 |
| | 5,874,904 | 33,822,272 | - | 33,483,269 |
| Counter parties without external credit ratings | | | | |
| Other receivables | 18,628,695 | 12,396,873 | 13,898,685 | 684,004 |
| Account receivables | 15,981,959 | - | 994,259 | - |
| Intercompany receivables | - | - | 44,006,776 | 38,113,681 |
| Prepayments | - | - | - | - |
| Total other assets (Financial assets) | 40,485,558 | 46,219,145 | 58,899,720 | 72,280,954 |

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| | Group 30 September 2018 N '000 | Group 31 December 2017 N '000 | Authority 30 September 2018 N '000 | Authority 31 December 2017 N '000 |
|--|---|--|---|--|
| (iv) Investment securities | | | | |
| Counter parties with external credit ratings | | | | |
| <i>Financial assets at amortised cost (2017: Held to maturity and loans & receivables)</i> | | | | |
| A+ (S&P) | 15,493,401 | - | 20,151,256 | - |
| B (S&P) | 45,581,965 | 74,210,361 | 31,623,451 | 73,217,518 |
| A (Moody) | 6,173,326 | - | 6,173,326 | - |
| A2 (Moody) | - | 7,747,972 | - | 7,747,972 |
| A3 (Moody) | - | 6,541,532 | - | 6,541,532 |
| BAA1 (Moody) | - | 6,363,645 | - | 6,363,645 |
| B2 (Moody) | 174,866,490 | 134,817,288 | 172,865,114 | 134,641,851 |
| B3 (Moody) | - | 5,803,799 | - | 5,803,799 |
| B (Fitch) | 27,052,924 | 1,864,400 | 27,052,923 | - |
| B+ (Fitch) | 5,932,122 | - | 5,932,122 | - |
| BB+ (Fitch) | - | 3,737,387 | - | 3,737,387 |
| AAA (Fitch) | - | 5,322,660 | - | - |
| A+ (Fitch) | - | 17,742,162 | - | 17,742,162 |
| CCC (Fitch) | 3,872,302 | - | 3,872,302 | - |
| A- (GCR) | 3,088,894 | 9,292,907 | 3,088,894 | 9,292,907 |
| BBB+ (GCR) | - | 6,766,061 | - | 6,766,061 |
| Total financial assets at amortised cost (exclusive of impairment) | 282,061,424 | 280,210,174 | 270,759,388 | 271,854,834 |

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|---|---|--|---|--|
| <i>Financial assets at FVOCI (2017: Available for sale)</i> | | | | |
| Counter parties with external credit ratings | | | | |
| Ba1 (Moody) | 2,850,720 | - | 2,850,720 | - |
| B2 (Moody) | - | 2,388,190 | - | 2,388,190 |
| Baa3 (Moody) | - | 6,075,231 | - | 6,075,231 |
| BBB- (GCR) | - | 1,528,500 | - | 1,528,500 |
| | <u>2,850,720</u> | <u>9,991,921</u> | <u>2,850,720</u> | <u>9,991,921</u> |
| Counter parties without external credit ratings | | | | |
| Financial assets at FVOCI (2017: Available for sale) | 7,293,294 | 138,780,522 | 5,764,044 | 121,597,009 |
| Total financial assets at FVTOCI (2017 : Available for sale) | <u>10,144,014</u> | <u>148,772,443</u> | <u>8,614,764</u> | <u>131,588,930</u> |
| <i>Financial assets at FVTPL</i> | | | | |
| | Group 30 September 2018 N '000 | Group 31 December 2017 N '000 | Authority 30 September 2018 N '000 | Authority 31 December 2017 N '000 |
| Counter parties with external credit ratings | | | | |
| Baa3 (Moody) | 1,529,250 | - | 1,529,250 | - |
| Counter parties without external credit ratings | | | | |
| Financial Assets at FVTPL | 165,609,207 | 869,908 | 151,185,181 | 869,908 |
| Total financial assets at FVTPL | <u>167,138,457</u> | <u>869,908</u> | <u>152,714,431</u> | <u>869,908</u> |

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6.2.3 Concentration of risk of financial assets.

Geographical sectors

The following table breaks down the Group's risk exposure at their carrying amounts, as categorised by geographical region as at 30 September 2018 and 31 December 2017. For this table, the Group has allocated exposures to regions based on the country of domicile of its counterparties.

30 September 2018

In thousands of Nigerian Naira

| | Nigeria | Rest of Africa | Europe | Group Middle East | Asia | America | Total |
|--|--------------------|-------------------|----------|-------------------------|----------|-------------------|--------------------|
| Cash and cash equivalents | | | | | | | |
| Money market placements | 4,727,011 | - | - | - | - | 18,908,672 | 23,635,683 |
| Bank balances | 30,133,877 | - | - | - | - | 5,233,217 | 35,367,094 |
| Other assets | | | | | | | |
| Other receivables | 24,503,599 | - | - | - | - | - | 24,503,599 |
| Account receivables | 15,981,959 | - | - | - | - | - | 15,981,959 |
| Investment securities | | | | | | | |
| <i>At amortised cost</i> | | | | | | | |
| Eurobonds | 13,366,142 | - | - | - | - | - | 13,366,142 |
| Nigerian treasury bills | 2,445,140 | - | - | - | - | - | 2,445,140 |
| Open market operations bills (OMO bills) | 172,421,350 | - | - | - | - | - | 172,421,350 |
| Fixed deposits | 93,828,792 | - | - | - | - | - | 93,828,792 |
| <i>At FVTPL</i> | | | | | | | |
| US treasury notes | - | - | - | - | - | 24,913,929 | 24,913,929 |
| Fixed income products | - | - | - | - | - | 21,484,296 | 21,484,296 |
| | 357,407,870 | - | - | - | - | 70,540,114 | 427,947,984 |

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In thousands of Nigerian Naira

| | Nigeria | Rest of Africa | Europe | Group Middle East | Asia | America | Total |
|----------------------------------|--------------------|-----------------------|------------------|--------------------------|------------------|-------------------|--------------------|
| Cash and cash equivalents | | | | | | | |
| Money market placements | 316,208 | - | - | - | - | - | 316,208 |
| Bank balances | 10,491,751 | - | - | - | - | 11,528,527 | 22,020,278 |
| Other assets | | | | | | | |
| Other receivables | 12,686,754 | - | - | - | - | 927,055 | 13,613,809 |
| Account receivables | 32,599,743 | - | - | - | - | - | 32,599,743 |
| Advances to staff | 5,593 | - | - | - | - | - | 5,593 |
| Investment securities | | | | | | | |
| <i>Held to Maturity</i> | | | | | | | |
| Eurobonds | 17,341,779 | - | - | - | - | - | 17,341,779 |
| Nigerian Treasury bill | 175,437 | - | - | - | - | - | 175,437 |
| <i>Loans and receivables</i> | | | | | | | |
| Fixed deposits | 242,039,809 | 6,363,645 | 7,747,972 | - | 6,541,533 | - | 262,692,959 |
| <i>Available for sale</i> | | | | | | | |
| Nigerian treasury bills | 609,069 | - | - | - | - | - | 609,069 |
| US treasury notes | - | - | - | - | - | 24,805,655 | 24,805,655 |
| Fixed income products | - | - | - | - | - | 12,208,697 | 12,208,697 |
| | 316,266,143 | 6,363,645 | 7,747,972 | - | 6,541,533 | 49,469,934 | 386,389,227 |

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In thousands of Nigerian Naira

| | Authority | | | | | Total |
|--|--------------------|-----------------------|---------------|--------------------|-------------|--------------------|
| | Nigeria | Rest of Africa | Europe | Middle East | Asia | |
| Cash and cash equivalents | | | | | | |
| Money market placements | 4,727,011 | - | - | - | - | 16,602,681 |
| Bank balances | 14,209,628 | - | - | - | - | 1,883,085 |
| Other assets | | | | | | |
| Other receivables | 13,898,685 | - | - | - | - | - |
| Investment securities | | | | | | |
| <i>At amortised cost</i> | | | | | | |
| Eurobonds | 13,366,142 | - | - | - | - | - |
| Nigerian treasury bills | 443,765 | - | - | - | - | - |
| Open market operations bills (OMO bills) | 172,421,349 | - | - | - | - | - |
| Fixed deposits | 84,528,132 | - | - | - | - | - |
| <i>At FVTPL</i> | | | | | | |
| US treasury notes | - | - | - | - | - | 24,805,655 |
| Fixed income products | - | - | - | - | - | 21,484,296 |
| | 303,594,712 | - | - | - | - | 64,775,717 |
| | | | | | | 368,370,429 |

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| | Nigeria | Rest of Africa | Europe | Authority Middle East | Asia | America | Total |
|----------------------------------|--------------------|---------------------------|------------------|--------------------------------------|-------------|-------------------|--------------------|
| Cash and cash equivalents | | | | | | | |
| Bank balances | 5,781,823 | - | - | - | - | 2,763,225 | 8,545,048 |
| Other assets | | | | | | | |
| Other receivables | 638,523 | - | - | - | - | 927,055 | 1,565,578 |
| Account receivables | 32,599,743 | - | - | - | - | - | 32,599,743 |
| Intercompany receivables | 38,113,681 | - | - | - | - | - | 38,113,681 |
| Advances to staff | 1,952 | - | - | - | - | - | 1,952 |
| Investment securities | | | | | | | |
| <i>Held to Maturity</i> | | | | | | | |
| Eurobonds | 17,341,779 | - | - | - | - | - | 17,341,779 |
| <i>Loans and receivables</i> | | | | | | | |
| Fixed deposits | 233,859,907 | 6,363,645 | 7,747,972 | - | - | 6,541,531 | 254,513,055 |
| <i>Available for sale</i> | | | | | | | |
| US treasury notes | - | - | - | - | - | 24,805,655 | 24,805,655 |
| Fixed income products | - | - | - | - | - | 12,208,697 | 12,208,697 |
| | 328,337,408 | 6,363,645 | 7,747,972 | - | - | 47,246,163 | 389,695,188 |

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6.2.4 Impairment of financial assets

From 1 January 2018, the Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

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

The Authority 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

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.

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6.2.5.2 Measurement of ECL

ECL are a probability-weighted estimate of credit losses. They are measured as follows:

- Financial assets that are not credit-impaired at the reporting date:

They are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Authority expects to receive);

- Financial assets that are credit-impaired at the reporting date:

They are measured as the difference between the gross carrying amount and the present value of estimated future cash flows; and

- Financial guarantee contracts: They are measured as the expected payments to reimburse the holder less any amounts that the Authority expects to recover from the holder, the debtor or any other party.

Default definition

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

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as 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.

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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.

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 |
|--|---|--|
| <ul style="list-style-type: none"> • 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. • No downgrade in the external rating of the obligor for financial instruments that were rated S&P equivalent of B+ and below at origination. | <ul style="list-style-type: none"> • 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. • 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. | <ul style="list-style-type: none"> • All facilities with a rating of D are grouped in stage 3 |

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.

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

| Stage 1 | Stage 2 | Stage 3 |
|--|---|--|
| <ul style="list-style-type: none"> The financial instrument is performing with less than 30 days past due on any contractual payment. | <ul style="list-style-type: none"> 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. | <ul style="list-style-type: none"> 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. |

6.2.6.2 Qualitative Criteria

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

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

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

| Stage 1 | Stage 2 | Stage 3 |
|--|--|--|
| <ul style="list-style-type: none"> The financial instrument meets CBN low risk exception criteria i.e. "risk free and gilt edged" All financial instruments at inception will be in stage 1 except if purchased or originated as credit impaired. The financial instrument has not had a significant increase in credit risk since origination as evidenced by (but not limited to) the following factors: <ul style="list-style-type: none"> 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. | <ul style="list-style-type: none"> The financial instrument has had a significant increase in credit risk since origination as evidenced by (but not limited to) the following factors: <ul style="list-style-type: none"> An actual or expected change in the regulatory, macroeconomic, or technological environment of the borrower at the reporting date 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. | <ul style="list-style-type: none"> Financial instruments that are purchased or originated as credit impaired. The financial instrument has objective evidence of impairment at the reporting date as evidenced by (but not limited to) the following: <ul style="list-style-type: none"> 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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Table of the qualitative criteria used in allocating stages to the financial instruments of the Group (Cont'd):

| Stage 1 | Stage 2 | Stage 3 |
|--|--|---------|
| <ul style="list-style-type: none"> • The borrower did not suffer a regulatory fine that is significant in relation to its size/profit at the reporting date which could result in a significant change in the borrower's ability to meet its obligations relative to the origination date. • No Litigation against the obligor that is likely to have material impact on profit at the reporting date which could result in a significant change in the borrower's ability to meet its obligations relative to the origination date. • 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. • 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. | <ul style="list-style-type: none"> • Government policies have significant negative impact on the viability or profitability of the obligor at the reporting date which could result in a significant change in the borrower's ability to meet its obligations relative to the origination date. • Significant downturn in the obligor's industry at the reporting date relative to the origination date or the downturn is expected to significantly impact the obligor's ability to meet contractual obligations relative to the origination date. • 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. • 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. | |

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Table of the qualitative criteria used in allocating stages to the financial instruments of the Group (Cont'd):

| Stage 1 | Stage 2 | Stage 3 |
|--|---|---------|
| <ul style="list-style-type: none"> • Little or reduction in financial support from a parent entity or other affiliate at the reporting date which could result in a significant change in the borrower's ability to meet its obligations relative to the origination date. • 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. | <ul style="list-style-type: none"> • Other factors other than those listed above that suggest that the ability of the obligor to meet contractual obligations at the reporting date has change materially from the origination date. | |

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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 amortised cost. The maturity profile is based on historical observed data and is assumed to be the same across all assets within a portfolio and credit grade band. This is supported by historical analysis.

The 12-month and lifetime EADs are determined based on the expected payment profile, which varies by product type.

- For amortising products, 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 utilisation band, based on analysis of the Group’s recent default data.

The 12-month and lifetime LGDs are determined based on the factors which impact the recoveries made post default. These vary by product type.

- For secured products, 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 products, 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.

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Measuring ECL – Explanation of inputs, assumptions and estimation techniques (cont'd)

Forward-looking economic information is also included in determining the 12-month and lifetime PD, EAD and LGD. These assumptions vary by product 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.

6.2.8.1 Incorporating Forward-looking information into Multi-year PD Estimation

The Authority has financial instruments originating from different regions of the world, and as such, it may be impracticable to obtain information on future economic conditions for all the relevant regions. The Authority has therefore incorporated FLI into multi-year PD estimation using a two-step approach:

Step 1:

Convert Through-the-Cycles (TTC) PDs to Point-in-Time (PIT) PDs using logistic regression with global historical default rates and global macroeconomic variables (i.e. global GDP growth rate, global inflation rate and oil price). This is based on the fact that external rating grades are comparable across industries and jurisdictions.

Step 2:

Incorporate the impact of local economic conditions by analysing the likelihood of change in the rating of each financial instrument based on obligor specific information. This analysis will be conducted at every reporting date by considering the following information:

- i. Rating outlook from external rating agencies for the obligor or the related sovereign
- ii. The expected impact of local macroeconomic forecasts (e.g. local GDP growth rate, exchange rate, inflation rate, unemployment rate etc.) on the obligor
- iii. Other obligor specific qualitative information that may provide an indication of future change in ratings.

6.2.8.2 Incorporating FLI into Multi-year EAD and LGD Estimation

The Authority adjusts the base case EAD and LGD estimates for periods where these parameters are expected to be significantly different from their historical averages based on forward-looking macroeconomic information.

6.2.8.3 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.

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6.2.9 Economic variable assumptions

One of the most significant period-end assumptions used for the ECL estimate as at 30 September 2018 are set out below. The scenarios "best", "optimistic" and "downturn" were used for all portfolios.

| | | 2019 | 2020 | 2021 | 2022 | 2023 |
|----------------------|------------|-------|-------|-------|-------|-------|
| a GDP growth rate(%) | Best | 40% | 40% | 40% | 40% | 40% |
| | Optimistic | 40% | 40% | 40% | 40% | 40% |
| | Downturn | 30% | 30% | 30% | 30% | 30% |
| b Inflation rate (%) | Best | 3% | 3% | 2% | 2% | 2% |
| | Optimistic | 4% | 3% | 3% | 3% | 3% |
| | Downturn | 4% | 3% | 3% | 3% | 3% |
| c Oil price (USD) | Best | 69.40 | 70.00 | 70.00 | 70.00 | 70.00 |
| | Optimistic | 60.00 | 65.00 | 69.71 | 71.30 | 73.50 |
| | Downturn | 50.10 | 51.90 | 53.50 | 55.00 | 56.50 |

Sensitivity analysis on ECL Model

The most significant forward looking information with impact on the ECL allowance of the Group include:

- Growth rate
- Inflation rate
- Oil prices

The table below demonstrates the sensitivity of the ECL allowance to movements in the significant forward looking indicators for financial assets, with all other variables held constant:

| | Group | | Authority | |
|-----------------------|------------------------|---------------------|------------------------|---------------------|
| | ECL allowance N'000 | Net effect N'000 | ECL allowance N'000 | Net effect N'000 |
| Growth rate | | | | |
| 10% increase | 556,241 | (57,762) | 555,194 | (57,649) |
| No change | 614,002 | - | 612,843 | - |
| 10% decrease | 677,471 | 63,468 | 676,186 | 63,343 |
| Inflation rate | | | | |
| 10% increase | 615,979 | 1,976 | 614,816 | 1,972 |
| No change | 614,002 | - | 612,843 | - |
| 10% decrease | 612,032 | (1,970) | 610,877 | (1,966) |
| Oil prices | | | | |
| 10% increase | 587,710 | (26,293) | 586,602 | (26,242) |
| No change | 614,002 | - | 612,843 | - |
| 10% decrease | 641,419 | 27,416 | 640,206 | 27,363 |

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6.2.10 Loss allowance

The loss allowance recognised in the period is impacted by a variety of factors, as described below:

- Transfers between Stage 1 and Stages 2 or 3 due to financial instruments experiencing significant increases (or decreases) of credit risk or becoming credit-impaired in the period, and the consequent "step up" (or "step down") between 12-month and Lifetime ECL;
- Additional allowances for new financial instruments recognised during the period, as well as releases for financial instruments de-recognised in the period;
- Impact on the measurement of ECL due to changes in PDs, EADs and LGDs in the period, arising from regular refreshing of inputs to models;
- Impacts on the measurement of ECL due to changes made to models and assumptions;
- Discount unwind within ECL due to the passage of time, as ECL is measured on a present value basis;
- Foreign exchange retranslations for assets denominated in foreign currencies and other movements; and
- Financial assets derecognised and write-offs of allowances related to assets that are written off.

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:

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 period ended 30 September 2018.

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

| Group | Stage 1 | | Stage 2 | Stage 3 | Total |
|---|--------------------|--------|-------------------|-------------------|--------------------|
| | 12 months exposure | | Lifetime exposure | Lifetime exposure | |
| | N '000 | N '000 | N '000 | N '000 | N '000 |
| Financial assets measured at amortised cost | | | | | |
| Eurobonds | 13,366,142 | - | - | - | 13,366,142 |
| Nigerian treasury bills | 2,445,140 | - | - | - | 2,445,140 |
| Open Market Operations bills (OMO bills) | 172,421,350 | - | - | - | 172,421,350 |
| Fixed deposits | 93,828,792 | - | - | - | 93,828,792 |
| Other assets | 40,485,558 | - | - | - | 40,485,558 |
| | 322,546,982 | - | - | - | 322,546,982 |
| Loss allowance (investment securities and other assets) | (8,879,419) | - | - | - | (8,879,419) |
| Carrying amount | 313,667,563 | - | - | - | 313,667,563 |
| Individually impaired | 8,879,419 | - | - | - | 8,879,419 |
| Collectively impaired | - | - | - | - | - |
| | 8,879,419 | - | - | - | 8,879,419 |
| Authority | | | | | |
| | Stage 1 | | Stage 2 | Stage 3 | Total |
| | 12 months exposure | | Lifetime exposure | Lifetime exposure | |
| | N '000 | N '000 | N '000 | N '000 | N '000 |
| Financial assets measured at amortised cost | | | | | |
| Eurobonds | 13,366,142 | - | - | - | 13,366,142 |
| Nigerian treasury bills | 443,765 | - | - | - | 443,765 |
| Open Market Operations bills (OMO bills) | 172,421,349 | - | - | - | 172,421,349 |
| Fixed deposits | 84,528,132 | - | - | - | 84,528,132 |
| | 270,759,388 | - | - | - | 270,759,388 |
| Loss allowance | (612,843) | - | - | - | (612,843) |
| Carrying amount | 270,146,545 | - | - | - | 270,146,545 |
| Individually impaired | 612,843 | - | - | - | 612,843 |
| Collectively impaired | - | - | - | - | - |
| | 612,843 | - | - | - | 612,843 |

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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 30 September 2018 N '000 | Group 31 December 2017 N '000 | Authority 30 September 2018 N '000 | Authority 31 December 2017 N '000 |
|--|---|--|---|--|
| Cash in hand | 1,372 | 473 | 467 | 249 |
| Bank balances | 35,367,094 | 22,020,278 | 16,092,713 | 8,545,048 |
| Placements with financial institutions | 23,635,683 | 316,208 | 21,329,692 | - |
| Total cash and cash equivalents | 59,004,149 | 22,336,959 | 37,422,872 | 8,545,297 |

Exposure to liquidity risk

The table below analyses the Group's non-derivative financial liabilities and unfunded commitments with private equity fund managers into relevant maturity Groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

Group

30 September 2018

In thousands of Naira

| | Up to 6 months | Between 6 months and 1 year | Between 1 and 2 years | Greater than 2 years | Total |
|--|-----------------------|--|----------------------------------|---------------------------------|-------------------|
| Trade payables | 1,887,941 | - | - | - | 1,887,941 |
| Other payables | 21,779,926 | - | - | - | 21,779,926 |
| Payables to related parties | 2,181,687 | - | - | - | 2,181,687 |
| Borrowings | 1,889,233 | 3,588,506 | 7,936,109 | 25,463,481 | 38,877,329 |
| Total liabilities | 27,738,787 | 3,588,506 | 7,936,109 | 25,463,481 | 64,726,883 |
| Unfunded commitments with private equity fund managers | 19,069,581 | - | - | - | 19,069,581 |
| Total commitments | 19,069,581 | - | - | - | 19,069,581 |

Group

31 December 2017

In thousands of Naira

| | Up to 6 months | Between 6 months and 1 year | Between 1 and 2 years | Greater than 2 years | Total |
|--|-----------------------|--|----------------------------------|---------------------------------|-------------------|
| Trade payables | 1,911,529 | - | - | - | 1,911,529 |
| Other payables | 6,448,086 | - | 228,332 | - | 6,676,418 |
| Payables to related parties | 2,217,837 | - | - | - | 2,217,837 |
| Borrowings | 20,547 | 124,657 | 725,719 | 5,035,582 | 5,906,505 |
| Total liabilities | 10,597,999 | 124,657 | 954,051 | 5,035,582 | 16,712,289 |
| Unfunded commitments with private equity fund managers | 16,961,833 | - | - | - | 16,961,833 |
| Total commitments | 16,961,833 | - | - | - | 16,961,833 |

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Authority

30 September 2018

In thousands of Naira

| | Up to 6 months | Between 6 months and 1 year | Between 1 and 2 years | Greater than 2 years | Total |
|--|-------------------|-----------------------------|-----------------------|----------------------|-------------------|
| Trade payables | 1,664,326 | - | - | - | 1,664,326 |
| Intercompany payables | 1,202,248 | - | - | - | 1,202,248 |
| Other payables | 15,664,079 | - | - | - | 15,664,079 |
| Total liabilities | 18,530,653 | - | - | - | 18,530,653 |
| NAIC-NPK loan guaranteed by NSIA | 1,889,233 | 3,588,506 | 7,936,109 | 25,463,481 | 38,877,329 |
| Unfunded commitments with private equity fund managers | 14,002,831 | - | - | - | 14,002,831 |
| Total commitments | 15,892,064 | 3,588,506 | 7,936,109 | 25,463,481 | 52,880,160 |

Authority

31 December 2017

In thousands of Naira

| | Up to 6 months | Between 6 months and 1 year | Between 1 and 2 years | Greater than 2 years | Total |
|--|-------------------|-----------------------------|-----------------------|----------------------|-------------------|
| Trade payables | 1,698,057 | - | - | - | 1,698,057 |
| Intercompany payables | 4,152,936 | - | - | - | 4,152,936 |
| Other payables | 1,908,441 | - | - | - | 1,908,441 |
| Total liabilities | 7,759,434 | - | - | - | 7,759,434 |
| NAIC-NPK loan guaranteed by NSIA | 20,547 | 124,657 | 725,719 | 5,035,582 | 5,906,505 |
| Unfunded commitments with private equity fund managers | 12,902,016 | - | - | - | 12,902,016 |
| Total commitments | 12,922,563 | 124,657 | 725,719 | 5,035,582 | 18,808,521 |

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 categorised into two: namely, traditional investments and alternative investments. Traditional investments include cash, listed equity and fixed income instruments. Alternative investments are the real estate assets, private equity, hedge funds, unquoted securities and equities, hospitality, and are generally less liquid than traditional investments. Currently, the asset classes being referred to as alternative investments are the real estate assets, private equity, hospitality and infrastructure projects.

The Group's Market risk Framework includes:

* Market risk - comprising equity, interest rate, interest basis and currency risks;

* Valuation risk - which derives from the valuation methodology chosen for unlisted assets. A critical associated risk is that which relates to the valuation model. The Group has exposure to valuation risk through its investments in real estate assets, private equity investments as well as other alternative instruments and project development.

The Group manages market risk by actively controlling positions taken by investment managers in accordance with the investment strategy for each fund. The investment strategy outlines permissible asset classes, asset allocation limits and other position limits according to the portfolio risk appetite and risk profile. Exceptions are escalated and investment managers are expected to provide a plan of action that would bring portfolios within limits.

The identification, measurement and management of market risk is categorised as follows:

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6.4.1 Trading assets/Financial assets

Trading assets are carried at fair value using publicly available market rates for traded securities. Positions are monitored regularly and performance measured to relevant benchmarks.

6.4.2 Non-trading assets/ Non-financial assets

Key performance measures are set and a robust monitoring and reporting framework is put in place to monitor performance of the Authority's investment in alternative and unlisted securities.

6.4.3 Foreign exchange risk

Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the Group's functional currency.

The Group has an investment in a foreign operation, whose net assets are exposed to foreign currency translation risk as a result of the translation of its financial statements from the operation's functional currency to the Group's presentation currency. Non-monetary financial assets are not exposed to foreign exchange risk in accordance with the standards. Currency exposure arising from the net assets of the Group's foreign subsidiary is managed primarily through cash and cash equivalents denominated in the relevant foreign currencies.

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

Group

30 September 2018

| | Naira N '000 | USD N '000 | Euro N '000 | Total N '000 |
|---|-------------------|--------------------|----------------|--------------------|
| Cash and cash equivalents | 14,209,627 | 44,793,574 | 948 | 59,004,149 |
| Investment securities (at amortised cost) | - | 282,061,424 | - | 282,061,424 |
| Investment securities (at FVTPL) - Monetary | 1,529,250 | 46,398,225 | - | 47,927,475 |
| Other assets | 18,247,814 | 22,237,744 | - | 40,485,558 |
| Total monetary financial assets | 33,986,691 | 395,490,967 | 948 | 429,478,606 |
| Trade payables | 241,897 | 1,646,044 | - | 1,887,941 |
| Other payables | 6,510,992 | 15,268,934 | - | 21,779,926 |
| Payable to Federal Government of Nigeria | 2,181,687 | - | - | 2,181,687 |
| Borrowings | 24,393,624 | - | - | 24,393,624 |
| Total monetary financial liabilities | 33,328,200 | 16,914,978 | - | 50,243,178 |
| Net financial asset FCY exposure | - | 378,575,989 | 948 | 378,576,937 |
| Sensitivity at 5% appreciation | - | (18,928,799) | (47) | (18,928,847) |
| Sensitivity at 5% depreciation | - | 18,928,799 | 47 | 18,928,847 |

Group

31 December 2017

| | Naira N '000 | USD N '000 | Euro N '000 | Total N '000 |
|---|-------------------|--------------------|----------------|--------------------|
| Cash and cash equivalents | 7,250,328 | 15,086,631 | - | 22,336,959 |
| Investment securities (held to maturity) | 175,437 | 17,341,779 | - | 17,517,216 |
| Investment securities (loans and receivables) | 8,955,405 | 253,737,553 | - | 262,692,958 |
| Investment securities (available-for-sale) | 12,817,766 | 24,805,655 | - | 37,623,421 |
| Other assets | 10,965,109 | 35,254,036 | - | 46,219,145 |
| Total monetary financial assets | 40,164,045 | 346,225,654 | - | 386,389,699 |
| Trade payables | 46,179 | 1,865,350 | - | 1,911,529 |
| Other payables | 6,676,418 | - | - | 6,676,418 |
| Deferred income relating to government grant | 1,465,369 | - | - | 1,465,369 |
| Payable to Federal Government of Nigeria | 18,331,582 | - | - | 18,331,582 |
| Borrowings | 3,534,631 | - | - | 3,534,631 |
| Total monetary financial liabilities | 30,954,179 | 1,865,350 | - | 31,919,529 |
| Net financial asset FCY exposure | - | 344,360,304 | - | 344,360,304 |
| Sensitivity at 5% appreciation | - | (17,218,015) | - | (17,218,015) |
| Sensitivity at 5% depreciation | - | 17,218,015 | - | 17,218,015 |

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Concentration of foreign currency exposure (cont'd)

| Authority 30 September 2018 | Naira | USD | Euro | Total |
|---|-------------------|--------------------|---------------|--------------------|
| | N '000 | N '000 | N '000 | N '000 |
| Cash and cash equivalents | 14,209,627 | 23,212,297 | 948 | 37,422,872 |
| Investment securities (at amortised cost) | - | 270,146,545 | - | 270,146,545 |
| Investment securities (at FVTPL) | - | 46,398,225 | - | 46,398,225 |
| Other assets | 40,227,232 | 5,950,620 | - | 46,177,852 |
| Total monetary financial assets | 54,436,859 | 345,707,687 | 948 | 400,145,494 |
| Trade payables | 1,664,326 | - | - | 1,664,326 |
| Intercompany payables | 1,202,248 | - | - | 1,202,248 |
| Other payables | 15,664,079 | - | - | 15,664,079 |
| Total monetary financial liabilities | 18,530,653 | - | - | 18,530,653 |
| Net financial asset FCY exposure | - | 345,707,687 | 948 | 345,708,635 |
| Sensitivity at 5% appreciation | - | (17,285,384) | (47) | (17,285,432) |
| Sensitivity at 5% depreciation | - | 17,285,384 | 47 | 17,285,432 |

| Authority 31 December 2017 | Naira | USD | Euro | Total |
|---|-------------------|--------------------|---------------|--------------------|
| | N '000 | N '000 | N '000 | N '000 |
| Cash and cash equivalents | 2,746,281 | 5,799,016 | - | 8,545,297 |
| Investment securities (held to maturity) | - | 17,341,779 | - | 17,341,779 |
| Investment securities (loans and receivables) | - | 254,513,055 | - | 254,513,055 |
| Investment securities (available-for-sale) | 12,208,697 | 24,805,655 | - | 37,014,352 |
| Other assets | 18,335,029 | 53,945,925 | - | 72,280,954 |
| Total monetary financial assets | 33,290,007 | 356,405,430 | - | 389,695,437 |
| Trade payables | 295,081 | 1,402,976 | - | 1,698,057 |
| Intercompany payables | 3,850,110 | 302,826 | - | 4,152,936 |
| Other payables | 1,908,441 | - | - | 1,908,441 |
| Total monetary financial liabilities | 6,053,632 | 1,705,802 | - | 7,759,434 |
| Net financial asset FCY exposure | - | 354,699,628 | - | 354,699,628 |
| Sensitivity at 5% appreciation | - | (17,734,981) | - | (17,734,981) |
| Sensitivity at 5% depreciation | - | 17,734,981 | - | 17,734,981 |

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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 fixed interest financial assets carried at fair value and the effect on other comprehensive income.

| | Group 30 September 2018 N '000 | Group 31 December 2017 N '000 | Authority 30 September 2018 N '000 | Authority 31 December 2017 N '000 |
|--|---|--|---|--|
| Available for sale investments (US treasury notes) | - | 24,805,655 | - | 24,805,655 |
| Available for sale investments (Fixed income products) | - | 12,208,697 | - | 12,208,697 |
| Available for sale investments (Treasury bills) | - | 609,069 | - | - |
| Financial assets at FVTPL (Fixed income products) | 21,484,296 | - | 21,484,296 | - |
| Financial assets at FVTPL (US treasury notes) | 24,913,929 | - | 24,913,929 | - |
| | 46,398,225 | 37,623,421 | 46,398,225 | 37,014,352 |

(All amounts are in thousands of Naira)

Group
30 September 2018

| Impact on | Impact of 5% strengthening | Impact of 5% weakening |
|----------------------------|-------------------------------|---------------------------|
| Other comprehensive income | 2,319,911 | (2,319,911) |

(All amounts are in thousands of Naira)

Group
31 December 2017

| Impact on | Sensitivity to 5% strengthening | Sensitivity to 5% weakening |
|----------------------------|------------------------------------|--------------------------------|
| Other comprehensive income | 1,881,171 | (1,881,171) |

(All amounts are in thousands of Naira)

Authority
30 September 2018

| Impact on | Sensitivity to 5% strengthening | Sensitivity to 5% weakening |
|----------------------------|------------------------------------|--------------------------------|
| Other comprehensive income | 2,319,911 | (2,319,911) |

(All amounts are in thousands of Naira)

Authority
31 December 2017

| Impact on | Sensitivity to 5% strengthening | Sensitivity to 5% weakening |
|----------------------------|------------------------------------|--------------------------------|
| Other comprehensive income | 1,850,718 | (1,850,718) |

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6.4.5 Equities securities price risk

The Group is exposed to equity securities price risk because of investments held by the Group and recognised on on the consolidated statement of financial position at FVOCI. The Group is not exposed to commodity price risk. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.

The table below summarises the impact of increases/ decreases on the Group's other comprehensive income and equity. The analysis is based on the assumption that the equity prices had increased/decreased by 5% with all other variables held constant:

| | Group 30 September 2018 N '000 | Group 31 December 2017 N '000 | Authority 30 September 2018 N '000 | Authority 31 December 2017 N '000 |
|--|---|--|---|--|
| Equity instruments measured at FVOCI(2017: Available for sale) | 10,144,014 | 5,258,546 | 8,614,764 | 4,429,823 |
| | (10,144,014) | (5,258,546) | (8,614,764) | (4,429,823) |

The table below shows the effect in other comprehensive income and equity of changes in available quoted securities (quoted on the London Stock Exchange (LSE)) in the Group. The impact was excluded in the table above. A 5% increase and decrease in the equity price has been used in the sensitivity analysis below:

| | | | | |
|----------------------------------|-----------|-----------|-----------|-----------|
| LSE - Chieftain Hanesbrands Inc. | 262,052 | 222,481 | 262,052 | 222,481 |
| | (262,052) | (222,481) | (262,052) | (222,481) |

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

7 Fair value hierarchy

The Group classifies financial instruments measured at fair value in the investment portfolio according to the following hierarchy:

| Level | Fair value input description | Financial instruments |
|---------|---|---|
| Level 1 | Quoted prices (unadjusted) from active markets | Quoted instruments |
| Level 2 | Inputs other than quoted prices included in Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices) | Equity instruments quoted in over-the-counter (OTC) markets |
| Level 3 | Inputs that are not based on observable market data (that is, unobservable inputs) | Unquoted equity instruments and debt instruments |

Unquoted equity instruments and debt instruments are measured in accordance with the International Private Equity and Venture Capital valuation guidelines with reference to the most appropriate information available at the time of measurement.

The following tables analyse within the fair value hierarchy the Authority's financial assets (by class) measured at fair value at 30 September 2018. All fair value measurements disclosed are recurring fair value measurements.

Group

30 September 2018

Investment securities at FVOCI

| | Level 1 N '000 | Level 2 N '000 | Level 3 N '000 | Total N '000 |
|--|-------------------|-------------------|-------------------|-----------------|
| NG Clearing | - | - | 523,000 | 523,000 |
| MTN securities, Bridge Academies Limited and Chieftain Investments | 5,241,044 | 2,850,720 | 1,529,250 | 9,621,014 |
| | 5,241,044 | 2,850,720 | 2,052,250 | 10,144,014 |

31 December 2017

Investment securities available for sale

| | Level 1 N '000 | Level 2 N '000 | Level 3 N '000 | Total N '000 |
|----------------------------------|-------------------|-------------------|-------------------|-----------------|
| US treasury notes | - | 24,805,655 | - | 24,805,655 |
| Private equity investments | - | - | 40,400,222 | 40,400,222 |
| Nigeria treasury bills | - | 609,069 | - | 609,069 |
| Nigeria Infrastructure Debt Fund | - | 1,528,500 | - | 1,528,500 |
| Hedge fund managers | 4,449,610 | - | 64,770,690 | 69,220,300 |
| Fixed income products | - | 12,208,697 | - | 12,208,697 |
| | 4,449,610 | 39,151,921 | 105,170,912 | 148,772,443 |

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30 September 2018

Investment securities at FVOCI

| | Level 1 N '000 | Level 2 N '000 | Level 3 N '000 | Total N '000 |
|--|-------------------|-------------------|-------------------|------------------|
| NG Clearing | - | - | 523,000 | 523,000 |
| MTN securities and Chieftain Investments | 5,241,044 | 2,850,720 | - | 8,091,764 |
| | 5,241,044 | 2,850,720 | 523,000 | 8,614,764 |

Authority

31 December 2017

Investment securities available for sale

| | Level 1 N '000 | Level 2 N '000 | Level 3 N '000 | Total N '000 |
|----------------------------------|-------------------|-------------------|-------------------|--------------------|
| US treasury notes | - | 24,805,655 | - | 24,805,655 |
| Private equity investments | - | - | 23,825,778 | 23,825,778 |
| Nigeria Infrastructure Debt Fund | - | 1,528,500 | - | 1,528,500 |
| Hedge fund managers | 4,449,610 | - | 64,770,690 | 69,220,300 |
| Fixed income products | - | 12,208,697 | - | 12,208,697 |
| | 4,449,610 | 38,542,852 | 88,596,468 | 131,588,930 |

**Financial assets at fair value through profit or loss
Group**

30 September 2018

| | Level 1 N '000 | Level 2 N '000 | Level 3 N '000 | Total N '000 |
|--|-------------------|-------------------|--------------------|--------------------|
| Currency swap (Note 21.6.1) | - | 5,721,358 | - | 5,721,358 |
| Private equity investments | - | - | 32,947,627 | 32,947,627 |
| Hedge funds and long only equity investments | - | - | 82,071,247 | 82,071,247 |
| US treasury notes | - | 24,913,929 | - | 24,913,929 |
| Fixed income products | - | 21,484,296 | - | 21,484,296 |
| | - | 52,119,583 | 115,018,874 | 167,138,457 |

Group

31 December 2017

| | Level 1 N '000 | Level 2 N '000 | Level 3 N '000 | Total N '000 |
|-----------------------------|-------------------|-------------------|-------------------|-----------------|
| Currency swap (Note 21.6.1) | - | 869,908 | - | 869,908 |
| | - | 869,908 | - | 869,908 |

Authority

30 September 2018

| | N '000 | N '000 | N '000 | N '000 |
|--|--------|-------------------|-------------------|--------------------|
| Currency swap (Note 21.6.1) | - | 5,721,358 | - | 5,721,358 |
| Private equity investments | - | - | 18,523,601 | 18,523,601 |
| Hedge funds and long only equity investments | - | - | 80,541,997 | 80,541,997 |
| Nigeria Infrastructure Debt Fund | - | 1,529,250 | - | 1,529,250 |
| US treasury notes | - | 24,913,929 | - | 24,913,929 |
| Fixed income products | - | 21,484,296 | - | 21,484,296 |
| | - | 53,648,833 | 99,065,598 | 152,714,431 |

Authority

31 December 2017

| | Level 1 N '000 | Level 2 N '000 | Level 3 N '000 | Total N '000 |
|-----------------------------|-------------------|-------------------|-------------------|-----------------|
| Currency swap (Note 21.6.1) | - | 869,908 | - | 869,908 |
| | - | 869,908 | - | 869,908 |

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(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 2018. 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.

(b) Financial instruments in level 2

Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. They include investments in equity securities that are not traded in an active market but for which a trading platform exists on which a price can be determined for which market participants would pay in order to purchase the asset as at the reporting date i.e. at the Over-the-Counter alternative markets.

These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3. Specific valuation techniques used to value financial instruments include quoted market prices or dealer quotes for similar instruments.

(c) Financial instruments in level 3

Level 3 inputs are unobservable inputs that have been applied in valuing the respective asset or liability. The determination of what constitutes 'observable' requires significant 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 period.

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 period ended 30 September 2018 for financial assets measured at FVOCI.

| | Group 30 September 2018 N '000 | Group 31 December 2017 N '000 | Authority 30 September 2018 N '000 | Authority 31 December 2017 N '000 |
|--|---|--|---|--|
| Available for sale - Private equity | | | | |
| Opening balance | 40,400,222 | 28,399,511 | 23,825,778 | 12,630,092 |
| Additions | - | 9,197,637 | - | 9,166,601 |
| Fair value movement | - | 2,655,815 | - | 1,995,276 |
| IFRS 9 reclassification | (40,400,222) | - | (23,825,778) | - |
| Exchange gain | - | 147,259 | - | 33,809 |
| Closing balance | - | 40,400,222 | - | 23,825,778 |
| | | | | |
| | Group 30 September 2018 N '000 | Group 31 December 2017 N '000 | Authority 30 September 2018 N '000 | Authority 31 December 2017 N '000 |
| Available for sale - Hedge funds | | | | |
| Opening balance | 64,770,690 | 59,039,615 | 64,770,690 | 59,039,615 |
| Additions | - | 1,977,630 | - | 1,977,630 |
| Fair value movement | - | 3,547,827 | - | 3,547,827 |
| IFRS 9 reclassification | (64,770,690) | - | (64,770,690) | - |
| Exchange gain | - | 205,618 | - | 205,618 |
| Closing balance | - | 64,770,690 | - | 64,770,690 |

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| | Group | Group | Authority | Authority |
|--|---------------------|--------------------|---------------------|--------------------|
| | 30 September | 31 December | 30 September | 31 December |
| | 2018 | 2017 | 2018 | 2017 |
| | N '000 | N '000 | N '000 | N '000 |
| Financial assets measured at FVOCI/Available for sale - | | | | |
| Bridge Academies Limited and NG Clearing | | | | |
| Opening balance | 1,143,600 | 1,143,600 | - | - |
| Additions | 828,150 | - | 523,000 | - |
| Exchange gain | 80,500 | - | - | - |
| Closing balance | 2,052,250 | 1,143,600 | 523,000 | - |
| Financial assets at fair value through profit or loss - | | | | |
| Private equity | | | | |
| Opening balance | - | - | - | - |
| Disposals | (4,112,257) | - | (3,164,947) | - |
| Fair value movement | (5,282,440) | - | (3,178,257) | - |
| IFRS 9 reclassification | 40,400,222 | - | 23,825,778 | - |
| Exchange gain | 1,942,102 | - | 1,041,027 | - |
| Closing balance | 32,947,627 | - | 18,523,601 | - |
| Financial assets at fair value through profit or loss - | | | | |
| Hedge funds | | | | |
| Opening balance | - | - | - | - |
| Additions | 15,278,950 | - | 13,579,423 | - |
| Fair value movement | (1,567,824) | - | (1,137,219) | - |
| IFRS 9 reclassification | 64,770,690 | - | 64,770,690 | - |
| Exchange gain | 3,589,431 | - | 3,329,103 | - |
| Closing balance | 82,071,247 | - | 80,541,997 | - |

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Sensitivity analysis of fair value movements for level 3 financial assets measured at FVOCI

The table below shows the sensitivity analysis of fair value movements for level 3 financial assets measured at FVOCI:

| | 5% changes in fair value movement | Inputs | Group | Authority |
|---|-----------------------------------|----------------|-------------------|-------------------|
| | | | 30 September 2018 | 30 September 2018 |
| | | N '000 | | N '000 |
| Financial assets measured at FVOCI | | | Difference | Difference |
| Fair value movement | Increase | NAV/Fair value | (342,513) | (215,774) |
| Fair value movement | Decrease | | 342,513 | 215,774 |

| | 5% changes in fair value movement | Inputs | Group | Authority |
|---|-----------------------------------|----------------|-------------------|------------------|
| | | | 30 September 2018 | 31 December 2017 |
| | | N '000 | | N '000 |
| Available for sale financial instruments | | | Difference | Difference |
| Fair value movement | Increase | NAV/Fair value | 310,182 | 277,155 |
| Fair value movement | Decrease | | (310,182) | (277,155) |

| | 5% changes in fair value movement | Inputs | Group | Authority |
|--|-----------------------------------|----------------|-------------------|------------------|
| | | | 30 September 2018 | 31 December 2018 |
| | | N '000 | | N '000 |
| Financial assets at fair value through profit or loss | | | Difference | Difference |
| Fair value movement | Increase | NAV/Fair value | (554,476) | (546,976) |
| Fair value movement | Decrease | | 554,476 | 546,976 |

There were no level 3 instruments classified at fair value through profit or loss in 2017.

7.1.1 Fair value hierarchy of financial assets and financial liabilities not measured at fair value

Group
30 September 2018

| | Carrying value | Level 1 | Level 2 | Level 3 | Fair value |
|--|--------------------|---------|-------------------|--------------------|--------------------|
| <i>In thousands of Naira</i> | | | | | |
| Financial assets | | | | | |
| Other receivables | 24,503,599 | - | - | 24,503,599 | 24,503,599 |
| Account receivables | 15,981,959 | - | - | 15,981,959 | 15,981,959 |
| Financial assets measured at amortised cost | 281,447,421 | - | 21,579,820 | 261,311,830 | 282,891,650 |
| | 321,932,979 | - | 21,579,820 | 301,797,388 | 323,377,208 |
| Financial liabilities | | | | | |
| Borrowings | 24,393,624 | - | - | 24,393,624 | 24,393,624 |
| Trade payables | 1,887,941 | - | - | 1,887,941 | 1,887,941 |
| Other payables | 21,779,926 | - | - | 21,779,926 | 21,779,926 |
| Payables to Federal Government in respect of the Second Niger Bridge | 2,181,687 | - | - | 2,181,687 | 2,181,687 |
| | 50,243,178 | - | - | 50,243,178 | 50,243,178 |

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| | Carrying value | Level 1 | Level 2 | Level 3 | Fair value |
|--|--------------------|---------|-------------------|--------------------|--------------------|
| <i>In thousands of Naira</i> | | | | | |
| Financial assets | | | | | |
| Other assets | 46,219,145 | - | - | 46,219,145 | 46,219,145 |
| Held-to-maturity | 17,517,216 | - | 17,517,216 | - | 17,843,278 |
| Loans and receivables | 262,692,958 | - | - | 262,692,958 | 262,692,958 |
| | 326,429,319 | - | 17,517,216 | 308,912,103 | 326,755,381 |
| Financial liabilities | | | | | |
| Trade payables | 1,911,529 | - | - | 1,911,529 | 1,911,529 |
| Other payables | 6,676,418 | - | - | 6,676,418 | 6,676,418 |
| Payables to Federal Government in respect of the Second Niger Bridge | 2,217,837 | - | - | 2,217,837 | 2,217,837 |
| | 10,805,784 | - | - | 10,805,784 | 10,805,784 |

Authority

30 September 2018

| | Carrying value | Level 1 | Level 2 | Level 3 | Fair value |
|---|--------------------|---------|-------------------|--------------------|--------------------|
| <i>In thousands of Naira</i> | | | | | |
| Financial assets | | | | | |
| Other receivables | 13,898,685 | - | - | 13,898,685 | 13,898,685 |
| Account receivables | 994,259 | - | - | 994,259 | 994,259 |
| Intercompany receivables | 44,006,776 | - | - | 44,006,776 | 44,006,776 |
| Financial instruments at amortised cost | 270,146,545 | - | 13,809,907 | 256,949,481 | 270,759,388 |
| | 329,046,265 | - | 13,809,907 | 315,849,201 | 329,659,108 |
| Financial liabilities | | | | | |
| Trade payables | 1,664,326 | - | - | 1,664,326 | 1,664,326 |
| Intercompany payables | 1,202,248 | - | - | 1,202,248 | 1,202,248 |
| Other payables | 15,664,079 | - | - | 15,664,079 | 15,664,079 |
| | 18,530,653 | - | - | 18,530,653 | 18,530,653 |

31 December 2017

| | Carrying value | Level 1 | Level 2 | Level 3 | Fair value |
|------------------------------|--------------------|---------|-------------------|--------------------|--------------------|
| <i>In thousands of Naira</i> | | | | | |
| Financial assets | | | | | |
| Other assets | 1,567,530 | - | - | 1,567,530 | 1,567,530 |
| Held-to-maturity | 17,341,779 | - | 17,341,779 | - | 17,667,341 |
| Loans and receivables | 254,513,055 | - | - | 254,513,055 | 254,513,055 |
| | 273,422,364 | - | 17,341,779 | 256,080,585 | 273,747,926 |
| Financial liabilities | | | | | |
| Trade payables | 1,698,057 | - | - | 1,698,057 | 1,698,057 |
| Intercompany payables | 4,152,936 | - | - | 4,152,936 | 4,152,936 |
| Other payables | 1,908,441 | - | - | 1,908,441 | 1,908,441 |
| | 7,759,434 | - | - | 7,759,434 | 7,759,434 |

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8 Fund information

The Authority has three Funds being the Stabilisation Fund (SF), Future Generations Fund (FGF) and Nigeria Infrastructure Fund (NIF). Each of the Funds is managed separately as they entail different investment objectives and strategies and contain investments in different products.

For each of the Funds, the management reviews the internal management report. The objective and principal investment products of the respective reportable segments are as follows:

| | |
|-----------------------------------|---|
| 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 |

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.

| | Stabilisation Fund | Future Generations Fund | Nigeria Infrastructure Fund | Unallocated | Total |
|---|--------------------|-------------------------|-----------------------------|------------------|--------------------|
| | N '000 | N '000 | N '000 | N '000 | N '000 |
| 30 September 2018 | | | | | |
| Interest income | 4,066,990 | 12,221,790 | 9,034,977 | 10,475 | 25,334,232 |
| Investment income | 646,621 | 1,651,952 | 1,308,893 | - | 3,607,466 |
| Interest income on instrument measured at FVTPL | 69,799 | 213,869 | 61,438 | - | 345,106 |
| Net gain/(loss) on financial assets | 558,349 | 1,710,810 | 491,462 | - | 2,760,621 |
| Net foreign exchange gain | 633,443 | 689,847 | 985,001 | 7,254 | 2,315,545 |
| Total operating segment income | 5,975,202 | 16,488,268 | 11,881,771 | 17,729 | 34,362,970 |
| Investment management fees | (28,581) | (671,610) | - | - | (700,191) |
| Local custodian fees | (15,464) | (23,553) | (5,921) | - | (44,938) |
| Global custodian fees | (4,627) | (49,722) | (9,874) | (18,184) | (82,407) |
| Impairment charge on financial assets | (466,851) | (940,468) | (5,460,355) | - | (6,867,674) |
| Total operating fund profit | 5,459,679 | 14,802,915 | 6,405,621 | (455) | 26,667,760 |
| Revenue from infrastructure subsidiaries investment | - | - | 22,743,105 | - | 22,743,105 |
| Expense from infrastructure subsidiaries investment | - | - | (25,202,655) | - | (25,202,655) |
| Loss from infrastructure subsidiaries investment | - | - | (2,459,550) | - | (2,459,550) |
| Other income | - | 903,997 | 7,545,999 | - | 8,449,996 |
| Operating and administrative expenses | (544,600) | (1,086,159) | (644,698) | (622,432) | (2,897,889) |
| Interest expense | - | - | (1,662,638) | - | (1,662,638) |
| Share of profit of investment in associate | - | - | 241,890 | - | 241,890 |
| Profit before tax | 4,915,079 | 14,620,753 | 9,426,624 | (622,887) | 28,339,569 |
| Taxation | - | (168,208) | - | - | (168,208) |
| Profit for the period | 4,915,079 | 14,452,545 | 9,426,624 | (622,887) | 28,171,361 |

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| | Stabilisation Fund | Future Generations Fund | Nigeria Infrastructure Fund | Unallocated | Total |
|---|-------------------------------|--|--|--------------------|--------------------|
| | N '000 | N '000 | N '000 | N '000 | N '000 |
| 30 September 2018 | | | | | |
| Profit attributable to: | | | | | |
| Owners of NSIA | 4,915,079 | 14,451,580 | 9,426,624 | (622,887) | 28,170,473 |
| Non-controlling interest | - | 888 | - | - | 888 |
| | 4,915,079 | 14,450,692 | 9,426,624 | (622,887) | 28,169,585 |
| Reportable fund assets | | | | | |
| Cash and cash equivalents | 13,553,831 | 19,571,459 | 15,750,061 | 10,128,798 | 59,004,149 |
| Investment securities | 92,241,475 | 194,223,668 | 172,264,749 | - | 458,729,892 |
| Other assets | 1,327,913 | 3,167,447 | 53,156,968 | 228,902 | 57,881,230 |
| Inventories | - | - | 19,051,244 | - | 19,051,244 |
| Investments accounted for using the equity method | - | - | 4,599,907 | - | 4,599,907 |
| Property and equipment | - | - | 2,354,153 | 239,964 | 2,594,117 |
| Intangible assets | - | - | 2,316 | - | 2,316 |
| | 107,123,219 | 216,962,574 | 267,179,398 | 10,597,664 | 601,862,855 |
| Reportable fund liabilities | | | | | |
| Other liabilities | 1,557,882 | 726,903 | 33,362,214 | 17,600,403 | 53,247,401 |
| Borrowings | - | - | 24,393,624 | - | 24,393,624 |
| | 1,557,882 | 726,903 | 57,755,838 | 17,600,403 | 77,641,025 |

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| | Stabilisation Fund | Future Generations Fund | Nigeria Infrastructure Fund | Unallocated | Total |
|--|-----------------------|-------------------------------|-----------------------------------|--------------------|---------------------|
| | N'000 | N'000 | N'000 | N'000 | N'000 |
| 30 September 2017 | | | | | |
| Investment and interest income | 1,496,680 | 8,323,411 | 7,601,318 | 61,017 | 17,482,426 |
| Net gain/(loss) on financial assets | 2,125,537 | 3,469,459 | (8,904,767) | - | (3,309,771) |
| Net foreign exchange gains/(losses) | (312,250) | 171,464 | 12,566,822 | - | 12,426,036 |
| Total operating segment income | 3,309,967 | 11,964,334 | 11,263,373 | 61,017 | 26,598,691 |
| Investment management fees | (17,200) | (635,515) | - | - | (652,715) |
| Global and local custodian fees | (3,281) | (21,132) | (8,644) | - | (33,057) |
| Total fund investment management & custodian fees | (20,481) | (656,647) | (8,644) | - | (685,772) |
| Total operating fund profit | 3,289,486 | 11,307,687 | 11,254,729 | 61,017 | 25,912,919 |
| Revenue from infrastructure subsidiaries investment | - | - | 29,325,120 | - | 29,325,120 |
| Expense from infrastructure subsidiaries investment | - | - | (32,434,471) | - | (32,434,471) |
| Loss from infrastructure subsidiaries investment | - | - | (3,109,351) | - | (3,109,351) |
| Other income | - | - | 29,480,249 | 7,355 | 29,487,604 |
| Operating and administrative expenses | (6,322) | (123,507) | (33,350,825) | (1,562,739) | (35,043,393) |
| Total operating and administrative expenses | (6,322) | (123,507) | (33,350,825) | (1,562,739) | (35,043,393) |
| Finance cost | - | - | - | - | - |
| Share of profit of investment in associate | - | - | 295,563 | - | 295,563 |
| Profit before tax | 3,283,164 | 11,184,180 | 7,679,716 | (1,494,367) | 17,543,342 |
| Taxation | - | - | - | - | - |
| Profit after tax | 3,283,164 | 11,184,180 | 7,679,716 | (1,494,367) | 17,543,342 |
| Profit attributable to: | | | | | |
| Owners of NSIA | 3,283,164 | 11,184,181 | 7,679,716 | (1,494,863) | 20,652,198 |
| Non-controlling interest | - | - | - | 495 | 495 |
| | 3,283,164 | 11,184,181 | 7,679,716 | (1,494,368) | 20,652,693 |
| 31 December 2017 | | | | | |
| Reportable fund assets | | | | | |
| Cash and cash equivalents | 2,050,447 | 7,774,644 | 9,404,928 | 3,106,940 | 22,336,959 |
| Investment securities | 77,246,453 | 180,338,298 | 172,267,774 | - | 429,852,525 |
| Other assets | 17,226,925 | - | 31,237,818 | 669,615 | 49,134,358 |
| Inventories | - | - | 13,797,596 | - | 13,797,596 |
| Investment in associate | - | - | 2,453,380 | - | 2,453,380 |
| Property and equipment | - | - | 16,258,058 | 48,502 | 16,306,560 |
| Intangible assets | - | - | 1,138 | 63 | 1,201 |
| | 96,523,825 | 188,112,942 | 245,420,692 | 3,825,120 | 533,882,579 |
| Reportable fund liabilities | | | | | |
| Other liabilities | 1,716,537 | 6,234,299 | 15,453,462 | 5,881,620 | 29,285,918 |
| Borrowings | - | - | 3,534,631 | - | 3,534,631 |
| | 1,716,537 | 6,234,299 | 18,988,093 | 5,881,620 | 32,820,549 |

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9 Interest income

| | Group | | | | Authority | | | |
|--|-------------------|-------------------|--------------------|------------------|-------------------|-------------------|--------------------|------------------|
| | Nine months ended | | Three months ended | | Nine months ended | | Three months ended | |
| | 30 September | | 30 September | | 30 September | | 30 September | |
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| | N '000 | N '000 | N '000 | N '000 | N '000 | N '000 | N '000 | N '000 |
| Interest income on US treasury notes | - | 265,008 | - | - | - | 265,008 | - | 73,790 |
| Interest income on Nigerian treasury bills | - | - | - | 7,192,595 | - | - | - | - |
| Interest income on fixed deposits | 4,472,412 | 4,590,255 | 1,537,389 | 1,375,185 | 4,472,412 | 4,584,394 | 1,537,389 | 1,375,185 |
| Interest income on open market operation bills | 19,123,857 | 7,474,680 | 6,144,488 | - | 19,123,857 | 7,474,680 | 6,144,488 | 7,112,944 |
| Interest income on Eurobonds | 1,013,436 | 1,280,942 | 348,684 | 616,444 | 1,013,436 | 1,280,942 | 348,684 | 616,444 |
| Interest income on bank balances | 724,527 | 3,011 | 489,822 | 146 | 724,527 | 3,011 | 489,822 | 146 |
| | 25,334,232 | 13,613,896 | 8,520,383 | 9,184,370 | 25,334,232 | 13,608,035 | 8,520,383 | 9,178,509 |

10 Investment income

| | Group | | | | Authority | | | |
|-----------------------------------|-------------------|------------------|--------------------|------------------|-------------------|------------------|--------------------|------------------|
| | Nine months ended | | Three months ended | | Nine months ended | | Three months ended | |
| | 30 September | | 30 September | | 30 September | | 30 September | |
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| | N '000 | N '000 | N '000 | N '000 | N '000 | N '000 | N '000 | N '000 |
| Investment income from securities | 3,607,466 | 3,868,530 | 343,803 | 1,225,675 | 1,337,959 | 2,178,687 | 31,858 | 1,075,104 |
| | 3,607,466 | 3,868,530 | 343,803 | 1,225,675 | 1,337,959 | 2,178,687 | 31,858 | 1,075,104 |

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Notes to the financial statements

11 Interest income on financial assets at FVTPL

| | Group | | | | Authority | | | |
|--|-----------------------------------|----------------|------------------------------------|----------------|-----------------------------------|----------------|------------------------------------|----------------|
| | Nine months ended 30 September | | Three months ended 30 September | | Nine months ended 30 September | | Three months ended 30 September | |
| | 2018 N '000 | 2017 N '000 | 2018 N '000 | 2017 N '000 | 2018 N '000 | 2017 N '000 | 2018 N '000 | 2017 N '000 |
| Interest income on US treasury note | 113,393 | - | 26,677 | - | 113,393 | - | 26,677 | - |
| Interest income from fixed income products | 231,713 | - | 155,364 | - | 231,713 | - | 155,364 | - |
| | 345,106 | - | 182,041 | - | 345,106 | - | 182,041 | - |

12 Net gain/(loss) on financial assets

| | Group | | | | Authority | | | |
|--|-----------------------------------|--------------------|------------------------------------|----------------|-----------------------------------|--------------------|------------------------------------|----------------|
| | Nine months ended 30 September | | Three months ended 30 September | | Nine months ended 30 September | | Three months ended 30 September | |
| | 2018 N '000 | 2017 N '000 | 2018 N '000 | 2017 N '000 | 2018 N '000 | 2017 N '000 | 2018 N '000 | 2017 N '000 |
| Net gain/(loss) on financial assets at fair value through profit or loss (Note 12.1) | 2,751,751 | (3,309,772) | 15,294,597 | 492,016 | 2,843,955 | (3,309,772) | 10,288,827 | 492,016 |
| Net gain on US treasury notes and fixed income products | 8,870 | - | - | - | 8,870 | - | - | - |
| | 2,760,621 | (3,309,772) | 15,294,597 | 492,016 | 2,852,825 | (3,309,772) | 10,288,827 | 492,016 |

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

| | Group | | | | Authority | | | |
|--|-------------------|--------------------|--------------------|----------------|-------------------|--------------------|--------------------|----------------|
| | Nine months ended | | Three months ended | | Nine months ended | | Three months ended | |
| | 30 September | | 30 September | | 30 September | | 30 September | |
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| | N '000 | N '000 | N '000 | N '000 | N '000 | N '000 | N '000 | N '000 |
| Unrealised gain/(loss) on financial swap | 5,300,998 | 7,789,251 | 10,006,372 | 1,731,222 | 4,851,450 | 7,789,251 | 9,556,824 | 1,731,222 |
| Realised loss on financial swap | - | (11,099,023) | - | (1,239,206) | - | (11,099,023) | - | (1,239,206) |
| Fair value changes on private equity, hedge funds and other securities | (4,099,814) | - | 5,555,218 | - | (4,099,814) | - | 457,244 | - |
| Net gain/(loss) on sale of equity instruments | 1,550,567 | - | (266,993) | - | 2,092,319 | - | 274,759 | - |
| | 2,751,751 | (3,309,772) | 15,294,597 | 492,016 | 2,843,955 | (3,309,772) | 10,288,827 | 492,016 |

13 Net foreign exchange gain

| | Group | | | | Authority | | | |
|---------------------------|-------------------|-------------------|--------------------|------------------|-------------------|-------------------|--------------------|------------------|
| | Nine months ended | | Three months ended | | Nine months ended | | Three months ended | |
| | 30 September | | 30 September | | 30 September | | 30 September | |
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| | N '000 | N '000 | N '000 | N '000 | N '000 | N '000 | N '000 | N '000 |
| Net foreign exchange gain | 2,315,545 | 12,426,036 | 665,630 | 2,582,493 | 2,226,275 | 12,426,036 | 576,793 | 2,572,493 |
| | 2,315,545 | 12,426,036 | 665,630 | 2,582,493 | 2,226,275 | 12,426,036 | 576,793 | 2,572,493 |

14 Impairment charge on financial assets

| | Group | | Authority | |
|-----------------------|-------------------|----------|--------------------|------------------|
| | Nine months ended | | Three months ended | |
| | 30 September | | 30 September | |
| | 2018 | 2017 | 2018 | 2017 |
| | N '000 | N '000 | N '000 | N '000 |
| Investment securities | 364,909 | - | 363,749 | 260,304 |
| Other assets | 6,502,765 | - | - | (475,311) |
| | 6,867,674 | - | 363,749 | (213,847) |

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14.1 The following tables explain the changes in the loss allowance of financial assets between the beginning and the end of the annual period:

| Group | Stage 1 | Stage 2 | Stage 3 | Purchased credit-impaired N '000 | Total N '000 |
|--|------------------------|------------------------|------------------------|-------------------------------------|------------------|
| | 12-month ECL N '000 | Lifetime ECL N '000 | Lifetime ECL N '000 | | |
| Loss allowance as at 1 January 2018: | | | | | |
| Investment securities | 249,094 | - | - | - | 249,094 |
| Other assets | 1,762,651 | - | - | - | 1,762,651 |
| | 2,011,745 | - | - | - | 2,011,745 |
| Movements with P&L impact | | | | | |
| Transfers: | | | | | |
| Transfer from Stage 1 to Stage 2 | - | - | - | - | - |
| Transfer from Stage 1 to Stage 3 | - | - | - | - | - |
| Transfer from Stage 2 to Stage 1 | - | - | - | - | - |
| Changes on financial assets during the period: - | | | | | |
| Investment securities | 364,909 | - | - | - | 364,909 |
| Other assets | 6,502,765 | - | - | - | 6,502,765 |
| Changes in PDs/LGDs/EADs | - | - | - | - | - |
| Changes to model assumptions and methodologies | - | - | - | - | - |
| Modification of contractual cash flows of financial assets | - | - | - | - | - |
| Unwind of discount | - | - | - | - | - |
| Total net P&L charge during the period | 6,867,674 | - | - | - | 6,867,674 |
| Other movements with no P&L impact | | | | | |
| Transfers: | | | | | |
| Transfer from Stage 1 to Stage 2 | - | - | - | - | - |
| Transfer from Stage 1 to Stage 3 | - | - | - | - | - |
| Transfer from Stage 2 to Stage 1 | - | - | - | - | - |
| Financial assets derecognised during the period | - | - | - | - | - |
| Write-offs | - | - | - | - | - |
| Loss allowance as at 30 September 2018: | | | | | |
| - Investment securities | 614,003 | - | - | - | 614,003 |
| - Other assets | 8,265,416 | - | - | - | 8,265,416 |
| | 8,879,419 | - | - | - | 8,879,419 |

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| Authority | Stage 1 | Stage 2 | Stage 3 | Purchased credit-impaired N '000 | Total N '000 |
|--|-------------------------------|------------------------|---------------------------|-------------------------------------|-----------------|
| | 12-month Exposur N '000 | Lifetime ECL N '000 | Lifetime ECL N '000 | | |
| | | | | | |
| Loss allowance as at 1 January 2018: | | | | | |
| Investment securities | 249,094 | - | - | - | 249,094 |
| | 249,094 | - | - | - | 249,094 |
| Movements with P&L impact | | | | | |
| Transfers: | | | | | |
| Transfer from Stage 1 to Stage 2 | - | - | - | - | - |
| Transfer from Stage 1 to Stage 3 | - | - | - | - | - |
| Transfer from Stage 2 to Stage 1 | - | - | - | - | - |
| <i>Changes on financial assets during the period:</i> | | | | | |
| Investment securities | 363,749 | - | - | - | 363,749 |
| Changes in PDs/LGDs/EADs | - | - | - | - | - |
| Changes to model assumptions and methodologies | - | - | - | - | - |
| Modification of contractual cash flows of financial assets | - | - | - | - | - |
| Unwind of discount | - | - | - | - | - |
| Total net P&L charge during the period | 363,749 | - | - | - | 363,749 |
| Other movements with no P&L impact | | | | | |
| Transfers: | | | | | |
| Transfer from Stage 1 to Stage 2 | - | - | - | - | - |
| Transfer from Stage 1 to Stage 3 | - | - | - | - | - |
| Transfer from Stage 2 to Stage 1 | - | - | - | - | - |
| Financial assets derecognised during the period | - | - | - | - | - |
| Write-offs | - | - | - | - | - |
| Loss allowance as at 30 September 2018: | | | | | |
| Investment securities | 612,843 | - | - | - | 612,843 |
| | 612,843 | - | - | - | 612,843 |

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Notes to the financial statements

15 Revenue from infrastructure subsidiaries investments

| | Group | | | | Authority | | | |
|----------------------------------|-------------------|-------------------|--------------------|-------------------|-------------------|--------|--------------------|--------|
| | Nine months ended | | Three months ended | | Nine months ended | | Three months ended | |
| | 30 September | | 30 September | | 30 September | | 30 September | |
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| | N '000 | N '000 | N '000 | N '000 | N '000 | N '000 | N '000 | N '000 |
| Revenue from sale of fertilizers | 22,504,355 | 29,305,120 | 8,502,470 | 11,332,472 | - | - | - | - |
| Guarantee fee income | 238,750 | 20,000 | 81,250 | - | - | - | - | - |
| | 22,743,105 | 29,325,120 | 8,583,720 | 11,332,472 | - | - | - | - |

Revenue from sale of fertilizer represent revenue from sale of finished and packaged fertilizer to Agro-dealers and State Governments.

Guarantee fee income in 2017 represents the amount earned by the Group's subsidiary, Infrastructure Credit Guarantee Company Limited for providing guarantee for bond issued by some issuing entities.

16 Expense from infrastructure subsidiaries investments

| | Group | | | | Authority | | | |
|------------------------------|-------------------|-------------------|--------------------|-------------------|-------------------|--------|--------------------|--------|
| | Nine months ended | | Three months ended | | Nine months ended | | Three months ended | |
| | 30 September | | 30 September | | 30 September | | 30 September | |
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| | N '000 | N '000 | N '000 | N '000 | N '000 | N '000 | N '000 | N '000 |
| Cost of sales of fertilizers | 25,144,192 | 32,434,471 | 4,463,949 | 11,385,441 | - | - | - | - |
| Guarantee fee expenses | 58,463 | - | 19,560 | - | - | - | - | - |
| | 25,202,655 | 32,434,471 | 4,483,509 | 11,385,441 | - | - | - | - |

Note 16.1

16.1 Cost of sales of fertilizers

| | Group | | | | Authority | | | |
|--|-------------------|-------------------|--------------------|-------------------|-------------------|--------|--------------------|--------|
| | Nine months ended | | Three months ended | | Nine months ended | | Three months ended | |
| | 30 September | | 30 September | | 30 September | | 30 September | |
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| | N '000 | N '000 | N '000 | N '000 | N '000 | N '000 | N '000 | N '000 |
| Raw materials consumed | 13,368,503 | 17,244,552 | 2,373,364 | 6,053,339 | - | - | - | - |
| Blending plants fees | 3,811,579 | 4,916,704 | 676,685 | 1,725,906 | - | - | - | - |
| Direct trucking, storage and other logistics | 5,463,141 | 7,047,118 | 969,893 | 2,473,742 | - | - | - | - |
| Fertilizer clearing and testing expense | 2,500,969 | 3,226,097 | 444,007 | 1,132,454 | - | - | - | - |
| Demurage charges | - | - | - | - | - | - | - | - |
| | 25,144,192 | 32,434,471 | 4,463,949 | 11,385,441 | - | - | - | - |

17 Other income

| | Group | | | | Authority | | | |
|---|-------------------|----------------|--------------------|----------------|-------------------|--------------|--------------------|--------------|
| | Nine months ended | | Three months ended | | Nine months ended | | Three months ended | |
| | 30 September | | 30 September | | 30 September | | 30 September | |
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| | N '000 | N '000 | N '000 | N '000 | N '000 | N '000 | N '000 | N '000 |
| Fiduciary income | 1,142,598 | 162,484 | 3,245,191 | 158,956 | 1,024,130 | 7,355 | 3,743 | 4,027 |
| Subsidy from Federal Government of Nigeria on cost differential on fertilizer sales | 5,874,904 | - | - | - | - | - | - | - |
| Benefit from below market rate loan | 1,432,494 | - | - | - | - | - | - | - |
| | 8,449,996 | 162,484 | 3,245,191 | 158,956 | 1,024,130 | 7,355 | 3,743 | 4,027 |

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N1.01 billion of fiduciary income relates to fund management fees earned on management of Nigeria Bulk Electricity Trading Plc (NBET) funds.

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 was granted to the group to settle the shortfalls of the 2017 and 2018 Presidential Fertilizer Initiative (PFI).

Benefit from below market rate loan arose from the straight line amortisation of the fair value of the benefit over the tenor of the borrowing. See Note 29.1 for additional information

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18 Operating and administrative expenses

| | Group | | | | Authority | | | |
|-------------------------------------|-------------------|------------------|--------------------|----------------|-------------------|------------------|--------------------|----------------|
| | Nine months ended | | Three months ended | | Nine months ended | | Three months ended | |
| | 30 September | | 30 September | | 30 September | | 30 September | |
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| | N '000 | N '000 | N '000 | N '000 | N '000 | N '000 | N '000 | N '000 |
| Personnel expenses (Note 18.1) | 1,739,069 | 1,255,863 | 640,034 | 548,615 | 1,480,075 | 1,188,050 | 463,483 | 492,290 |
| Directors expenses (Non-executives) | 87,500 | 25,000 | 62,500 | 25,000 | 87,500 | 25,000 | 62,500 | 25,000 |
| Depreciation | 67,416 | 46,033 | 31,805 | 15,806 | 35,802 | 31,242 | 16,240 | 12,951 |
| Amortisation | 510 | 498 | 183 | 194 | 63 | 418 | - | 141 |
| Audit fees | 54,300 | 59,646 | 17,300 | 19,882 | 32,625 | 22,500 | 10,875 | 7,500 |
| Non-audit fees | 15,000 | 13,500 | 5,000 | 4,500 | 15,000 | 13,500 | 5,000 | 4,500 |
| Other professional fees | 329,877 | 780,551 | 85,368 | 97,609 | 274,330 | 478,358 | 56,511 | 200,259 |
| General and administrative expenses | 437,244 | 225,741 | 32,950 | 42,192 | 297,128 | 103,678 | 107,032 | 32,975 |
| Office rent and other expenses | 128,293 | 96,806 | 50,053 | 32,883 | 128,293 | 96,806 | 50,053 | 32,884 |
| Travel expenses | 38,680 | 105,283 | (3,845) | 42,182 | 38,680 | 105,282 | (3,845) | 42,183 |
| | 2,897,889 | 2,608,921 | 921,348 | 828,863 | 2,389,496 | 2,064,834 | 767,849 | 850,683 |

18.1 Personnel expenses

| | | | | | | | | |
|---------------------------|------------------|------------------|----------------|----------------|------------------|------------------|----------------|----------------|
| Salaries and allowances | 1,657,683 | 1,187,573 | 614,180 | 418,926 | 1,398,689 | 1,120,183 | 437,629 | 363,024 |
| Defined contribution plan | 81,386 | 68,290 | 25,854 | 29,689 | 81,386 | 67,867 | 25,854 | 29,266 |
| | 1,739,069 | 1,255,863 | 640,034 | 448,615 | 1,480,075 | 1,188,050 | 463,483 | 392,290 |

19 Interest expense

| | Group | | | | Authority | | | |
|----------------------------------|-------------------|----------|--------------------|----------|-------------------|----------|--------------------|----------|
| | Nine months ended | | Three months ended | | Nine months ended | | Three months ended | |
| | 30 September | | 30 September | | 30 September | | 30 September | |
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| | N '000 | N '000 | N '000 | N '000 | N '000 | N '000 | N '000 | N '000 |
| Effective interest on borrowings | 1,662,638 | - | 835,435 | - | - | - | - | - |
| | 1,662,638 | - | 835,435 | - | - | - | - | - |

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 29 for details of the borrowings.

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20 Cash and cash equivalents

| | Group | | Authority | |
|-------------------------|-------------------|-------------------|-------------------|------------------|
| | 30 September | 31 December | 30 September | 31 December |
| | 2018 | 2017 | 2018 | 2017 |
| | N '000 | N '000 | N '000 | N '000 |
| Cash on hand | 1,372 | 473 | 467 | 249 |
| Bank balances | 35,367,094 | 22,020,278 | 16,092,713 | 8,545,048 |
| Money market placements | 23,635,683 | 316,208 | 21,329,692 | - |
| | 59,004,149 | 22,336,959 | 37,422,872 | 8,545,297 |

Money market placements classified as cash and cash equivalents are placements with less than 90 days maturity period.

21 Investment securities

| | | Group | | Authority | |
|---|------|--------------------|--------------------|--------------------|--------------------|
| | | 30 September | 31 December | 30 September | 31 December |
| | | 2018 | 2017 | 2018 | 2017 |
| | | N '000 | N '000 | N '000 | N '000 |
| Held to maturity investments | 21.1 | - | 17,517,216 | - | 17,341,779 |
| Financial assets measured at amortised cost | 21.2 | 281,447,421 | - | 270,146,545 | - |
| Loans and receivables | 21.3 | - | 262,692,958 | - | 254,513,055 |
| Financial assets measured at FVOCI | 21.4 | 10,144,014 | - | 8,614,764 | - |
| Available for sale investments | 21.5 | - | 148,772,443 | - | 131,588,930 |
| Financial assets at fair value through profit or loss | 21.6 | 167,138,457 | 869,908 | 152,714,431 | 869,908 |
| | | 458,729,892 | 429,852,525 | 431,475,740 | 404,313,672 |

21.1 Held to maturity investments

| | | Group | | Authority | |
|-------------------------|--|--------------|-------------------|--------------|-------------------|
| | | 30 September | 31 December | 30 September | 31 December |
| | | 2018 | 2017 | 2018 | 2017 |
| | | N '000 | N '000 | N '000 | N '000 |
| Eurobonds | | - | 17,341,779 | - | 17,341,779 |
| Nigerian treasury bills | | - | 175,437 | - | - |
| | | - | 17,517,216 | - | 17,341,779 |
| Maturity analysis: | | | | | |
| Current | | - | 7,976,030 | - | 7,800,593 |
| Non-current | | - | 9,541,186 | - | 9,541,186 |
| | | - | 17,517,216 | - | 17,341,779 |

21.2 Financial assets measured at amortised cost

| | | Group | | Authority | |
|---|--|--------------------|-------------|--------------------|-------------|
| | | 30 September | 31 December | 30 September | 31 December |
| | | 2018 | 2017 | 2018 | 2017 |
| | | N '000 | N '000 | N '000 | N '000 |
| Eurobonds | | 13,366,142 | - | 13,366,142 | - |
| Nigerian treasury bills | | 2,445,140 | - | 443,765 | - |
| Open market operations bills (OMO bills) | | 172,421,350 | - | 172,421,349 | - |
| Fixed deposits | | 93,828,792 | - | 84,528,132 | - |
| | | 282,061,424 | - | 270,759,388 | - |
| Impairment /Expected credit loss (21.2.1) | | (614,003) | - | (612,843) | - |
| | | 281,447,421 | - | 270,146,545 | - |
| Maturity analysis: | | | | | |
| Current | | 281,447,421 | - | 270,146,545 | - |
| | | 281,447,421 | - | 270,146,545 | - |

21.2.1 Impairment movement schedule

| | | | | |
|--|----------------|---|----------------|---|
| Balance at 1 January 2018 | - | - | - | - |
| Changes on initial application of IFRS 9 | 249,094 | - | 249,094 | - |
| Restated balance at 1 January 2018 | 249,094 | - | 249,094 | - |
| Impairment charge for the period | 364,909 | - | 363,749 | - |
| Balance at 30 September 2018 | 614,003 | - | 612,843 | - |

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21.3 Loans and receivables

| | Group 30 September 2018 N '000 | Group 31 December 2017 N '000 | Authority 30 September 2018 N '000 | Authority 31 December 2017 N '000 |
|------------------------------|---|--|---|--|
| Fixed deposits and OMO bills | - | 262,692,958 | - | 254,513,055 |
| | - | 262,692,958 | - | 254,513,055 |
| Maturity analysis: | | | | |
| Current | - | 262,692,958 | - | 254,513,055 |
| | - | 262,692,958 | - | 254,513,055 |

21.4 Financial assets measured at FVOCI

| | Group 30 September 2018 N '000 | Group 31 December 2017 N '000 | Authority 30 September 2018 N '000 | Authority 31 December 2017 N '000 |
|--|---|--|---|--|
| Equity instruments | | | | |
| NG Clearing | 523,000 | | 523,000 | |
| MTN securities, Bridge Academies Limited and Chieftain Investments | 9,621,014 | - | 8,091,764 | - |
| | 10,144,014 | - | 8,614,764 | - |
| Maturity analysis: | | | | |
| Non-current | 10,144,014 | - | 8,614,764 | - |
| | 10,144,014 | - | 8,614,764 | - |

21.5 Available for sale investment securities

| | Group 30 September 2018 N '000 | Group 31 December 2017 N '000 | Authority 30 September 2018 N '000 | Authority 31 December 2017 N '000 |
|---|---|--|---|--|
| Nigerian Treasury bills | - | 609,069 | - | - |
| Fixed income products | - | 12,208,697 | - | 12,208,697 |
| Nigeria Infrastructure Debt Fund (NIDF) | - | 1,528,500 | - | 1,528,500 |
| US treasury notes | - | 24,805,655 | - | 24,805,655 |
| Hedge funds and long only equity managers | - | 69,220,300 | - | 69,220,300 |
| MTN securities | - | 2,388,190 | - | 2,388,190 |
| Private equity investments | - | 38,012,032 | - | 21,437,588 |
| | - | 148,772,443 | - | 131,588,930 |
| Maturity analysis: | | | | |
| Current | - | 609,069 | - | - |
| Non-current | - | 148,163,374 | - | 131,588,930 |
| | - | 148,772,443 | - | 131,588,930 |

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21.6 Financial assets at fair value through profit or loss

| | Group 30 September 2018 N '000 | Group 31 December 2017 N '000 | Authority 30 September 2018 N '000 | Authority 31 December 2017 N '000 |
|--|---|--|---|--|
| Currency swap (<i>Note 21.6.1</i>) | 5,721,358 | 869,908 | 5,721,358 | 869,908 |
| Private equity investments | 32,947,627 | - | 18,523,601 | - |
| Hedge funds and long only equity investments | 80,541,997 | - | 80,541,997 | - |
| Nigeria Infrastructure Debt Fund | 1,529,250 | - | 1,529,250 | - |
| Fixed income products | 21,484,296 | - | 21,484,296 | - |
| US treasury notes | 24,913,929 | - | 24,913,929 | - |
| | 167,138,457 | 869,908 | 152,714,431 | 869,908 |
| Maturity analysis: | | | | |
| Current | 21,130,344 | 869,908 | 21,130,344 | 869,908 |
| Non-current | 146,008,113 | - | 131,584,087 | - |
| | 167,138,457 | 869,908 | 152,714,431 | 869,908 |

21.6.1 For swap instruments, the balance in 2018 shows the fair value of the financial assets arising from the currency swap transactions with the Central Bank of Nigeria (CBN). The notional contract amount of \$515.5million (2017: \$455million) represents the basis on which the changes in fair value were measured. The notional amount indicate the volume of transactions as at the period end and are indicative of neither the market risk nor the credit risk. As a result of the counterparty involved, we have assessed the impact of credit risk on the financial asset to be minimal, as the counterparty (CBN) is backed by the sovereign guarantee of the Federal Government of Nigeria. Hence, a credit value adjustment was not effected on the fair valuation of the derivative.

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22 Other assets

| | Group 30 September 2018 N '000 | Group 31 December 2017 N '000 | Authority 30 September 2018 N '000 | Authority 31 December 2017 N '000 |
|--|---|--|---|--|
| Financial assets: | | | | |
| Other receivables | 24,503,599 | 35,296,096 | 13,898,685 | 34,167,273 |
| Account receivables | 15,981,959 | 10,923,049 | 994,259 | - |
| Intercompany receivables | - | - | 44,006,776 | 38,113,681 |
| | <u>40,485,558</u> | <u>46,219,145</u> | <u>58,899,720</u> | <u>72,280,954</u> |
| Impairment /Expected credit loss (Note 22.1) | (8,265,416) | - | - | - |
| Total financial assets | <u>32,220,142</u> | <u>46,219,145</u> | <u>58,899,720</u> | <u>72,280,954</u> |
| Non-financial assets: | | | | |
| Prepayment | 9,547,343 | 2,915,213 | 96,090 | 29,138 |
| Cost incurred on behalf of the Federal Government of Nigeria | 16,113,745 | - | - | - |
| Total other assets | <u>57,881,230</u> | <u>49,134,358</u> | <u>58,995,810</u> | <u>72,310,092</u> |
| Maturity analysis: | | | | |
| Current | - | 1,073,895 | - | - |
| Non-current | 57,881,230 | 48,060,463 | 58,995,810 | 72,310,092 |
| | <u>57,881,230</u> | <u>49,134,358</u> | <u>58,995,810</u> | <u>72,310,092</u> |

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.

22.1 Impairment movement schedule

| | | | | |
|--|------------------|---|---|---|
| Balance at 1 January 2018 | - | - | - | - |
| Changes on initial application of IFRS 9 | 1,762,651 | - | - | - |
| Restated balance at 1 January 2018 | 1,762,651 | - | - | - |
| Impairment charge for the period | 6,502,765 | - | - | - |
| Balance at 30 September 2018 | <u>8,265,416</u> | - | - | - |

Expected credit losses on trade receivables from the Group's subsidiary NAIC-NPK Limited 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.

23 Inventories

| | Group 30 September 2018 N '000 | Group 31 December 2017 N '000 | Authority 30 September 2018 N '000 | Authority 31 December 2017 N '000 |
|--------------------|---|--|---|--|
| Raw materials | 11,251,076 | 4,175,582 | - | - |
| Finished goods | 7,800,168 | 9,622,014 | - | - |
| | <u>19,051,244</u> | <u>13,797,596</u> | - | - |
| Maturity analysis: | | | | |
| Current | 19,051,244 | 13,797,596 | - | - |
| | <u>19,051,244</u> | <u>13,797,596</u> | - | - |

There were no inventories pledged as security for liabilities. (2017: NIL)

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24 Investments in subsidiaries

| | Authority 30 September 2018 N '000 | Authority 31 December 2017 N '000 |
|---|---|--|
| At the beginning of the period | 16,085,655 | 7,096,155 |
| Additions during the period | - | 8,989,500 |
| Disposal of subsidiary | (1,954,329) | - |
| At the end of the period | <u>14,131,326</u> | <u>16,085,655</u> |
| Investment types: | | |
| Investment in equity shares | 6,108,421 | 8,062,750 |
| Investment in irredemable preference shares | 8,022,905 | 8,022,905 |
| | <u>14,131,326</u> | <u>16,085,655</u> |
| Maturity analysis: | | |
| Non-current | 14,131,326 | 16,085,655 |
| | <u>14,131,326</u> | <u>16,085,655</u> |

24.1 Information on subsidiary entities controlled by the Authority

| Name of entity | Place of business/ Country of incorporation | % of ownership interest | | Carrying amount | |
|---|--|----------------------------|---------------------|----------------------|---------------------|
| | | 30 September 2018 | 31 December 2017 | 30 September 2018 | 31 December 2017 |
| | | | | N '000 | N '000 |
| NSIA Motorways Investment Company (NMIC) (i) | Nigeria | 99.99% | 100% | 1,000 | 1,000 |
| KG Brussels LP (ii) | USA | 99.7% | 99.97% | 5,108,826 | 7,063,155 |
| KG Acquisition I LLC | USA | 100% | 100% | - | - |
| 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 |
| Infrastructure Credit Guarantee Company Limited (x) | Nigeria | 100.00% | 100% | 9,014,500 | 9,014,500 |
| | | | | <u>14,131,326</u> | <u>16,085,655</u> |

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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 is a Partnership that holds a portfolio of investments in other private equity investee funds. The General Partner of the Partnership is KG Acquisition I LLC, which is owned by NSIA. NSIA is a limited partner in KG Brussels LP. The Company was incorporated in 2014. During the financial period, there was a return of capital of (\$11,667,637) NGN1,954,329, 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 in investing 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 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.

x) Infrastructure Credit Guarantee Company Limited (Infracredit) is a Company that 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. Post period end (19 December 2018), the Authority lost control due to additional investment in Infracredit by African Finance Corporation (AFC). This investment by AFC has subsequently diluted the investment in Infracredit to an "investment in joint venture" in the final quarter of the period.

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The Authority also has indirect interests in the following subsidiaries:

| | Place of business/ Country of incorporation | % of ownership interest | % of ownership interest |
|---|--|-------------------------|-------------------------|
| | | 30 September 2018 | 31 December 2017 |
| FMCU Advanced Medical Diagnostics Limited (xi) | Nigeria | 90% | 90% |
| AKTH Advanced Medical Diagnostics Limited (xii) | Nigeria | 90% | 90% |
| NAIC-NPK Limited (xiii) | 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.

xii) 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.

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.

25 Investments accounted for using the equity method

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

| | Group | Group | Authority | Authority |
|-------------------------------|-------------------|------------------|-------------------|------------------|
| | 30 September 2018 | 31 December 2017 | 30 September 2018 | 31 December 2017 |
| | N '000 | N '000 | N '000 | N '000 |
| Associates and joint ventures | 4,599,907 | 2,453,380 | 1,600,490 | 1,600,490 |

The amounts recognised in the statement of comprehensive income are as follows:

| | | | | |
|------------|---------|---------|---|---|
| Associates | 235,787 | 495,037 | - | - |
|------------|---------|---------|---|---|

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The below shows a detailed movement of this balance:

| | Group 30 September 2018 N '000 | Group 31 December 2017 N '000 | Authority 30 September 2018 N '000 | Authority 31 December 2017 N '000 |
|---|---|--|---|--|
| At the beginning of the period | 2,453,380 | 1,957,853 | 1,600,490 | 1,600,000 |
| Additions during the period | 1,910,740 | 490 | - | 490 |
| Share of profit of associate and joint venture | 241,890 | 434,988 | - | - |
| Share of fair value reserves of associate and joint venture | (6,103) | 60,049 | - | - |
| At the end of the period | <u>4,599,907</u> | <u>2,453,380</u> | <u>1,600,490</u> | <u>1,600,490</u> |
| Maturity analysis: | | | | |
| Non-current | <u>4,599,907</u> | <u>2,453,380</u> | <u>1,600,490</u> | <u>1,600,490</u> |

Interests in associates and joint ventures

Set out below are the associates and joint ventures of the Group as at 30 September 2018. 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.

| Group Name of company | Place of business/ Country of incorporation | % of ownership | | Carrying | |
|---|--|-----------------------|--------------------|---------------------|--------------------|
| | | interest | ownership | amount | amount |
| | | 30 September | 31 December | 30 September | 31 December |
| | | 2018 | 2017 | 2018 | 2017 |
| | | | | N '000 | N '000 |
| Investment in associates | | | | | |
| Nigeria Mortgage Refinance Company (NMRC) | 25.1 Nigeria | 20.91% | 20.91% | 2,689,667 | 2,453,380 |
| Family Homes Funds Limited (FHFL) | 25.2 Nigeria | 49% | 49% | - | - |
| Panda Agriculture Operations and Management Ltd | 25.3 Mauritius | 30% | 0% | - | - |
| Pandagric Novum Ltd | 25.4 Nigeria | 30% | 0% | - | - |
| | | | | <u>2,689,667</u> | <u>2,453,380</u> |

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| Name of company | Place of business/ Country of incorporation | % of ownership interest | | Carrying amount | |
|---|--|-------------------------|------------------|-------------------|------------------|
| | | 30 September 2018 | 31 December 2017 | 30 September 2018 | 31 December 2017 |
| | | | | N '000 | N '000 |
| Investment in joint venture | | | | | |
| LUTH Advanced Medical Services Limited | 25.5 Nigeria | 50% | 50% | - | - |
| UFF-NAIC Agriculture Management Company (Mauritius) Limited | 25.6 Mauritius | 50% | 0% | 3,052 | - |
| UFF-NAIC Agriculture Investment Company (Mauritius) Limited | 25.7 Mauritius | 50% | 0% | 1,907,187 | - |
| Panda Agricultural Properties Management Ltd | 25.8 Nigeria | 50% | 0% | - | - |
| Panda Agricultural Properties Management Ltd | 25.9 Mauritius | 50% | 0% | - | - |
| Total investment in joint venture | | | | 1,910,239 | - |
| Total investments in joint ventures and associates | | | | 4,599,906 | 2,453,380 |

Authority

| Name of company | Place of business/ Country of incorporation | % of ownership interest | | Carrying amount | |
|--|--|-------------------------|------------------|-------------------|------------------|
| | | 30 September 2018 | 31 December 2017 | 30 September 2018 | 31 December 2017 |
| | | | | N '000 | N '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% | 0% | - | - |
| Pandagric Novum Ltd | 25.4 Nigeria | 25% | 0% | - | - |
| Total investment in joint ventures and associates | | | | 1,600,490 | 1,600,490 |

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The Authority has indirect investments in joint ventures in the following entities:

| | | | | | |
|---|----------------|-----|-----|------------------|----------|
| UFF-NAIC Agriculture Management Company (Mauritius) Limited | 25.6 Mauritius | 50% | 0% | 3,052 | - |
| UFF-NAIC Agriculture Investment Company (Mauritius) Limited | 25.7 Mauritius | 50% | 0% | 1,907,188 | - |
| LUTH Advanced Medical Services Limited (LUTH) | 25.5 Nigeria | 50% | 50% | 500 | - |
| | | | | 1,910,740 | - |

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 summarised 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 summarised 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 2nd 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

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Investment in joint ventures

25.5 LUTH Advanced Medical Services Limited (LUTH)

The company is a limited liability company established to carry out business as providers of modern medical pathology laboratory services. The Company was incorporated in 2016.

25.6 UFF-NAIC Agriculture Management Company (Mauritius) Limited

A company incorporated in Mauritius on the 8th 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 USD25mn from NSIA and Old Mutual African Agricultural Fund has been made with a target of a total commitment size of USD200mn from other third parties. Although the funds to the joint venture are provided by Old Mutual African Agricultural Fund, UFF Management Limited act as representatives on behalf of Old Mutual.

The fund is currently pursuing farmland and agribusiness investments as well as high technology driven agriculture in the various parts of Nigeria.

25.8 Panda Agricultural Properties Management Ltd

A company limited by shares and incorporated in Mauritius on the 6th of February 2018 with company number 153425.

The company has been established to farms, agricultural land and fixed assets and lease such farms and assets to Panda Operations & Management.

25.9 Panda Agricultural Properties Management Ltd

A company limited by shares and incorporated in Nigeria on the 9th 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.

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Investments in associates and joint venture (cont'd)

| | NMRC | | FHFL | |
|-------------------------------------|-------------------|-------------------|-------------------|------------------|
| | 30 September | 31 December | 30 September | 31 December |
| | 2018 | 2017 | 2018 | 2017 |
| | N '000 | N '000 | N '000 | N '000 |
| Capital and reserves | | | | |
| Share capital | 2,125,444 | 1,912,900 | 1,000 | 1,000 |
| Share premium | 5,925,231 | 5,925,232 | - | - |
| Retained earnings | 3,249,650 | 2,650,750 | (268,620) | (175,901) |
| Statutory reserves | 1,453,592 | 1,105,830 | - | - |
| Statutory credit risk reserve | 41,553 | 41,553 | - | - |
| Fair value reserves | 67,594 | 96,779 | - | - |
| Total equity | 12,863,064 | 11,733,044 | (267,620) | (174,901) |
| Total liabilities and equity | 54,519,820 | 42,540,618 | 22,799,814 | 1,332,159 |

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

| | NMRC | | FHFL | |
|---------------------------------------|--------------|-------------|--------------|-------------|
| | 30 September | 31 December | 30 September | 31 December |
| | 2018 | 2017 | 2018 | 2017 |
| | N '000 | N '000 | N '000 | N '000 |
| Net assets of associate/joint venture | 12,863,064 | 11,733,044 | (267,620) | (174,901) |
| Group share of net assets | 2,689,667 | 2,453,380 | (131,134) | (85,701) |
| Carrying value of associate | 2,689,667 | 2,453,380 | - | - |
| Difference | - | - | (131,134) | (85,701) |
| Share of losses not recognised | - | - | 131,134 | 85,701 |

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| 26 Property and equipment Group | Furniture and fittings | Motor vehicles | Computer equipment | Office equipment | Assets under construction | Total |
|---------------------------------|------------------------|----------------|--------------------|------------------|---------------------------|--------------|
| | N '000 | N '000 | N '000 | N '000 | N '000 | N '000 |
| Cost | | | | | | |
| As at 1 January 2017 | 76,981 | 127,523 | 124,188 | 1,776 | 16,113,745 | 16,444,213 |
| Additions | 39,401 | 55,000 | 69,061 | 20,113 | - | 183,575 |
| As at 31 December 2017 | 116,382 | 182,523 | 193,249 | 21,889 | 16,113,745 | 16,627,788 |
| As at 1 January 2018 | 116,382 | 182,523 | 193,249 | 21,889 | 16,113,745 | 16,627,788 |
| Additions | 27,600 | 178,356 | 34,352 | 5,550 | 2,222,860 | 2,468,718 |
| Transfer of asset ** | - | - | - | - | (16,113,745) | (16,113,745) |
| As at 30 September 2018 | 143,982 | 360,879 | 227,601 | 27,439 | 2,222,860 | 2,982,761 |
| Accumulated depreciation | | | | | | |
| As at 1 January 2017 | 54,671 | 106,805 | 94,655 | 1,018 | - | 257,149 |
| Charge for the year | 22,760 | 19,869 | 17,468 | 3,982 | - | 64,079 |
| As at 31 December 2017 | 77,431 | 126,674 | 112,123 | 5,000 | - | 321,228 |
| As at 1 January 2018 | 77,431 | 126,674 | 112,123 | 5,000 | - | 321,228 |
| Charge for the year | 11,991 | 23,844 | 23,751 | 7,830 | - | 67,416 |
| As at 30 September 2018 | 89,422 | 150,518 | 135,874 | 12,830 | - | 388,644 |
| Carrying amount | | | | | | |
| As at 30 September 2018 | 54,560 | 210,361 | 91,727 | 14,609 | 2,222,860 | 2,594,117 |
| As at 31 December 2017 | 38,951 | 55,849 | 81,126 | 16,889 | 16,113,745 | 16,306,560 |

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Property and equipment (cont'd)
Authority

| | Furniture and fittings N '000 | Motor vehicles N '000 | Computer equipment N '000 | Office equipment N '000 | Total N '000 |
|---------------------------------|--|----------------------------------|--------------------------------------|------------------------------------|-------------------------|
| Cost | | | | | |
| As at 1 January 2017 | 76,981 | 113,739 | 115,641 | 1,776 | 308,137 |
| Additions | 450 | - | 22,637 | - | 23,087 |
| As at 31 December 2017 | 77,431 | 113,739 | 138,278 | 1,776 | 331,224 |
| As at 1 January 2018 | 77,431 | 113,739 | 138,278 | 1,776 | 331,224 |
| Additions | 27,600 | 165,018 | 34,352 | 294 | 227,264 |
| As at 30 September 2018 | 105,031 | 278,757 | 172,630 | 2,070 | 558,488 |
| Accumulated depreciation | | | | | |
| As at 1 January 2017 | 54,671 | 91,489 | 94,655 | 1,018 | 241,833 |
| Charge for the period | 15,457 | 15,415 | 9,714 | 302 | 40,888 |
| As at 31 December 2017 | 70,128 | 106,904 | 104,369 | 1,320 | 282,721 |
| As at 1 January 2018 | 70,128 | 106,904 | 104,369 | 1,320 | 282,721 |
| Charge for the year | 7,025 | 13,531 | 15,047 | 199 | 35,802 |
| As at 30 September 2018 | 77,153 | 120,435 | 119,416 | 1,519 | 318,523 |
| Carrying amount | | | | | |
| As at 30 September 2018 | 27,878 | 158,322 | 53,214 | 551 | 239,965 |
| As at 31 December 2017 | 7,303 | 6,835 | 33,909 | 456 | 48,503 |

**During the period, the assets under construction held by NSIA Motorways Investment Company (NMIC) were reclassified to other assets. Additional disclosures for the assets are shown under other assets as "cost incurred on behalf of the Federal Government of Nigeria in respect of the Second Niger Bridge".

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| 27 Intangible assets | Group | Authority |
|-------------------------------------|---------------|------------------|
| Software - 30 September 2018 | N '000 | N '000 |
| Cost | | |
| Balance at 1 January 2018 | 25,803 | 24,503 |
| Additions | 1,625 | - |
| Balance at 30 September 2018 | 27,428 | 24,503 |
| Amortisation | | |
| Balance at 1 January 2018 | 24,602 | 24,440 |
| Charge for the period | 510 | 63 |
| Balance at 30 September 2018 | 25,112 | 24,503 |
| Carrying amount | | |
| Balance at 30 September 2018 | 2,316 | - |
| | Group | Authority |
| | N '000 | N '000 |
| Software - 31 December 2017 | | |
| Cost | | |
| Balance at 1 January 2017 | 24,503 | 24,503 |
| Additions | 1,300 | - |
| Balance at 31 December 2017 | 25,803 | 24,503 |
| Amortisation | | |
| Balance at 1 January 2017 | 23,882 | 23,882 |
| Charge for the period | 720 | 558 |
| Balance at 31 December 2017 | 24,602 | 24,440 |
| Carrying amount | | |
| Balance at 31 December 2017 | 1,201 | 63 |

N '000 N '000 N '000 N '000

28 Other liabilities

| | Group | Group | Authority | Authority |
|--|---------------------|--------------------|---------------------|--------------------|
| | 30 September | 31 December | 30 September | 31 December |
| | 2018 | 2017 | 2018 | 2017 |
| | N '000 | N '000 | N '000 | N '000 |
| Financial liability: | | | | |
| Trade payables | 1,887,941 | 1,911,529 | 1,664,326 | 1,698,057 |
| Intercompany payables | - | - | 1,202,248 | 4,152,936 |
| Other payables | 21,779,926 | 6,676,418 | 15,664,079 | 1,908,441 |
| Payables to the Federal Government of Nigeria in respect of the Second Niger Bridge (28.1) | 2,181,687 | 2,217,837 | - | - |
| Non financial liability: | | | | |
| Accruals | 230,096 | 503,255 | 179,028 | 125,030 |
| Payables to the Federal Government of Nigeria in respect of the Second Niger Bridge (28.1) | 16,113,745 | 16,113,745 | - | - |
| Deferred income on RSSF borrowing (28.2) | 10,606,376 | 1,465,369 | - | - |
| Tax liabilities | 447,630 | 397,772 | - | - |
| | 53,247,401 | 29,285,925 | 18,709,681 | 7,884,464 |
| Maturity analysis: | | | | |
| Current | 6,609,963 | 1,693,701 | 18,709,681 | - |
| Non-current | 46,637,438 | 27,592,224 | - | 7,884,464 |
| | 53,247,401 | 29,285,925 | 18,709,681 | 7,884,464 |

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28.1 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 amount of expenses incurred to date from amount has been included in other assets and shown as "cost incurred on behalf of FGN in respect of Second Niger Bridge, while the unspent portion is included in cash and bank balances.

28.2 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 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 N35 billion. An interest expense of N1.66 billion relating to this facility has been disclosed in the statement of comprehensive income for the period. See note 29.1 for additional details.

29 Borrowings

| | Group 30 September 2018 N '000 | Group 31 December 2017 N '000 | Authority 30 September 2018 N '000 | Authority 31 December 2017 N '000 |
|--|---|--|---|--|
| Financial liabilities at amortised cost | | | | |
| Real Sector Support Facility (RSSF) (29.1) | 24,393,624 | 3,534,631 | - | - |
| | 24,393,624 | 3,534,631 | - | - |

29.1 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 N40 billion was approved by the Central Bank of Nigeria, however, the company has drawn down N35 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 N10.61 billion (2017: N1.46billion) is shown in Note 28. The income recognised during the period was N1.43billion, this is shown in Note 17.

Maturity analysis:

| | | | | |
|-------------|-------------------|------------------|----------|----------|
| Current | 2,594,365 | 355,807 | - | - |
| Non-current | 21,799,259 | 3,178,824 | - | - |
| | 24,393,624 | 3,534,631 | - | - |

30 Equity and reserves

| | Group 30 September 2018 N '000 | Group 31 December 2017 N '000 | Authority 30 September 2018 N '000 | Authority 31 December 2017 N '000 |
|--------------------------------------|---|--|---|--|
| Contribution by Government | 280,662,500 | 280,662,500 | 280,662,500 | 280,662,500 |
| Retained earnings | 238,217,279 | 170,402,086 | 241,320,892 | 170,859,498 |
| Fair value reserve | 1,992,204 | 43,190,981 | 3,173,130 | 43,497,310 |
| Foreign currency translation reserve | 3,344,039 | 6,801,726 | - | - |
| Non-controlling interest | 5,808 | 4,730 | - | - |
| | 524,221,830 | 501,062,023 | 525,156,522 | 495,019,308 |

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30.1 Contribution by Government

| | Group 30 September 2018 N '000 | Group 31 December 2017 N '000 | Authority 30 September 2018 N '000 | Authority 31 December 2017 N '000 |
|-----------------------------|---|--|---|--|
| Opening balance | 280,662,500 | 204,375,000 | 280,662,500 | 204,375,000 |
| Additions during the period | - | 76,287,500 | - | 76,287,500 |
| | 280,662,500 | 280,662,500 | 280,662,500 | 280,662,500 |

30.2 Retained earnings

| | Group 30 September 2018 N '000 | Group 31 December 2017 N '000 | Authority 30 September 2018 N '000 | Authority 31 December 2017 N '000 |
|--|---|--|---|--|
| Opening balance | 170,402,086 | 147,845,348 | 170,859,498 | 147,172,616 |
| Adjustment to opening balance as a result of IFRS 9 adoption | (2,011,745) | - | (249,094) | - |
| Reclassification from fair value and currency reserves as a result of adoption of IFRS 9 | 41,656,465 | - | 41,043,623 | - |
| Adjusted opening balance | 210,046,806 | 147,845,348 | 211,654,027 | 147,172,616 |
| Profit for the period | 28,170,473 | 22,556,738 | 29,666,865 | 23,686,882 |
| | 238,217,279 | 170,402,086 | 241,320,892 | 170,859,498 |

30.3 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 derecognised. 2017 figures relate to the fair value of available-for-sale investments warehoused in reserves before the adoption of IFRS 9.

| | Group 30 September 2018 N '000 | Group 31 December 2017 N '000 | Authority 30 September 2018 N '000 | Authority 31 December 2017 N '000 |
|--|---|--|---|--|
| Opening balance | 43,190,981 | 36,661,142 | 43,497,310 | 36,062,294 |
| Reclassification to retained earnings as a result of adoption of IFRS 9 | (41,656,465) | - | (41,043,623) | - |
| Adjusted fair value reserves | 1,534,516 | 36,661,142 | 2,453,687 | 36,062,294 |
| Change/adjustment in value of available-for-sale financial assets | - | 6,469,790 | - | 7,435,016 |
| Change in value of financial assets measured at FVOCI | 463,791 | - | 719,443 | - |
| Share of change in value of available-for-sale financial assets - (Associates) | - | 60,049 | - | - |
| Share of change in value of financial assets measured at FVOCI - (Associates) | (6,103) | - | - | - |
| | 1,992,204 | 43,190,981 | 3,173,130 | 43,497,310 |

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30.4 Foreign currency translation reserve

The currency translation reserve includes the net cumulative change in the foreign gains or (losses) arising from translation of the financial statements of subsidiaries with US Dollars as functional currency into the Group's presentation currency. The amounts presented within other comprehensive income are the gross amounts as the companies is exempted from income taxes.

| | Group 30 September 2018 N '000 | Group 31 December 2017 N '000 |
|--|---|--|
| Opening balance | 6,801,726 | 7,958,502 |
| Exchange differences arising during the period | (3,457,687) | (1,156,776) |
| | <u>3,344,039</u> | <u>6,801,726</u> |

30.5 Non-controlling interest (NCI)

| | Group 30 September 2018 N '000 | Group 31 December 2017 N '000 |
|----------------------------------|---|--|
| Opening balance | 4,730 | 4,623 |
| Profit attributable to NCI | 888 | 536 |
| Fair value changes | (775) | (442) |
| Currency translation differences | 965 | 13 |
| | <u>5,808</u> | <u>4,730</u> |

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31 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 30 September 2018 was as follows:

| | Group 30 September 2018 N '000 | Group 31 December 2017 N '000 | Authority 30 September 2018 N '000 | Authority 31 December 2017 N '000 |
|---|---|--|---|--|
| Total liabilities | 77,641,025 | 32,820,556 | 18,709,681 | 7,884,461 |
| Less: cash and cash equivalents | 59,004,149 | 22,336,959 | 37,422,872 | 8,545,297 |
| Net surplus/(deficit) | 18,636,876 | 10,483,597 | (18,713,191) | (660,836) |
| Total equity | 524,221,830 | 501,062,024 | 525,156,522 | 495,019,308 |
| Adjusted equity | 524,221,830 | 501,062,024 | 525,156,522 | 495,019,308 |
| Net surplus to adjusted equity ratio | 4% | 2% | -4% | 0% |

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32 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, FMCU Advanced Medical Diagnostics 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 and Infrastructure Credit Guarantee Company Limited (INFRACREDIT) are 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 LUTH Advanced Medical Services Ltd 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 period:

| | Group 30 September 2018 N '000 | Group 31 December 2017 N '000 |
|---|---|--|
| Payables to the Federal Government of Nigeria in respect of the Second Niger Bridge | 18,295,432 | 18,331,582 |
| Cost incurred on behalf of the Federal Government of Nigeria in respect of Second Niger Bridge. | 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 period. The compensation paid or payable to key management for employee services is shown below:

Directors' remuneration and expenses:

| | Group 30 September 2018 N '000 | Group 30 September 2017 N '000 |
|---|---|---|
| Executive compensation | 951,906 | 1,211,723 |
| Non-executive directors fees and other benefits | 37,500 | 37,500 |
| Defined contribution plan | 43,242 | 88,828 |
| | 1,032,648 | 1,338,051 |

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Balances with subsidiaries

The Authority has the following receivables from the underlisted subsidiaries as at the reporting date:

| | Type of interests | 30 September 2018 N '000 | 31 December 2017 N '000 |
|--|-------------------|--------------------------------|-------------------------------|
| NSIA Motorways Investments Company | Subsidiary | 604,224 | 534,870 |
| KG Brussels L.P. | Subsidiary | - | 38,326 |
| NSIA Property Investment Co. Limited | Subsidiary | 1,529,550 | 1,224,000 |
| NSIA Power Investment Co. Limited | Subsidiary | 800 | 600 |
| NSIA Healthcare Development and Investment Co. Limited | Subsidiary | 1,461,445 | 600 |
| FGF Private Equity Co. Limited | Subsidiary | 3,087,934 | 500 |
| FGF P. E. Beta Limited | Subsidiary | 122,888 | 400 |
| FGF Investment Limited | Subsidiary | 2,739,798 | 4,773,587 |
| NSIA Agriculture Investment Company | Subsidiary | 1,910,239 | - |
| Infrastructure Credit Guarantee Company Limited | Subsidiary | 245,324 | 349,075 |
| FMCU Advanced Medical Diagnostics Limited | Sub-subsidiary | 405,279 | - |
| AKTH Advanced Medical Diagnostics Limited | Sub-subsidiary | 101,813 | - |
| NAIC-NPK Limited | Sub-subsidiary | 31,797,482 | 31,191,723 |
| | | 44,006,776 | 38,113,681 |

The Authority has the following payables to the underlisted subsidiaries as at the reporting date:

| | Type of interests | 30 September 2018 N '000 | 31 December 2017 N '000 |
|--|-------------------|--------------------------------|-------------------------------|
| NSIA Motorways Investments Company | Subsidiary | 1,000 | 1,000 |
| 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 | 1,554 |
| FGF P. E. Beta Limited | Subsidiary | 1,000 | 1,554 |
| NAIC-NPK Limited | Sub-subsidiary | 1,119,796 | 4,072,376 |
| FGF Investment Limited | Subsidiary | 75,452 | 74,452 |
| NSIA Agriculture Investment Company | Subsidiary | 1,000 | - |
| NSIA Power Investment Co. Limited | Subsidiary | 1,000 | - |
| | | 1,202,248 | 4,152,936 |

The Authority has the following payables to the underlisted associates and joint ventures as at the reporting date:

| | Type of interests | 30 September 2018 N '000 | 31 December 2017 N '000 |
|--|-------------------|--------------------------------|-------------------------------|
| LUTH Advanced Medical Services Limited | Joint venture | 315,666 | - |
| | | 315,666 | - |

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| Related party transactions | Nature of relationship | Nature of transaction | Amount |
|--|-------------------------------|------------------------------|---------------|
| NSIA Properties Investment Company Ltd | Subsidiary | Audit fees | 750,000 |
| NSIA Healthcare Development Investment Company Ltd | Subsidiary | Audit fees | 750,000 |
| NSIA Agriculture Investment Company Ltd | Subsidiary | Audit fees | 750,000 |
| NSIA Motorways Investment Company Ltd | Subsidiary | Audit fees | 2,250,000 |
| NSIA Power Investment Company Ltd | Subsidiary | Audit fees | 750,000 |
| FGF Investments Limited | Subsidiary | Audit fees | 750,000 |
| FGF PE Beta Limited | Subsidiary | Audit fees | 750,000 |
| FGF Private Equity Co. Limited | Subsidiary | Audit fees | 750,000 |
| KG Brussels | Subsidiary | Review fees | 2,250,000 |
| FMCU Advanced Medical Diagnostics Limited | Sub-subsidiary of NSIA | Audit fees | 375,000 |
| AKTH Advanced Medical Diagnostics Limited | Sub-subsidiary of NSIA | Audit fees | 375,000 |
| LUTH Advanced Medical Services Limited | Joint Venture | Audit fees | 375,000 |
| | | | - |

During the period ended, there were no related party transaction relating to the following:

- Provisions for doubtful debts related to the amount of outstanding balances
- Expense recognised during the period in respect of bad or doubtful debts due from related parties.

33 Other contracts

The investment activities of the three separate funds established by the Authority were managed by various investment managers engaged during the period.

33.1 Stabilisation fund

The Authority engaged the following investment manager through its global custodian JP Morgan for the management of the Stabilisation Fund. The details of the investment manager as of period end are:

UBS Global Asset Management (UK) LTD

Engagement and Service

The Authority engaged UBS Global Asset Management Ltd as its agent and delegate to manage the investment and reinvestment of certain monies and assets, deposited from time to time by the Authority and held by JP Morgan. UBS Global Asset Management Company provides the Authority with reports containing the transactions, valuations and portfolio performance of the account on a monthly, quarterly and annual basis.

Smith Graham & Co

Engagement and Service

Smith Graham provides investment management services on behalf of NSIA within the parameters of the investment guidelines that include a discretionary authority to make investments in the portfolio; investing in U.S 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 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.

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33.2 Future Generations Fund

Hedge fund

The hedge fund managers in which the Future Generations Fund is invested as at period 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 Realisation Fund (Cayman) Ltd, CNPG
6. Palestra Capital
7. Brasidas Asia
8. Alpstone Global Macro Fund
9. Holocene Advisors Offshore Fund Ltd

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 Investment Partners
3. Somerset Capital Management LLP
4. Marathon Asset Management LLP
5. Goldman Sachs
6. Chieftain Capital
7. Prince Street Institutional Ltd
8. Prince Street Opportunities Ltd
9. Prince Street Offshore
10. RWC

Private equity partners

The private equity fund in which the Future Generations Fund is invested as at period end are stated below:

1. Z Capital Partners
2. Healthcare Royalty Partners
3. FGF Xenon Private Equity
4. Helios Investment Partners
5. Africa Capital Alliance
6. Actis Capital
7. Abraaj Growth Markets Health Fund L.P
8. Akina Euro Choice
9. Reverence Capital Fund

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33.3 Nigeria Infrastructure Fund

Private equity partners

The private equity fund and investments in which the Infrastructure Fund invested as at period 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.

The investment management fees paid to the investment fund managers, global and local custodians has been disclosed on the income statement.

34 Commitments

(a) Capital commitments

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

Capital commitments - US\$:

| | Authority | | Naira equivalent | |
|--|---------------------------------|--------------------------------|--------------------------------|-------------------------------|
| | 30 September 2018 \$ '000 | 31 December 2017 \$ '000 | 30 September 2018 N '000 | 31 December 2017 N '000 |
| HealthCare Royalty Partners (HCRP) | 8,018 | 7,344 | 2,605,850 | 2,241,754 |
| Z Capital Partners | 4,993 | 4,778 | 1,622,725 | 1,458,484 |
| Capital Alliance Private Equity Fund "CAPE IV" | 7,664 | - | 2,490,800 | - |
| Fund for Agricultural Finance in Nigeria (FAFIN) | 4,859 | 4,859 | 1,579,175 | 1,483,209 |
| Helios Investors | 2,306 | 2,306 | 749,450 | 703,906 |
| Africa Capital Alliance | - | 7,664 | - | 2,339,435 |
| Abraaj Growth Markets Health Fund L.P | 3,567 | 4,116 | 1,159,275 | 1,256,408 |
| Actis Africa Real Estate | 8,511 | 7,734 | 2,766,075 | 2,360,802 |
| Total | 39,918 | 38,801 | 12,973,350 | 11,843,998 |

Capital commitments - Euro:

| | Authority | | Authority | |
|--|-----------------------------------|----------------------------------|--------------------------------|-------------------------------|
| | 30 September 2018 Euro '000 | 31 December 2017 Euro '000 | 30 September 2018 N '000 | 31 December 2017 N '000 |
| Xenon Private Equity | 2,935 | 3,267 | 1,029,481 | 1,058,018 |
| Total | 2,935 | 3,267 | 1,029,481 | 1,058,018 |
| Total Authority's capital commitments | | | 14,002,831 | 12,902,016 |

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

| | 30 September 2018 \$ '000 | 31 December 2017 \$ '000 | 30 September 2018 N '000 | 31 December 2017 N '000 |
|---|---------------------------------|--------------------------------|--------------------------------|-------------------------------|
| RMB WestPort Real Estate Development Fund II LP | 4,848 | 4,668 | 1,575,600 | 1,424,902 |
| Synergy Private Equity Fund LP | 146 | 82 | 47,450 | 25,030 |
| Verod Capital | 1,964 | 1,964 | 638,300 | 599,511 |
| Falko Regional Aircraft Opportunities Fund | 5,557 | 3,511 | 1,806,025 | 1,071,732 |
| Fortress Investment Fund IV, L.P. | 133 | 133 | 43,225 | 40,598 |
| Fortress Investment Fund V, L.P. | 38 | 38 | 12,350 | 11,599 |
| Fortress Investment Fund V Coinvestment, L.P. | 46 | 46 | 14,950 | 14,041 |
| H.I.G. Bayside Opportunity Fund, L.P. | 163 | 163 | 52,975 | 49,756 |
| Marlin Equity, L.P. | 287 | 287 | 93,275 | 87,607 |
| Marlin Equity II, L.P. | 635 | 635 | 206,375 | 193,833 |
| OCM Opportunities Fund VIIb, L.P. | 625 | 625 | 203,125 | 190,781 |
| Cerberus Institutional Partners, L.P. Series Four | 1,148 | 1,148 | 373,100 | 350,427 |
| Total | 15,590 | 13,300 | 5,066,750 | 4,059,817 |
| Total Group capital commitment | | | 19,069,581 | 16,961,833 |

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\$55.5million/N18billion and Euro 2.9million/N1.02billion (2017: US\$52.1 million/N15.9 billion and Euro 3.2 million/N1.05 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.

(b) Operating Lease Commitments - Group Company as Lessee:

The Group leases its head office under non-cancellable operating lease agreements. The lease terms are between 1 and 5 years, and the majority of lease agreements are renewable at the end of the lease period at market rate. These lease payments are payments made in advance and thus no minimum lease payments are required to be shown.

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35 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 N8 billion, which represents 20% of the shareholding of the DBN. The Ministry of Finance has mandated the Authority to guide DBN towards the achievement of its organisational goals. The Authority is expected to remit all dividends received from DBN within 30 days and obtain prior consent from the FGN before the disposal, transfer or otherwise change of ownership of the shares. There were no dividends paid by DBN in the current period.

b) The Authority provides investment management and custody services to the Debt Management Office (DMO) and Nigerian Bulk Electricity Company Plc. (NBET) which involve the Authority making allocation, purchase and sale decisions in relation to a wide range of financial instruments and investments. Those assets and income that are held in a fiduciary capacity are not included in these financial statements as they are not assets of the Authority. The fees and commissions which relates mainly to these investment management transactions and other fiduciary activity fees are recognised under other income in the statement of comprehensive income as the related services being provided are performed.

The sums of USD\$200 million and USD\$350 million ("the Funds") were received from the Debt Management Office ("DMO") and Nigerian Bulk Electricity Company Plc. ("NBET") respectively under an Investment Management Agreement ("the Agreement"). NSIA acts as a manager of the Funds. The agreement provides for the Authority to invest the Funds in gas, power and other related projects. Consideration is payable to the Authority after certain milestones have been met and the customers' share of return has been paid. A total of USD\$100 million was withdrawn from the DMO fund in order to fund the Second Niger Bridge Project and Lagos/Ibadan expressway project on the authority of the Federal Government. The fair value of the Managed Funds as at 30 September 2018 stood at USD NIL and USD122.40 for NBET and DMO respectively (2017:\$390.45 million and 2017:\$120.95 million for NBET and DMO) while nil income has been accrued by the Authority from the fiduciary agreement activities as of 30 September 2018.

c) A total sum of N18.439 billion has 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 30 September 2018 was N20.272 billion (2017: 16.205 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) During the financial year, the President of the Federal Republic of Nigeria, President Muhammadu Buhari approved the establishment of a Presidential Infrastructure Development Fund (PIDF), which is to be managed by the Nigeria Sovereign Investment Authority (NSIA), and invested specifically in critical road and power projects across the country. The National Economic Council (NEC) authorised the initial transfer of \$650 million dollars to the NSIA from the Nigeria Liquefied Natural Gas (NLNG) Dividend Account, as seed funding for PIDF May 17, 2018. 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. There was no income earned on the management of the funds during the financial period.

36 Events after the reporting period

The President of the Federal Republic of Nigeria, President Muhammadu Buhari confirmed the appointment of two Executive Directors for the Authority. Those confirmed were Mrs Stella Ojekwe-Onyejeli, who was announced Executive Director for a second term on 13 March 2019, effective 17 October 2017 and Mr Aminu Umar-Sadiq who was announced Executive Director 13 March 2019, effective 21 February 2019.

In order to ensure sustainability of the Presidential Fertilizer Initiative (PFI) programme, the President of the Federal Republic of Nigeria approved the release of N8.6 billion in March 2019 to the Group's subsidiary NAIC-NPK Limited. This represents funds to cover the cost differential of the Company for the financial years ended 31 December 2017 and 31 December 2018. This is to augment the cost incurred by Company in the production of fertilizers under the Presidential Fertilizer Initiative as it would ensure that the ex-factory selling price remains at N5,000 per bag. The income attributable for the current period from this approved sum has been recognised on the separate financial statements of the Company and the Group.

Other than the above, there were no events that had impact on the amounts and disclosures in the financial statements.

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37 IFRS 9 adoption

The Group has adopted IFRS 9 as issued by the IASB in July 2014 with a date of transition of 1 January 2018, which resulted in changes in accounting policies and adjustments to the amounts previously recognised in the financial statements. The Group did not early adopt any of IFRS 9 in previous periods.

As permitted by the transitional provisions of IFRS 9, the Group elected not to restate comparative figures. Any adjustments to the carrying amounts of financial assets and liabilities at the date of transition were recognised in the opening retained earnings and other reserves of the current period. Consequently, for notes disclosures, the consequential amendments to IFRS 7 disclosures have also only been applied to the current period. The comparative period notes disclosures repeat those disclosures made in the prior year.

The adoption of IFRS 9 has resulted in changes in our accounting policies for recognition, classification and measurement of financial assets and financial liabilities and impairment of financial assets. IFRS 9 also significantly amends other standards dealing with financial instruments such as IFRS 7 'Financial Instruments: Disclosures'.

Set out below are disclosures relating to the impact of the adoption of IFRS 9 on the Group. Further details of the specific IFRS 9 accounting policies applied in the current period (as well as the previous IAS 39 accounting policies applied in the comparative period) are described in more detail in note 4.7.

37.1 Classification and measurement of financial instruments

Classification and measurement requirements of IFRS 9

The classification categories for financial assets under IAS 39 of held to maturity, loans and receivables, FVTPL and Applying the requirements of IFRS 9 as stated above has led to changes in the classification of the Groups financial assets as highlighted below.

The measurement category and the carrying amount of financial assets and liabilities in accordance with IAS 39 and IFRS 9 at 1 January 2018 are compared as follows:

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Notes to the financial statements

| Group | IAS 39 | | IFRS 9 | |
|--|----------------------|-----------------------|----------------------|-----------------------|
| | Measurement category | Carrying amount N'000 | Measurement category | Carrying amount N'000 |
| Financial assets | | | | |
| Cash and cash equivalents (Loans and receivables) | Amortised cost | 59,004,149 | Amortised cost | 59,004,149 |
| Investment securities (Held to Maturity) | Amortised cost | 17,517,216 | Amortised cost | 17,517,216 |
| Investment securities (Loans and receivables) | Amortised cost | 262,692,958 | Amortised cost | 262,692,958 |
| Investment securities (Available for sale) | FVOCI | 7,446,869 | FVOCI | 7,446,869 |
| Investment securities (Available for sale) | FVOCI | 141,325,574 | FVTPL | 141,325,574 |
| Investment securities (At FVTPL) | FVTPL | 869,908 | FVTPL | 869,908 |
| Other assets (Loans and receivables) | Amortised cost | 46,219,145 | Amortised cost | 46,219,145 |
| Parent | | | | |
| | Measurement category | Carrying amount N'000 | Measurement category | Carrying amount N'000 |
| Financial assets | | | | |
| Cash and cash equivalents (Loans and receivables) | Amortised cost | 37,422,872 | Amortised cost | 37,422,872 |
| Investment securities (Held to Maturity) | Amortised cost | 17,341,779 | Amortised cost | 17,341,779 |
| Investment securities (Loans and receivables) | Amortised cost | 254,513,055 | Amortised cost | 254,513,055 |
| Investment securities (Available for sale) | FVOCI | 6,837,800 | FVOCI | 6,837,800 |
| Investment securities (Available for sale) | FVOCI | 124,751,130 | FVTPL | 124,751,130 |
| Investment securities (At FVTPL) | FVTPL | 869,908 | FVTPL | 869,908 |
| Other assets (Loans and receivables) | Amortised cost | 72,280,954 | Amortised cost | 72,280,954 |

Items in brackets are IAS 39 categories

There were no changes to the classification and measurement of financial liabilities. All of the Group's significant financial liabilities continue to be measured at amortised cost under IFRS 9 as was the case under IAS 39.

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37.2 Reconciliation of statement of financial position balances from IAS 39 to IFRS 9

The Group performed a detailed analysis of its business models for managing financial assets and analysis of their cash flow characteristics. The following table reconciles the carrying amounts of financial assets, from their previous measurement category in accordance with IAS 39 to their new measurement categories upon transition to IFRS 9 on 1 January 2018:

| Group | IAS 39 Carrying amount December 31, 2017 N'000 | IFRS 9 changes N'000 | IFRS 9 Carrying amount January 1, 2018 N'000 |
|--|--|----------------------------|--|
| Amortised cost | | | |
| Cash and cash equivalents | | | |
| Opening balance | 59,004,149 | - | - |
| Remeasurement: ECL allowance | - | - | - |
| Closing balance | - | - | 59,004,149 |
| Investment securities - Held to maturity | | | |
| Opening balance | 17,517,216 | - | - |
| Reclassification: To IFRS 9 amortised cost | - | (17,517,216) | - |
| Closing balance | - | - | - |
| Investment securities - Loans and receivables | | | |
| Opening balance | 262,692,958 | - | - |
| Reclassification: To IFRS 9 amortised cost | - | (262,692,958) | - |
| Closing balance | - | - | - |
| Investment securities - At amortised cost | | | |
| Opening balance | - | - | - |
| Reclassification: From IAS 39 Held to maturity | - | 17,517,216 | - |
| Remeasurement: ECL allowance | - | - | - |
| Reclassification: From IAS 39 Loans and receivables | - | 262,692,958 | - |
| Remeasurement: ECL allowance | - | - | - |
| Closing balance | - | - | 280,210,174 |
| Other assets | | | |
| Opening balance | 46,219,145 | - | - |
| Closing balance | - | - | 46,219,145 |
| Fair value through other comprehensive income (FVOCI) | | | |
| Investment securities - Available for sale | | | |
| Opening balance | 148,772,443 | - | - |
| Reclassification: To IFRS 9 FVOCI | - | (7,446,869) | - |
| Reclassification: To IFRS 9 FVTPL | - | (141,325,574) | - |
| Closing balance | - | - | - |
| Investment securities - At FVOCI | | | |
| Opening balance | - | - | - |
| Reclassification: From IAS 39 Available for sale | - | 7,446,869 | - |
| Closing balance | - | - | 7,446,869 |
| Fair value through profit or loss (FVTPL) | | | |
| Investment securities - At FVTPL | | | |
| Opening balance | 869,908 | - | - |
| Reclassification: To IFRS 9 FVTPL | - | 141,325,574 | - |
| Closing balance | - | - | 142,195,482 |

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Notes to the financial statements

| Reconciliation of statement of financial position balances from IAS 39 to IFRS 9 | | | |
|---|---|-------------------------------------|---|
| Authority | IAS 39 Carrying amount December 31, 2017 N'000 | IFRS 9 changes N'000 | IFRS 9 Carrying amount January 1, 2018 N'000 |
| Amortised cost | | | |
| Cash and cash equivalents | | | |
| Opening balance | 37,422,872 | - | - |
| Closing balance | - | - | 37,422,872 |
| Investment securities - Held to maturity | | | |
| Opening balance | 17,341,779 | - | - |
| Reclassification: To IFRS 9 amortised cost | - | (17,341,779) | - |
| Closing balance | - | - | - |
| Investment securities - Loans and receivables | | | |
| Opening balance | 254,513,055 | - | - |
| Reclassification: To IFRS 9 amortised cost | - | (254,513,055) | - |
| Closing balance | - | - | - |
| Investment securities - At amortised cost | | | |
| Opening balance | - | - | - |
| Reclassification: From IAS 39 Held to maturity | - | 17,341,779 | - |
| Remeasurement: ECL allowance | - | - | - |
| Reclassification: From IAS 39 Loans and receivables | - | 254,513,055 | - |
| Remeasurement: ECL allowance | - | - | - |
| Closing balance | - | - | 271,854,834 |
| Other assets | | | |
| Opening balance | 72,280,954 | - | - |
| Closing balance | - | - | 72,280,954 |
| Fair value through other comprehensive income (FVOCI) | | | |
| Investment securities - Available for sale | | | |
| Opening balance | 131,588,930 | - | - |
| Reclassification: To IFRS 9 FVOCI | - | (6,837,800) | - |
| Reclassification: To IFRS 9 FVTPL | - | (124,751,130) | - |
| Closing balance | - | - | - |
| Investment securities - At FVOCI | | | |
| Opening balance | - | - | - |
| Reclassification: From IFRS 9 Available for sale | - | 6,837,800 | - |
| Closing balance | - | - | 6,837,800 |
| Fair value through profit or loss (FVTPL) | | | |
| Investment securities - At FVTPL | | | |
| Opening balance | 869,908 | - | - |
| Reclassification: To IFRS 9 FVTPL | - | 124,751,130 | - |
| Closing balance | - | - | 125,621,038 |

Nigeria Sovereign Investment Authority
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Notes to the financial statements

37.3 Reconciliation of impairment allowance balance from IAS 39 to IFRS 9

The following table reconciles the prior period's closing impairment allowance measured in accordance with the IAS 39 incurred loss model to the new impairment allowance measured in accordance with the IFRS 9 expected loss model at 1 January 2018.

| Group | IAS 39 loss allowances | IFRS 9 loss allowances | Impact on retained earnings/ NCI |
|--|---------------------------|---------------------------|--|
| | N'000 | N'000 | N'000 |
| Loans and receivables (IAS 39)/ Financial assets at amortised cost (IFRS 9) | | | |
| Investment securities | - | 192,086 | 192,086 |
| Other assets | - | - | - |
| | - | 192,086 | 192,086 |
| Held to Maturity (IAS 39)/ Financial assets at amortised cost (IFRS 9) | | | |
| Investment securities | - | 47,919 | 47,919 |
| | - | 47,919 | 47,919 |
| | - | 240,005 | 240,005 |
| Parent | | | |
| | IAS 39 loss allowances | IFRS 9 loss allowances | Impact on retained earnings/ NCI |
| | N'000 | N'000 | N'000 |
| Loans and receivables (IAS 39)/ Financial assets at amortised cost (IFRS 9) | | | |
| Investment securities | - | 192,086 | 192,086 |
| Other assets | - | - | - |
| | - | 192,086 | 192,086 |
| Held to Maturity (IAS 39)/ Financial assets at amortised cost (IFRS 9) | | | |
| Investment securities | - | 47,919 | 47,919 |
| | - | 47,919 | 47,919 |
| | - | 240,005 | 240,005 |

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Notes to the financial statements

37.4 Carrying amount of financial assets without IFRS 9 impact.

The following table shows the effect if reclassifications into amortised category and fair value category based on IFRS 9 had not happened.

| Group | Carrying amount per IAS39 | Carrying amount per IFRS 9 | Effect of expected credit loss on opening carrying amount |
|---|--------------------------------------|---|--|
| | N'000 | N'000 | N'000 |
| Financial assets | | | |
| Held to Maturity | 17,517,216 | 17,469,297 | 47,919 |
| Loans and receivables | 262,692,958 | 262,500,872 | 192,086 |
| Available for sale instruments | 148,772,443 | 148,767,899 | 4,544 |
| Financial assets at fair value through profit or loss | 869,908 | 869,908 | - |
| Other assets | 46,219,145 | 46,219,145 | - |
| | <u>476,071,670</u> | <u>475,827,121</u> | <u>244,549</u> |

| Authority | Carrying amount per IAS39 | Carrying amount per IFRS 9 | Effect of expected credit loss on carrying amount |
|---|--------------------------------------|---|--|
| | N'000 | N'000 | N'000 |
| Financial assets | | | |
| Held to Maturity | 17,341,779 | 17,293,860 | 47,919 |
| Loans and receivables | 254,513,055 | 254,320,969 | 192,086 |
| Available for sale instruments | 131,588,930 | 131,584,386 | 4,544 |
| Financial assets at fair value through profit or loss | 869,908 | 869,908 | - |
| Other assets | 72,280,954 | 72,280,954 | - |
| | <u>476,594,626</u> | <u>476,350,077</u> | <u>244,549</u> |

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38 IFRS 15 adoption

The Group has adopted IFRS 15 (as amended in April 2016) with effect from 1 January 2018. In addition to the more extensive disclosure requirements, the standard introduced a 5-step approach to revenue recognition as follows:

- identify the contract
- identify performance obligations in the contract
- determine the transaction price
- allocate transaction price to performance obligations in the contract
- recognise revenue when the entity satisfies a performance obligation.

The Group has applied IFRS 15 in accordance with the modified retrospective approach which permits for the first-time application of the standard on a retrospective basis but with a cumulative catch-up posted through retained earnings without restating comparative numbers.

IFRS 15 uses the terms 'contract asset' and 'contract liability' to describe what might more commonly be known as 'accrued revenue' and 'deferred revenue', however the Standard does not prohibit an entity from using alternative descriptions in the statement of financial position. The Group has adopted the terminology used in IFRS 15 to describe such balances. The term deferred income is used in respect of the government grant balances which are not within the scope of IFRS 15.

Apart from providing more disclosures for the Group's revenue transactions, the application of IFRS 15 has not had a quantitative impact on these financial statements. The impact of adopting the standard on the transition date is illustrated below:

38.1 Impact on comprehensive income for the year ended 31 December 2017

There was no quantitative impact of adoption of IFRS 15 to the Group's statement of comprehensive income. Qualitative disclosures have been made on this financial statements.

38.2 Impact on financial position

There was no quantitative impact of adoption of IFRS 15 to the Group's statement of financial position. Qualitative disclosures have been made on this financial statements.

Other national disclosures

Nigeria Sovereign Investment Authority
Other national disclosures
For the 9 months period ended 30 September 2018

Value added statement

| | Group 30 September 2018 | | Group 30 September 2017 | | Authority 30 September 2018 | | Authority 30 September 2017 | |
|---|-------------------------------|-------------|-------------------------------|-------------|-----------------------------------|-------------|-----------------------------------|-------------|
| | N '000 | % | N '000 | % | N '000 | % | N '000 | % |
| Revenue | 57,106,075 | | 55,923,810 | | 19,599,902 | | 24,902,986 | |
| Administrative expenses (Local and foreign) | (827,536) | | (35,729,164) | | (699,703) | | (527,095) | |
| Other non-operating income (Local and foreign) | 8,449,996 | | 458,047 | | 3,743 | | 7,355 | |
| Value added | 64,728,535 | 100% | 20,652,693 | 100% | 18,903,942 | 100% | 24,383,246 | 100% |
| Applied as follows: | | | | | | | | |
| To pay employees | | | | | | | | |
| Salaries and other personnel cost | 1,739,069 | 3% | 1,255,863 | 6% | 640,034 | 3% | 548,615 | 2% |
| Maintenance of assets | | | | | | | | |
| Depreciation and amortization | 67,926 | 0% | 46,531 | 0% | 31,988 | 0% | 16,000 | 0% |
| To pay government | | | | | | | | |
| Taxation | 168,208 | 1% | - | 0% | - | 0% | - | 0% |
| Retained for growth and expansion | | | | | | | | |
| Profit for the year | 62,753,332 | 97% | 19,350,299 | 94% | 18,231,920 | 96% | 23,818,631 | 98% |
| | 64,728,535 | 100% | 20,652,693 | 100% | 18,903,942 | 100% | 24,383,246 | 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.

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Five Year Financial Summary

Group

Statement of financial position

| | 30 September 2018 | 31 December 2017 | 31 December 2016 | 30 December 2015 | 30 December 2014 |
|---|--------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| | N '000 | N '000 | N '000 | N '000 | N '000 |
| Asset | | | | | |
| Cash and cash equivalents | 59,004,149 | 22,336,959 | 148,267,906 | 37,983,532 | 49,920,539 |
| Investment securities | 458,729,892 | 429,852,525 | 249,822,688 | 164,382,547 | 117,746,679 |
| Other assets | 57,881,230 | 49,134,358 | 4,698,044 | 1,472,508 | 4,769,933 |
| Inventories | 19,051,244 | 13,797,596 | - | - | - |
| Investment in subsidiary | - | - | - | - | - |
| Investment in associate and joint ventures | 4,599,907 | 2,453,380 | 1,957,853 | 2,129,600 | 1,616,364 |
| Property and equipment | 2,594,117 | 16,306,560 | 16,187,064 | 7,700,860 | 3,772,873 |
| Intangible assets | 2,316 | 1,201 | 621 | 5,739 | 12,168 |
| Total assets | 601,862,855 | 533,882,579 | 420,934,176 | 213,674,786 | 177,838,556 |
| Liabilities | | | | | |
| Other liabilities | 53,247,401 | 29,285,925 | 24,089,561 | 15,788,509 | 6,310,289 |
| Borrowings | 24,393,624 | 3,534,631 | - | - | - |
| Total liabilities | 77,641,025 | 32,820,556 | 24,089,561 | 15,788,509 | 6,310,289 |
| Equity and reserves | | | | | |
| Contribution by Government | 280,662,500 | 280,662,500 | 204,375,000 | 155,250,000 | 155,250,000 |
| Retained earning | 238,217,279 | 170,402,086 | 147,845,348 | 17,466,251 | 5,691,084 |
| Fair value reserves | 1,992,204 | 43,190,981 | 36,661,142 | 23,513,074 | 10,470,202 |
| Currency translation reserves | 3,344,039 | 6,801,726 | 7,958,502 | 1,653,739 | 116,981 |
| Total equity and amount attributable to equity contributors (Government) | 524,216,022 | 501,057,293 | 396,839,992 | 197,883,064 | 171,528,267 |
| Non-controlling interests | 5,808 | 4,730 | 4,623 | 3,213 | - |
| Total equity | 524,221,830 | 501,062,023 | 396,844,615 | 197,886,277 | 171,528,267 |
| Total equity and liabilities | 601,862,855 | 533,882,579 | 420,934,176 | 213,674,786 | 177,838,556 |

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Five Year Financial Summary

Group

Statement of comprehensive income

| | 30 September 2018 | 30 September 2017 | 30 September 2016 | 30 September 2015 | 30 September 2014 |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|
| | N '000 | N '000 | N '000 | N '000 | N '000 |
| Investment and Interest income | 28,941,698 | 17,482,426 | 61,880,387 | 4,593,595 | 3,155,147 |
| Interest income on instrument measured at FVPL | 345,106 | - | - | - | - |
| Net gain on financial assets | 2,760,621 | (3,309,772) | - | - | - |
| Net foreign exchange gains | 2,315,545 | 12,426,036 | 53,419,701 | - | - |
| Total operating income | 34,362,970 | 26,598,690 | 115,300,088 | 4,593,595 | 3,155,147 |
| Investment management fees | (700,191) | (652,715) | (345,922) | (335,260) | (90,451) |
| Local custodian fees | (44,938) | (6,494) | (15,749) | (8,326) | (13,416) |
| Foreign custodian fees | (82,407) | (26,563) | (55,212) | (50,188) | (93,329) |
| Total investment management & custodian fees | (827,536) | (685,772) | (416,883) | (393,774) | (197,196) |
| Impairment charges on financial assets | (6,867,674) | - | - | - | - |
| Total operating profit | 26,667,760 | 25,912,918 | 114,883,205 | 4,199,821 | 2,957,951 |
| Revenue from infrastructure subsidiaries investments | 22,743,105 | 29,325,120 | - | - | - |
| Expense from infrastructure subsidiaries investments | (25,202,655) | (32,434,471) | - | - | - |
| Loss from infrastructure subsidiaries investments | (2,459,550) | (3,109,351) | - | - | - |
| Other income | 8,449,996 | 162,484 | - | 8,778,954 | 32,800 |
| Total other income | 8,449,996 | 162,484 | - | 8,778,954 | 32,800 |
| Operating and administrative expenses | (2,897,889) | (2,608,921) | (1,427,768) | (2,020,429) | (1,204,046) |
| Total operating and administrative expenses | (2,897,889) | (2,608,921) | (1,427,768) | (2,020,429) | (1,204,046) |
| Interest expense | (1,662,638) | - | - | - | - |
| Share of profit of investments in associates | 241,890 | 295,563 | 330,344 | (18,281) | - |
| Profit before tax | 28,339,569 | 20,652,693 | 113,785,781 | 10,940,065 | 1,786,705 |
| Taxation | (168,208) | - | (213) | (36,050) | - |
| Profit for the period | 28,171,361 | 20,652,693 | 113,785,568 | 10,904,015 | 1,786,705 |

**Nigeria Sovereign Investment Authority
Consolidated and separate financial statements
For the period ended 30 September 2018**

Five Year Financial Summary

| Group | Group | | | | |
|---|--------------------|-------------------|--------------------|-------------------|-------------------|
| | 30 September 2018 | 30 September 2017 | 30 September 2016 | 30 September 2015 | 30 September 2014 |
| Statement of comprehensive income | N '000 | N '000 | N '000 | N '000 | N '000 |
| Other comprehensive income: | | | | | |
| Items that may be subsequently reclassified to profit and loss | | | | | |
| Movement in fair value reserves | | | | | |
| Net change in fair value | 463,016 | 3,090,693 | 27,530,257 | 13,323,878 | 924,766 |
| Currency translation differences | (3,456,722) | 68,935 | 5,359,540 | 1,548,998 | - |
| Share of other comprehensive income of investments in associate | (6,103) | (27,371) | 303,670 | - | - |
| Other comprehensive income/(loss) for the period | (2,999,809) | 3,132,257 | 33,193,467 | 14,872,876 | 924,766 |
| Total comprehensive income for the period | 25,171,552 | 23,784,950 | 146,979,035 | 25,776,891 | 2,711,471 |

Nigeria Sovereign Investment Authority
Other national disclosures
For the 9 months period ended 30 September 2018

Five Year Financial Summary

Authority

Statement of financial position

| | 30 September 2018 | 31 December 2017 | 31 December 2016 | 30 December 2015 | 30 December 2014 |
|---|--------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| | N '000 | N '000 | N '000 | N '000 | N '000 |
| Asset | | | | | |
| Cash and cash equivalents | 37,422,872 | 8,545,297 | 141,076,852 | 32,913,468 | 43,115,273 |
| Investment securities | 431,475,740 | 404,313,672 | 234,132,773 | 154,152,447 | 108,471,837 |
| Other assets | 58,995,810 | 72,310,092 | 7,355,693 | 3,844,603 | 4,769,621 |
| Investment in subsidiary | 14,131,326 | 16,085,655 | 7,096,155 | 7,066,155 | 11,994,482 |
| Investment in associate and joint ventures | 1,600,490 | 1,600,490 | 1,600,000 | 1,600,000 | 1,600,000 |
| Property and equipment | 239,965 | 48,503 | 66,304 | 104,603 | 185,378 |
| Intangible assets | - | 63 | 621 | 5,739 | 12,168 |
| Total assets | 543,866,203 | 502,903,772 | 391,328,398 | 199,687,015 | 170,148,759 |
| Liabilities | | | | | |
| Other liabilities | 18,709,681 | 7,884,464 | 3,718,488 | 4,102,341 | 508,323 |
| Borrowings | - | - | - | - | - |
| Total liabilities | 18,709,681 | 7,884,464 | 3,718,488 | 4,102,341 | 508,323 |
| Equity and reserves | | | | | |
| Contribution by Government | 280,662,500 | 280,662,500 | 204,375,000 | 155,250,000 | 155,250,000 |
| Retained earning | 241,320,892 | 170,859,498 | 147,172,616 | 17,738,425 | 5,532,544 |
| Fair value reserves | 3,173,130 | 43,497,310 | 36,062,294 | 22,596,249 | 8,857,892 |
| Currency translation reserves | - | - | - | - | - |
| Total equity and amount attributable to equity contributors (Government) | 525,156,522 | 495,019,308 | 387,609,910 | 195,584,674 | 169,640,436 |
| Total equity | 525,156,522 | 495,019,308 | 387,609,910 | 195,584,674 | 169,640,436 |
| Total equity and liabilities | 543,866,203 | 502,903,772 | 391,328,398 | 199,687,015 | 170,148,759 |

**Nigeria Sovereign Investment Authority
Consolidated and separate financial statements
For the period ended 30 September 2018**

Five Year Financial Summary

Authority

| Statement of comprehensive income | 30 September 2018 | 30 September 2017 | 30 September 2016 | 30 September 2015 | 30 September 2014 |
|---|-------------------|--------------------|--------------------|--------------------|--------------------|
| | N '000 | N '000 | N '000 | N '000 | N '000 |
| Investment and Interest income | 8,552,241 | 15,786,722 | 61,432,165 | 4,598,072 | 3,072,754 |
| Interest income on instrument measured at FVTPL | 182,041 | - | - | - | - |
| Net gain/(loss) on financial assets | 10,288,827 | (3,309,772) | - | - | - |
| Net foreign exchange gains | 576,793 | 12,426,036 | 53,419,701 | - | - |
| Total operating income | 19,599,902 | 24,902,986 | 114,851,866 | 4,598,072 | 3,072,754 |
| Investment management fees | (115,815) | (494,039) | (345,922) | (335,260) | (90,451) |
| Local custodian fees | (44,938) | (6,494) | (15,749) | (8,326) | (13,416) |
| Foreign custodian fees | (31,405) | (26,562) | (55,212) | (50,188) | (93,329) |
| Total investment management & custodian fees | (192,158) | (527,095) | (416,883) | (393,774) | (197,196) |
| Impairment Charges on Financial assets | 260,304 | - | - | - | - |
| Total operating profit | 19,668,048 | 24,375,891 | 114,434,983 | 4,204,298 | 2,875,558 |
| Other income | 3,743 | 7,355 | - | 8,778,954 | 32,800 |
| Total other income | 3,743 | 7,355 | - | 8,778,954 | 32,800 |
| Operating and administrative expenses | (767,849) | (2,064,834) | (1,367,336) | (1,545,824) | (1,200,596) |
| Total operating and administrative expenses | (767,849) | (2,064,834) | (1,367,336) | (1,545,824) | (1,200,596) |
| Share of profit of investments in associates | - | - | - | - | - |
| Profit before tax | 18,903,942 | 22,318,412 | 113,067,647 | 11,437,428 | 1,707,762 |
| Taxation | - | - | (213) | (8,294) | - |
| Profit for the period | 18,903,942 | 22,318,412 | 113,067,434 | 11,429,134 | 1,707,762 |

**Nigeria Sovereign Investment Authority
Consolidated and separate financial statements
For the period ended 30 September 2018**

Five Year Financial Summary

| | Authority 30 September 2018 N '000 | Authority 30 September 2017 N '000 | Authority 30 September 2016 N '000 | Authority 30 September 2015 N '000 | Authority 30 September 2014 N '000 |
|---|--|--|--|--|--|
| Statement of comprehensive income | | | | | |
| Other comprehensive income: | | | | | |
| Items that may be subsequently reclassified to profit and loss | | | | | |
| Movement in fair value reserves | | | | | |
| Net change in fair value | 4,699,228 | 5,597,724 | 28,301,187 | 13,469,058 | 924,766 |
| Other comprehensive income for the period | 4,699,228 | 5,597,724 | 28,301,187 | 13,469,058 | 924,766 |
| Total comprehensive income for the period | 23,603,170 | 27,916,136 | 141,368,621 | 24,898,192 | 2,632,528 |