

NSIA Announces Audited Financial Results for 2023 Financial Year

Abuja, Nigeria - March 28, 2024

The Nigeria Sovereign Investment Authority ("NSIA" or "The Authority") today announces its audited results for the 2023 financial year. The financial performance underscores the resilience of the NSIA's investment strategy and the quality of its earnings, despite the challenging global macro-economic, and geo-political landscape.

Highlights of the Authority's activities and performance during the period include inter-alia:

2023 FY Financial Results

- Recorded 11 consecutive years of continuous positive earnings with a cumulative annual growth rate of 117.3%.
- Net Assets grew 119% to ₦2.22 trillion in Dec-23 (Dec-22: ₦1.02 trillion).
- NSIA's Total Operating Income increased from ₦101.1 billion in the previous year to ₦1.18 trillion, inclusive of foreign exchange gains during the period. This significant rise was attributed to the positive performance of the equities and fixed-income portfolios, as well as the positive performance of NSIA's infrastructure investments.
- Total Comprehensive Income closed at ₦1.18 trillion for 2023, a growth of 1,122% relative to ₦96.96 billion in 2022.
- NSIA's core Total Comprehensive Income (excluding foreign exchange gains) rose from ₦21.39 billion in the previous year to ₦164.69 billion, marking a 670% increase attributable to the Authority's robust strategic asset allocation and adherence to best-in-class enterprise risk management processes.

The Managing Director & Chief Executive Officer, Mr. Aminu Umar-Sadiq remarked, "Our excellent results in 2023 and consistent positive performance over a decade offer further proof of our robust strategic asset allocation, proficient execution of our infrastructure initiatives as well as effective risk management processes.

We remain firmly committed to catalysing positive socio-economic outcomes through critical infrastructure investments; strategic partnerships that expand our impact across pivotal sectors; and solutions that not only deliver our mandate but simultaneously uphold environmental stewardship.

Looking ahead, we re-affirm our focus on creating shared prosperity for current and future generations of Nigerians."

Market Overview & Performance Summary

In 2023, substantial shifts in the Nigerian business environment impacted the disposable income of individuals and communities across the nation. The Nigerian government instituted new policy changes including the redesign of the Naira notes, the removal of fuel subsidies, and the floating of the currency. The country during the period struggled with high double-digit inflation rates soaring up to 30% and over a 100% devaluation of the currency to the USD. These factors shaped the economic landscape throughout the year.

Additionally, the global economy grappled with hurdles on its path to recovery, including escalating geopolitical tension, surging natural disasters, and the growing trend of deglobalisation and trade protectionism. The US Federal Reserve announced aggressive interest rate hikes to tame inflation, sending shockwaves through the global banking industry.

Despite these challenges, NSIA Group's net earnings at the close of 2023 amounted to ₦1.18 trillion, (Incl. ₦1.02 trillion foreign exchange gains) marking a remarkable increase of 1,122% compared to the ₦96.96 billion, (Incl. ₦75.6 billion foreign exchange gains) recorded in 2022. Several key highlights contributed to the Group's (Authority and Subsidiaries) performance during the 2023 financial year.

1. Capital growth and preservation through focus on risk-adjusted returns – involving optimising asset allocation and utilisation, retaining a significant portion of the assets under management in foreign-denominated investments, diversifying the portfolio to mitigate risk, and maintaining a defensive investment strategy.
2. Core operating income growth – delivering increased yields from short to medium-term investments, growing third-party mandates and other fiduciary activities, and strengthening earnings resilience by diversifying revenue sources.
3. Infrastructure revenue growth by optimising existing impactful investment platforms to enhance efficiency and performance.
4. Well-diversified asset allocation techniques – resulting in improved risk-adjusted earnings from the Authority's externally managed investments.
5. Cost optimisation – entails achieving operational efficiency, business process automation, budgetary and cost controls through technology enhancements and innovation.

Nigeria Infrastructure Fund (NIF)

NSIA's infrastructure strategy is anchored on three pillars:

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

The NIF in 2023 pivoted to a thematic approach to investing, prioritising trends and long-term growth potential across five strategic thematic areas: Transport and Logistics; Industrialisation; Services; Technology and Innovation; as well as Climate and Sustainability.

NSIA continued to maintain its status as the premier public sector institution that develops, executes and invests in complex infrastructure projects through its activities in NIF and other Governmental mandates. Some of the milestones achieved include:

- Executed Key national strategic road projects:
 - Completion and handover of the Second Nigeria Bridge Project, a 1.6km bridge in the South-Eastern part of Nigeria connecting Asaba to Onitsha.
 - Over 90% completion of the Lagos-Ibadan Expressway Project.
 - Substantial progress on the revised Abuja-Kaduna-Kano expressway project.
- Completed and commissioned the 10MW solar project in Kano and the corresponding interconnection and distribution infrastructure.
- Launched the NSIA Advanced Medical Service Ltd (MedServe) after successfully operationalising 3 proof-of-concept centers.
- Initiated its Healthcare Expansion Programme through MedServe aiming to establish 23 diagnostic centers, 7 catheterisation labs, and 3 oncology centers across Nigeria's six geopolitical zones and the Federal Capital Territory in two phases. Construction of the first 10 centers is scheduled to commence in Q1 2024.

- Created a US\$500 million Renewables Investment Platform for Limitless Energy (RIPL) to promote the development, investment, and operation of renewable energy projects across the entire value chain.
- In collaboration with Vitol, established Carbon Vista, for investments in carbon reduction and avoidance projects.
- Collaborated with InfraCredit to develop an innovative construction finance warehouse facility to unlock long-term domestic capital to finance greenfield climate infrastructure projects in Nigeria.
- Launched a US\$15 million Joint Preparatory Facility with Afreximbank.
- Commenced the development of a 10,000-seater Arena in collaboration with Metrowave Sports and Infrastructure Limited (MSIL), providing a dedicated venue for sporting events, concerts, conferences, exhibitions, and other events.
- Having successfully executed the inaugural NSIA Prize for Innovation (NPI) program, a five-year initiative empowering early-stage Nigerian startups with innovative solutions, NSIA is now exploring strategic partnerships to scale the program in 2024 (NPI 2.0).

Future Generations Fund (FGF)

The FGF attained its highest annual return since its establishment. This was achieved through strict adherence to strategic asset allocation and a methodical increase in market exposure. The NSIA portfolio is structured to provide consistent, positive long-term performance and has exhibited resilience compared to its peers in bear markets.

Stabilisation Fund (SF)

The Stabilisation Fund is largely invested in US sovereign debt instruments and Investment Grade Corporate Credit.

The Stabilisation Fund's performance surpassed expectations, outperforming its benchmark by seven hundred basis points. This translated to a benchmark beating return of 10.54%, significantly outpacing US CPI which was 3.3% over the same period.

Governance

In the 2023 financial year, the Board of NSIA was dissolved. In the absence of a Board, the NSIA is directed to refer matters requiring Board approval to the Honourable Minister of Finance and Coordinating Minister of the Economy.

NSIA remains committed to its mandate of prudent management and investment of Nigeria's sovereign wealth. In adherence to its Establishment Act, NSIA prioritises transparency, disclosure, and effective communication with all stakeholders and counterparties.

Looking Forward Commitment

The Authority remains focused on managing Nigeria's sovereign wealth fund and delivering the mandates enshrined in the NSIA Act. The NSIA is poised to continually create long-term value for its stakeholders by delivering excellent risk-adjusted financial results, developing a healthy and well-diversified portfolio of assets and infrastructure projects, and enhancing the desired social outcomes in Nigeria.

Outlook

- The economic landscape of 2024 is expected to be dynamic, with various factors influencing its outcome. The Russia-Ukraine conflict is likely to continue impacting trade dynamics and geopolitical stability. In addition, the delayed resolution of the Israel-Hamas conflict might lead to more economic disruptions, humanitarian issues, and the potential for wider conflicts in the Middle East, leading to global disruptions in supply chains and trade.
- Furthermore, Central Banks in developed economies are expected to maintain vigilant measures to combat inflation, which could affect global liquidity and interest rates, while the ongoing trend of deglobalisation may reshape supply chains, cross-border investments, and market access.
- The fast-paced integration of AI technology across multiple sectors holds the potential to enhance global productivity while also disrupting traditional job structures.
- Amidst these complexities, strategic planning, effective risk and governance frameworks, and adaptability will be important.
- ESG, Sustainability, and Climate finance will continue to play a vital role in our investment approach and strategy going forward.
- NSIA will continue to drive direct investments across its 5 core thematic areas.

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Press Release

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ABOUT NSIA

The Nigeria Sovereign Investment Authority is an investment institution of the Federal Republic of Nigeria, established by the Nigeria Sovereign Wealth Act (2011), to manage and invest in a diversified portfolio of medium and long-term funds. Its mission is to play a leading role in driving sustained economic development for the benefit of all Nigerians through building a savings base for the Nigerian people, enhancing the development of Nigeria's infrastructure, and providing stabilization support in times of economic stress.

NSIA operates three distinct funds, the Stabilization Fund, the Future Generations Fund, and the Nigeria Infrastructure Fund. For more information, please visit www.nsia.com.ng

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