

Bold Steps, Sustainability and Impact





Future Focus

With an eye always to the future, NSIA's Future Generations Fund (FGF) exists to provide future generations of Nigerians with a solid savings base ahead of the eventual depletion of the country's hydrocarbon reserves.

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Introduction



Transport and Logistics

As fund and project manager for the Presidential Infrastructure Development Fund (PIDF), NSIA actualised critical projects including the Abuja-Kano Road, Lagos-Ibadan Expressway and Second Niger Bridge, creating more than 500 kilometres of new roads and over 600,000 direct and indirect jobs.

These projects have expanded the nation's socio-economic activities by opening new commercial corridors to ease the movement of people, services and raw materials. They can potentially attract Foreign Direct Investments and additional capital for further infrastructure development.

About NSIA

Nigeria Sovereign Investment Authority ('NSIA' or 'the Authority') is the Federation's globally-focused investment institution, which was established by an Act of Parliament in 2011 to receive, manage and invest Nigeria's Sovereign Wealth Fund on behalf of the three tiers of government.

The Authority executes its mandate through three ring-fenced core funds namely: Stabilisation Fund (SF), Nigeria Infrastructure Fund (NIF), and Future Generations Fund (FGF).

The SF provides fiscal support to the government in times of economic distress; FGF is a long-term savings fund for future generations of Nigerians; and the NIF is leveraged to expand the stock of critical domestic infrastructure investments.

NSIA commenced operations by October 2012 with a seed capital of US\$1 billion and a subsequent capital injection of US\$750 million between 2016 and 2020. To support its economic management strategy, a withdrawal of US\$150 million was made from NSIA by the Federal Government of Nigeria in 2020. By the end of 2023, NSIA had commendably grown its total assets to US\$2,512 billion. Following the implementation of the Petroleum Industry Act (PIA) in 2023, an additional capital contribution of US\$45.6 million was received into NSIA from the Federation.

The capital contributions from the Federation to the Authority's SF, FGF and NIF were initially allocated in the ratio of 20:40:40, however, in recognition of the growing relevance of infrastructure investments to socio-economic advancement and following a Board Directive in 2017, the ratio was adjusted to 20:30:50 to the SF, FGF and NIF respectively.

Since inception of its operations, NSIA has catalysed more than US\$1 billion in third-party investments, co-developed more than 10 institutions and platforms to improve the financial market ecosystem, invested over US\$500 million in domestic infrastructure and progressed strategic investments across key sectors including power, healthcare and agriculture.

In addition, the Authority has developed and operationalised robust Environmental, Social and Governance (ESG) frameworks based on global standards. The Authority's approach to ESG is anchored

on institutional procedures, investment processes, strategic partnerships, and regulatory reporting.

Through the commitment to ESG, the Authority retains its focus on creating shared value and sustainably enhancing socio-economic outcomes for current and future generations of Nigerians.

Correspondingly, NSIA was ranked joint first with a full 100% score in the 2023 Sovereign Wealth Funds (SWF) Governance, Sustainability and Resilience (GSR) global rating of over seventy Sovereign Wealth Funds and Public Pension Funds. This reflects substantial progress from a previous score of 84% and validates the Authority's ongoing focus on sustainable institutional practices.

Furthermore, NSIA obtained 9 out of 10 in the Linaburg-Maduell transparency index – a framework for evaluating Sovereign Wealth Funds based on ten principles of transparency.

NSIA maintains strategic investment partnerships with leading private sector institutions, reputable global organisations, multilateral development finance institutions, and national development banks, including the Islamic Development Bank (IsDB), African Development Bank (AfDB), Africa Finance Corporation (AFC), International Monetary Fund (IMF), Vitol, African Export-Import Bank (AFREXIMBank), United Kingdom's Foreign and Commonwealth Office (FCO), World Bank, and the German Development Bank (KfW Bankengruppe) among others.

Over the years, NSIA has demonstrated competence in executing complex projects of national relevance and has deepened capacity to manage both direct and indirect infrastructure investments across pivotal economic sectors. This has catalysed growth in the Nigerian tech-ecosystem, improved health care indicators, connected people and communities through domestic infrastructure, expanded opportunities in the agriculture value chain and propelled sustainable socio-economic advancement.

NSIA pursues active collaboration with global platforms and networks. NSIA is a member of the One Planet Sovereign Wealth Fund (OPSWF), the International Forum of Sovereign Wealth Funds (IFSWF) and the African Sovereign Investors Forum (ASIF).

Additionally, NSIA subscribes to the Santiago Principles on best practices for managing SWFs.

Through these memberships, the Authority strengthens peer to peer networks meaningfully contributes to the body of knowledge to shape institutional investments and leverage pivotal collaborations to optimise outcomes within Africa.

The Mandate Funds

Future Generations Fund (FGF)

The FGF is a long-term savings fund focused on providing a savings base for future generations of Nigerians.

Stabilisation Fund (SF)

The SF is structured to provide support to the government in times of fiscal stress. It safeguards against budgetary deficit by providing stabilisation support to the government.

Nigeria Infrastructure Fund (NIF)

The NIF focuses entirely on commercially viable domestic infrastructure investments that align with national priorities, present opportunities to attract foreign direct investments and promote environmental sustainability. It aims to catalyse critical domestic infrastructure for socio-economic advancement in key focus areas.

Our Corporate Philosophy



Mission

To play a leading role in driving sustained economic development for the benefit of all Nigerians through: building a savings base for the Nigerian people, enhancing the development of Nigeria's infrastructure, providing stabilisation support in times of economic stress.



Vision

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



Values

The Authority's fundamental beliefs and culture are driven by three guiding principles by which we evaluate all our actions, relationships, and investments.



Integrity

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



Discipline

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



Transparency

Our activities are clear and consistent with best practices.

Chief Executive Officer's Statement

It is with great pleasure that I present the Authority's Annual Report and Accounts for 2023.

The year 2023 was a challenging one for global and domestic economies. In Nigeria, substantial shifts in the business environment impacted the disposable income of individuals and communities across the nation. This was further compounded by spiking energy, food and transportation costs. Following the elections and transition to a new administration, policy directives including the redesign of the Naira notes, the removal of fuel subsidies, and the floating of the currency were implemented.

Nigeria also grappled with high double-digit inflation rates which soared to 30%, as well as over 100% devaluation of the Naira to the US dollar. These issues shaped the economic landscape throughout the year.

The global economy contended with hurdles on its path to recovery, including escalating geopolitical tension, natural disasters and the growing trend towards 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, our net earnings at the year end amounted to ₦1.18 trillion (including ₦1.02 trillion foreign exchange gains), a remarkable increase of 1,122% compared to ₦96.96 billion (including ₦75.6 billion foreign exchange gains) recorded in 2022. Also importantly, our Net Assets grew by 119% to ₦2.22 trillion by the end of the year under review.

Our 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 stellar performance of our infrastructure investments.



Aminu Umar-Sadiq
Managing Director and Chief Executive Officer

A number of pivotal factors shaped our performance in 2023, including capital growth and preservation through sustained focus on risk-adjusted returns, core operating income growth – delivering increased yields from short to medium-term investments, growing third-party mandates and other fiduciary activities, as well as strengthened earnings resilience through diversified revenue sources.

Our asset allocation strategies, use of enhanced business process automation to achieve cost optimisation, and infrastructure revenue growth were other critical success factors.

In 2023, we continued to leverage NIF, SF and FGF to catalyse positive socio-economic outcomes and create shared value for our stakeholders.

We maintained our status as the premier public sector institution that develops, executes and invests in complex infrastructure projects through its activities in NIF and other Government mandates.

We successfully completed and handed over the Second Niger Bridge – a 1.6 kilometre bridge connecting Asaba, Delta State to Onitsha in Anambra State. We also completed 90% of the Lagos-Ibadan Expressway project and made substantial progress on the revised Abuja-Kaduna-Kano Expressway project. These road projects have expanded commercial activities and empowered Nigerians economically.

Chief Executive Officer's Statement continued

In tandem with global efforts to combat climate change, we significantly expanded our investment portfolio by focusing on climate adaptive solutions. We created a US\$500 million Renewables Investment Platform for Limitless Energy (RIPE) to promote the development, investment, and operation of renewable energy projects across the entire value chain. In collaboration with Vitol, we also established Carbon Vista, for investments in carbon reduction and avoidance projects.

We completed and commissioned the 10 Megawatt (MW) Kano Solar Farm – Nigeria's largest grid connected photovoltaic solar farm located in the Kumbotso Local Government Area of Kano State. Through these solutions, we have improved access to renewable energy and enabled the reduction of carbon emissions to ensure a greener economy.

In alignment with our over-arching goal to optimise healthcare outcomes in Nigeria, specifically through diagnostics and high-quality oncology care, we launched the NSIA Advanced Medical Service Ltd (MedServe) and successfully operationalised three proof-of-concept centres in Lagos, Kano and Abia States.

We strongly believe that productivity and national development are underpinned by access to high quality medicare. Correspondingly, we initiated our healthcare expansion programme with the goal of establishing 23 diagnostic centres, seven catheterisation laboratories and three additional oncology centres across the six geopolitical zones of Nigeria, with construction of the first 10 centres set to commence by Q1 2024.

To support the burgeoning entertainment and sports sector, particularly in light of the growing global acceptance of Nigerian musical talent, NSIA, in collaboration with Metrowave Sports and Infrastructure Limited (MISL) commenced the development of a 10,000-seater arena to provide a dedicated venue for sporting events, concerts, conferences, exhibitions, and other events.

Through the NIF, we remain focused on improving the stock of critical domestic infrastructure, unlocking access to markets and opening up communities for value-adding collaborations.

The SF, which is largely invested in US sovereign debt instruments and investment grade corporate credit, notably surpassed expectations and outperformed its benchmark by 700 basis points. This translates into a return of 10.54%, significantly outpacing the US Consumer Price Index (CPI) which was 3.3% over the same period.

By strictly adhering to strategic asset allocation and a methodical increase in market exposure, the FGF commendably attained its highest annual return since its establishment.

Our portfolio is structured to provide consistent, positive long-term performance and has creditably exhibited resilience compared to its peers in bear markets.

In 2023, we deepened focus on Environmental Social and Governance (ESG) frameworks by developing and operationalising ESG policies. As a responsible custodian of the sovereign wealth fund of the country, we assessed all investment opportunities for commercial viability as well as ESG compliance. We developed key partnerships and joined credible institutions like One Planet Sovereign Wealth Fund (OPSWF) to advance climate resilient solutions to combat climate change. We prioritised ESG reporting using globally accepted standards and launched our maiden sustainability report in 2023.

We also forged strategic alliances with multiple organisations, advanced our mandate through the three ring-fenced funds and out-performed previous benchmarks.

All these accomplishments would not have been possible without the support of the immediate past Board led by Mr Farouk Gumel. I also wish to express my unreserved appreciation to the Minister of Finance and the Coordinating Minister of the Economy, Chief Olawale Edun.

I appreciate the members of the National Economic Committee and the Presidency for enabling NSIA to pursue and achieve our objectives.

To the management and staff of NSIA, I thank you all for your support and for your commitment to achieve excellent outcomes. It has been a great pleasure to lead a world-class organisation like NSIA.

As we look ahead, our strategy is to further strengthen and diversify our investment portfolio, align with national priorities and seize opportunities within pivotal economic sectors. We will continue to develop a robust and sustainable pipeline of bankable projects that enhance sectoral productivity, generate employment, attract foreign direct investments, combat climate action and drive broader socio-economic growth.

We remain fully committed to deliver value to all our stakeholders and fulfil our three-pronged mandate of enhancing critical domestic infrastructure, providing support to the government in times of economic distress and preserving savings for future generations of Nigerians.

Thank you.

Investment Milestones

2019

Deployed **₦208.2 billion** across the three ongoing PIDF projects, namely, the Second Niger Bridge, Lagos-Ibadan Expressway and the Abuja-Kano Road.



Commissioning of the NSIA-LUTH Cancer Centre

The Federal Government contributed an additional net sum of **₦70.3 billion to PIDF** for which NSIA serves as Fund and Project Manager.

The Federal Government of Nigeria, the Bailiwick of Jersey, and the United States of America agreed to **invest the US\$31.8 million recovered assets** across the three ongoing PIDF projects.

First allocations to the venture capital sector, specifically to G-squared IV and Ingressive Capital Fund, to increase our footprint in West Africa.

Reinstated a total of **31 blending plants** with a combined annual installed capacity of more than five million metric tons of fertiliser.

Invested **US\$5 million in Babban Gona**, a scalable agriculture franchise that tackles constraints in smallholder farming.

The National Economic Committee (NEC) approved an additional **investment of US\$250 million** in the Authority.

His Excellency, President Muhammadu Buhari, GCFR, inaugurated the **US\$11 million NSIA-LUTH Cancer Centre (NLCC)** at the Lagos University Teaching Hospital (LUTH).

Development Bank of Nigeria (DBN), where NSIA controls a minority stake on the Government's behalf, lent more than **₦10 billion** to micro, small, and medium enterprises (MSMEs) by year-end.

2020

Received an additional contribution of **US\$250 million** from the Federation of Nigeria.

The Board approved the inclusion of Gas Industrialisation and Technology/ Innovation into the Authority's focus areas.

Completed the operationalisation of the demonstration projects: NSIA-Kano Diagnostic Centre (NKDC) and NSIA-Umuahia Diagnostic Centre (NUDC).

Invited to serve as Fund and Project Manager on Kano Solar Project (now Haske), a 10MW solar power plant located in Kumbotso, Kano State.

Advanced in the NSIA-OCP Basic Chemicals Platform, NSIA's pilot gas industrialisation project.

Received approval to restructure the Presidential Fertiliser Initiative (PFI).



Toll booths at the Second Niger Bridge

Disbursed approximately **₦92.2 billion** towards the construction of the PIDF's priority toll-road projects. Lagos-Ibadan Expressway, Abuja-Kano Road, and Second Niger Bridge.



Linear Accelerator at the NSIA-LUTH Cancer Centre

Investment Milestones continued

2021

The third Board was inaugurated by President Muhammadu Buhari, GCFR.

Successfully restructured the PFI into a profit-driven venture.



Storage Mills at Pandagric Novum Farms

70

Recorded more than **70 fully-functioning fertiliser blending plants** with a combined average annual output of 1.5 metric tons (mt) which exceeded local demand.

Completed the retrofitting of the NSIA-UFF Agric Project, Panda-Agric Novum in Nasarawa State.

NLCC **treated 5,000 unique patients** and administered 150,000 chemotherapy sessions.

Commenced rollout of **healthcare expansion programme**.



Digital X-ray for enhanced diagnostic precision at the NSIA-LUTH Cancer Centre (NLCC)

Second Niger Bridge and Lagos-Ibadan Expressway reached **90% completion** and set for completion in Q4 2022.

Leadway Assurance Company Limited acquired a minority stake in InfraCredit, which is consistent with the Authority's long-term plan.

2021

10MW solar power plant

Commenced the construction of a **10MW solar power plant** in the Challawa Industrial Area in Kumbotso LGA in Kano State on behalf of the Federal Government.



Commissioning of the 10MW Solar Power Plant in Kumbotso Local Government Area of Kano State

Reached a major milestone in the development of the NSIA-OCP Multipurpose Industrial Platform Project in partnership with OCP Morocco for the production of ammonia.

Made first investment in digital infrastructure through Kasi Cloud Limited – a world class hyper-scale data centre, accelerating scalability and interconnectivity across Nigeria and the regions.

Launched the NSIA Innovation Fund.

Became a member of the One Planet Sovereign Wealth Fund (OPSWF).



Continued investment in Pandagric Novum Farms to optimise productivity

Investment Milestones continued

2022

Reached **10th year of successful operations.**

Completed the groundbreaking for Kasi Cloud Limited – a hyperscale data centre and digital ecosystem platform company.

Completed construction of a 10MW solar farm on 24 hectares of land – the largest solar farm in Nigeria – in Kumbotso Local Government Area (LGA) of Kano State on behalf of the Federal Government.

Concluded all feasibility studies required for the development of the NSIA-OCP Multipurpose Industrial Platform.

Signed Agreements with three state governments and five tertiary hospitals for the implementation of the first phase of the Healthcare Expansion Programme which aims to create modern medical diagnostics and oncology centres across Nigeria's six geopolitical zones.

Launched the US\$255,000 NSIA Prize for Innovation (NPI) to support the technology ecosystem in Nigeria.

₦10 billion

Set up Agri Plus Fund, an agriculture-focused Naira fund, and resourced it with **₦10 billion seed financing.**



Enhancing food security through sustainable agricultural practice

2022

Inaugurated a new Executive Management team sourced entirely from internal employees.

Received first credit rating – 'Aaa' from Augusto & Co.



The Owerri interchange constructed under the PIDF

96%

Progressed with projects under the PIDF. Lagos-Ibadan Expressway reached 91% and 83% completion rates for Sections 1 and 2, Second Niger Bridge attained a 96% completion rate, and Abuja-Kaduna (1) Zaria-Kano Road, which was rescoped and expanded, was at a 43% completion rate.



Second Niger Bridge under construction

Investment Milestones continued

2023

Completed and handed over the Second Nigeria Bridge project, a **1.6 km bridge** in the South-Eastern part of Nigeria connecting Asaba to Onitsha.

Substantial progress on the revised Abuja-Kaduna-Kano Expressway project.



10MW Solar Farm in Kumbotso Local Government Area of Kano State

10MW solar project

Commissioned the **10MW solar project** in Kumbotso Local Government Area, Kano State, and the corresponding interconnection and distribution infrastructure.

Launched the NSIA Advanced Medical Service Limited (MedServe) after successfully operationalising three proof-of-concept centres (i.e. NLCC, NUDC, NKDC).

Created a **US\$500 million** Renewables Investment Platform for Limitless Energy (RIPE) to promote the development, investment, and operation of renewable energy projects across the entire value chain.

Established Carbon Vista – in collaboration with Vitol – for investments in carbon reduction and avoidance projects.

2023

Collaborations with InfraCredit to develop an innovative Construction Finance Warehouse Facility to unlock long-term domestic capital to finance green field climate infrastructure projects in Nigeria.

Launched a **US\$15 million Joint Project Preparatory facility (JPPF)** 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.

Successfully executed the inaugural NSIA Prize for Innovation programme, a five-year initiative, empowering early-stage Nigerian start-ups with innovative homegrown solutions to real-world challenges.

Alongside respected peers, achieved a **perfect 100%** in the global Governance, Sustainability and Resilience (GSR) ranking in 2023.

Successfully completed the first edition of the Environmental, Social and Governance (ESG) week.

Received the **Enugu Medical Diagnostic Centre** under the healthcare expansion programme.

Launched the Development Impact Report.

Successfully executed the inaugural Oncology Summit – a platform to aggregate key stakeholders within the Oncology space to optimise outcomes for people living with cancer.

Forged strategic collaborations with critical stakeholders, including the University of Chicago Medical Centre, to optimise outcomes in oncology care through medical infrastructure investment and capacity enhancement.



Funds Management

Renewable Energy

The Authority worked as the Fund and Project Manager for the 10MW Kano Solar Plant – Nigeria’s largest solar PV plant. This project has expanded access to clean and sustainable energy within the region.

Market Overview

Global economic growth, though modest, was threatened by geopolitical tensions, with the lingering Russia-Ukraine war, the breakouts of the Israel-Hamas war, the US-China crisis and military coups in some African countries. These tensions intensified supply chain disruptions and affected productivity and growth.

The International Monetary Fund (IMF) estimated that global GDP declined from 3.2% in 2022 to 2.6% in 2023. The World Bank also estimated a GDP drop from 2.9% in 2022 to 1.7% in 2023. In effect, 2023 was a period of weak growth for many economies globally. Specifically, data from the IMF estimated that the United States grew from 1.9% in 2022 to 2.5% in 2023, while growth in the Euro area dropped sharply from 3.4% in 2022 to 0.5% in 2023.

Germany had a negative growth of -0.3% from 1.8% in 2022 while the emerging markets and developing economies remained at 4.1% in 2023. Sub-Saharan Africa dropped from 4.0% in 2022 to 3.3% in 2023. Although China grappled with a lingering property crisis and reduced consumption, it witnessed growth from 3.0% in 2022 to 5.2% in 2023.

Globally, central banks utilised monetary policies to combat inflationary pressure on food and energy prices. The IMF projected that global inflation rate would moderate to 6.9% in 2023 from 8.7% in 2022. In some economies, however, this was not the reality. Inflation in the USA dropped from 6.4% in January 2023 to 3.4% by December 2023. In the United Kingdom, it fell from 10.1% in January to 4.0% in December 2023. Also, the eurozone dropped from 8.6% in January to 2.9% in December. However, other economies experienced relatively sticky inflation in 2023, except the Asian region, which experienced disinflationary conditions.

The combination of interest rate hikes and the US regional banking turmoil intensified recession fears in 2023. The UK and Ireland fell into recession, arousing further fears globally as the market began to envisage a spillover effect into other countries. The US Federal Reserve's comment on likely rate cuts and market expectations slightly doused the fear, but the Eurozone and developing economies were perceived to remain under threat. Amidst these negatively skewed predictions, policy directions, and shocks, the financial market had a strong performance.

Financial Market

The global equities market recovered in 2023, generating double-digit returns for investors. Although the fragile economy, prevailing inflation, banking turmoil, and geopolitical tension impacted the market, it quickly shrugged off the pessimism. Additional shock came from rising government debt levels triggered by the hawkish monetary policy, increasing default risk for fixed-income instruments, especially in emerging markets. Developed markets felt the heat of the debt scare as Fitch downgraded the US credit rating to AA+ from AAA based on the prolonged debt ceiling adjustment. This action sent a sell-off spiral in the US treasury as yields rose to record highs on a curve that remained inverted.

Following monetary policy adjustments and the strength of the United States dollar, the currencies in many emerging economies, particularly in Africa, depreciated. In spite of the multiple risks faced by investors in 2023, the market remained bullish. According to the World Federation of Exchanges, global equity market capitalisation increased by 13% in 2023, while more than US\$13 trillion was added to stock markets worldwide, which enabled the market to recover from the 19.17% decline recorded in 2022.

Market Overview continued



Mrs Olubisi Makoju, ED & COO speaking at the 15th annual meeting of the International Forum of Sovereign Wealth Funds (IFSWF)

Developed Markets US

In 2023, US equity markets demonstrated a robust performance, indicating a strong recovery from previous years. The three prominent US stock exchanges, the S&P 500, Dow Jones Industrial Average (DJIA), and Nasdaq Composite closed the year at 24.2%, 13.7% and 43.3%, respectively. This performance rode on the less hawkish monetary policy as the US Federal Reserve increased the rates by 100 basis points relative to 425 basis points in 2022. The prolonged debt ceiling situation also impacted the fixed-income market, stimulating the equity market.

The large US technology (tech) companies recovered from the 2022 plunge and outperformed the market. Apple, Microsoft and Alphabet gained 48.2%, 56.8%, and 58.3%, respectively, while Amazon gained 80.9%, and Meta 194.1%. The emergence of generative Artificial Intelligence strengthened the tech stocks rally, contributing significantly to the US stock market performance.

The stronger real economy drove the US stock market performance, defying recession warnings. The inflation rate dropped to 3.4% thereby restoring the real return from negative in 2022 to positive.

Europe

Despite the risk of recession, sticky inflation, and slow industrial production, the European stock market recovered from the 2022 losses. The FTSE 100 increased by 3.8% in 2023, higher than the 1.2% gain in 2022; the French CAC 40 rose by 16.5% in 2023 compared to the 9.5% decline in 2022, and the German DAX had the highest rise of 20.3% compared to the 12.5% drop in 2022. The more domestically focused FTSE 250 gained 4.4% in 2023, recovering from a 19.5% drop in 2022.

The stock market's performance outstripped the eurozone's struggling macroeconomic environment. The German economy contracted but posted the region's highest stock market gains for the year.



Commissioning of the 10MW Solar Plant in Kumbotso Local Government Area of Kano State

The European Central Bank (ECB) raised its key interest rate to 4.5% in July and held it for the remaining months of 2023. Although the ECB insisted on keeping the rate elevated, lower growth prospects caused the market to begin pricing a possible rate cut.

Japan

The Japanese Nikkei 225 index closed the year at 28.24%, reversing the 9.4% loss in 2022. The Japanese economy has witnessed an unstable trend, alternating between expansion and contraction since the COVID-19 pandemic in 2020. The economy fell by 2.1% in the third quarter of 2023 after growing by 4.8% in the second quarter of the same year. The struggling economy can be attributed to the ageing population, rising inflation weighing on consumer demand for Japan's exports, and ultra-loose monetary policy as other developed economies aggressively tightened theirs.

Data released by Japan's Internal Affairs Ministry revealed that headline inflation eased to 2.6% in December, making it the lowest since 2022. The core inflation rate, which excludes food, also reduced to 2.3%. According to the Bloomberg Dollar Spot Index in 2023, the Japanese Yen declined by 5.63% against the dollar in spot transactions, making it the worst-performing among the world's top 10 major currencies.

Emerging Markets

The Chinese economy grew by 5.25% in 2023 as opposed to 3% in 2022. This was driven by the strong service and high-tech sectors overshadowing the real property crisis which was driven by declining income during the COVID-19 pandemic, and a decrease in the working population. The government intervened with policies ensuring pre-sale residential property completion to avoid defaults, lower mortgage rates and down-payment ratios, as well as extended corporate loan repayment terms. Nevertheless, some property companies like Country Garden defaulted on their bond

repayments, while Evergrande Group had difficulty in restructuring US\$300 billion debts. The challenges impacted the equities market as the Shanghai Composite Index slipped by -3.70% which was lower than the -15.13% drop in 2022.

India has shown resilience despite global uncertainties and economic crises. It is the fastest growing economy globally, with an average growth rate of 5.5% over the past decade. In 2023, the country grew at an average rate of 7.2%, the second-highest GDP growth among the G20 countries and almost twice the average growth of emerging market economies. This was driven by robust domestic demand, strong public infrastructure investment, and a strengthened financial sector. The stock market reflected the economy's strong performance as the Nifty 50 index grew by 20.03% in 2023 from a 4.33% increase in 2022.

Russia's invasion of Ukraine continued in 2023. The sanctions and cut-off from major global markets did not hinder the country's growth in 2023. Interestingly, the stock market performed strongly as the MOEX grew by 43.9% in 2023, retracting the -44.1% drop in 2022.

Nigeria

In 2023, the Nigerian economy grappled with rising inflation, foreign exchange (FX) shortages, currency devaluation, heightened insecurity, high-interest rates, policy reforms, and political uncertainty. The sequencing of the policy reforms and Naira re-design slowed the Nigerian economy as GDP grew by 2.74%, lower than 3.10% in 2022. The service sector was the main driver, with 3.98% real growth and 56.55% contribution, while the industry and agriculture sectors grew by 3.86% and 2.10%, respectively. Despite the slowdown, the Nigerian economy still outperformed South Africa's economy, which grew by 0.6% in 2023, slower than the 1.9% recorded in 2022.

Despite these challenges, the equities market hit a new high with 45.90% growth in the NGX All Share Index in 2023 compared to a 19.98% return in 2022. The returns on the NGX beat the annual average inflation rate of 24.52% and the December 2023 inflation of 28.92%.

Market Outlook for 2024

The macroeconomic risks that shaped the global economy in 2023 will likely persist in 2024, particularly geopolitical tensions, extreme climate conditions, and contractionary monetary policy. Geopolitical tensions will continue to simmer with the Russia-Ukraine and the Israel-Hamas war being the most prominent. This suggests supply chain disruption will persist, potentially leading to inflationary pressures. However, the aggressive monetary policy tightening is expected to reduce inflation in 2024.

The prolonged contractionary monetary policy is also expected to reduce growth rates in 2024. The IMF has forecasted that the global growth rate will improve to 3.1% in 2024 from 2.9% in 2023, premised on the resilient US economy, specific emerging economies, and fiscal support in China. Most developed central banks have hinted at rate cuts in the second half of 2024 to stimulate growth, but emerging and developing economies would likely uphold rates at elevated levels to curtail inflation.

The moderation in weather shocks and supply constraints in Africa might induce marginal growth in Sub-Saharan Africa in 2024, offsetting the slow growth in Nigeria and South Africa.

Inflationary pressure might linger in 2024 as ongoing insecurity in certain parts of the country may negatively impact farming activities and food security. Also, the heightened insecurity might impact deliberate efforts to attract foreign investment, reducing the chances of boosting foreign exchange availability.

The CBN is expected to continue monetary policy tightening to combat demand-driven inflation, making borrowing expensive for companies. This, coupled with foreign exchange risk, may affect growth – particularly in the manufacturing sector.

The Future Generations Fund

Table 2.1: Target Asset Allocation for the Future Generations Fund

	Policy Target	Returns in 2023	Benchmark	Returns on Benchmark
Growth Assets	85%		MSCI ASI Country World Index	Growth Assets
Developed Equities	15%	25.33%	MSCI World Index	23.79%
Emerging & Frontier Equities	10%	6.38%	MSCI Emerging Markets Index	9.83%
Private Equity, VC, and Value-added Real Estate	25%	2.82%	Cambridge Associates US Private Equity Index	–
Absolute Return	17.5%	12.43%	HFR Event-Driven (Total) Index	10.37%
Other Diversifiers	10%	–	Cambridge Associates US Private Equity Index	–
Global Bonds	7.5%	20.31%	3-month US Treasury Bill	5.01%
Hedging Assets: Inflation	5%		Weighted Composite	
Hard Assets	5%	–	50% FTSE* EPRA/NAREIT Developed Real Estate Index/50% CA Private Natural Resources Benchmark	–
Hedging Assets: Deflation	10%		Citigroup World Government (Hedged) – US\$ Bond Index	
Cash	10%	–	US T-Bill	

The Future Generations Fund (FGF) is leveraged for investments in a diversified portfolio of growth investments to provide future generations of Nigerians with a savings base ahead of the eventual depletion of hydrocarbon reserves. The fund receives 30% of core capital contributions to the Authority.

The long-term investment horizon of the FGF enables it to withstand multiple economic and market cycles, ensuring sustained wealth accumulation within a diversified multi-asset structure designed for capital preservation. The FGF's investment strategy is based on a structured approach to asset allocation across multiple risk-adjusted classes, and engagement with top fund managers across geographies.

The FGF returned 12.73% in 2023, outperforming the benchmark Consumer Price Index (CPI), which stood at 7.42%, by 400 basis points. Again, this validates the fund's adept navigation of market dynamics and ability to deliver healthy returns for its stakeholders.

Central to the FGF's success in 2023 was a strategic asset allocation framework characterised by prudence and adaptability. Rather than frequently altering the Authority's strategy, the fund adopted a rigorous approach involving opportunistically deploying capital in response to market dynamics. The fund remained highly selective in new market commitments due to economic headwinds and liquidity concerns, which in turn enabled the fund to optimise market opportunities and traverse the evolving investment landscape.

Growth Drivers

Key strategies employed to drive growth and manage the FGF effectively in 2023 included a cautious approach to capital deployment, tactical asset allocation, and a focus on market opportunities.

Long-Only Equities

The Long-Only equity portfolio represents 25% of the FGF asset allocation, with a split between developed and emerging markets. Within the portfolio, developed market equities account for 15% of the allocation, which includes exposure to the US, UK, Japan, and other European countries, while emerging market equities account for the remaining 10% of the allocation.

Absolute Return

The Absolute Return portfolio represents 17.5% of the FGF asset allocation. The portfolio has been strategically built with managers, across North America and Europe, specialising in diverse quantitative, and non-correlated trading strategies that ensure consistent and attractive risk-adjusted returns.

Private Equity (PE) and Venture Capital (VC)

The target allocation to PE and VC in the Future Generations Fund (FGF) is 25%. FGF employs a multifaceted private equity investment strategy comprising: primary commitments to high quality niche funds; selective secondary acquisitions of mature limited partnership interests; and even more selective direct co-investments made in individual companies where the FGF invests alongside a seasoned general partner.

Other Diversifiers

The Other Diversifier portfolio comprises 10% of the FGF asset allocation and includes managers who utilise niche strategies to generate uncorrelated returns with Private Equity.

Global Bonds

The Global Bond portfolio constitutes 7.5% of the FGF asset allocation and consists of bonds from reputable sovereign issuers like the FGN bonds. This focus helps diversify risk and contribute to a well-balanced portfolio that generates consistent, risk-adjusted returns in alignment with the FGF's overall investment goals.

Hedging Strategy

Inflation Hedge – Hard Assets

To mitigate the effects of uncertainties in the macroeconomic environment and financial markets, particularly upward inflationary pressures, the Authority diversified its portfolio into hard assets with a target allocation of 5%. This move served as a hedge against inflation and market volatility, contributing to the overall resilience of the FGF.

Deflation Hedge

The FGF's deflationary hedge strategy was designed to mitigate potential risks associated with deflationary pressures in the market. This fund's holdings are primarily held in cash and highly liquid instruments, offering the Authority ample liquidity and flexibility. This also enabled the fund to swiftly capitalise on emerging investment opportunities as they arose in 2023.

Year in Review

Despite facing market uncertainties and macroeconomic headwinds in 2023, the Authority navigated the challenges successfully through prudent investment and risk management strategies which in turn ensured a robust performance that surpassed set targets.

The Authority retained all fund managers with few partial redemptions for strategic reasons, emphasising the importance of longevity and stability in partnerships. While no full manager exits were reported, the FGF adopted a cautious approach to deploying capital, to achieve the fund's objectives.

Key commitments made in 2023 included Morgan Stanley HF Fund of Funds, Lofty Inc, Blantyre, Xenon, and Green Guarantee Company. Additionally, fund managers supported the FGF's optimum returns within 2023.

Outlook for 2024

Looking ahead, the Authority remains optimistic about the FGF's performance. The FGF has been lauded for its robust framework, designed to generate consistent returns in favourable market conditions and to provide substantial downside protection when markets falter. This dual approach ensures capital growth and preservation which are critical to the fund's long-term strategy. Market conditions are expected to improve, albeit at a slower pace relative to 2023. The potential drivers of market growth are expected to include continued advancement in the AI sector, avoiding a hard landing in the US economy, and resolving geopolitical tensions (the Russia-Ukraine and Israel-Hamas crises). If these drivers remain favourable, the FGF is poised to experience a strong year in 2024.

The Stabilisation Fund

Table 2.2: Target Asset Allocation for the Stabilisation Fund

	Policy Target	Returns in 2023	Benchmark	Returns on Benchmark
Growth Assets	75%		Barclays 1-3 Year Corporate Bond	Growth Assets
Investment Grade Corporate Bond		5.18%	Barclays 1-3 Year Corporate Bond	5.47%
Hedge Assets	25%		Barclays 1-3 Year Treasury Bond	
Cash		11.60%	SOFR 30 Days	5.01%
US Treasuries 1-3 years			Barclays 1-3 Year Treasury Bond	5.01%

The SF is a pivotal component of the Authority’s core funds leveraged to provide critical financial support to the government during periods of fiscal stress. The fund has an allocation of 20% and is conservatively managed to achieve a positive return, preserve nominal capital, and meet immediate liquidity needs when it arises.

Within the year under review, the SF had 75% investment grade corporate credit and 25% US treasuries. The SF is structured to ensure resilience and stability across these asset classes. Despite interest rate hikes and market fluctuations, the SF delivered a return of 10.54% relative to the US Consumer Price Index (CPI) – a significant 7.24% above performance targets.

The fund’s mandate is expressed through trusted partners that prioritise A-rated, high grade fixed-income instruments to mitigate risk and ensure capital preservation.

Throughout 2023, the Authority maintained a proactive stance towards managing the SF; retained existing managers and divested from some assets as a result of heightened uncertainty in the market.

Outlook for 2024

Despite the expectation that the ongoing geopolitical tension and macroeconomic dynamics will persist, the SF is expected to deliver stable returns in 2024.

With a strong likelihood of growth in the US economy, a downward inflation trajectory, and avoidance of recession, the Authority anticipates favourable developed market conditions. Additionally, advancements in technology and AI present opportunities for market efficiency that will further bolster the fund’s outlook.

As the Authority maintains its commitment to responsible investing and prudent risk management, the SF will remain a cornerstone of financial stability and support for the Federation during any economic difficulties in 2024.

The Nigeria Infrastructure Fund

The Nigeria Infrastructure Fund (NIF) is primarily designed to deepen the stock of critical domestic infrastructure. Initially, the Authority allocated 40% of its core capital to the NIF. However, the growing importance of infrastructure in socio-economic development prompted the Board to restructure the Authority’s capital thereby increasing NIF’s fund allocation to 50%.

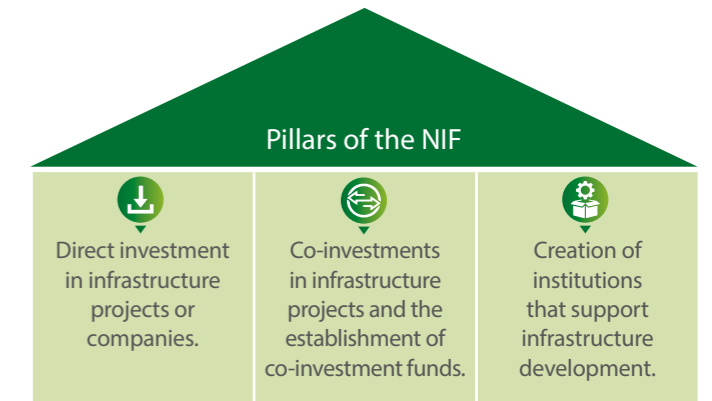
The Nigeria Infrastructure Fund, valued at about US\$1.1 billion, explores investment opportunities that meet targeted financial returns, upholds environmental stewardship and advances social benefits to Nigerians. Additionally, the NIF adopts a strategic investment approach focused on key sectors, including agriculture, healthcare, motorways, financial market infrastructure, power, gas industrialisation, and technology.

The merits of this approach include increased capacity to invest in diverse sectors, reduced dependency on specific industries, minimal exposure to risk, the ability to reflect emerging market trends and attract foreign direct investments.

The NIF is managed by an in-house team of investment professionals tasked with identifying promising infrastructure investment opportunities, and facilitating project development for investment consideration to the Board. This approach ensures that the NIF remains agile and proactively seizes relevant investment opportunities that propel economic growth and enhance the country’s stock of critical domestic infrastructure.

The NIF’s investment strategy is based on three pillars:

Figure 2.1: Three Pillars of the NIF



Furthermore, the actual commitment of funds is hinged on meeting the under-listed criteria:

Figure 2.2: NSIA’s Fund Commitment Criteria



Infrastructure plays a critical role in the actualisation of positive socio-economic outcomes by unlocking access to trade, facilitating various exchanges across states, creating jobs, improving the quality of life and generally strengthening the economy.

The Nigeria Infrastructure Fund continued



Mr Kolawole Owodunni, ED and CIO speaking at the AFSIC – Investing in Africa Conference and Expo 2023

Financial Market Infrastructure (FMI)

The Authority has acted as a catalyst for deepening the Nigerian financial market by providing essential investment funding for early-stage businesses and projects.

Within the year under review, NSIA – in collaboration with Afrexim Bank – launched the Joint Project Preparatory Facility to enable businesses and projects at developmental stages access capital that would otherwise not be available to them through the traditional banking system.

Additionally, in collaboration with Infracredit, the Construction Finance Warehouse Facility (CFWF) was created and seeded with ₦10 billion to provide capital to develop sustainable green-field infrastructure projects in Nigeria.

With another capital call in 2023, the Authority invested in the Fund for Agricultural Finance in Nigeria (FAFIN) to enable smallholder farmers access capital.

One of the key initiatives on the horizon is the collaboration with Z Capital Group – a leading American-based private market asset manager – to establish a dedicated fund for infrastructure investments within Nigeria and the regions. NSIA has so far committed US\$25 million to this fund.

Agriculture

In 2023, NSIA retained focus on boosting local crop production to meet domestic demand and also explored a pipeline of export opportunities.

The Authority expanded the Pandagric Novum farm outgrower programme, which resulted in additional employment opportunities and technical guidance to farmers.

Pandagric Novum, a poultry feed processing business, is the first demonstration project under the UFF-NAIC Agriculture Fund. It sits on 3,500 hectares, with backward integration through maize and soy bean farming on an additional 3,300 hectares.

The Nigeria Infrastructure Fund continued



Feed produced at Pandagric Novum

Following accurate soil analysis on the farm and the need to improve productivity through bespoke solutions, NSIA strengthened its partnership with OCP Africa – a global leader in fertiliser production.

NSIA launched the flagship Gurara irrigation project under the Agri Plus Fund established by NSIA in 2022. This project was developed in collaboration with the Federal Ministry of Water Resources through a lease agreement for land and associated irrigation infrastructure in Gurara, Niger State.

The Agri Plus Fund was established for investors seeking local currency capital for the development of large-scale agriculture projects for export.

The Authority's investments in Babban Gona – a high impact agriculture franchise that supports small holder farmers – received substantial validation and demonstrated significant success in 2023 as a US\$5 million facility with all associated interest, was fully repaid.

In 2024, the Authority will prioritise the development of agricultural produce for export, expand existing farming operations to increase crop yield and develop supporting infrastructure to enhance overall output.

Gas Industrialisation

Gas development is a pivotal focus area for the Authority, considering its critical role in industrialisation.

To advance gas industrialisation, the Authority, in collaboration with OCP Africa, has progressed plans to develop an ammonia plant in Akwa Ibom State.

The first phase of the project will produce 1.5 million tonnes per annum of Ammonia in two phases. Up to 70% of the Ammonia produced will be allocated for export to Morocco and the balance will be routed to the production of 1 million tonnes per annum of Di-ammonium Phosphate (DAP) and NPK fertilisers to feed domestic demand.



MD & CEO, NSIA and IFC reps at the launch of the US\$500 million Renewable Investment Platform for Limitless Energy (RIPLE)

Power

In 2023, the Authority commissioned Nigeria's first 10MW solar farm in Challawa Industrial Estate of Kumbotso Local Government Area, Kano State. The solar farm is currently operational and able to dispatch electricity to the grid.

The Authority also launched its flagship renewable energy platform, the Renewable Investment Platform for Limitless Energy (RIPLE). RIPLE is a US\$500 million initiative dedicated to strategic investments across the entire renewable energy value chain. Its core pillars are upstream technology manufacturing, energy generation and distribution.

In tandem with the launch of RIPLE, NSIA signed a collaboration agreement with the International Finance Corporation (IFC) to advance the pillar of energy distribution through sub-franchising.

In alignment with the Energy Transition Plan (ETP) and for sustainable socio-economic development, the Authority continues to explore opportunities for strategic investments in the energy sector.

The Nigeria Infrastructure Fund continued



Dr Tolulope Adewole – MD MedServe delivering an address at the maiden edition of the Oncology Summit

Healthcare

Following the success of the three healthcare demonstration projects – NSIA-LUTH Cancer Centre (NLCC), NSIA-Umuahia Diagnostic Centre (NUDC) and NSIA-Kano Diagnostic Centre (NKDC) – the Authority consolidated the existing oncology and diagnostics centres into a wholly-owned entity called NSIA Advanced Medical Services Limited (MedServe). Through MedServe, NSIA finalised the strategy for the rollout of the first phase of the healthcare expansion plan, which is to build and operationalise 10 modern medical diagnostics and oncology centres across the geopolitical zones of Nigeria.

To further optimise outcomes in oncology care in Nigeria, MedServe convened critical stakeholders, including more than 200 oncology professionals, representatives from 11 Nigerian tertiary hospitals and about 10 external collaborators, including the American Society of Clinical Oncology (ASCO), Bio Ventures for Global Health (BVGH), American Oncology Institute India, American Association of Physicists in Medicine (AAPM), University of Pittsburgh Medical Centre (UPMC) and Original Equipment Manufacturers (OEMs) – to the maiden edition of the Oncology Summit in Nigeria.

The summit focused on exploring pathways to advance oncology care in Nigeria. Following the summit, the Authority’s Board offered funds to train 500 oncologists to further deepen capacity.

Within the year under review, MedServe signed an agreement with the University of Chicago in the United States of America to provide capacity building, clinical trials, research, and support to match enhanced medical infrastructure with the quality of human capital.

The medical infrastructure investments made by the Authority, has saved significant foreign exchange outflows and improved outcomes in oncology care as Nigeria has started to witness reverse medical tourism.

MedServe also concluded the ARETTA research study aimed at exploring pathways to improve breast cancer treatment protocol for women of African descent.

The Authority launched EquiLease Systems Limited, a speciality equipment leasing company that seeks to catalyse growth in various economic sectors (with an initial focus on healthcare) by providing an alternative financing option for the acquisition of capital equipment.

Through EquiLease Systems, the Authority is in an ongoing process to establish a strategic partnership with OEMs for radiology equipment.

NSIA recognises the importance of sustainable healthcare delivery and has so far leveraged healthcare infrastructure investments, strategic partnerships, capacity development and clinical research to significantly improve healthcare outcomes in Nigeria.



Tour of the NSIA-LUTH Cancer Centre by the United States Under Secretary



The United States Under Secretary at the NSIA-LUTH Cancer Centre

The Nigeria Infrastructure Fund continued



Winners of the maiden edition of the NSIA Prize for Innovation (NPI) with members of the Executive Committee

Technology

The Authority continues to recognise and uphold technology as a critical lever for job creation, innovation, youth entrepreneurship and overall economic development.

1. NSIA Prize for Innovation (NPI)

The NSIA Prize for Innovation (NPI) is the Authority’s multi-year commitment to identify, nurture and build home-grown early stage businesses with innovative and scalable solutions to real-life challenges. Through the NPI programme, the Authority seeks to catalyse the Nigerian technology ecosystem and position Nigerian talent for global relevance. The programme is open to start-ups from key sectors like healthcare, agriculture, logistics, financial technology, education, climate and sustainability.

In 2023, the Authority commenced the programme, which was executed in three stages: pre-selection, accelerator, and demo stages. The programme received over 2,000 applications from start-ups operating across multiple sectors in different geopolitical zones of Nigeria.



NSIA Staff at the maiden edition of NPI Demo day

Through a thorough evaluation process championed by our implementing partners, 25 start-ups advanced to the accelerator stage, where they underwent two weeks of intensive online training, one week of in-person training, and one week of mentorship.

The shortlisted innovators were adjudged by an independent panel of judges, and 10 finalists were selected to advance to the Demo day, where they pitched their refined solutions to an expert panel of judges from technology and business ecosystems.

The Nigeria Infrastructure Fund continued



Affordable housing project in Kano – Family Homes Fund

Three winners emerged from the competition, with a total prize pool of \$250,000 awarded in a combination of cash and equity. To ensure efficient and successful management of these start-ups after investment, NSIA through its implementing partners provides fund/equity management services to guide the start-ups towards growth and profitability.

Through the NPI programme, the Authority re-affirms its commitment to support the technology ecosystem in Nigeria.

2. Kasi Cloud Limited

Concurrently, NSIA approved additional investments in Kasi Cloud Limited to support its growth. Kasi Cloud Limited is an indigenous technology company that specialises in providing cloud computing solutions to businesses and organisations in Nigeria.

The additional investment in Kasi Cloud will expand the initial capacity of 2.4MW to 22MW to meet the increased demand from hyperscalers.

The company is set up to offer a wide range of services including cloud hosting, data storage, virtualisation, backup, disaster recovery, and other managed IT services. Kasi Cloud Limited plans to expand from its current location in Lagos to Abuja, Kano, and Akwa-Ibom, as well as other regional and international touchpoints.

The Authority has leveraged the investment in Kasi Cloud to support the country's digital infrastructure expansion and improve its foreign exchange supply by localising its data centres while equally importing talent into the data and cloud ecosystem.



Kasi Cloud's groundbreaking for the new data centre



Enhanced crop yield at Pandagric Novum Farms

The Authority invested about US\$8 million in convertible notes in the centre in 2023 and intends to significantly scale this investment to accommodate the additional requirement from hyperscale customers, such as Google and Facebook.

Outlook for NIF

In spite of the inherent risks posed by foreign exchange volatility, counterparty risks and geopolitical instability, the fund has so far demonstrated resilience in navigating the headwinds and meeting its objectives.

The NIF has charted an ambitious course for 2024, with various projects across multiple sectors in the pipeline to shape the country's infrastructure landscape. Our team of dedicated professionals remains committed to the advancement of investment opportunities that will enable the Authority to achieve the objectives of the fund – enhancement of the stock of critical domestic infrastructure for current and future generations of Nigerians.

Third-Party Managed Funds

Since its inception, the Authority has provided fund management services to the Federal Government of Nigeria (FGN) and some of its agencies.

This fiduciary responsibility undertaken by the Authority, from which it earns a modest fee, enables the Authority to grow Assets Under Management (AUM).

The investment strategy adopted to manage the funds under this category aligns with the Authority's investment strategy for the core funds which is focused on economic growth, job creation, environmental stewardship and shared value for Nigerians.

The funds managed under this category include the Presidential Infrastructure Development Fund (PIDF), Debt Management Office (DMO), FGN Stabilisation Fund, the Nigeria Electricity Supply Industry (NESI) and the Presidential Fertiliser Initiative (PFI).

Presidential Infrastructure Development Fund (PIDF)

The PIDF was established by the Presidency in 2018, with NSIA appointed Fund and Project Manager. The projects currently developed under the PIDF are Abuja-Kano Road, Lagos-Ibadan Expressway and Second Niger Bridge. PIDF exists primarily to accelerate the execution of critical infrastructure projects essential to rapid economic growth and development.

By the end of 2023, Section 1 (Lagos-Shagamu) of the Lagos-Ibadan Expressway was 100% completed, while Section 2 (Shagamu-Ibadan) was 95% completed.

In May 2023, Phase I of the Second Niger Bridge and 200km out of the 375.9km of the Abuja-Kano Road project were commissioned by the President.

These roads are expected to significantly open the economic corridor by facilitating commercial activities across Nigeria.

Debt Management Office (DMO)

Leveraging the NIF investment strategy, the Authority has, on behalf of the DMO, continued to manage the investment fund designated for gas-to-power and other power-related projects since 2013.

The fund, which was originally US\$200 million, was part of the proceeds of the US\$1 billion Eurobond issued through the DMO by the Federal Government in July 2013.



Second Niger Bridge constructed under the PIDF

Between 2014 and 2017, the DMO recalled US\$100 million from the fund.

By December 2023, the value of the net asset of the DMO funds Under Management by NSIA stood at US\$68,572,250.

CBN NESI Stabilisation Fund

The fund was established following an investment management agreement between NESI Stabilisation Strategy Ltd, NSIA, and CBN in May 2020, after which a total sum of ₦100 billion was provided by NESI to be invested in return-generating projects and instruments for the purpose of growing the Nigerian economy. Assets under management as at December 2023 was ₦114.7 billion.

FGN Stabilisation Fund

NSIA commenced fiduciary service for this fund in 2015, with an initial commitment of ₦409.4 million from the Government. In line with the investment strategy of the SF, the FGN Stabilisation Fund is invested to ensure capital preservation and liquidity.

As of December 2023, a total of ₦57.60 billion has since been received into the Fund from the Federal Government Stabilisation Account through the Office of the Accountant General of the Federation.

Presidential Fertiliser Initiative (PFI)

Launched in 2016, the Presidential Fertiliser Initiative (PFI) was conceived to address challenges in Nigeria's fertiliser sector, which had long been hampered by inefficiencies and an over-reliance on imports. PFI was implemented by the NSIA.

PFI has commendably resuscitated the moribund blending industry and has established 84 blending plants across the six geo-political zones in Nigeria, accrued over US\$200 million in foreign exchange savings, created more than 100,000 direct and indirect jobs and generated annual fiscal savings of over ₦60 billion from fertiliser subsidy elimination.

The initiative has so far delivered over 90 million bags of locally blended high-quality fertilisers to farmers, thereby improving food security for Nigerians.

Corporate Governance

Housing Infrastructure
Through the Family Homes Fund – a social housing financing fund – NSIA continues to improve quality of life by providing long-term low-cost mortgage finance to low income families in Nigeria.



Our People, Culture & Diversity

In an ever-changing business environment with new demands imposed by digitisation, the Authority continues to devise structures and systems to remain competitive and ready to adapt to these dynamics.

Within the year under review, HR invested in blended learning for all employees, broadened employee skill sets through job rotation as well as expansion programmes and to support the operationalisation of four subsidiaries, seconded some NSIA staff as programme leads.

Through our partnership programmes, staff were exposed to best-in-class practices by engagements with domestic and foreign counterparts. The Authority believes that unless its people – its greatest assets – are future-driven, they will not be equipped to sustain ongoing efforts to deliver the institutional mandate, retain the support of institutional partners and attract necessary funding to implement future projects.

The summary below accounts for the stewardship of the human resources function for the 2023 financial year.

1) Recruitment

NSIA is an equal opportunity employer and upholds the regulatory requirements of the Federal Charter Commission when recruiting and onboarding staff.

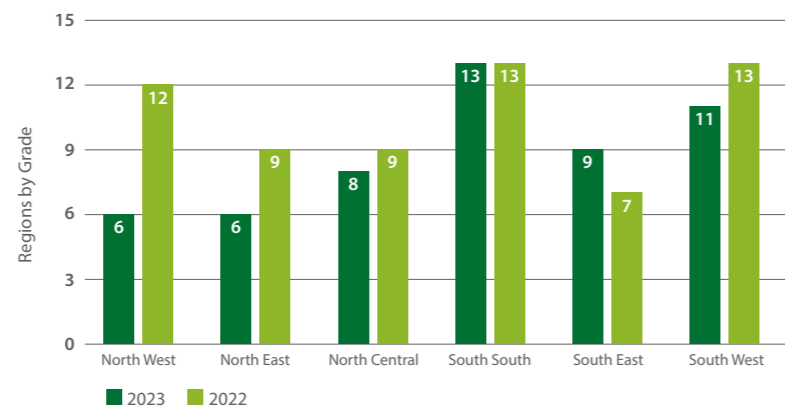
HR retained its focus on enhancing the Authority's potential by attracting and retaining qualified, highly-motivated people. The Authority bolstered its competitive strength by;

- Making significant investments in training and manpower development, especially with a 47% increase in the training budget.
- Being innovative in our efforts to recruit, train, develop, compensate, promote, and engage employees at all levels.

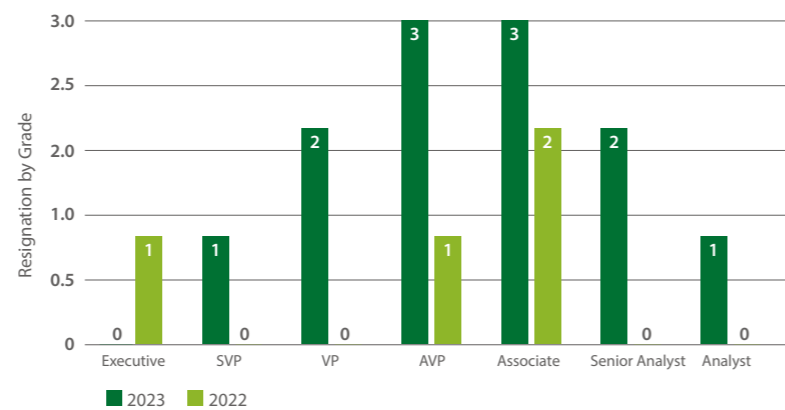
- Actively seeking and listening to diverse perspectives at all levels of the organisation.
- Optimising transparency concerning workforce goals to promote accountability, credibility, and effectiveness.
- Providing competitive compensation packages which are also aligned to strategic objectives.

Workforce distribution improved significantly. The workforce component representing the Northern region increased by 50% while the Southern region remained flat, ensuring a diverse geographical distribution.

Chart 3.1: Workforce Distribution by Regions and Resignation by Grade



Resignation by Grade



Our People, Culture & Diversity continued

One of our long-term resourcing goals is to build internal competencies. Correspondingly, the use of consultants has been reduced to about 10% of the workforce and will be further reduced within the next few years. Approximately 70% of new hires were recruited at Associate level and below while more strategic hires closed at 30% as we continued to build a broader and competent support base for the leadership.

Resignations for the year fell within the limits of our attrition plan and aligned with the agenda of the Authority given its current stage of development. At Associate level and below, most of the employees who resigned went for further studies in tier-one universities. All staff in this group were replaced by high-quality hires that continue to drive our business goals.

2) Workforce Development

At NSIA, we make a point of ensuring that every member of staff has a learning journey that deepens and improves capacity through a combination of on-the-job and classroom training. These interventions are tied to competence assessments and identified workplace gaps. Within the year, each employee underwent at least 80 hours training on subject matters ranging from compliance, ESG, risk management, due diligence to investments and soft skills.

2.1 Leadership Development

NSIA has developed a two-year senior management development programme to ensure that its leadership remains sustainable. The aim is to ensure that senior management is adequately equipped to provide meaningful leadership that reinforces the Authority's culture and values, fosters better understanding of its compliance requirements and develops the necessary skills to deliver on-the-job excellence. NSIA actively encourages career growth and development by offering staff a broad and diverse range of training opportunities.

3) Diversity and Inclusion

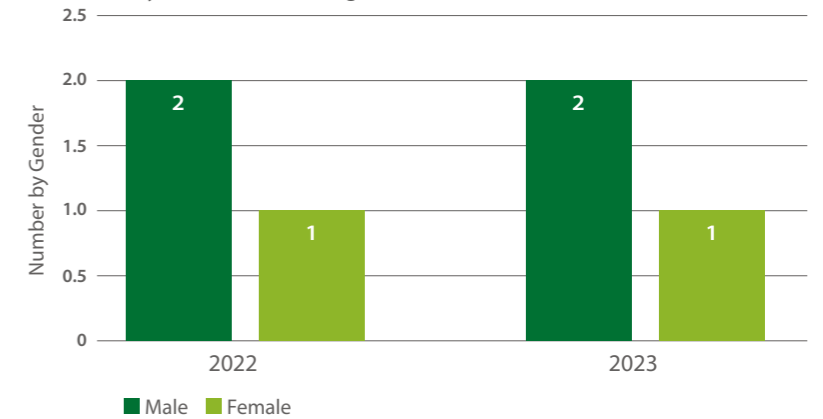
Diversity and inclusion is key to workplace effectiveness. All staff are treated equally irrespective of their socio-cultural or religious leanings. The focus is to ensure that the institution effectively reflects the diversity that is uniquely Nigerian.

To support the growing diversity of the workforce, especially because it fuels our success, the Authority has retained its focus on fair employment practices.

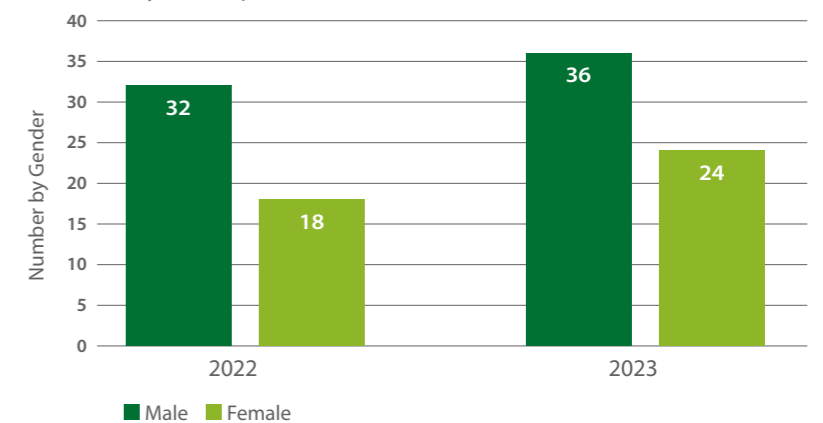
NSIA achieved 40% female representation – subject to competence levels – across teams by year-end. In recognition of the unique blend of experience, talent, ideas and perspectives of each generation, the Authority also successfully achieved a balanced mix covering five generations.

Chart 3.2: Gender Distribution Analysis 2022 vs 2023

Gender Analysis: Executive Management



Gender Analysis: Group



The HR function continues to develop and execute strategies to make NSIA a great place to work, one in which employees can thrive professionally and personally. All roles are underpinned by clear job specifications and performance indicators thereby minimising subjectivity and bias during performance reviews. NSIA values pay transparency and has taken significant action to provide all employees with clarity around our compensation philosophy. Compensation is market-driven with performance-based incentives.

Our People, Culture & Diversity continued



Staff bonding activities during employees' week

4) Well-being and Benefits

NSIA provides a wide range of benefits that support employees' mental, emotional, physical, and financial well-being through various life stages and events. Programmes like the Women's Network and the Men's Series were created to unlock staff potential and to encourage greater productivity.

Though these programmes were introduced prior to the year under review, the Authority extensively leverages these programmes to reinforce its institutional focus on the emotional, physical and professional development of its workforce. NSIA has significantly upgraded its mental well-being programmes by offering free, accessible counselling sessions for colleagues during the health and wellness sessions in the annual employee week. In 2023, HR introduced the health week which covered pertinent issues ranging from cancer, andropause/menopause to fertility.

NSIA offers instructor-led mental health training for staff and managers to help them give their team members meaningful support. In 2023, NSIA joined other organisations to articulate the need for employees to be transparent about their mental health during a training session organised by a psychologist. The Authority also pays for staff gym membership and holds regular yoga/aerobic sessions.

NSIA operates a Group Life and Group Personal Accident (formerly known as Workmen's Compensation) Insurance cover as well as the Employee Compensation Act contributions for the benefits of its employees. Additionally, NSIA offers a contributory pension plan in line with the Nigeria Pension Reform Act 2014 (as amended) for its employees.



Participants at the NSIA Women's Network event

5) Health, Safety and Welfare of Employees

All NSIA business premises are designed to guarantee the safety and healthy working conditions of employees and stakeholders alike. Employees are adequately insured against occupational and other hazards. NSIA provides our employees and their immediate families medical insurance.

Periodically, NSIA initiates learning programmes, workshops and enlightenment programmes/publications designed to equip staff members with basic health management tips, first aid, fire prevention and other occupational safety skills. Fire prevention, ladder and fire-fighting equipment are installed in strategic locations in the offices.

6) Employment of Physically Challenged Persons

In considering applications for employment, including those from the physically-challenged, NSIA operates a non-discriminatory policy. In the event that any employee becomes physically challenged during the course of employment, the Authority has provisions in place, where possible, to arrange training that ensures their continued employment without subjecting them to any disadvantage in career development. The Authority maintains an inclusive recruitment strategy, however, no candidate with physical challenges or special needs was hired in the period under review.

Our People, Culture & Diversity continued

7) Process Improvement

To further improve the validity of performance feedback, HR successfully implemented a bi-annual 360-degree feedback process. In addition, the appraisal review assessment process was streamlined through technology.

Since COVID-19, NSIA has continued to enhance its processes focusing on enabling flexibility and the ability to respond to any future development, like a pandemic, with an effective Disaster Recovery Plan.

8) Knowledge Management

To harness the collective knowledge of the organisation and contribute to better operational efficiencies, the Authority improved the knowledge management system. As part of the process, HR sourced, selected and trained Knowledge Managers (KM). The plan remains to retain institutional knowledge as the Authority continues to build a sustainable organisation.

Outlook

In the new year, HR practices worldwide will continue to be impacted by emerging technologies like Artificial Intelligence (AI).

In 2024 and beyond, HR will prioritise its support to Executive Management in strengthening the ongoing Leader and Manager Development programmes. The unit will also support the organisation in navigating other priorities including implementing the 5-year rolling plan, organisational culture, redesign and renewal to meet business objectives.



Members of NSIA Women's Network enjoy group activities

Information Technology

The Authority's proactive approach to cybersecurity in 2023 reflects a commitment to identify and guard against evolving threats. By fortifying its IT policies and cyber-security measures, NSIA continues to demonstrate a clear understanding of the importance of preventing phishing, malware, spoofing and other cyber-attacks.

Key activities and achievements during the year under review include:

Audit and Strengthen Infrastructure: NSIA audited the security infrastructure to identify weaknesses and implemented the necessary improvements.

Phishing Threat Identification and Mitigation: Maintained operational integrity by identifying phishing threats from external audiences and taking swift action to shut down those threats.

User Vigilance and Awareness: Implemented an internal cyber security awareness programme to enhance user vigilance.

Network Access Control and Continuous Monitoring: Advanced ongoing protection against emerging threats and vulnerabilities by deploying, monitoring and upgrading network access control protocol.

Proactive Management: The Authority proactively mitigated risks by addressing vulnerabilities and informing users about evolving cybersecurity threats. Keeping employees informed and equipped to protect against security threats is essential for maintaining a resilient security posture.

Overall, the Authority's proactive approach to cybersecurity in 2023 validates the commitment to operational integrity. By implementing comprehensive IT policies and cybersecurity measures, the Authority has successfully mitigated threats and maintained a secure operational environment, enabling staff to perform their duties confidently. This vigilant approach serves as a notable IT policy initiative and underscores the importance of prioritising cybersecurity in today's digital landscape.

Digital Transformation

Key achievements in 2023 included implementing an electronic memo on Sharepoint to improve workplace efficiency and to reduce time spent on document handling and storage.

The Authority launched the In Case of Emergency App (ICE App), a security application that can be deployed from multiple locations to enhance workforce safety. The ICE App ensures that physical security threats to staff are managed swiftly and efficiently at all times.

Additionally, the Authority conducted an Enterprise Resource Planning (ERP) optimisation project on various internal processes. The primary objective of this process was to assess the existing ERP system, identify under-utilised areas and develop a change management as well as an adoption strategy to enhance utilisation.

Through these interventions, the Authority systematically enhanced collaboration, productivity and process integration.

Technology Adoption and Knowledge Gap

Change Management plays a vital role in addressing the organisation's knowledge gaps and fostering technology adoption. The IT unit introduced quarterly lunch and learn sessions to promote technology use and adoption throughout the organisation.

To forestall key man risk, the IT and the HR team collaboratively established a knowledge bank serving as a centralised repository for all the Authority's projects and activities.

Outlook for 2024

Looking ahead into 2024, the Authority's digital transformation journey will primarily focus on enhancing our IT infrastructure and adopting new technologies to further digitalise our operations. Currently, technology serves as a crucial facilitator for various processes. NSIA has already invested significantly in establishing a robust network, server, and hardware infrastructure. These investments aim to shift IT from merely an enabler to a catalyst for operational transformation and innovation.

In 2024, our technology and digitalisation efforts will advance to the next stage of transformation, involving optimising existing systems, embracing new technologies across all divisions to boost productivity, and seamlessly integrating our systems to facilitate data-driven decision-making.

There will be additional focus on incorporating AI into our daily operations, integrating and migrating systems to the cloud, as well as consistently driving change management efforts.

Sustainability and ESG

The Authority's Sustainability & ESG journey is driven by the need to optimise processes and investments that deepen impact and deliver greater value to stakeholders. The Authority's operations and investments are structured to promote sustainability through a strategic triad of initiatives that enable the institution to generate financial returns in a socially responsible and environmentally friendly manner.

Table 3.2: NSIA Three-Pronged Approach to Sustainability

Approach to Sustainability	Definition of Approach
Institutional Conduct	The Authority's principal ambition is to fortify its ability to deliver shared value by instituting robust frameworks, policies, initiatives and practices that integrate ESG considerations into its operations. This aims to provide an enabling environment for the workforce, leave positive footprints in the communities the Authority serves, enhance efficiency, reinforce corporate governance, and minimise ecological impact.
Investment Ventures	NSIA is committed to conceptualising and executing innovative solutions that yield substantial positive socio-economic and environmental benefits.
Partnerships	NSIA is committed to establishing strategic partnerships and alliances with reputable national and international institutions to fulfil its national and global sustainable development objectives which are aligned with the United Nations Sustainable Development Goals (UNSDGs).

This three-fold approach is integral to the Authority's sustainability and ESG principles.



Some members of staff and students at the tree planting session during the maiden ESG week

The Authority has so far developed and operationalised its ESG framework in alignment with global models such as the IFC performance standards and IFRS Sustainability Disclosure. NSIA sees this journey as an essential way to grow its assets under management, unlock capital in other climes, strengthen its approach to risk management and increase socio-economic impact.

Integrating ESG into the Authority's investment decisions

In 2023, the Authority made significant progress in institutionalising ESG by developing policies on climate action, gender mainstreaming and development impact.

Additionally, NSIA established a comprehensive ESG framework to implement these policies. Given that the Authority has existed since 2012, and ESG practice was formalised more recently, NSIA undertook a comprehensive backward integration of ESG principles into its portfolio.

This involved reviewing existing holdings to identify areas for improvement, as well as alignment with ESG metrics, and subsequently embedding ESG criteria into the fund investment approval process.

As part of this process, the Authority deployed the relevant tools and frameworks to assess opportunities from a number of perspectives, with a particular emphasis on any potential social and environmental impact.

Firstly, NSIA maintains a sector exclusion list, which outlines sectors that are excluded from consideration for investments based on their non-alignment with ESG principles. The sector exclusion list is periodically updated to reflect evolving ESG practices and standards.

Sustainability and ESG continued



Staff committing to sustainability initiatives



Planting flowers during ESG week

All investments undergo thorough ESG screening to identify and assess potential ESG risks and impact. The screening process includes assessments based on the International Finance Corporation (IFC) Performance Standards, gender screening in line with 2X criteria, climate risk screening to assess alignment with the Task Force on Climate-related Financial Disclosures (TCFD) recommendations, and an evaluation of the potential development impact to assess how proposed investments align with the United Nations Sustainable Development Goals (UNSDGs).

In addition, when partnering with fund managers, NSIA assesses their ESG frameworks, institutional capacity, and ESG monitoring and reporting mechanisms, to ensure that externally managed investments adhere to the same high standards of environmental and social responsibility that NSIA upholds.

These assessments, alongside financial, legal and other due diligence, form the basis for final investment decisions.

The Authority actively collaborates with its subsidiaries and fund managers to drive ESG initiatives in the existing portfolio and ensure adequate monitoring and reporting on key ESG issues and metrics.

ESG Initiatives in 2023

The Authority signed an Memorandum of Understanding (MoU) with the National Council on Climate Change (NCCC) to support the implementation of Nigeria's climate change framework, carbon trading mechanisms, the climate change fund, etc.

Beyond integrating ESG into the Authority's investment process, climate and sustainability has become a key area of focus for investments under the Nigeria Infrastructure Fund. We have also invested in ESG-focused fund managers under our externally-managed investments and continue to explore additional opportunities globally.

In 2023, NSIA made progress in implementing impactful climate projects, including the following:

- The Authority signed a JV with Vitol to establish Carbon Vista, a fund designed to invest in various carbon avoidance and removal projects that deliver social benefits in line with UNSDGs and generates high integrity carbon credits. Subsequently, Carbon Vista signed an MoU with Regional Voluntary Carbon Market Company (RVCMC) to offtake the carbon credits to be generated.
- NSIA launched a Construction Finance Warehouse Facility (CFWF) which extends early-stage financing to climate-related projects and will be refinanced with InfraCredit's guaranteed bond. The facility provides downside protection for investors extending finance to climate adaptive projects, thus mobilising finance to drive the development of climate-aligned infrastructure projects.
- NSIA's maiden ESG week in August 2023 was to underscore our commitment to ESG and its widespread adoption. The week fostered ESG awareness community development projects associated with our investment portfolio, and standalone initiatives to enhance NSIA's environmental and social footprints.

Sustainability and ESG continued



Staff pledging to innovate for sustainability

Impact of ESG Initiatives

Our ESG initiatives have enhanced stakeholder engagement, increased our visibility and credibility in global networks, and generated investment opportunities in sustainable projects. Specifically, we observed the impact of some of our ESG initiatives as follows:

While previous investments have undoubtedly generated significant impact, the Authority's ESG journey has prompted the adoption of a more structured approach to impact reporting. By quantifying and qualifying all aspects of its ESG practices, NSIA has increased its transparency and stakeholder understanding of its activities.

NSIA's ESG journey has positioned the Authority as a thought leader in sustainability, particularly among African Sovereign Wealth Funds. NSIA currently leads the Climate Finance and Energy Transition Working Group of the African Sovereign Investors Forum (ASIF).

NSIA's expertise and understanding of climate projects has attracted investors and resulted in identifying and developing bankable investment opportunities alongside global strategic partners.

In 2023, NSIA was ranked joint-first alongside leading SWFs, including Temasek and NZ Super, on the Global SWF's annual Governance, Sustainability, and Resilience (GSR) scoreboard. This achievement highlights the Authority's strategic integration of ESG principles into its operations, as exemplified in its improved score from 84% in both 2021 and 2022 to a perfect 100% in 2023.



NSIA and Nigerian Council for Climate Change NCCC at the MoU signing ceremony and launch of NSIA's maiden Development Impact Report

Among the Authority's 2024 priorities is the continued promotion of climate finance initiatives and focus on leveraging existing platforms and partnerships to attract additional financing for green projects.

NSIA intends to strengthen engagements with fund managers and portfolio companies to ensure efficient implementation, monitoring and reporting of ESG and impact metrics across domestic and international portfolios.

The Authority's inaugural Sustainability Report will be launched in 2024 to underscore the commitment to transparency and disclosure on ESG practices and initiatives. NSIA will also make efforts to measure its carbon footprint and formulate a decarbonisation strategy to mitigate the environmental impact of its operations.

Additionally NSIA will strengthen its strategic partnerships with entities including the NCCC and strive to align its efforts with national and global sustainability objectives.

NSIA will continue to develop programmes that raise awareness of climate and sustainability, support communities, promote gender equality and female participation in climate action.

Governance

Since inception in 2012, NSIA has consistently demonstrated excellent performance. This success is rooted in the Authority’s unwavering commitment to global best practices in corporate governance as it strives to optimise value for all stakeholders.

The Authority adheres to global standards in corporate governance and ensures Board oversight, risk management, strict operational guidelines and performance evaluation.

The Authority’s Board members are crucial in strategic decision-making and uphold risk management practices.

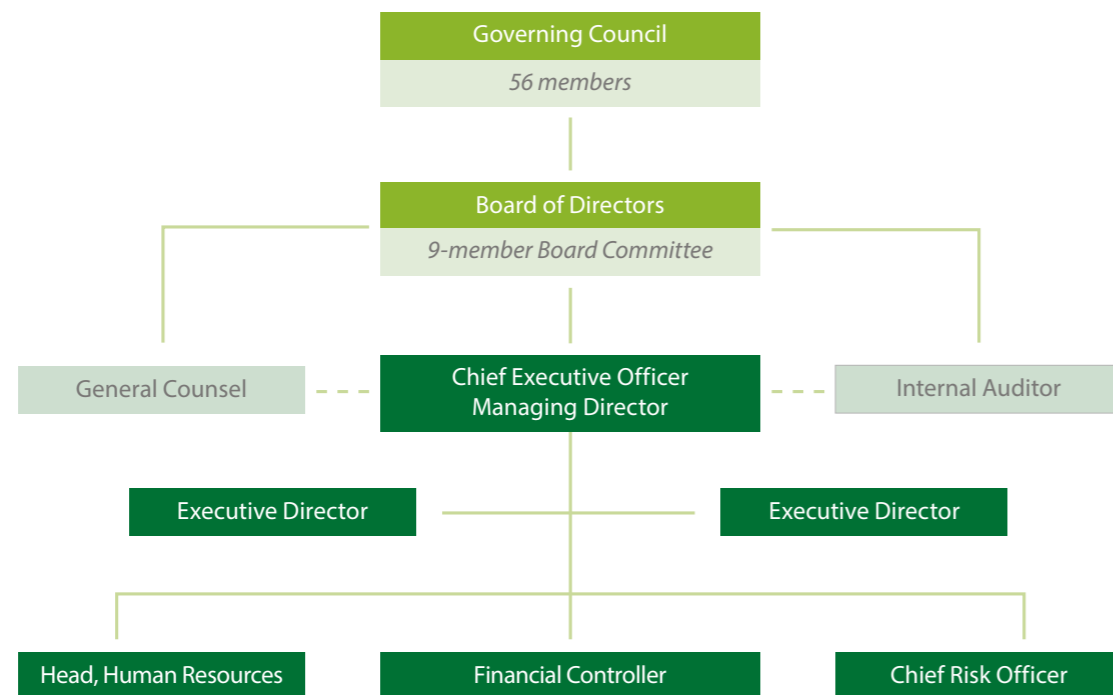
Given the commitment to achieving financial, economic, social, and environmental returns

on investment, NSIA regularly monitors and evaluates the performance of its investment portfolios, taking into account the evolving macroeconomic environment.

To achieve institutional aims, NSIA draws inspiration from the best commercial principles and philosophies in the private sector. The Authority’s governance framework enhances operational efficiency and drives organisational effectiveness while upholding the core values of integrity, transparency and discipline. These core values have helped instil the NSIA culture throughout the organisation.

As a member of the International Forum of Sovereign Wealth Funds (IFSWF) and signatory to the Santiago Principles, the Authority’s dedication to transparency, good governance, accountability, and prudent investment practices has been reinforced. In 2017, NSIA established a web-based whistle-blowing platform to fortify its accountability system. Through these measures, NSIA remains committed to creating value for Nigeria.

Figure 3.1: NSIA Governance Structure



Governance continued

Code of Corporate Governance

In line with global standards, NSIA adopts best-in-class corporate governance processes in its operations. The Authority currently has the following policies, frameworks and principles to ensure that we uphold our core values:

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

The Communications Policy and Staff Handbook regulate employee relations with internal and external parties, an indication of our determination to ensure that members of staff conduct business professionally. The Authority also has an entrenched culture of openness that encourages healthy discourse and employees are mandated to report improper activities.

The Authority’s corporate governance policies and practices are always evolving, and are periodically reviewed to ensure alignment with global best practices and Nigerian laws.

Despite NSIA’s relatively modest assets compared to some of its peers, NSIA maintains a high rating for transparency and professionalism within the African and international SWF communities.

Governance Framework

The NSIA operates under a structured governance framework designed to ensure effective oversight and management of its operations.



MD & CEO, NSIA and executives from Vitol at the Carbon Vista MoU signing ceremony

Governing Council

At the top of this structure is the Governing Council, chaired by the President or the Vice President in the absence of the President. Also on the Council are key stakeholders, including State Governors, the Attorney General of the Federation, the Minister of Finance, the Minister in charge of the National Planning Commission, the Governor of the Central Bank of Nigeria, Chief Economic Advisor to the President, Chairman of the Revenue Mobilisation Allocation and Fiscal Commission, private sector and civil society representatives, and eminent academics. Specifically, the Council members include:

- His Excellency, the President of the Federal Republic of Nigeria (who may be represented by His Excellency, the Vice President)
- All 36 State Governors
- Attorney General of the Federation
- The Honourable Minister of Finance
- The Honourable Minister in charge of the National Planning Commission
- The Governor of the Central Bank of Nigeria (CBN)
- The Chief Economic Advisor to the President
- The Chairman, Revenue Mobilisation Allocation and Fiscal Commission
- Four individuals from the private sector
- Two civil society representatives
- Two Nigerian youth representatives
- Four eminent academics

The appointment of representatives of the private sector, civil society groups, youth and academia to the Governing Council has not yet been effected.

The Governing Council meets annually, primarily serving in an advisory capacity.

Governance continued

Board of Directors

Below the Governing Council in the Authority's governance structure is the Board of Directors and the Executive Management. The Board of Directors plays a pivotal role in decision-making and strategic direction of the Authority.

The NSIA Board of Directors' Charter outlines the roles and responsibilities of the Board and its committees. The Charter is a guiding document for the Board's operations and decision-making processes. Periodic evaluations ensure improvement and adherence to best practices. The Board prioritises professional development with retreats and training sessions that foster engagement with external stakeholders, such as the engagement with the Institute of Directors (IoD) UK in 2022 under the Strategy for Directors programme.

The Board also engaged with the Abu Dhabi Investment Authority in 2022 and the Singapore Cooperation Enterprise as well as other key organisations in 2023. These interactions offer opportunities to seek impactful partnerships, benchmark against global best practices, gain strategic insights, and improve governance practices.

The Board engages with managers of each business unit primarily through the Board Committees, which serve as links for discussions and recommendations on matters before they are escalated to the Board for approval or ratification. The Board Committees are also guided by their respective charters.

The Board and its committees are functional in exercising their responsibilities, ensuring alignment with our objectives and regulatory requirements. Within the period under review, the Board adopted a hybrid approach (virtual and physical) for its meetings to ensure its effectiveness and efficiency*.

Board Meeting Attendance

The dismissal of all MDA Boards by the new administration meant that the Board was only able to hold its meetings in the first half of 2023. Attendance was as follows:

Board Meeting Attendance in 2023

Present ✓ Absent ✗

Name	15 Feb	24 Mar	17 May	25 May
Farouk Mohammed Gumel	✓	✓	✓	✓
Aminu Umar-Sadiq	✓	✓	✓	✓
Ali Goni Kadugum	✓	✓	✓	✓
Babatunde Emmanuel Sobamowo	✓	✓	✓	✓
Ikemefuna Louis Isiekwena	✓	✓	✓	✓
Kabir Suleiman Oniyangi	✓	✓	✓	✓
Ogechi Paschal-Ejiogu	✓	✓	✓	✓
Kolawole Owodunni	✓	✓	✓	✓
Olubisi Makoju	✓	✓	✓	✓

Board Investment Committee Meeting Attendance in 2023

Present ✓ Absent ✗

Name	8 Feb	5 May
Ikemefuna Louis Isiekwena	✓	✓
Kabir Suleiman Oniyangi	✓	✓
Ogechi Paschal-Ejiogu	✓	✓
Uche Orji	✓	✓
Aminu Umar-Sadiq	✓	✓
Kolawole Owodunni	✓	✓
Olubisi Makoju	✓	✓

Finance & General-Purpose Committee Meeting Attendance in 2023

Present ✓ Absent ✗

Name	9 Feb	4 May
Ali Goni Kadugum	✓	✓
Babatunde Emmanuel Sobamowo	✓	✓
Ikemefuna Louis Isiekwena	✓	✓
Aminu Umar-Sadiq	✓	✓
Kolawole Owodunni	✓	✓
Olubisi Makoju	✓	✓

* In June 2023, following a Presidential Directive, the Boards of several Federal Government parastatals, agencies, and Government-owned companies in Nigeria were dissolved. All Non-Executive Directors on the Authority's Board were impacted by this directive.

Board of Directors

The NSIA Act stipulates the appointment of nine Directors, three of whom are to be Executive Directors. Specifically, the Board comprises a Non-Executive Chairman, three Executive Directors (Managing Director, Chief Executive Officer, and two other Executive Directors), and five Non-Executive Directors.

Although the Board operated for half of the reference period, the Directors brought diverse skills and competencies from relevant fields of studies and job experiences. The Board members were:

Chairman

- Mr Farouk M. Gumel

Executive Management

- Mr Aminu Umar-Sadiq, MD & CEO
- Mrs Olubisi Makoju, ED & COO
- Mr Kolawole Owodunni, ED & CIO

Non-Executive Directors

- Dr Ogechi Paschal-Ejiogu
- Mr Ali Goni Kadugum
- Mr Ikemefuna Louis Isiekwena
- Mr Kabir Sulaiman Oniyangi
- Sir Babatunde Sobamowo (KJW)



Farouk Mohammed Gumel
Chairman

Mr Farouk M. Gumel is a Group Executive Director and Executive Vice Chairman (Africa) for the Tropical General Investments (TGI) Group, a global conglomerate operating in 13 countries across Africa, Middle East and Asia. TGI's business interests span the entire food value chain from origination/farming, processing, distribution and branded retail. He is also the Chairman of WACOT Rice Limited, one of Nigeria's largest state-of-the-art rice mills.

In over two decades, Mr Gumel has built a wealth of experience in consulting, audit, corporate finance, asset management and corporate governance across various sectors and geographies. He also serves on the boards of major public, private and non-profit organisations.

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

Between 2016 and 2020, he was an Honorary Advisor to the Presidency of Nigeria on agriculture and food security, where he supported the development and implementation of the Presidential Fertiliser

Initiative (PFI), the National Food Security Programme and various agriculture and food-related backward integration policy development initiatives.

He was Chairman of the Board of Directors at the Nigeria Sovereign Investment Authority (NSIA) and is currently the Chairman of the Board of Directors of Union Bank of Nigeria, Nigeria's second oldest bank. He is also a member of the Board of Directors of the Corporate Council on Africa (CCA), the leading US business association focused solely on promoting business and investments between the United States and the nations of Africa.

Mr Gumel is a member of the Institute of Chartered Accountants of Nigeria (ICAN) and a Fellow of the Institute of Chartered Accountants in England and Wales (ICAEW). He is also a life member of the Institute of Directors, Nigeria.

He possesses a Master's degree with a Distinction in Clean Technology from the University of Newcastle upon Tyne, which he earned in 2001. For his first degree, he graduated with a first-class Bachelor's degree in Materials (Leather) Technology from the University of Northampton in 2000.

Board of Directors continued



Aminu Umar-Sadiq
Managing Director and
Chief Executive Officer

Mr Umar-Sadiq is NSIA's Managing Director and Chief Executive Officer.

He has significant experience in the global financial services sector – spanning public finance management, mergers & acquisitions, private equity and asset management.

Before this appointment as MD & CEO in October 2022, he was an Executive Director and Head of Direct Investments at NSIA, leading NSIA's multi-product, cross-sector domestic infrastructure fund. He was also responsible for corporate governance management and performance reporting for more than 10 subsidiaries of the Authority.

Mr Umar-Sadiq has strong antecedents from Morgan Stanley, where he initiated his professional journey in the mergers & acquisitions division, subsequently proceeding to Denham Capital Management, a natural resource-focused private equity fund, and then to the mergers and acquisitions division at Société Générale.

He serves in a non-executive capacity on the Boards of the following companies: Infrastructure Credit Guarantee Company Limited (InfraCredit), Development Bank of Nigeria (DBN), Nigeria Mortgage Refinance Company (NMRC), NSIA Advanced Medical Services Limited (MedServe), Green Guarantee Company and Carbon Vista.

He also serves as a member of the EU High-Level Expert Group on Sustainable Finance for Emerging Economies, contributing his vast experience to shape sustainable financial strategies in developing markets. Additionally, his role on the Sustainable Investment Advisory Council for the United Nations Conference on Trade and Development highlights his dedication to aligning global trade and investment practices with sustainable development goals.

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

Board of Directors continued

**Kolawole Owodunni**

Executive Director and Chief Investment Officer

Mr Kolawole Owodunni is NSIA's Executive Director and Chief Investment Officer, responsible for deploying more than US\$4.3 billion across the Authority's core funds: Stabilisation Fund, Future Generations Fund and Nigeria Infrastructure Fund.

He holds a Master's degree in Chemical Engineering from Imperial College, London and an MBA from INSEAD, France. He has extensive experience in the financial services sector, spanning risk management, investment banking, equity, fixed income and alternative investments.

Mr Owodunni joined NSIA in 2013 as the Head of Investment Risk Management and was appointed CIO in 2020. In addition to his current role as ED/CIO, he serves on the Board of various NSIA investee companies as a Non-Executive Director.

His previous roles include Head of Risk Management at Dunn Loren Merrifield, a boutique Investment Bank headquartered in Lagos, Nigeria. He was also a Risk Manager at Credit Suisse, London and a member of the pioneer teams that started the Hedge Fund Development and Management Group at Merrill Lynch (now Bank of America Merrill Lynch) in London.

**Olubisi Makoju**

Executive Director and Chief Operating Officer

Mrs Olubisi Makoju is NSIA's Executive Director and Chief Operating Officer.

Her responsibilities are pivotal to the strategic development and execution of the organisation's objectives across pivotal economic sectors.

She oversees enterprise risk management, operational efficiency and strategic financial planning. Furthermore, she is currently leading a transformative journey within the organisation which is geared towards enhancing NSIA's capabilities and maximising its impact.

Her professional journey spans more than two decades, delivering value across oil & gas, information technology and financial institutions. Throughout her career, she has consistently demonstrated ability to deliver value through strategic leadership.

She was previously NSIA's Financial Controller.

She holds an MBA from the University of Warwick, UK, and is a first-class graduate of Accountancy from Obafemi Awolowo University, Ile-Ife, Nigeria. She is a remarkable leader, keen on engaging the mind in pursuit of institutional objectives.

Mrs Makoju is passionate about women empowerment and currently leads the NSIA Women's Network, helping promote career development, coaching, and mentoring for women in the organisation.

Board of Directors continued

**Dr Ogechi Paschal-Ejiogu**

Non-Executive Director

Dr Ogechi Paschal-Ejiogu is a Non-Executive Director on the Board of the Nigeria Sovereign Investment Authority.

She is an accomplished economist with significant expertise in the benefits and healthcare sector. She is presently a senior contracts administrator in the benefits department of Kaier Permanente, an American integrated managed care consortium.

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

Dr Paschal-Ejiogu is an avid humanitarian who is enthusiastic about poverty reduction, human development, and women/girl empowerment. She volunteers at the DC Foods and Friends (US), Sisters of the Needy, Girl Scouts and various Catholic charities.

She has a PhD in Economics in Public Policy and Development from Howard University, USA, and graduated with distinction. She obtained her MSc in Development Economics and Policy from Reading University, UK and she additionally earned her first degree in Economics from Imo State University.

**Mr Ali Goni Kadugum**

Non-Executive Director

Mr Ali Goni Kadugum is a Non-Executive Director on the Board of the Nigeria Sovereign Investment Authority.

He is an accomplished academic and technocrat who has more than two decades of experience spanning academia, civil service and banking. He has worked on and off in academia over the last two decades and brings a unique set of industry and research-based skills to the Board.

He is presently the Chief Lecturer of the College of Education Nguru and served as Rector of the College of Administration and Business Studies from 2007 to 2016 until his appointment as Chief Lecturer. He is also a director at Kadugum Brothers Nigeria Limited. Mr Kadugum served as the Honourable Commissioner for Commerce and Industry, Yobe State, where he contributed to the state's growth strategy. Outside academia, he worked as an Internal Auditor at Premier Commercial Bank, General Manager at Bade Transport Service, and Industrial Officer at the Federal Ministry of Commerce and Industry.

He holds a Master's degree in Business from the University of Central Lancashire, a Post Graduate Diploma, and a Bachelor's degree from the University of Maiduguri. He is a fellow of the Association of Financial Analysts of Nigeria, a fellow of the Institute of Practising Professionals and a member of the Institute of Management Professionals.

Board of Directors continued



Mr Ikemefuna Louis Isiekwena
Non-Executive Director

Mr Ikemefuna Louis Isiekwena is a Non-Executive Director on the Board of the Nigeria Sovereign Investment Authority.

He is a partner at Simmons Coopers Partners, a law firm in Nigeria. Called to the Nigerian Bar in 2004, he has several years of professional experience and has substantial Board-level experience, having served on various Boards including Slavabogu Construction Company Limited and Corona Trust Council.

He has extensive experience in commercial law. He has provided transaction advisory services to a wide range of corporations and serves as lead counsel on large ticket transactions covering project finance, oil and gas, real estate, energy and power, financial services and private equity.

Before joining Simmons Coopers Partners, he worked at highly regarded and successful law firms, including DAC Legal Practitioners, Umoh Inyang & Co. and Alegeh & Co.

He holds a Law degree (LL. B) and a Master of Law (LL. M) degree in Competition Law from the University of Benin in 2002 and King's College, London in 2012, respectively. He is a Barrister at Law (BL) of the Supreme Court of Nigeria, having been called to the Bar in 2004 and is an MBA Alumnus of Robert Kennedy College, USA, which he earned in 2020.

He is a member of various professional bodies, including the Nigerian Bar Association (NBA), the Committee on Antitrust and Competition Law, and the International Bar Association.



Mr Kabir Sulaiman Oniyangi
Non-Executive Director

Mr Kabir Sulaiman Oniyangi is a Non-Executive Director on the Board of the Nigeria Sovereign Investment Authority.

He is a financial services expert with more than three decades of relevant experience. Before his appointment as a Non-Executive Director, he spent more than 26 years at the Nigeria Deposit Insurance Corporation (NDIC), a parastatal under the Nigerian Ministry of Finance charged with protecting the banking system from instability, rising from deputy manager to Controller, Kano Regional Office.

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

He has attended courses locally and internationally at some of the most prestigious institutions in the world. He holds an MBA from Ahmadu Bello University and a Bachelor's degree in Business Administration from the same institution.

Board of Directors continued



Sir Babatunde Sobamowo (KJW),
Non-Executive Director

Sir Babatunde Sobamowo is a Non-Executive Director on the Board of the Nigeria Sovereign Investment Authority.

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

He started his career at Coopers and Lybrand (now PricewaterhouseCoopers), an internationally-renowned accountancy firm, where he rose to the position of senior accountant. He then joined NAL Merchant Bank in 1983 as an Assistant Manager and rose to become an Area Manager in the Northern Area. Subsequently, he became the Head of Capital at NAL Merchant Bank, where he led the bank's packaging of several listings and big-ticket transactions.

He left the Bank in 1993 – founded Babatunde Sobamowo & Co. – a tax, management consulting and audit practice – and became the firm's Principal Managing Partner. Following this, he set up Global Asset Management (Nig) Ltd in 1996. Apart from helping these respected organisations, Sir Sobamowo been privileged to serve on various Boards and in various committee capacities.

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

Risk Management

Healthcare

Improving access to world-class healthcare is key to boosting productivity and the nation's socio-economic advancement. It reduces the need for outbound medical tourism and conserves foreign exchange.



Risk Overview

Global Risks

The global economy was characterised by multiple risks that impacted growth in 2023. The world faced interconnected challenges that cut across digital, economic and geopolitical issues. According to the World Economic Forum (WEF), some of the year's major risks were cyber-related, while terrorist attacks, the employment crisis, other geo-economic issues, inflation, the cost of living crisis, debt, the collapse of public infrastructure, large-scale economic migration, the Russia-Ukraine and Israel-Hamas wars, all contributed negatively to the outlook.

At the World Economic Forum in Davos, Switzerland, the alarm was raised on the increasing sophistication and frequency of cyber-attacks. It was a year punctuated by cyber-attacks and data breaches among other challenges. This was partially due to the fundamental changes in the work models that evolved from the COVID-19 pandemic.

A major cyber-attack in 2023 was 'Operation Triangulation' used by hackers to install spyware on handheld devices.

The landscape was further complicated by persistent terrorist attacks, including the Kabul Airport bombing in Afghanistan, the Neve Yaakov shooting in Jerusalem, the St Petersburg bombing in Russia, the Jacksonville shooting in the United State of America, the Arras school shooting in France and the Plateau state massacres in Nigeria.

The global economy also grappled with policy-induced geo-economic fragmentation that widened global economic integration efforts. A study conducted by the World Trade Organisation (WTO) in 2023 shows that there has been no evidence of increased regionalisation of world trade since the shock of the COVID-19 pandemic and the war in Ukraine. On the contrary, trade flows have become more sensitive to geopolitical distance, leading to the first signs of overall trade fragmentation along geopolitical lines.

Inflation was also a pressing concern in 2023, with global inflation estimated at 6.8%, a drop from 8.8% in 2022 but still higher than the pre-COVID-19 era.

Sluggish economic growth and the associated employment crisis were also major concerns. The International Labour Organisation (ILO) reported that the employment rate dropped from 2.8% in 2022 to 2.2% in 2023.

The deceleration of employment growth was particularly pronounced in upper-middle-income and high-income countries. Despite a slowdown in job growth in high-income countries, labour market and skills imbalances persisted across several countries and sectors. The slowdown in employment pushed more workers into lower-quality jobs, thereby exacerbating the cost of living crisis.

Similarly, the debt crisis loomed as Sub-Saharan Africa witnessed a significant increase in debt servicing expenses. Public infrastructure came under strain, with incidents of collapse and the need for rapid rebuilding.

Large-scale economic migration presented opportunities but also posed challenges for origin, passage and destination countries as people crossed borders in search of job opportunities. This mass migration was caused by political instability, climate change, and conflicts. Significant parts of the global population faced an increasingly insecure outlook.

The world witnessed probably the biggest change in geopolitical tensions, which had an adverse impact on growth. The Russia-Ukraine conflict, the US-China tech crisis, and the Sudan crisis contributed to global instability. The Israel-Hamas war complicated the global geopolitical environment, which was already characterised by intensive competition and conflict, particularly in the Middle East. These conflicts disrupted trade, particularly through the Strait of Hormuz.

Geopolitical tensions are expected to lead to more fragmentation and regionalisation of the world economy.

Risk Overview continued

Risk Outlook

NSIA will respond to the evolving situation in 2024 on a case-by-case basis, but plans to take the following steps:

- **Cyber-risks:** Cyber-security threats, including cyber-crime and data insecurity, pose significant challenges and require proactive measures to safeguard sensitive information and systems. The Authority will implement internal processes such as data backups, encryption, regular software updates, and staff training to enhance awareness and to mitigate against potential vulnerabilities. Additional measures such as the installation of firewalls will further fortify the Authority's defences against cyber threats, ensuring the protection of our IT infrastructure from cyber-attacks.
- **Terrorist attacks/kidnap:** NSIA has group life insurance to protect the entire workforce and all assets are covered by insurance.
- **Geopolitical tensions:** The possibility of heightened geopolitical tension could lead to foreign exchange fluctuations and an economic downturn. The Authority will mitigate these risks through currency swaps, derivatives and a diversified investment approach.
- **Economic migration:** NSIA will engage co-investment partners, undertake capital raising, invest in high-yield bonds, implement a robust succession plan, and deploy staff retention initiatives.

The Authority will continue to explore avenues to mitigate and minimise the impact of global risks on the organisation and the workforce.

Risk Management

Risk management is embedded in the way NSIA conducts its business because we believe that a sound risk management system is the foundation for building a vibrant and viable institution. In addition, to ensure long-term sustainable growth in stakeholder value and reputation, NSIA will adopt a conservative approach in its business dealings and hold every employee accountable as risk managers.

The Authority regularly review the risks in its environment to understand the factors that enable such risk and then takes the appropriate steps to negate any impact on the Authority. NSIA's risk management process is very robust. Risks are identified and assessed at different levels; including the entity-wide level, process level, project level and subsidiary entity level. Below is a schedule of asset classes which the Authority routinely evaluates from a risk management perspective across the three core funds, the Stabilisation Fund (SF), Future Generations Fund (FGF) and Nigeria Infrastructure Fund (NIF).

Table 4.1: NSIA Asset Class and Risk Exposure

Stabilisation Fund	Future Generations Fund	Nigeria Infrastructure Fund
– FX Cash	– Asset-Backed Securities (Credit Instruments)	– Healthcare
– Deposit	– Developed, Emerging & Frontier Market Equities	– Motorways
– Placements	– Hedge Funds	– Power
– Money-Market	– Private Equity	– Agriculture
– Securities	– Venture Capital & Commodities	– Gas industrialisation
– Investment Grade Corporate Bond		– Financials
– US Treasury Bills & Notes		– Other Direct Investments and Sustainability
		– Major Direct Stakes (Public & Private)

Risk Overview continued

The Stabilisation Fund

For the Stabilisation fund, which prioritises liquidity, the Authority implements an internal weighting or scoring system to rate banks or institutions where funds are placed. To qualify for investment placement, banks and institutions must meet predefined investment criteria and undergo rigorous evaluation, including credit ratings. This stringent risk management approach underscores NSIA's commitment to safeguarding investments and maximising returns while maintaining transparency and accountability to internal and external stakeholders.

The Future Generations Fund

To ensure a robust understanding of investment opportunities and operational risks, NSIA conducts both investment and operational due diligence. These are necessary for us even when selecting fund managers.

The Nigerian Infrastructure Fund

Investments in the NIF undergo a deal screening process against pre-defined risk appetite statements and investment policies. This involves detailed analysis and risk assessment to evaluate the likelihood and impact of potential financial, technical, legal and market risks. We also conduct detailed Know Your Customer (KYC) checks and background investigations on project owners and company directors to ensure transparency and what we call the business integrity check in the investment process.

Risk Management Approach

NSIA boasts a well-rounded Risk Management Framework designed to address the Authority's risk strategy holistically. The Framework highlights our policies and procedures on risk management and provides clear guidance on how NSIA identifies, assesses and manages risk. It articulates NSIA's risk strategy and how it is managed alongside other related policies.

The Board and Executive Management constitute the core internal stakeholders, while the external stakeholders include the Governing Council, National Assembly, Presidency, Governors Forum, and the Federal Minister of Finance. With regard to the internal stakeholders, the risk report is shared monthly with the Executive Management and quarterly with the Board of NSIA. The reports are reviewed, assessed and queried if necessary. External stakeholders like the Governing Council receive the annual NSIA risk report highlighting the performance level for the year under review. The National Assembly may also summon the Executive Management team to make presentations and the Minister of Finance may also request a meeting.

There is a clear risk governance structure, with the Board and Executive Management providing effective oversight of all risk activities. NSIA has strategically positioned the risk function to ensure efficiency and risk intelligence to ensure informed decision-making. The Authority is consciously building a risk-aware culture across the organisation.

Another key is to implement and enhance the stakeholder communications plan based on the stakeholder mapping undertaken by the Corporate Communications and Government Relations teams. The stakeholder mapping was executed in 2023 as part of the stakeholder management strategy, while the stakeholder communications plan aggregates the critical touchpoints necessary to meet stakeholders' expectations.

Risk Overview continued

NSIA places a high premium on risk disclosure and transparency, a core NSIA value and this is reflected in our commitment to providing clear and relevant risk disclosures to stakeholders. Whether internal stakeholders or external stakeholders, including investors and the public, the Authority ensures that risk disclosures are transparent and readily understandable.

As an organisation, the priority is also to monitor risk and performance to optimise risk-adjusted returns.

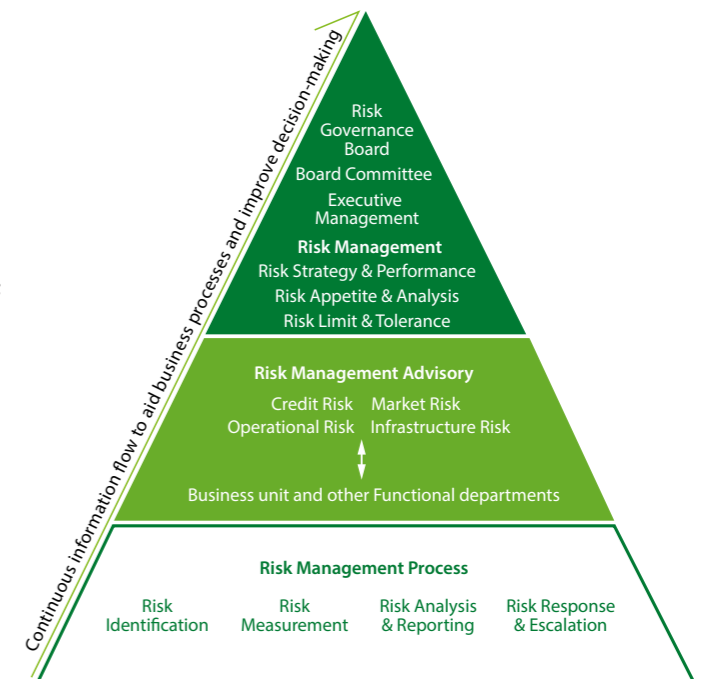
Objectives of Risk Management

The Authority's risk management objectives are to:

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

Our approach to risk governance balances the demands for growth, control, and transparency while supporting our objectives with an efficient decision-making process. Risk management governance starts with our Board, which plays an important role in reviewing and approving risk management policies and practices. Risk management processes are embedded within the business and Executive Management regularly advises Board Committees about relevant risk metrics and material exposures within their scope of oversight, which in turn is advised to the Board of Directors as appropriate. Details regarding the composition and main responsibilities of our Board of Directors and the Board Committees regarding risk management oversight are contained in the respective charters.

Figure 4.1: Risk Governance Framework



NSIA's risk governance framework and end-to-end risk management value proposition are part of an integrated process underpinned by enterprise-wide management structure.

Risk Overview continued

Figure 4.2: Risk Containment framework



Three Lines of Defence

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

i. First Line of Defence: Fund Managers

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

ii. Second Line of Defence: Risk Management and Compliance Functions

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

iii. Third Line of Defence: Internal Audit

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

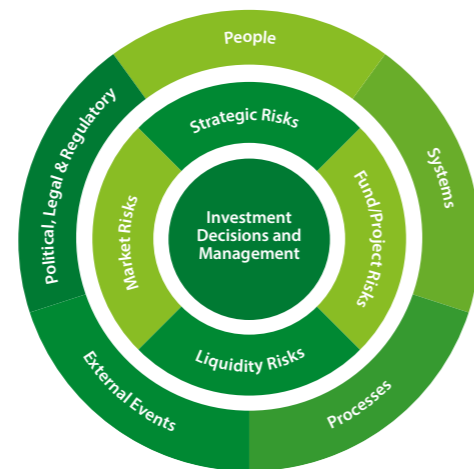
Risk Appetite

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

Risk Universe

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

Figure 4.3: Risk Management Universe



Risk Overview continued

Risk Exposure

Table 4.2: NSIA Risk Types across the Business

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

1. Infrastructure Risk

NSIA defines infrastructure risk as the risk of loss to earnings and capital resulting from events that negatively affect the cost of efficiencies, schedule management, quality control, safety or the technical performance of infrastructure projects. NSIA's infrastructure project portfolio comprises infrastructure projects in sectors such as power, healthcare, agriculture, motorways/toll roads, gas industrialisation, financial market infrastructure and technology/innovation. In carrying out project investments, the Authority faces several risks.

NSIA's infrastructure risk universe includes:

- **Construction risk:** This entails exposure to possible loss in construction arising from issues relating to land acquisition, equipment, delivery of materials, supply chain, safety, sub-contractors and suppliers, labour, weather, natural causes and rights of way. These risks may arise when the contractor uses poor quality suppliers or the contractors and sub-contractors are incompetent, leading to poor quality work. NSIA mitigates these risks by procuring an Engineering, Procurement and Construction (EPC) contractor of reputable standing and track record. In addition, we carry out proper project planning, monitoring and budgeting; conducting training for workers and employees on safety management; adhering to safety protocols. The insertion of penalty clauses for late delivery has also proved very useful in mitigating these risks.
- **Design risk:** It is any exposure to possible loss in construction activities arising from insufficient, inaccurate, and incomplete designs, analysis, surveys and scope. Other

risks include delays in securing approval for construction drawings and concept design, errors in quantity surveys and method statements leading to delays, or where the design is not feasible, practicable and flexible. NSIA mitigates these risks by procuring a reputable technical advisor/consultant to advise on design and location of the projects concerned.

- **Procurement risk:** Procurement risk relates to the failure of a procurement process designed to purchase services, products, or resources. NSIA mitigates this risk by ensuring compliance with the Procurement Policy, and that members of the Procurement/Bid Evaluation Committee are competent senior members of staff.
- **Legal and regulatory compliance risks:** Legal risk is the likelihood of financial loss resulting from changes in laws and regulations and negligence in complying with these laws and regulations. It can also arise from legal and regulatory obligations, contract risks and litigation brought against NSIA. Regulatory compliance risk is the potential for NSIA or its personnel to violate existing laws and regulations because of insufficient control systems, lack of training, due diligence or human error. NSIA ensures full compliance with the laws and regulations of the Federal Government and State Governments where projects are cited, as failure to do so could potentially expose the Authority to a range of consequences, including legal penalties, voided contracts, financial forfeiture, material loss, loss of business opportunities and reputational damage.

Risk Overview continued

- **Project management risk:** This risk relates to an infrastructure project overrunning its budget or because of poor project management as a result of poor estimating or mission creep. It also covers the possibility of failing to meet design standards, quality of construction materials, or service not meeting expectations. Project management risk also covers the provision of technical expertise or technical advisors to manage projects and technical errors of commission and omission. Other risks can arise from community concerns and protests, delays in relocating powerlines, cables, rights of way issues, legacy debt issues, or concerns over performance, operation and maintenance, project scoping, scheduling and communication. The Authority mitigates this risk category by identifying, assessing, developing and implementing plans of action to manage it throughout the project's life cycle. We also ensure that the technical consultant managing the project has the requisite expertise and experience.
- **Environmental and social risk:** This relates to the impact of environmental and social activities on projects. Risk factors can include environmental pollution, noise, ecological damage, loss of biodiversity, community protests and hazardous waste. NSIA mitigates this risk by conducting Environmental and Social Impact Assessment (ESIA) studies for all construction projects and engages the relevant Environmental & Safety Authorities at Federal and State Government level.
- **Supply chain risk:** This is the probability that issues with suppliers, shipments and markets will disrupt a business in terms of production, operations, sales and/or projects. Supply chain risk can crystallise due to shortages of a components/spare parts/raw materials; sanctions imposed on a supplier's country; price increases arising from factors such as supply, demand, tariffs; non-conformance of spare parts/raw materials to agreed specifications; late deliveries and lost/damaged packages; and breakdown in supplier relationships. NSIA mitigates this risk by executing sales and purchase agreements with reputable suppliers, stating the minimum offtake quantity and having multiple suppliers of raw materials.

- **Force majeure risk:** This is the risk of unforeseeable circumstances that could prevent or delay a counterparty from fulfilling any obligation under a contract. These unforeseen circumstances can arise from an act of hostility, civil commotion, sabotage, epidemics or pandemics resulting in quarantining or other restrictions, strikes and lock outs, natural calamities or other acts of God. When any of these happen, the party in default would provide a notice to the non-defaulting party, and neither party would have any such claims for damages against the other in respect of such non-performance or delay in performance. The terms of the contract would resume as soon as practicable after the force majeure event ceases.

Management of Infrastructure Risk

NSIA adopts a cautious approach to infrastructure risk and avoids investments that are not thoroughly understood, or whose associated risks cannot be reasonably and objectively measured and managed. We proactively manage infrastructure risk by planning, identifying, assessing, mitigating and controlling the risks to our projects. Key risk indicators have been defined for all infrastructure projects/investments and are tracked and monitored against their associated risk thresholds. Where there are deviations from the set thresholds, there is an immediate response to address them.

2. Investment Risk

- **Liquidity Risk:** Liquidity risk represents the potential for loss arising from the Authority's inability to meet its current or future commitments in total or when they are due, which could lead to the unplanned sale of securities to cover cash flow needs. This risk is exacerbated during economic uncertainty when some investments could be substantially discounted due to a lack of demand or market depth. In the case of the Stabilisation Fund, this risk is mitigated by maintaining a high percentage of liquid short-term assets with a term to maturity of less than three years. The Future Generations Fund is designed for the long term and, as such, it holds a high percentage of illiquid long-term assets, such as private equity investments. However, the

Risk Overview continued

- fund seeks to maintain up to 50% of its assets in instruments redeemable within one year. There are allocations in the Future Generations Fund and the Nigeria Infrastructure Fund that are yet to be deployed. These allocations are held mostly in liquid instruments, limiting the Authority's liquidity risk. As the Authority continues to invest in more sophisticated and illiquid products and infrastructure projects, liquidity risk will play a more prominent role. This is relevant in the case of the Infrastructure Fund.
- **Portfolio Risk:** Portfolio risk represents the possibility that an investment portfolio may not achieve its objectives. Several factors contribute to portfolio risk. While we take steps to minimise them, they can never be fully eliminated. We monitor portfolio risk using several metrics, including value at risk, exposure limits, and scenario analysis, to monitor the impact of trades on risk exposures before the exposure and stress-testing of the portfolio with risk scenarios.

3. Market Risk

Market risk includes interest rates, exchange rates, capital markets, and commodity price volatility. The market value of the financial instruments in NSIA is exposed to potential losses due to changes in market conditions. We manage our market risk by diversifying exposures and managing the Authority's asset allocation to balance risk and reward. Risk management produces and monitors risk measures to ensure that portfolios remain within the risk appetite approved by the Authority's Board. We use a variety of risk measures to estimate the size of potential losses for both moderate and more extreme market moves over short- and long-term horizons. Risk measures used for shorter-term periods include value at risk and sensitivity metrics. For longer-term horizons, our primary risk measures are stress tests.

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

- **Commodity Price Risk:** This results from exposures to changes in spot prices, forward prices and volatilities of commodities, such as grains, metals, crude oil, natural gas,
- **Interest Rate Risk:** Interest rate movements directly affect the price of fixed-income instruments. The Stabilisation Fund is exposed to interest rate risk. The average duration (a measure of the sensitivity of instrument

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

- **Equity Price Risk:** results from exposure to changes in the prices and volatilities of individual equities, baskets of equities and equity indices.
- **Currency Rate Risk:** The value of the funds under NSIA management is significantly affected by exchange rate movements resulting from exposure to changes in spot prices, forward prices and the volatility of currency exchange rates.

The effective currency of NSIA is US dollars.

However, due to statutory reporting requirements, the reporting currency is Naira. We are, therefore, significantly affected by the Nigerian Naira/US dollar exchange rate. The Stabilisation, Future Generations and Infrastructure Funds are mostly held in US dollars. This is not expected to change going forward in the case of the Stabilisation Fund and Future Generations Fund. However, we expect this to change significantly in the Infrastructure Fund as the implementation of the fund mandate progresses. Investments in the Infrastructure Fund are made in US dollars, while returns are primarily expected in Naira, which will increase the currency risk in the Infrastructure Fund over time.

4. Credit Risk

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

Risk Overview continued

5. Operational Risk

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

We seek to manage our operational risk through:

- active participation of all employees in proactively identifying and mitigating key operational risks across the Authority;
- instituting appropriate policies and procedures in compliance with applicable local and international standards; and implementing controls designed to prevent the occurrence of operational risk events; and
- independent monitoring of operational risk indicators and profile.

Our end goal is to provide early warning signals of any deterioration in the Authority's system of internal controls and ultimately to minimise and, where possible, eliminate the occurrence of negative financial and non-financial impacts on our business.

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

Operational Risk Management Strategy

The Authority manages its operational risk by first having a clear understanding of the operational risk events that may occur and to design and implement processes, activities and controls that can prevent, or mitigate, the effects of such events. Operational risk failures have been responsible for several well-publicised losses amongst fund managers with similar operations like ours.

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

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

Operational Risk Management Objectives

Our objectives for managing operational risk are to:

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

Risk Overview continued

Scope of the Operational Risk Management Framework

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

Figure 4.4: Operational Risk Management Structure



Operational risk in NSIA is categorised as follows:

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

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

We manage our operational risk through:

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

Risk Overview continued

Financial Risk Management

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

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

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

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

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

In addition to reviewing market data, economic research, and risk analysis to keep abreast of changing market conditions and to gauge NSIA's risk exposure, we also use pre-trade governance and investment policy for authorised Instruments, focus sectors and areas of interest. We also assess investment performance expectations, MTM reviews and valuation trend analysis, value at risk and expected loss over a specific holding period, stress testing, plus scenario analysis, to monitor the impact of trades on the portfolio's risk exposure, using risk scenarios in abnormal and stressed market conditions.

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

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

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

Risk Overview continued

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

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

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

The liquidity risk is mitigated in the Stabilisation Fund by maintaining a high percentage of liquid, short-term fixed deposit assets and high-quality US government treasury instruments with a term to maturity of less than three years. The Future Generations Fund is designed for the long term and holds a high percentage of illiquid long-term assets, such as private equity investments, but the fund portfolio includes fixed deposit and exchange-traded liquid equity instruments.

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

Financial Statements

Agriculture and Farming

NSIA retained focus on boosting local crop production to meet domestic demand and also explored a pipeline of export opportunities resulting in additional employment and technical guidance to farmers. Pandagric Novum, a poultry feed processing business, is the first demonstration project under the UFF-NAIC Agriculture Fund. It sits on 3,500 hectares, with backward integration through maize and soybean farming on a further 3,300 hectares.

The flagship Presidential Fertiliser Initiative, a cornerstone of the country's agricultural transformation drive, has resulted in the recommissioning of over 84 blending plants, thereby revitalising the moribund fertiliser blending industry.



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General Information

Board of Directors	Name	Designation
	Mr Farouk Mohammed Gumel ¹	Chairman
	Mr Aminu Umar-Sadiq	Managing Director
	Mr Kolawole Owodunni	Executive Director
	Mrs Olubisi Makoju	Executive Director
	Mr Babatunde Sobamowo ¹	Non-executive Director
	Mr Isiekwena Ikemefuna Louis ¹	Non-executive Director
	Mr Ali Gona Kadugum ¹	Non-executive Director
	Mr Oniyangi Kabir Sulaiman ¹	Non-executive Director
	Dr Ogechi Paschal-Ejiogu ¹	Non-executive Director

¹ The Board of Directors of Nigeria Sovereign Investment Authority was dissolved following the official pronouncement of the Federal Government of Nigeria with effect from 19 June 2023. Consequently, the Non-Executive Directors of the Authority ceased from being Directors from that date.

Registered office
The Clan Place
4th Floor,
Plot 1386A
Tigris Crescent
Maitama
Abuja

Auditor
Ernst & Young
10th and 13th Floors
UBA House
57 Marina
Lagos

Secretary to the Authority Mrs Ezinwa Okoroafor

Fund custodians
JP Morgan Chase & Co (Global Custodian)
25 Bank Street
Canary Wharf
London
E14 5JP
United Kingdom

Stanbic IBTC Bank Limited (Local Custodian)
IBTC Place
2, Walter Carrington Crescent
Victoria Island
Lagos
Nigeria

Directors' Report

1 Financial statements

The Directors of Nigeria Sovereign Investment Authority (the Authority or NSIA) present their yearly report on the affairs of the Authority, together with the financial statements of the Authority and its subsidiaries (known as the Group) and independent auditor's report for the year ended 31 December 2023.

2 Principal activities

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

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

3 Operating results

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

	Group 2023 N'000	Group 2022 N'000	Authority 2023 N'000	Authority 2022 N'000
Interest and investment income	95,132,088	55,228,270	93,833,064	55,061,136
Net gain on financial assets	544,207,789	1,648,077	543,848,532	3,522,321
Net foreign exchange gain	537,279,160	44,226,646	543,197,742	38,484,622
Investment management and custodian fees	(3,100,856)	(1,665,396)	(2,259,302)	(1,295,292)
Impairment charge on financial assets	(3,156,820)	(1,434,423)	(3,316,677)	(1,049,418)
Profit from infrastructure subsidiaries investments	2,857,616	2,266,056	–	–
Fiduciary and other income	4,146,894	7,080,082	3,831,544	7,048,722
Depreciation and amortisation	(999,639)	(984,856)	(435,889)	(374,271)
Operating and administrative expenses	(8,734,605)	(7,235,726)	(5,930,081)	(5,424,882)
Interest expense	(1,559,190)	–	(1,559,190)	–
Share of profit of investments accounted for using the equity method	18,912,579	3,223,076	–	–
Profit before income tax	1,184,985,016	102,351,806	1,171,209,743	95,972,938
Total comprehensive income for the year	1,184,534,790	96,962,284	1,171,775,995	96,249,710

4 Objective

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

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

Directors' Report continued

5 Governance and management

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

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

6 Employee health, safety and environment

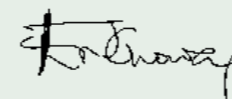
The Authority enforces strict health and safety rules and practices in the work environment, which are reviewed and tested regularly. The Authority provides medical insurance for its employees through designated hospitals and clinics. Fire prevention and fire-fighting equipment are installed at strategic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

7 Property and equipment

The movement in property and equipment during the year is shown in Note 30.

8 Subsequent events

Events after the reporting date have been disclosed in Note 41.



Mrs Ezinwa Okoroafor

General Counsel

FRC/2016/PRO/00000015045

Signed on 19 March 2024

NSIA's Sustainability Commitment Statement and ESG Integration

In our maiden sustainability report, NSIA underscores the paramount significance of Environmental, Social, and Governance (ESG) principles and sustainability in the contemporary business arena. By embedding these critical considerations into our investment frameworks, we affirm our allegiance to forging long-term value and achieving sustainable financial growth. We have adopted a proactive stance in enhancing risk management strategies, ensuring compliance with progressive legislation, spurring innovation, and seizing new market opportunities, all while judiciously managing our impact on pertinent ESG matters.

Our journey towards driving sustainable economic advancement for all Nigerians is marked by the seamless integration of sustainability into our corporate ethos, facilitated through robust policies and frameworks such as the Environmental, Social, and Governance Management System (ESGMS) Manual, Climate Action Policy, ESG Policy, Development Impact Policy, and Gender Equality and Inclusion Policy. These frameworks, aligned with global standards and initiatives, delineate our sustainable investment ethos and legislative adherence, ensuring ESG considerations are woven throughout our operations and investment lifecycle, thereby reinforcing our dedication to responsible investment practices.

NSIA's dedication to sustainability is evidenced through partnerships with global organisations like the African Development Bank and International Finance Corporation, to jointly address environmental and social challenges through our investments. Our creation of an ESG fund, financing climate-responsive and green projects, reaffirms our commitment to responsible investment.

As a member of the International Forum of Sovereign Wealth Funds (IFSWF), we adhere to the Santiago Principles, ensuring governance excellence, accountability, transparency, and informed Sovereign Wealth Fund operations.

Our membership with One Planet Sovereign Wealth Funds Framework (OPSWF) also aids in accelerating the integration of climate considerations into the management of our portfolios.

Leadership's Commitment to Sustainability

Mr Aminu Umar-Sadiq
Managing Director and Chief Executive Officer

As the custodian of economic resources for the next generation of Nigerians, prioritising sustainability is core to the implicit objectives of the Authority. I am committed to driving sustainability within our business strategy, championing sustainability to the Board and empowering our workforce with the necessary skills to seamlessly integrate sustainability into their decision-making processes.

By embedding sustainability into NSIA's DNA, we aim to deliver value to our stakeholders and make a positive contribution to the nation's sustainable development. My vision positions NSIA as a leading sustainable investment authority.

NSIA's Sustainability Commitment Statement and ESG Integration continued



Nana Maidugu
Head, Sustainability and ESG

At NSIA, our commitment to sustainability goes beyond seeking profitable investments that deliver social benefits and reduce negative environmental impacts; we also drive sustainability at an institutional level. We have created and implemented policies that drive integration of ESG and sustainability considerations in our operations and that of our portfolio.

We also forge partnerships with relevant organisations to support the achievement of national and, by extension, global sustainable development goals. We aim to be the preferred green partner of choice in Africa.



Victor Sesere
Financial Controller

As the financial controller at NSIA, I have a bird's eye view of the business and occupy a critical role in the organisation. We understand that the requirement of the IFRS ISSB S1 & S2 Standards as it gives us the opportunity to report the non-financial aspect of our business operations. In which now, our financial team will work closely with the Sustainability team in alignment with best practices.

For me, sustainability transcends mere financial performance; it's a core element that warrants equal consideration alongside financial metrics.

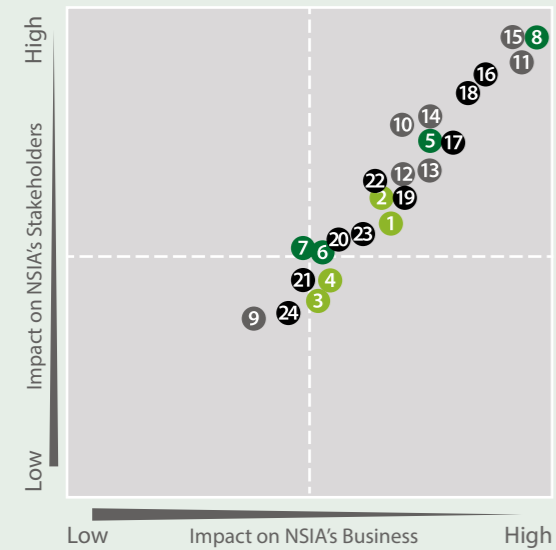
It is essential to weave sustainability into our financial planning and reporting frameworks, targeting initiatives that not only reduce costs but also enhance efficiency and boost revenue through more sustainable approaches. My ambition is to position NSIA as a frontrunner in sustainable practices, creating meaningful long-term benefits for both our organisation and society.

NSIA's Sustainability Commitment Statement and ESG Integration continued

Overview of NSIA's Maiden Sustainability Report; Materiality Approach at NSIA

In a landmark move, we are conducting an IFRS ISSB S1 & S2 gap assessment, prompted by the Financial Reporting Council of Nigeria (FRCN) for early adopters. This initiative underscores our commitment to responsible practices, advocating for transparency and accountability to our stakeholders beyond mere compliance.

This year, we are using the double materiality concept of the Global Reporting Initiatives (GRI) standard to identify key economic, governance, social, and environmental issues relevant to our operations and business model, providing insights into currently immaterial topics that may become critical in the future. The 2023 materiality assessment involved both internal and external stakeholders through online surveys, offering a comprehensive view of material issues and concerns related to the Group's performance and stakeholder interest.



Our 2023 Materiality Matrix

The materiality matrix visualises the outcomes of our materiality assessment, highlighting ESG issues and topics crucial to NSIA's sustainability strategy. The matrix categorises material topics under four pillars: Environment, Economic, Governance, and Social, ranging from Climate Change Risks and Green Investments to Cybersecurity and Customer Communication and Satisfaction, reflecting our comprehensive approach to sustainability.

S/N	Material topic	ESG Pillar
1	Climate Change Risks	Environment
2	Green Investments	Environment
3	Environmental Management (to include Emissions & Biodiversity)	Environment
4	Energy Consumption and Efficiency	Environment
5	Economic Performance	Economic
6	Public-Private Partnerships	Economic
7	Market Intelligence	Economic
8	Investment Performance	Economic
9	Executive Compensation	Governance
10	Risk Management	Governance
11	Corporate Governance	Governance
12	Ethical Data Usage	Governance
13	Cybersecurity	Governance
14	Ethical Conduct and Compliance	Governance
15	Transparency and Accountability	Governance
16	Human Rights	Social
17	Training and Education	Social
18	Occupational Health and Safety	Social
19	Diversity, Equity and Inclusion	Social
20	Financial Education	Social
21	Social Responsibility	Social
22	Employee Relations	Social
23	Technology and Innovation	Social
24	Customer Communication and Satisfaction	Social

Summary of Sustainability Performance for the year 2023

In 2023, NSIA embarked on a transformative journey, institutionalising ESG practices within our operations and investment portfolio. This journey included the establishment of an ESG Unit, development of comprehensive frameworks, implementation of pivotal policies, capacity building on ESG across units, and a gap assessment of portfolio companies and fund managers. Additionally, we developed an Environmental and Social (E&S) Matrix, enriched our appraisal clusters with E&S considerations, categorised risks from an E&S perspective, and launched an ESG portal for streamlined information gathering and assessments. These efforts laid the groundwork for enhancing our sustainability performance, aligning with global standards, and revising our investment sector exclusion lists in accordance with ESG principles. Collaborating with the National Council on Climate Change, we are contributing significantly to Nigeria's climate change and carbon market

NSIA's Sustainability Commitment Statement and ESG Integration continued

Fund	Nigeria Infrastructure Fund	Stabilisation Funds	Future Generations Funds
Objective	To enhance the development of infrastructure, primarily through investment in domestic infrastructure projects that meets targeted financial returns.	To provide stabilisation support in times of economic stress.	To invest in a diversified portfolio of growth investments to provide future generations of Nigerians a saving base for such time as the hydrocarbon reserves are exhausted.
Alignment with ESG	Environmental sustainability through investments in renewable energy and infrastructure, supporting economic development (Economic) and enhancing the quality of life (Social).	Economic stability (Economic), whilst providing a financial safety net that supports social stability during economic downturns (Social).	Long-term economic growth (Economic), benefitting future generations socially (Social), and emphasising environmental stewardship (Environmental).

frameworks, reinforcing our commitment to responsible investing and long-term value creation for Nigeria and its people. This also has prompted us to develop and invest in a number of green projects. Relevant details are available on our website.

Future Focus – Making investments that leave a positive legacy

NSIA is committed to forging a future where sustainability and prosperity coexist harmoniously. Our investment philosophy extends beyond immediate financial returns, focusing on investments that not only generate profit but also contribute positively to Nigeria's future generations. These can be seen in how each of our fund incorporates aspects of ESG by addressing economic growth, stability, resilience against shocks, and sustainability for future generations, thereby aligning their operations with ESG and sustainability practices.

In this regard, our ESG/sustainability journey is geared towards alignment with the announcement of the FRCN at Conference of the parties (COP 27) for Nigeria's early adoption of the IFRS ISSB S1 & S2 Sustainability Disclosure Standards.

We are fully aware that the Federal Government of Nigeria established the Adoption Readiness Working Group (ARWG) on 6 June 2023, in accordance with the FRCN's early adoption posture regarding the implementation of the ISSB Sustainability Reporting Standards. To support Nigeria's endeavour to become one of the pioneering nations in Africa to implement the standards, the FRCN issued the Public Notice to assist in its ongoing identification of early adopters.

We understand that the FRCN mandates the following requirements to be an early adopter. An entity must:

- Have published a sustainability report for two years consecutively.
- Have a Board resolution approving the early adoption of the IFRS ISSB S1 & S2 Standards.
- Submit a gap analysis report.
- Submit an implementation plan for adoption of the IFRS ISSB S1 & S2 standards.

Whilst we await the approval of the readiness roadmap, we are conducting an ISSB S1 & S2 Gap Assessment to identify the gaps in our ESG processes and procedures.

Our commitment to sustainability remains steadfast as we strive to create lasting positive impacts for our stakeholders, the environment, and society at large. Through responsible investment practices, innovative strategies, and collaborative partnerships, NSIA is poised to drive financial returns while fostering a sustainable future for Nigeria.

Statement of Directors' Responsibilities in relation to the preparation of the Consolidated and Separate Financial Statements

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

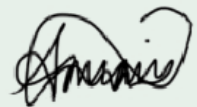
- a. ensuring that the Authority and the Group keep proper accounting records that disclose, with reasonable accuracy, the financial position of the Authority and the Group and comply with the requirements of the Nigeria Sovereign Investment Authority Act;
- b. designing, implementing and maintaining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

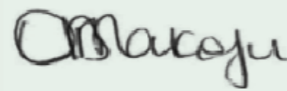
The Directors are of the opinion that the consolidated and separate financial statements give a true and fair view of the state of the financial affairs of the Authority and the Group and of its profit or loss. The Directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of the consolidated and separate 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 Aminu Umar-Sadiq
Managing Director & Chief Executive Officer
FRC/2021/PRO/IODN/002/00000025004



Mrs Olubisi Makoju
Executive Director, Corporate Services & Operations
FRC/2014/PRO/ICAN/001/00000005765

Statement of Corporate Responsibility for the Financial Statements

The Directors of Nigeria Sovereign Investment Authority have reviewed the audited consolidated and separate financial statements and accept responsibility for the financial and other information within the annual report.

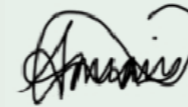
The following certifications and disclosures regarding the true and fair view of the consolidated and separate financial statements as well as the effectiveness of the Internal Controls established within the Authority are hereby provided below:

Financial Information

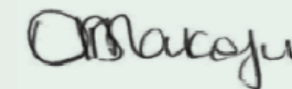
- i. The audited consolidated and separate financial statements do not contain any untrue statement of material fact or omit to state a material fact, which would make the statements misleading.
- ii. The audited consolidated and separate financial statements and all other financial information included in the statements fairly present, in all material respects, the financial condition and results of operation of the Group and the Authority as of and for the year ended 31 December 2023.

Effective Internal Controls

- i. Effective internal controls have been designed to ensure that material information relating to the Company is made known by the relevant staff, particularly during the period in which the audited consolidated and separate financial statement report is being prepared.
- ii. The effectiveness of the Authority's Internal controls have been evaluated within 90 days prior to 31 December 2023.
- iii. The Authority's Internal Controls are effective as at 31 December 2023.
- iv. There were no significant changes in internal controls or in other factors that could significantly affect internal controls.

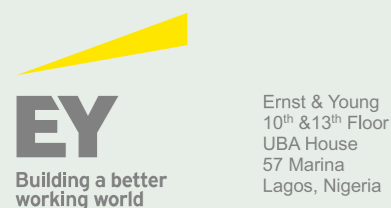


Mr Aminu Umar-Sadiq
Managing Director & Chief Executive Officer
FRC/2021/PRO/IODN/002/00000025004



Mrs Olubisi Makoju
Executive Director, Corporate Services & Operations
FRC/2014/PRO/ICAN/001/00000005765

Independent Auditor's Report



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Independent Auditor's Report

To the Members of Nigeria Sovereign Investment Authority

Report on the Audit of the Consolidated and Separate Financial Statements**Opinion**

We have audited the consolidated and separate financial statements of Nigeria Sovereign Investment Authority ("the Authority") and its subsidiaries (together "the Group"), which comprise the consolidated and separate statements of financial position as at 31 December 2023, and the consolidated and separate statements of comprehensive income, the consolidated and separate statements of changes in equity, and the consolidated and separate statements of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated and separate financial statements give a true and fair view of the consolidated and separate financial position of the Group and the Authority as at 31 December 2023, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards, the Nigeria Sovereign Investment Authority Act 2011 and in compliance with the Financial Reporting Council of Nigeria (Amendment) Act, 2023.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements section of our report. We are independent of the Group and the Authority in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the consolidated and separate financial statements in Nigeria, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

The consolidated and separate financial statements of Nigeria Sovereign Investment Authority ('the Authority') and its subsidiaries (together 'the Group') for the year ended 31 December 2022, were audited by another auditor who expressed an unmodified opinion on those financial statements on 30 March 2023.

Other Information

The Directors are responsible for the other information. The other information comprises the information included in the document titled "Nigeria Sovereign Investment Authority Annual Report and Audited Financial Statements for the year ended 31 December 2023", which includes Directors' Report, NSIA's Sustainability Commitment Statement, Statement of Directors' Responsibilities in relation to the preparation of the Consolidated and Separate Financial Statements, Statement of Corporate responsibility for the Financial Statements and Other National Disclosures, which we obtained prior to the date of this report, and the Annual Report, which is expected to be made available to us after that date. Other information does not include the consolidated or the separate financial statements and our auditor's report thereon.

Independent Auditor's Report continued



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

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

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

Responsibilities of the Directors for the Consolidated and Separate Financial Statements

The Directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards, the requirements of Nigeria Sovereign Investment Authority Act 2011 and in compliance with the Financial Reporting Council of Nigeria (Amendment) Act, 2023, and for such internal control as the Directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Authority's internal control.

Independent Auditor's Report continued



► Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

► Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Authority's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and/or the Authority to cease to continue as a going concern.

► Evaluate the overall presentation, structure, and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

► Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Jamiu Olakisan
FRC/2013/PRO/ICAN/004/0000003918
For Ernst & Young
Lagos, Nigeria
28 March 2024



Consolidated and Separate Statements of Comprehensive Income

For the year ended 31 December 2023

	Notes	Group 2023 N'000	Group 2022 N'000	Authority 2023 N'000	Authority 2022 N'000
Interest income on financial assets at amortised cost	9	30,048,673	9,478,972	28,927,408	9,263,076
Interest income on financial assets at FVOCI	10	343,662	–	343,662	–
Interest income on financial assets at FVTPL	12	59,988,077	41,653,710	59,988,077	41,653,710
Investment income	11	4,751,676	4,095,588	4,573,917	4,144,350
Fair value gain on financial assets at FVTPL	13	544,207,789	1,648,077	543,848,532	3,522,321
Net foreign exchange gain	14	537,279,160	44,226,646	543,197,742	38,484,622
Total operating income		1,176,619,037	101,102,993	1,180,879,338	97,068,079
Investment management fees		(2,836,033)	(1,457,010)	(1,994,479)	(1,086,906)
Local custodian fees		(25,168)	(55,519)	(25,168)	(55,519)
Global custodian fees		(239,655)	(152,867)	(239,655)	(152,867)
Total investment management and custodian fees		(3,100,856)	(1,665,396)	(2,259,302)	(1,295,292)
Impairment charge on financial assets/investments	15	(3,156,820)	(1,434,423)	(3,316,677)	(1,049,418)
Total operating profit		1,170,361,361	98,003,174	1,175,303,359	94,723,369
Infrastructure operating revenue	16	4,185,529	3,186,401	–	–
Infrastructure operating expenses	17	(1,327,913)	(920,345)	–	–
Operating profit from infrastructure subsidiaries		2,857,616	2,266,056	–	–
Fiduciary and other income	18	4,146,894	7,080,082	3,831,544	7,048,722
Depreciation and amortisation	19	(999,639)	(984,856)	(435,889)	(374,271)
Other operating expenses	20	(8,734,605)	(7,235,726)	(5,930,081)	(5,424,882)
Interest expense	21	(1,559,190)	–	(1,559,190)	–
Share of profit of investments accounted for using the equity method	28	18,912,579	3,223,076	–	–
Profit before tax		1,184,985,016	102,351,806	1,171,209,743	95,972,938
Income tax expense	33.1	(1,314)	(834)	–	–
Profit for the year from continuing operations		1,184,983,702	102,350,972	1,171,209,743	95,972,938
Profit for the year		1,184,983,702	102,350,972	1,171,209,743	95,972,938
Other comprehensive income:					
Other comprehensive income that may be reclassified to profit or loss in subsequent periods (net of tax):					
Net change in fair value of debt instruments at FVOCI	23.2.1	(91,807)	–	(91,807)	–
Expected credit loss on debt instruments at FVOCI	15	49,630	–	49,630	–
Share of other comprehensive income/(losses) of associates and joint ventures	28	1,920,763	(17,961)	–	–
Exchange differences on translating foreign operations		(2,935,927)	(5,939,450)	–	–
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods (net of tax):					
Fair value changes on equity investments designated at FVOCI	23.2.1	608,429	568,723	608,429	276,772
Net other comprehensive (loss)/income		(448,912)	(5,388,688)	566,252	276,772
Total comprehensive income for the year		1,184,534,790	96,962,284	1,171,775,995	96,249,710
Profit attributable to:					
Owners of NSIA		1,184,970,270	102,374,322	1,171,209,743	95,972,938
Non-controlling interests		13,432	(23,350)	–	–
		1,184,983,702	102,350,972	1,171,209,743	95,972,938
Total comprehensive income attributable to:					
Owners of NSIA		1,184,521,358	96,985,634	1,171,775,995	96,249,710
Non-controlling interests		13,432	(23,350)	–	–
		1,184,534,790	96,962,284	1,171,775,995	96,249,710

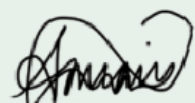
The accompanying notes on pages 82 to 170 form an integral part of these consolidated and separate financial statements.

Consolidated and Separate Statements of Financial Position

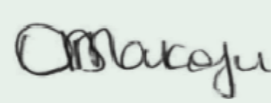
As at 31 December 2023

	Notes	Group 31 December 2023 N'000	Group 31 December 2022 N'000	Authority 31 December 2023 N'000	Authority 31 December 2022 N'000
Assets					
Cash and cash equivalents	22	547,425,983	60,185,675	546,395,553	59,273,853
Investment securities	23	1,349,770,243	628,070,376	1,213,696,640	576,575,102
Loans and debts financing	24	21,293,934	32,610,185	7,753,092	23,360,168
Other assets and receivables	25	266,262,970	278,489,858	453,562,021	352,813,040
Inventories	26	194,443	198,013	–	–
Investment in subsidiaries	27	–	–	9,000	9,000
Investments accounted for using the equity method	28	68,427,743	27,766,212	10,614,500	12,278,115
Right-of-use assets	29	184,112	173,662	28,146	6,751
Property and equipment	30	5,296,065	5,119,399	1,254,433	938,493
Intangible assets	31	93,821	95,103	62,900	49,992
Total assets		2,258,949,314	1,032,708,483	2,233,376,285	1,025,304,514
Liabilities					
Other liabilities	32	11,564,699	15,588,928	10,511,470	19,733,609
Current income tax payable	33	642,977	430,622	–	–
Borrowings	34	24,533,176	–	24,533,176	–
Total liabilities		36,740,852	16,019,550	35,044,646	19,733,609
Equity					
Equity attributable to equity holders of parent					
Contributions by the Government	35	368,359,739	347,375,000	368,359,739	347,375,000
Retained earnings	35.1	1,855,239,721	670,269,451	1,823,419,535	652,209,792
Fair value reserve	35.2	8,431,344	5,944,329	6,552,365	5,986,113
Foreign currency translation reserve	35.3	(9,905,484)	(6,969,557)	–	–
		2,222,125,320	1,016,619,223	2,198,331,639	1,005,570,905
Non-controlling interests	35.4	83,142	69,710	–	–
		2,222,208,462	1,016,688,933	2,198,331,639	1,005,570,905
Total liabilities and equity		2,258,949,314	1,032,708,483	2,233,376,285	1,025,304,514

Signed on behalf of the Board of Directors on 19 March 2024 by:

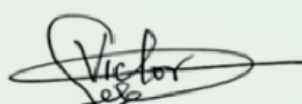


Mr Aminu Umar-Sadiq
Managing Director & Chief Executive Officer
FRC/2021/PRO/IODN/002/00000025004



Mrs Olubisi Makoju
Executive Director, Corporate Services & Operations
FRC/2014/PRO/ICAN/001/00000005765

Additionally certified by:



Mr Victor Sesere
Financial Controller
FRC/2015/PRO/ICAN/001/00000012317



Mr Kolawole Owodunni
Executive Director & Chief Investment Officer
FRC/2023/PRO/DIR/003/923440

The accompanying notes on pages 82 to 170 form an integral part of these consolidated and separate financial statements.

Consolidated and Separate Statements of Changes in Equity

For the year ended 31 December 2023

Group	Contributions by the Government N'000	Foreign currency translation reserve N'000	Fair value reserve N'000	Retained earnings N'000	Non-controlling interests N'000	Total equity N'000
Balance at 1 January 2022	347,375,000	(1,030,107)	5,889,638	567,617,909	(125,791)	919,726,649
Profit for the year	–	–	–	102,374,321	(23,349)	102,350,972
Foreign currency translation differences	–	(5,939,450)	–	–	–	(5,939,450)
Reclassification of share premiums from retained earnings	–	–	–	(218,850)	218,850	–
Fair value changes on equity investments designated at FVOCI	–	–	568,723	–	–	568,723
Share of other comprehensive losses of associates and joint ventures	–	–	(17,961)	–	–	(17,961)
Total other comprehensive income/(loss) for the year	–	(5,939,450)	550,762	(218,850)	218,850	(5,388,688)
Transfer of fair value reserve on derecognition of equity instruments	35.2	–	(496,071)	496,071	–	–
Total comprehensive income/(loss) for the year	–	(5,939,450)	54,691	102,651,542	195,501	96,962,284
Balance at 31 December 2022	347,375,000	(6,969,557)	5,944,329	670,269,451	69,710	1,016,688,933
For the year ended 31 December 2023						
Group	Contributions by the Government N'000	Foreign currency translation reserve N'000	Fair value reserve N'000	Retained earnings N'000	Non-controlling interests N'000	Total equity N'000
Balance at 1 January 2023	347,375,000	(6,969,557)	5,944,329	670,269,451	69,710	1,016,688,933
Profit for the year	–	–	–	1,184,970,270	13,432	1,184,983,702
Foreign currency translation differences	–	(2,935,927)	–	–	–	(2,935,927)
Fair value changes on equity investments designated at FVOCI	–	–	608,429	–	–	608,429
Net change in fair value of debts instruments at FVOCI	–	–	(91,807)	–	–	(91,807)
Expected credit loss on FVOCI debt instruments	–	–	49,630	–	–	49,630
Share of other comprehensive income of associates and joint ventures	–	–	1,920,763	–	–	1,920,763
Total other comprehensive (loss)/income for the year	–	(2,935,927)	2,487,015	–	–	(448,912)
Total comprehensive (loss)/income for the year	–	(2,935,927)	2,487,015	1,184,970,270	13,432	1,184,534,790
Transactions directly with shareholders						
Additional capital contribution during the year (Note 35.5)	20,984,739	–	–	–	–	20,984,739
Balance at 31 December 2023	368,359,739	(9,905,484)	8,431,344	1,855,239,721	83,142	2,222,208,462

The accompanying notes on pages 82 to 170 form an integral part of these consolidated and separate financial statements.

Consolidated and Separate Statements of Changes in Equity continued

For the year ended 31 December 2023

Authority	Contributions by the Government N'000	Fair value reserve N'000	Retained earnings N'000	Total equity N'000
Balance at 1 January 2022	347,375,000	5,709,341	556,236,854	909,321,195
Profit for the year	–	–	95,972,938	95,972,938
Fair value changes on equity investments designated at FVOCI	–	276,772	–	276,772
Total other comprehensive income for the year	–	276,772	–	276,772
Total comprehensive income for the year	–	276,772	95,972,938	96,249,710
Balance at 31 December 2022	347,375,000	5,986,113	652,209,792	1,005,570,905
Authority	Contributions by the Government N'000	Fair value reserve N'000	Retained earnings N'000	Total equity N'000
Balance at 1 January 2023	347,375,000	5,986,113	652,209,792	1,005,570,905
Profit for the year	–	–	1,171,209,743	1,171,209,743
Fair value changes on equity investments designated at FVOCI	–	608,429	–	608,429
Expected credit loss on FVOCI debt instruments	–	49,630	–	49,630
Net change in fair value of debt instruments at FVOCI	–	(91,807)	–	(91,807)
Total other comprehensive income for the year	–	566,252	–	566,252
Total comprehensive income for the year	–	566,252	1,171,209,743	1,171,775,995
Transactions directly with shareholders				
Additional capital contribution during the year (Note 35.5)	20,984,739	–	–	20,984,739
Balance at 31 December 2023	368,359,739	6,552,365	1,823,419,535	2,198,331,639

The accompanying notes on pages 82 to 170 form an integral part of these consolidated and separate financial statements.

Consolidated and Separate Statements of Cash Flows

For the year ended 31 December 2023

Notes	Group 2023 N'000	Group 2022 N'000	Authority 2023 N'000	Authority 2022 N'000
Cash flows from operating activities				
Profit before income tax	1,184,985,016	102,351,806	1,171,209,743	95,972,938
Adjustments to reconcile profit/(loss) before tax to net cash flow from operating activities:				
Depreciation of property and equipment and right-of-use assets	19	975,787	914,529	428,857
Amortisation of intangible assets	19	23,852	70,327	7,032
Loss on disposal of property and equipment	20	31,552	–	31,387
Interest income	9, 10, 12	(31,277,331)	(9,884,014)	(30,156,066)
Investment income	11	(4,751,676)	(4,095,588)	(4,573,917)
Interest income on open market operation bills	12	(59,103,081)	(41,248,668)	(59,103,081)
Realised gain on financial instruments at FVTPL	13.1	(296,114,141)	(25,171,976)	(296,114,141)
Unrealised and fair value (gain)/loss on financial instruments at FVTPL	13.1	(247,955,746)	27,917,808	(247,596,489)
Impairment charge on financial assets/investments	15	3,156,820	1,434,423	3,316,677
Interest expense	21	1,559,190	–	1,559,190
Share of profit of investments accounted for using the equity method	28	(18,912,579)	(3,223,076)	–
Net foreign exchange gains	14	(537,279,160)	(44,226,646)	(543,197,742)
Net movements in operating assets/liabilities:				
Inventories	26	3,570	(55,267)	–
Other assets	25	12,978,379	110,169,330	(23,575,984)
Other liabilities	32	(4,047,339)	(292,032,229)	(9,245,248)
		4,273,113	(177,079,241)	(37,009,782)
Income tax paid	33	(2,675)	–	–
Net cash generated from/(used) in operating activities		4,270,438	(177,079,241)	(37,009,782)
Cash flows from investing activities				
Purchase of property and equipment	30	(1,067,178)	(785,574)	(672,458)
Purchase of other intangible assets	31	(22,570)	(39,735)	(19,941)
Addition to Loans and advances	24.2	(4,132,350)	(37,128,330)	(4,132,350)
Proceeds from repayment of loans and advances	24.2	21,901,854	21,721,387	21,343,269
Coupon received on debts instruments at fair value	23.2.1	192,584	–	192,585
Proceeds from sale of equity instruments at fair value	23.2.1	–	2,591,390	–
Purchase of debts instruments at fair value	23.2.1	(4,714,334)	–	(4,714,336)
Proceeds from disposal of property and equipment		5,319	4,660	7,475
Investment in financial assets carried at FVTPL	23.3.3	(72,202,969)	(84,431,356)	(46,697,621)
Proceeds from sale/redemption of financial assets carried at FVTPL	23.3.3	58,206,764	109,038,273	51,148,598
Purchases of open market operation and treasury bills	23.3.2	(446,831,438)	(226,031,222)	(446,831,438)
Proceeds from open market operation and treasury bills	23.3.2	764,789,746	216,960,388	764,789,746
Proceeds from redemption of financial assets carried at amortised cost	6.2.12	229,131,211	82,849,529	229,131,211
Investment in financial assets carried at amortised cost	6.2.12	(257,747,827)	(126,213,142)	(256,852,312)
Investment income from equity sale	13.1	80,125	4,644,525	80,125
Dividends received	11.1	219,439	881,717	219,439
Additional investments in associates	28	(19,828,189)	–	–
Net cash generated from/(used) in investing activities		267,980,187	(35,937,490)	306,991,992
Cash flows from financing activities				
Receipt of additional capital contribution from the Government	35.5	20,984,739	–	20,984,739
Proceeds from borrowings from third-party lenders	34	40,000,000	–	40,000,000
Repayment of borrowings	34	(17,000,000)	–	(17,000,000)
Payment of principal portion of lease liabilities	29	(132,596)	(85,600)	(132,596)
Interest paid	21	(2,904)	–	(2,904)
Net cash generated from/(used) in financing activities		43,849,239	(85,600)	43,849,239
Net increase/(decrease) in cash and cash equivalents for the year		316,099,864	(213,102,331)	313,831,449
Cash and cash equivalents at 1 January		60,185,675	269,602,956	59,273,853
Net exchange gains on cash and cash equivalents		172,078,436	3,685,050	174,228,243
Cash and cash equivalents at 31 December		548,363,975	60,185,675	547,333,545
Cash and cash equivalents comprise:				
Cash in hand		11,694	21,396	1,800
Bank balances		286,967,367	14,093,317	285,946,831
Money market placements		261,384,914	46,070,962	261,384,914
Total cash and cash equivalents	22	548,363,975	60,185,675	547,333,545

The accompanying notes on pages 82 to 170 form an integral part of these consolidated and separate financial statements.

Notes to the Consolidated and Separate Financial Statements

For the year ended 31 December 2023

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 set up by the Nigeria Sovereign Investment Authority Act, which was signed in May 2011 and was allocated an initial US\$1 billion in seed capital. The Authority has received three additional capital contribution tranches totalling \$750 million (between 2016 and 2020) after the initial contribution. However, in 2020 Federal Government of Nigeria made \$150 million withdrawal call from NSIA. Subsequently, additional \$45.6 million was received by the Authority, from the government in 2023 following the implementation of Petroleum Industry Act (PIA). The Authority commenced operations in October 2012.

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

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

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

2 Structure and content

The consolidated and separate financial statements (the financial statements) comprise:

- Consolidated and separate statements of financial position;
- Consolidated and separate statements of comprehensive income;
- Consolidated and separate statements of changes in equity;
- Consolidated and separate statements of cash flows; and
- Notes to the consolidated and separate financial statements, comprising a summary of material accounting policy information 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) as issued by the International Accounting Standards Board (IASB) and in the manner required by section 8(p) of the Financial Reporting Council Act.

Notes to the Consolidated and Separate Financial Statements continued

For the year ended 31 December 2023

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 measured at fair value through profit or loss (FVTPL)

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 thousand, except otherwise indicated. The currency of the primary economic environment of the Authority (that is, functional currency) is the Nigerian Naira.

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

3.3 (b) Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. 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 profit or loss. All other foreign exchange gains and losses are presented in the profit or loss within 'net exchange gains'.

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

3.3 (c) Group companies

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

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- income and expenses charged to profit or loss 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
- 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 2023.

Notes to the Consolidated and Separate Financial Statements continued

For the year ended 31 December 2023

3 Basis of preparation continued**3.5 New standards, amendments and interpretations****3.5.1 Standards and interpretations effective and adopted in the current year**

The Group applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2023. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

IFRS 17 – Insurance Contract

The IASB issued IFRS 17 in May 2017 and applies to annual reporting periods beginning on or after 1 January 2023. The new IFRS 17 standard establishes the principles for the recognition, measurement, presentation and disclosure of Insurance contracts within the scope of the Standard.

The objective of IFRS 17 is to ensure 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.

This standard did not impact the Group in anyway as the Authority and its subsidiary companies do not engage in insurance business.

Definition of Accounting Estimates (Amendments to IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors)

The amendments introduce a new definition for accounting estimates: clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty. The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy. Developing an accounting estimate includes both:

- selecting a measurement technique (estimation or valuation technique) – e.g. an estimation technique used to measure a loss allowance for expected credit losses when applying IFRS 9 Financial Instruments; and
- choosing the inputs to be used when applying the chosen measurement technique – e.g. the expected cash outflows for determining a provision for warranty obligations when applying IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

The effects of changes in such inputs or measurement techniques are changes in accounting estimates. The definition of accounting policies remains unchanged.

The amendments are effective for periods beginning on or after 1 January 2023, with earlier application permitted, and will apply prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the company applies the amendments. The amendment did not have any material impact on the Group.

Disclosure of Accounting Policies (Amendments to IAS 1, Presentation of Financial Statements, and IFRS Practice Statement 2, Making Materiality Judgements)

In February 2021 the IASB issued amendments to IAS 1 Presentation of Financial Statements and an update to IFRS Practice Statement 2 Making Materiality Judgements to help companies provide useful accounting policy disclosures.

The key amendments to IAS 1 include:

- requiring companies to disclose their material accounting policies rather than their significant accounting policies; clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements.

The IASB also amended IFRS Practice Statement 2 to include guidance and two additional examples on the application of materiality to accounting policy disclosures.

Notes to the Consolidated and Separate Financial Statements continued

For the year ended 31 December 2023

The amendments are consistent with the refined definition of material:

- Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments are effective from 1 January 2023 but may be applied earlier. The amendment resulted in the designation and disclosure of material accounting policy information.

Amendments to IAS 12 – Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognised in the financial statements (and interest expense) or to the related asset component (and interest expense). This judgement is important in determining whether any temporary differences exist on initial recognition of the asset and liability.

Nevertheless, it is possible that the resulting deferred tax assets and liabilities are not equal (e.g., if the entity is unable to benefit from the tax deductions or if different tax rates apply to the taxable and deductible temporary differences). In such cases, which the Board expects to occur infrequently, an entity would need to account for the difference between the deferred tax asset and liability in profit or loss.

The amendments apply for annual reporting periods beginning on or after 1 January 2023. Earlier application is permitted. The amendment did not have any material impact on the Group and no impact on the Authority since NSIA is not permitted by the Act to pay tax.

International Tax Reform – Pillar Two Model Rules – Amendments to IAS 12

Further, the IASB has introduced new disclosures, that companies are required to provide in their financial statements from 31 December 2023. No disclosures are required in interim periods ending on or before 31 December 2023.

The company is required to disclose information that is known or can be reasonably estimated and that helps users of its financial statements to understand its exposure to Pillar Two income taxes at the reporting date.

This information does not need to reflect all the specific requirements in the legislation – companies can provide an indicative range. Disclosures may include quantitative and qualitative information.

Qualitative information: How the company is affected by Pillar Two taxes and in which jurisdictions the exposure arises – e.g. where the top-up tax is triggered and where it will need to be paid.

Quantitative information: The proportion of profits that may be subject to Pillar Two income taxes and the average effective tax rate applicable to those profits, or how the average effective tax rate would have changed if Pillar Two legislation had been effective.

If information is not known or cannot be reasonably estimated at the reporting date, then a company discloses a statement to that effect and information about its progress in assessing the Pillar Two exposure.

These new disclosure requirements apply only to financial statements from 31 December 2023. However, investors may expect disclosures about the potential impacts before then, particularly from group companies that expect to be liable for the top-up tax. The amendment did not have any impact on the Group and no impact on the Authority as NSIA is not permitted by the Act to pay tax.

Notes to the Consolidated and Separate Financial Statements continued

For the year ended 31 December 2023

3 Basis of preparation continued**3.5 New standards, amendments and interpretations** continued**3.5.2 Standards and interpretations issued but not yet effective**

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

Standards	Content	Effective date
IAS 1	Non-current Liabilities with Covenants – Amendments to IAS 1 and Classification of Liabilities as Current or Non-current – Amendments to IAS 1	1 January 2024
IAS 21	Amendments to IAS 21: Lack of Exchangeability	1 January 2025
IFRS 16	Lease Liability in a Sale and Leaseback – Amendments to IFRS 16	1 January 2024
IAS 7 and IFRS 7	Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7	1 January 2024
IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 and IAS 28	Deferred Indefinitely

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

Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement for at least 12 months after the reporting date. The International Accounting Standards Board (IASB) has removed the requirement for a right to be unconditional and instead now requires that a right to defer settlement must exist at the reporting date and have substance. Similar to existing requirements in IAS 1, the classification of liabilities is unaffected by management's intentions or expectations about whether the company will exercise its right to defer settlement or will choose to settle early.

A company will classify a liability as non-current if it has a right to defer settlement for at least 12 months after the reporting date. This right may be subject to a company complying with conditions (covenants) specified in a loan arrangement.

After reconsidering certain aspects of the 2020 amendments¹, the IASB reconfirmed that only covenants with which a company must comply on or before the reporting date affect the classification of a liability as current or non-current. Covenants with which the company must comply after the reporting date (i.e. future covenants) do not affect a liability's classification at that date. However, when non-current liabilities are subject to future covenants, companies will now need to disclose information to help users understand the risk that those liabilities could become repayable within 12 months after the reporting date.

The amendments also clarify how a company classifies a liability that can be settled in its own shares – e.g. convertible debt.

When a liability includes a counterparty conversion option that involves a transfer of the company's own equity instruments, the conversion option is recognised as either equity or a liability separately from the host liability under IAS 32 Financial Instruments: Presentation. The IASB has now clarified that when a company classifies the host liability as current or non-current, it can ignore only those conversion options that are recognised as equity.

The amendments apply retrospectively for annual reporting periods beginning on or after 1 January 2024, with early application permitted. The amendment does not have any material impact on the Group.

Amendments to IAS 21 – Lack of Exchangeability

On 15 August 2023, the International Accounting Standards Board (the IASB or Board) issued Lack of Exchangeability (Amendments to IAS 21. The Effects of Changes in Foreign Exchange Rates) (the amendments).

The amendments clarify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking, as well as require the disclosure of information that enables users of financial statements to understand the impact of a currency not being exchangeable.

Notes to the Consolidated and Separate Financial Statements continued

For the year ended 31 December 2023

Under the amendments, a currency is considered to be exchangeable into another currency when an entity is able to obtain the other currency within a time frame that allows for a normal administrative delay and through a market or exchange mechanism in which an exchange transaction would create enforceable rights and obligations. An exchange transaction might not always complete instantaneously because of legal or regulatory requirements, or for practical reasons such as public holidays, but such a normal administrative delays do not preclude a currency from being exchangeable into the other currency.

The amendments apply to annual reporting periods beginning on or after 1 January 2025 and can be applied earlier. However, an entity cannot restate comparative information. The amendment does not have any material impact on the Group.

Amendments to IFRS 16 – Lease Liability in a Sale and Leaseback

In September 2022, the Board issued Lease Liability in a Sale and Leaseback. The amendment to IFRS 16 specifies the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right-of-use it retains. However, the requirements do not prevent the seller-lessee from recognising any gain or loss arising from the partial or full termination of a lease.

The amendments are effective for annual reporting periods beginning on or after 1 January 2024, with earlier application permitted. Under IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, a seller-lessee will need to apply the amendments retrospectively to sale-and-leaseback transactions entered into or after the date of initial application of IFRS 16. This means that it will need to identify and re-examine sale-and-leaseback transactions entered into since implementation of IFRS 16 in 2019, and potentially restate those that included variable lease payments.

The amendment is not expected to have any significant impact on the Group at the time it will take effect, as there is non-existent of such transaction as Sale and Leaseback within the Group or with external parties.

Amendments to IAS 7 & IFRS 7 – Supplier Finance Arrangements

In response to investors' calls for more transparency of supplier finance arrangements' impacts on the financial statements, the International Accounting Standards Board (IASB) has amended IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures. The amendments introduce additional disclosure requirements for companies that enter into these arrangements. However, they do not address the classification and presentation of the related liabilities and cash flows.

The amendments require an entity to provide information about the impact of supplier finance arrangements on liabilities and cash flows, including terms and conditions of those arrangements, quantitative information on liabilities related to those arrangements as at the beginning and end of the reporting period and the type and effect of non-cash changes in the carrying amounts of those arrangements. The information on those arrangements is required to be aggregated unless the individual arrangements have dissimilar or unique terms and conditions. The amendments are effective for periods beginning on or after 1 January 2024, with early application permitted. However, some relief from providing certain information in the year of initial application is available.

The amendment does not have any material impact on the Group.

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 and IAS 28

In December 2015, the IASB decided to defer the effective date of the amendments until such time as it has finalised any amendments that result from its research project on the equity method. Early application of the amendments is still permitted. The amendments address the conflict between IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognised when a transfer to an associate or joint venture involves a business as defined in IFRS 3 Business combinations. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognised only to the extent of unrelated investors' interests in the associate or joint venture. The amendments must be applied prospectively. Early application is permitted and must be disclosed.

Notes to the Consolidated and Separate Financial Statements continued

For the year ended 31 December 2023

3 Basis of preparation continued**3.5 New standards, amendments and interpretations** continued**3.5.2 Standards and interpretations issued but not yet effective** continued

The amendments are intended to eliminate diversity in practice and give preparers a consistent set of principles to apply for such transactions. However, the application of the definition of a business is judgemental and entities need to consider the definition carefully in such transactions. The amendment does not have any material impact on the Group.

4 Material accounting policies

The accounting policies set out below were adopted by the Group in the presentation of these consolidated and separate 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 remeasured to fair value at the acquisition date; any gains or losses arising from such remeasurement are recognised in profit or loss.

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

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

(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 a subsidiary, 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.

Notes to the Consolidated and Separate Financial Statements continued

For the year ended 31 December 2023

(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 carrying amount is also increased or decreased to recognise the investor's share of other comprehensive income 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 profit or loss, 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 associates 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 profit or loss.

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 profit or loss.

(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.

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.

(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.

Notes to the Consolidated and Separate Financial Statements continued

For the year ended 31 December 2023

4 Material accounting policies**4.1 Consolidation****(f) Equity method** continued

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

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

Changes in ownership interests

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

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

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

4.2 Interest income and interest expense

Interest income and expense on financial assets are recognised in profit or loss using the effective interest 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 is separately presented in profit or loss 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 profit or loss. They include fees and commissions paid to agents, custodians and advisors.

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, but excludes interest and dividend income.

Notes to the Consolidated and Separate Financial Statements continued

For the year ended 31 December 2023

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 profit or loss.

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

4.7 Financial assets and financial liabilities**4.7.1 Recognition and initial measurement**

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

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

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

4.7.2 Classification

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

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

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

(i) Business model assessment

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

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

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

Notes to the Consolidated and Separate Financial Statements continued

For the year ended 31 December 2023

4 Material accounting policies continued**4.7 Financial assets and financial liabilities** continued**4.7.2 Classification** continued**(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 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 profit or loss.
- **Fair value through other comprehensive income (FVOCI):** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other income. Interest income from these financial assets is included in interest income using the effective interest method. Foreign exchange gains and losses are presented in net foreign exchange gains and impairment expenses are presented as separate line item in the profit or loss.
- **Fair value through profit or loss (FVTPL):** Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL is recognised in profit or loss and presented net within other income in the period in which it arises.

Notes to the Consolidated and Separate Financial Statements continued

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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 FVTPL are recognised in other income in the profit or loss. 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 FVTPL.

Financial liabilities

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

4.7.4 Derecognition

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

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

4.7.5 Amortised cost measurement

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

4.7.6 Fair value measurement

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

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

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

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

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

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

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

Notes to the Consolidated and Separate Financial Statements continued

For the year ended 31 December 2023

4 Material accounting policies continued**4.7 Financial assets and financial liabilities** continued**4.7.6 Fair value measurement** continued

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

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

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

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

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

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

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

4.7.7 Determination of fair values

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

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For the year ended 31 December 2023

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 private equity funds are recognised at fair value determined using the net asset valuation method. This is done by obtaining:

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

4.7.10 Investment in fixed income products

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

4.7.11 Receivables

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

4.7.12 Impairment of financial assets

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

4.7.13 Impairment of non-financial assets

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

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

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

Trade payables

Trade payables are obligations that have been acquired in the ordinary course of business. Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Notes to the Consolidated and Separate Financial Statements continued

For the year ended 31 December 2023

4 Material accounting policies continued**4.8 Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand, 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 Group in the management of its short-term commitments.

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

4.9 Property and equipment**4.9.1 Initial recognition**

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

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

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

4.9.2 Subsequent costs

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

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

4.9.3 Depreciation

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

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

Assets	Annual depreciation rate
Leasehold improvements	Over the shorter of the useful life of item or lease period
Leasehold land	Over the lease period
Buildings	40 years
Plant and Machinery	10 years
Furniture and fittings	5 years
Motor vehicles	4 years
Computer equipment	3.3 years
Office equipment	4 years
Assets under Construction*	Not depreciated

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For the year ended 31 December 2023

Assets under Construction represents costs incurred on assets that are not available for use. On becoming available for use, the related amounts are transferred to the appropriate category of property and equipment for appropriate application of depreciation methods.

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

4.9.4 Derecognition

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

4.10 Intangible assets – software

Software acquired by the Authority is stated at cost less accumulated amortisation and accumulated impairment losses. Software is recognised if it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and the cost of the software can be measured reliably. Expenditure that forms part of the cost of software that meets the recognition criteria are capitalised as part of the software. Software is accounted for using the cost model. After initial recognition, the software is carried at cost less accumulated amortisation and any accumulated impairment losses.

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

4.11 Inventory

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

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

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

4.12 Contingencies**4.12.1 Contingent assets**

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

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

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

Notes to the Consolidated and Separate Financial Statements continued

For the year ended 31 December 2023

4 Material accounting policies continued**4.12 Contingencies** continued**4.12.2 Contingent liabilities**

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

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

4.13 Employee benefits**4.13.1 Post employment benefits****Defined contribution plans**

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

Pension Scheme

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

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

4.13.2 Short-term benefits

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

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

4.14 Revenue

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

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

The Group determines whether a performance obligation is satisfied (and revenue is recognised) over time, or whether a performance obligation is satisfied (and revenue is recognised) at a point in time for all contracts. All revenue derived by the Group 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.

Notes to the Consolidated and Separate Financial Statements continued

For the year ended 31 December 2023

The Group recognises revenue from the following sources:

- Revenue from healthcare services; and
- 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; these five steps are:

- Identify the contract with the customer;
- Identify the distinct goods or services;
- Determine the transaction price;
- Allocate the transaction price; and
- Determine when to recognise revenue.

Revenue from healthcare services

Healthcare centres are engaged in consultancy services for the provision of modern medical pathology laboratory services, modern radiography services and ancillary healthcare services.

Revenue from contracts with customers is recognised when control of the goods/services is transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods/services. The Company has generally concluded that it is the principal in its revenue arrangements. The layers of services involved are:

- First Consultation service:** Customers/patients on their first visit to the centre comes with a referral and/or medical test report to the Company. The referral/medical test report is assessed and evaluated by a medical consultant who recommends the patient for either therapy session(s) or medical laboratory test. Revenue is recognised on first consultation service at a point-in-time.
- Follow-up consultation services:** The Company's health facility centre provides follow-up consultation to patients who are on subsequent visitation to the centre after their first consultation at the Company's facility. The patients meet with medical consultants for monitoring of the progress of patient's therapy and where necessary, give further recommendations/prescriptions on the patient. Revenue is recognised on follow-up consultation services overtime.
- Radiotherapy services:** Radiotherapy services involves the use of medical equipment which emits high doses of radiation to kill cancer cells and shrink tumours. Revenue is recognised on radiotherapy services at a point-in-time.
- Chemotherapy services:** Chemotherapy services is the prescription and administration of anti-cancer drugs to kill fast-growing cancer cells in the body. The Company earns a mark-up in addition to the cost of the chemotherapy drugs prescribed and sold to patients.
- Medical laboratory services:** Customers/patients are often times recommended for medical tests to ascertain their stability and ability to withstand the radiation or anti-cancer drugs that would be prescribed for their therapy. The service is provided in house by an outsourced Laboratory service and revenue from this service is recognised at a point-in-time.

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

4.15 Capital and other commitments

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

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

Notes to the Consolidated and Separate Financial Statements continued

For the year ended 31 December 2023

4 Material accounting policies continued**4.15 Capital and other commitments** continued

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

4.16 Comparatives

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

4.17 Intercompany receivables

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

4.18 Intercompany payables

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

4.19 Leases

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

Group as a lessee

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

Right-of-use assets

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

Building	2 years
Land	10 years

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

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

Notes to the Consolidated and Separate Financial Statements continued

For the year ended 31 December 2023

Lease liabilities

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

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

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

4.20 Borrowing costs

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

4.21 Capital contribution and withdrawals

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

4.22 Reserves

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

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

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

Notes to the Consolidated and Separate Financial Statements continued

For the year ended 31 December 2023

5 Critical accounting estimates and judgements

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

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

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

5.1 Critical accounting judgements and estimates in applying accounting policies

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

5.1.1 Valuation of financial instruments

The Authority's accounting policy on fair value measurements is discussed under Note 7. The fair values of quoted financial assets at fair value through OCI and financial assets at fair value through profit or loss are determined by reference to prices quoted in an active market. For financial assets at fair value through OCI equity investments which are unquoted, the Authority performs a fair valuation exercise on these investments using available and applicable inputs to determine their fair values.

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

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

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

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

5.1.2 Financial assets and liabilities classification

The Authority's accounting policies provide scope for assets and liabilities to be designated on inception into different accounting categories in certain circumstances: Details of the Authority's classification of financial assets and liabilities are given in Note 7.

5.1.3 Impairment of financial assets

IFRS 9 requires the use of more forward-looking information including reasonable and supportable forecasts of future economic conditions. The Group's management, with the support of experts, has developed the capability to model a number of economic scenarios and capture the impact on credit losses to ensure the overall ECL represents a reasonable distribution of economic outcomes. Appropriate governance and oversight has been established around the process. Further information on impairment of financial assets as well as inputs and assumptions to the ECL models have been disclosed in Notes 6.2.4 to 6.2.8. Sensitivity of the ECL results to the inputs and assumptions are disclosed in Note 6.2.9.

Notes to the Consolidated and Separate Financial Statements continued

For the year ended 31 December 2023

5.1.4 Fair value of private equity investments

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

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

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

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

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

5.1.6 Leases – Estimating the incremental borrowing rate

The Authority cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Authority would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Authority 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease.

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

The Authority estimates the IBR using the following steps:

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

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

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

Notes to the Consolidated and Separate Financial Statements continued

For the year ended 31 December 2023

5 Critical accounting estimates and judgements continued**5.1 Critical accounting judgements and estimates in applying accounting policies** continued**5.1.7 Functional currency**

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

Judgement is applied in determining the primary economic environment. The Authority reconsiders its functional currency to determine if there is a change in the underlying transactions, events and conditions that defined the primary economic environment during and as at the end of the 2023 financial year.

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

5.1.8 Impairment of goodwill

As at 31 December 2023, there was no record of any goodwill impairment in the books of Nigeria Sovereign Investment Authority.

6 Financial risk management

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

6.1 Approach to risk management

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

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

6.2 Credit risk

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

6.2.1 Management of credit risk

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

Notes to the Consolidated and Separate Financial Statements continued

For the year ended 31 December 2023

6.2.2 Exposure to credit risk

Credit quality of financial assets.

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

As at 31 December 2023, all financial assets were neither past due nor impaired. The credit quality of these financial assets are disclosed in the table below:

	Group 31 December 2023 N'000	Group 31 December 2022 N'000	Authority 31 December 2023 N'000	Authority 31 December 2022 N'000
(i) Bank balances				
Counterparties with external credit ratings				
AA- (Fitch)	778,723	1,136,108	566,280	923,133
B- (Fitch)	64	–	64	–
B- (S&P)	286,188,580	12,957,209	285,380,487	12,276,858
Total cash at bank balances	286,967,367	14,093,317	285,946,831	13,199,991
(ii) Money market placements				
Counter parties with external credit ratings				
AA- (Fitch)	58,406,173	–	58,406,173	–
B- (S&P)	49,832,971	–	49,832,971	–
A1- (S&P)	–	17,853,730	–	17,853,730
B+ (Fitch)	–	19,204,367	–	19,204,367
B (S&P)	153,145,770	9,012,865	153,145,770	9,012,865
Total money market placements	261,384,914	46,070,962	261,384,914	46,070,962
(iii) Restricted balances and other assets				
Counter parties with external credit ratings				
AA- (Fitch)	451,438	217,437	–	–
	451,438	217,437	–	–
Counter parties without external credit ratings				
Other receivables	260,016,274	267,326,090	264,577,984	272,134,529
Account receivables	2,246,072	11,335,060	2,199,604	10,451,172
Intercompany receivables	–	–	187,952,917	70,844,348
Total other assets (Financial assets)	262,713,784	278,878,587	454,730,505	353,430,049
	Group 31 December 2023 N'000	Group 31 December 2022 N'000	Authority 31 December 2023 N'000	Authority 31 December 2022 N'000
(iv) Investment securities				
Counter parties with external credit ratings				
Financial assets at amortised cost				
B- (Fitch)	68,305,261	71,110,496	67,862,417	69,991,031
AA- (Fitch)	1,936,611	–	–	–
B- (S&P)	86,714,009	38,255,082	86,714,185	38,255,082
Caa1 (Moody's)	–	7,636,251	–	7,636,251
Unrated	5,139,761	1,004,491	5,139,761	1,004,491
	162,095,642	118,006,320	159,716,363	116,886,855
Counter parties without external credit ratings				
Loans and debt financing	21,863,437	33,111,169	7,907,120	23,741,812
Total financial assets at amortised cost (exclusive of impairment)	183,959,079	151,117,489	167,623,483	140,628,667

Notes to the Consolidated and Separate Financial Statements continued

For the year ended 31 December 2023

6 Financial risk management continued

6.1 Approach to risk management continued

6.2.2 Exposure to credit risk continued

	Group 31 December 2023 N'000	Group 31 December 2022 N'000	Authority 31 December 2023 N'000	Authority 31 December 2022 N'000
Financial assets at FVOCI				
Counter parties with external credit ratings				
B- (S&P)	4,773,604	–	4,773,604	–
	4,773,604	–	4,773,604	–
Financial assets at FVTPL				
Counter parties with external credit ratings				
BB (GCR)	9,989,832	4,215,655	9,989,832	4,215,655
Bbb (Agusto & Co.)	3,727,889	1,741,075	–	–
iShares Aaa	17,632,432	7,482,710	17,632,432	7,482,710
AA- (Fitch)	16,556,097	16,504,359	–	8,289,558
A (Fitch)	34,054,039	15,622,399	34,054,039	15,622,399
A- (Fitch)	15,876,904	5,581,683	15,842,928	5,560,931
A- (S&P)	43,111,173	–	43,111,173	–
BB (Fitch)	29,295,373	12,789,346	23,400,255	9,652,964
A- (S&P)	–	21,176,071	–	21,176,071
AA (S&P)	57,419	69,279	57,419	69,279
A+ (S&P)	69,221,784	26,263,999	69,221,784	26,263,999
B- (S&P)	421,421,230	218,752,338	421,421,230	218,752,338
Total financial assets at FVTPL with credit risk	660,944,172	330,198,914	634,731,092	317,085,904

6.2.3 Concentration risk of financial assets

Geographical sectors

The following table breaks down the Group's risk exposure at their carrying amounts, as categorised by geographical region as 31 December 2023 and 31 December 2022. For this table, the Group has allocated exposures to regions based on the country of domicile of its counterparties.

31 December 2023	Group Nigeria N'000	Group Rest of Africa N'000	Group America N'000	*Rest of the World N'000	Group Total N'000
Cash and cash equivalents					
Money market placements	–	–	–	261,384,914	261,384,914
Bank balances	12,955,654	–	171,253	273,840,460	286,967,367
Restricted balances and other assets					
Other receivables	260,016,274	–	–	–	260,016,274
Account receivables	2,246,072	–	–	–	2,246,072
Restricted balances	451,438	–	–	–	451,438
Loans and receivables					
<i>At amortised cost</i>	21,863,437	–	–	–	21,863,437
Investment securities					
<i>At amortised cost</i>					
Eurobonds	102,974,551	–	–	–	102,974,551
Open Market Operations bills (OMO bills)	–	–	–	–	–
Commercial Papers	5,139,761	–	–	–	5,139,761
Fixed deposits	53,981,330	–	–	–	53,981,330
<i>At FVOCI</i>					
Nigerian Treasury Bills	1,898,743	–	–	–	1,898,743
FGN Bonds	2,874,861	–	–	–	2,874,861
	464,402,121	–	171,253	535,225,374	999,798,748

Notes to the Consolidated and Separate Financial Statements continued

For the year ended 31 December 2023

31 December 2022	Group Nigeria N'000	Group Rest of Africa N'000	Group America N'000	*Rest of the World N'000	Group Total N'000
Cash and cash equivalents					
Money market placements	–	–	–	46,070,962	46,070,962
Bank balances	12,955,654	–	137,713	999,950	14,093,317
Restricted balances and other assets					
Other receivables	267,326,090	–	–	–	267,326,090
Account receivables	11,335,060	–	–	–	11,335,060
Restricted balances	217,437	–	–	–	217,437
Loans and receivables					
<i>At amortised cost</i>	33,111,169	–	–	–	33,111,169
Investment securities					
<i>At amortised cost</i>					
Eurobonds	46,360,782	–	–	–	46,360,782
Commercial Papers	1,004,491	–	–	–	1,004,491
Fixed deposits	70,641,047	–	–	–	70,641,047
	442,951,730	–	137,713	47,070,912	490,160,355
* Rest of the world covers regions outside Africa and America. This includes regions such as Europe, Asia and other parts of the world.					
31 December 2023	Authority Nigeria N'000	Authority Rest of Africa N'000	Authority America N'000	Authority *Rest of the World N'000	Authority Total N'000
Cash and cash equivalents					
Money market placements	–	–	–	261,384,914	261,384,914
Bank balances	12,276,858	–	171,253	273,498,720	285,946,831
Restricted balances and other assets					
Other receivables	264,577,984	–	–	–	264,577,984
Account receivables	2,199,604	–	–	–	2,199,604
Intercompany receivables	187,952,917	–	–	–	187,952,917
Loans and receivables					
<i>At amortised cost</i>	7,907,120	–	–	–	7,907,120
Investment securities					
<i>At amortised cost</i>					
Eurobonds	102,974,551	–	–	–	102,974,551
Open Market Operations bills (OMO bills)	–	–	–	–	–
Commercial Papers	5,139,761	–	–	–	5,139,761
Fixed deposits	51,602,051	–	–	–	51,602,051
<i>At FVOCI</i>					
Nigerian Treasury Bills	1,898,743	–	–	–	1,898,743
FGN Bonds	2,874,861	–	–	–	2,874,861
	639,404,449	–	171,253	534,883,634	1,174,459,336

31 December 2022	Authority Nigeria N'000	Authority Rest of Africa N'000	Authority America N'000	Authority *Rest of the World N'000	Authority Total N'000
Cash and cash equivalents					
Money market placements	–	–	–	46,070,962	46,070,962
Bank balances	12,276,858	–	137,713	785,420	13,199,991
Restricted balances and other assets					
Other receivables	272,134,529	–	–	–	272,134,529
Account receivables	10,451,172	–	–	–	10,451,172
Intercompany receivables	70,844,348	–	–	–	70,844,348
Loans and receivables					
<i>At amortised cost</i>	23,741,812	–	–	–	23,741,812
Investment securities					
<i>At amortised cost</i>					
Eurobonds	46,360,782	–	–	–	46,360,782
Commercial Papers	1,004,491	–	–	–	1,004,491
Fixed deposits	69,521,582	–	–	–	69,521,582
	506,335,574	–	137,713	46,856,382	553,329,669

Notes to the Consolidated and Separate Financial Statements continued

For the year ended 31 December 2023

6 Financial risk management continued**6.2 Concentration risk of financial assets** continued**6.2.4 Impairment of financial assets**

The Group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at 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 Group recognises loss allowances for expected credit losses (ECL) on the following financial instruments that are not measured at FVTPL:

- financial assets that are debt instruments; and
- other assets and receivables.

No impairment loss is recognised on equity investments.

The Group 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 Group 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. Lifetime ECL are credit losses that result from all possible default event over the expected life of a financial instrument.

6.2.5 Credit risk measurement

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

6.2.5.1 Credit risk grading

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

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

Notes to the Consolidated and Separate Financial Statements continued

For the year ended 31 December 2023

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 Group 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 Group expects to recover from the holder, the debtor or any other party.

Default definition

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

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

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 Group; 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 Group's historical experience, expert credit assessment and forward-looking information.

The Group 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.

Notes to the Consolidated and Separate Financial Statements continued

For the year ended 31 December 2023

6 Financial risk management continued**6.2 Concentration risk of financial assets** continued**6.2.6 Significant increase in credit risk** continued**6.2.6.1 Quantitative criteria**

The use of quantitative criteria requires the Group to refresh its quantitative metrics at least annually. The Group 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 Group 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 Group 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 Group:

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

The thresholds for these quantitative criteria will be reviewed by the Group 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 Group 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 Group can rebut that the "90 days past due" presumption does not represent a default event for that particular financial instrument.

Notes to the Consolidated and Separate Financial Statements continued

For the year ended 31 December 2023

6.2.6.2 Qualitative Criteria

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

The Group 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 realisation 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 realisation of collaterals or other form of support. The borrower has suffered a regulatory fine that is significant in relation to its size/profit at the reporting date which could result in a significant change in the borrower's ability to meet its obligations relative to the origination date. Litigation against the obligor is likely to have material impact on revenue or profit at the reporting date which could result in a significant change in the borrower's ability to meet its obligations relative to the origination date. Government policies have significant negative impact on the viability or profitability of the obligor at the reporting date which could result in a significant change in the borrower's ability to meet its obligations relative to the origination date. Significant downturn in the obligor's industry at the reporting date relative to the origination date or the downturn is expected to significantly impact the obligor's ability to meet contractual obligations relative to the origination date. There is significant drop in the obligor's revenue or profitability at the reporting date which could result in a significant change in the borrower's ability to meet its obligations relative to the origination date. 	<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 licence from the obligor. Voluntary liquidation/insolvency of the obligor. If it becomes probable that the obligor may enter bankruptcy or other financial reorganisation. Disappearance of an active market for the financial instrument because of financial difficulties. The purchase or origination of a financial instrument at a deep discount that reflects the incurred credit losses. Breach of covenants that are deemed as default events. Other qualitative factors representing default such as in the CBN's prudential guideline definition of default.
<ul style="list-style-type: none"> The borrower did not suffer a regulatory fine that is significant in relation to its size/profit at the reporting date which could result in a significant change in the borrower's ability to meet its obligations relative to the origination date. No Litigation against the obligor that is likely to have material impact on profit at the reporting date which could result in a significant change in the borrower's ability to meet its obligations relative to the origination date. Government policies have little or no negative impact on the viability or profitability of the obligor at the reporting date which could result in a significant change in the borrower's ability to meet its obligations relative to the origination date. 	<ul style="list-style-type: none"> 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. 	

Notes to the Consolidated and Separate Financial Statements continued

For the year ended 31 December 2023

6 Financial risk management continued**6.2 Concentration risk of financial assets** continued**6.2.6 Significant increase in credit risk** continued**6.2.6.2 Qualitative Criteria** continued

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

Notes to the Consolidated and Separate Financial Statements continued

For the year ended 31 December 2023

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

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

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

The ECL is determined by projecting the PD, LGD and EAD for each future month and for each individual exposure or collective segment. These three components are multiplied together. This effectively calculates an ECL for each future month, which is then discounted back to the reporting date and summed. The discount rate used in the ECL calculation is the original effective interest rate or an approximation thereof.

The Lifetime PD is developed by applying a maturity profile to the current 12M PD. The maturity profile looks at how defaults develop on a portfolio from the point of initial recognition throughout the lifetime of the financial asset amortised cost. The maturity profile is based on historical observed data and is assumed to be the same across all assets within a portfolio and credit grade band. This is supported by historical analysis.

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

- For amortising instruments/assets, this is based on the contractual repayments owed by the borrower over a 12-month or lifetime basis. This will also be adjusted for any expected overpayments made by a borrower. Early repayment/refinance assumptions are also incorporated into the calculation.
- For revolving products, the exposure at default is predicted by taking current drawn balance and adding a "credit conversion factor" which allows for the expected drawdown of the remaining limit by the time of default. These assumptions vary by product type and current limit utilisation band, based on analysis of the Group's recent default data.

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

- For secured financial assets, this is primarily based on collateral type and projected collateral values, historical discounts to market/book values due to forced sales, time to repossession and recovery costs observed.
- For unsecured financial assets, LGD's are typically set at product level due to the limited differentiation in recoveries achieved across different borrowers. These LGD's are influenced by collection strategies, including contracted debt sales and price.

Notes to the Consolidated and Separate Financial Statements continued

For the year ended 31 December 2023

6 Financial risk management continued**6.2 Concentration risk of financial assets** continued**6.2.7 Measuring ECL – Explanation of inputs, assumptions and estimation techniques** continued

Forward-looking economic information is also included in determining the 12-month and lifetime PD, EAD and LGD. These assumptions vary by asset type. Refer to the forward-looking information incorporated in the ECL models subhead for an explanation of forward-looking information and its inclusion in ECL calculations.

The assumptions underlying the ECL calculation – such as how the maturity profile of the PDs and how collateral values change etc. – are monitored and reviewed by the Finance team on a periodic basis.

There have been no significant changes in estimation techniques or significant assumptions made during between when the model was adopted and the reporting period.

6.2.8 Forward-looking information incorporated in the ECL models

The calculation of ECL both incorporate forward-looking information. The Group has performed historical analysis and identified the key economic variables impacting credit risk and expected credit losses for each portfolio.

IFRS 9 (B5.5.51) states that an entity need not undertake an exhaustive search for information but shall consider all reasonable and supportable information that is available without undue cost or effort and that is relevant to the estimate of expected credit losses. In addition, an entity is not required to incorporate forecasts of future economic conditions over the entire life of a financial instrument. Rather, it suffices for an entity to extrapolate projections for periods that are far in the future from available information.

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:

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

6.2.8.2 Incorporating FLI into Multi-year EAD and LGD Estimation

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

6.2.8.3 Macroeconomic variable affecting the ECL allowance

The real historical gross domestic product (GDP) growth rate in Nigeria, inflation and crude oil price were identified as the key economic variables impacting the credit risk of the Group. Historical data on these variables for the last ten years were used to determine the three economic scenarios (base, optimistic and downturn) and their scenario weightings.

Notes to the Consolidated and Separate Financial Statements continued

For the year ended 31 December 2023

6.2.9 Economic variable assumptions

One of the most significant period-end assumptions used for the ECL estimate as at 31 December 2023 are set out below. The scenarios “best”, “optimistic” and “downturn” were used for all portfolios.

		2024	2025	2026	2027	2028
a GDP growth rate (%)	Base	4%	3%	3%	3%	3%
	Optimistic	5%	4%	4%	4%	4%
	Downturn	3%	2%	2%	2%	2%
b Oil price (USD)	Base	81	78	88	88	88
	Optimistic	88	85	95	95	95
	Downturn	76	73	83	83	83

Sensitivity analysis on ECL Model

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

- GDP growth rate; and
- Oil prices.

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

	Group ECL allowance #’000	Group Net effect #’000	Authority ECL allowance #’000	Authority Net effect #’000
2023				
GDP growth rate				
5% increase	7,401,220	(822,358)	7,489,830	(832,203)
No change	8,223,578	–	8,322,033	–
5% decrease	8,634,757	411,179	8,738,135	416,102
Oil prices				
5% increase	7,401,220	(822,358)	7,489,830	(832,203)
No change	8,223,578	–	8,322,033	–
5% decrease	8,634,757	411,179	8,738,135	416,102
2022				
Inflation rate				
1% increase	3,209,247	1,005	3,147,782	942
No change	3,208,242	–	3,146,840	–
1% decrease	3,207,239	(1,003)	3,145,899	(941)
Oil prices				
5% increase	3,204,253	(3,989)	3,143,017	(3,823)
No change	3,208,242	–	3,146,840	–
5% decrease	3,212,187	3,945	3,150,618	3,778

Notes to the Consolidated and Separate Financial Statements continued

For the year ended 31 December 2023

6 Financial risk management continued**6.2 Concentration risk of financial assets** continued**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 derecognised 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 write 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 subject to the approval of the Board of Directors. Indicators that there is no reasonable expectation of recovery include (i) ceasing enforcement activity and (ii) where the Group's recovery method is foreclosing on collateral and the value of the collateral is such that there is no reasonable expectation of recovering in full.

The Group may write-off financial assets that are still subject to enforcement activity. Currently, there were no outstanding contractual amounts on such financial assets during the year ended 31 December 2023.

6.2.12 Financial assets with Credit Risks, Staging and corresponding expected credit losses

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

	Group Stage 1 12 months' exposure N'000	Group Stage 2 Lifetime exposure N'000	Group Stage 3 Lifetime exposure N'000	Group Total N'000
2023				
Financial assets measured at amortised cost				
Eurobond	102,974,551	–	–	102,974,551
Commercial papers	5,139,761	–	–	5,139,761
Fixed deposits	53,981,330	–	–	53,981,330
Loans and receivables	21,863,437	–	–	21,863,437
Bank balances	286,967,367	–	–	286,967,367
Money market placements	261,384,914	–	–	261,384,914
Restricted balances and other assets	262,713,784	–	–	262,713,784
	995,025,144	–	–	995,025,144
Expected credit loss allowance (Note 23.1 & Note 25.2 & Note 24.1 & Note 22)	(8,223,578)	–	–	(8,223,578)
Carrying amount	986,801,566	–	–	986,801,566

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For the year ended 31 December 2023

	Group Stage 1 12 months' exposure N'000	Group Stage 2 Lifetime exposure N'000	Group Stage 3 Lifetime exposure N'000	Group Total N'000
2022				
Financial assets measured at amortised cost				
Eurobond	46,360,782	–	–	46,360,782
Commercial papers	1,004,491	–	–	1,004,491
Fixed deposits	70,641,047	–	–	70,641,047
Loans and receivables	33,111,169	–	–	33,111,169
Bank balances	14,093,317	–	–	14,093,317
Money market placements	46,070,962	–	–	46,070,962
Restricted balances and other assets	278,878,587	–	–	278,878,587
	490,160,355	–	–	490,160,355
Expected credit loss allowance (Note 23.1 & Note 25.2 & Note 24.1 & Note 22)	(3,208,242)	–	–	(3,208,242)
Carrying amount	486,952,113	–	–	486,952,113

	Authority Stage 1 12 months' exposure N'000	Authority Stage 2 Lifetime exposure N'000	Authority Stage 3 Lifetime exposure N'000	Authority Total N'000
2023				
Financial assets measured at amortised cost				
Eurobond	102,974,551	–	–	102,974,551
Commercial papers	5,139,761	–	–	5,139,761
Fixed deposits	51,602,051	–	–	51,602,051
Loans and receivables	7,907,120	–	–	7,907,120
Bank balances	285,946,831	–	–	285,946,831
Money market placements	261,384,914	–	–	261,384,914
Restricted balances and other assets	454,730,505	–	–	454,730,505
	1,169,685,732	–	–	1,169,685,732
Expected credit loss allowance (Note 23.1 & Note 25.2 & Note 24.1 & Note 22)	(8,322,033)	–	–	(8,322,033)
Carrying amount	1,161,363,699	–	–	1,161,363,699

	Authority Stage 1 12 months' exposure N'000	Authority Stage 2 Lifetime exposure N'000	Authority Stage 3 Lifetime exposure N'000	Authority Total N'000
2022				
Financial assets measured at amortised cost				
Eurobond	46,360,782	–	–	46,360,782
Commercial papers	1,004,491	–	–	1,004,491
Fixed deposits	69,521,582	–	–	69,521,582
Loans and receivables	23,741,812	–	–	23,741,812
Bank balances	13,199,991	–	–	13,199,991
Money market placements	46,070,962	–	–	46,070,962
Restricted balances and other assets	353,430,049	–	–	353,430,049
	553,329,669	–	–	553,329,669
Expected credit loss allowance (Note 23.1 & Note 25.2 & Note 24.1 & Note 22)	(3,146,840)	–	–	(3,146,840)
Carrying amount	550,182,829	–	–	550,182,829

Notes to the Consolidated and Separate Financial Statements continued

For the year ended 31 December 2023

6 Financial risk management continued

6.2 Concentration risk of financial assets continued

6.2.12 Financial assets with Credit Risks, Staging and corresponding expected credit losses continued

2023	Group Stage 1 12 months' exposure N'000	Group Stage 2 Lifetime exposure N'000	Group Stage 3 Lifetime exposure N'000	Group Total N'000
Financial assets measured at FVOCI				
Nigerian Treasury Bills	1,898,743	–	–	–
FGN Bonds	2,874,861	–	–	–
Carrying amount	4,773,604	–	–	–
Expected credit loss (Note 15)	49,630	–	–	–

2023	Authority Stage 1 12 months' exposure N'000	Authority Stage 2 Lifetime exposure N'000	Authority Stage 3 Lifetime exposure N'000	Authority Total N'000
Financial assets measured at FVOCI				
Nigerian Treasury Bills	1,898,743	–	–	–
FGN Bonds	2,874,861	–	–	–
Carrying amount	4,773,604	–	–	–
Expected credit loss (Note 15)	49,630	–	–	–

A reconciliation of changes in gross carrying amount and corresponding allowance for ECL by stage for Treasury bills and FGN Bonds FVOCI.

	Group 2023 Stage 1 Corporates		Group 2022 Stage 1 Corporates	
	Gross carrying amount 2023 N'000	ECL 2023 N'000	Gross carrying amount 2022 N'000	ECL 2022 N'000
Addition to financial assets	4,714,334	48,238	–	–
Coupon received on FGN Bonds	(192,585)	(2,114)	–	–
Interest income	343,662	3,506	–	–
Fair value	(91,807)	–	–	–
As at 31 December	4,773,604	49,630	–	–

	Group 2023 Stage 1 Corporates		Group 2022 Stage 1 Corporates	
	Gross carrying amount 2023 N'000	ECL 2023 N'000	Gross carrying amount 2022 N'000	ECL 2022 N'000
As at 1 January	4,714,334	46,258	–	–
Interest income	343,662	3,372	–	–
Fair value	(91,807)	–	–	–
As at 31 December	4,966,189	49,630	–	–

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

	Group 2023 Stage 1 Corporates		Group 2022 Stage 1 Corporates	
	Gross carrying amount 2023 N'000	ECL 2023 N'000	Gross carrying amount 2022 N'000	ECL 2022 N'000
As at 1 January	118,006,320	1,986,239	87,961,896	573,566
Addition to financial assets	43,592,686	1,190,085	38,604,127	1,184,057
Assets derecognised or matured (excluding write-offs)	(187,947,121)	(182,566)	(43,450,527)	(483,056)
Interest capitalised	26,417,726	721,207	7,453,645	228,616
Exchange gains	162,026,031	1,908,146	27,437,179	483,056
As at 31 December	162,095,642	5,623,111	118,006,320	1,986,239

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For the year ended 31 December 2023

	Authority 2023 Stage 1 Corporates		Authority 2022 Stage 1 Corporates	
	Gross carrying amount 2023 N'000	ECL 2023 N'000	Gross carrying amount 2022 N'000	ECL 2022 N'000
As at 1 January	116,886,855	1,986,239	87,457,144	573,566
Addition to financial assets	42,697,172	1,183,505	47,968,623	1,238,822
Assets derecognised or matured (excluding write-offs)	(187,947,121)	(182,566)	(43,450,527)	(246,502)
Interest capitalised	26,256,274	727,787	6,731,691	173,851
Exchange gains	161,823,183	1,908,146	18,179,924	246,502
As at 31 December	159,716,363	5,623,111	116,886,855	1,986,239

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

	Group 2023 Stage 1 Corporates		Group 2022 Stage 1 Corporates	
	Gross carrying amount 2023 N'000	ECL 2023 N'000	Gross carrying amount 2022 N'000	ECL 2022 N'000
As at 1 January	46,070,962	–	4,328,497	–
Addition to financial assets	214,155,140	933,834	77,671,448	–
Assets derecognised or matured (excluding write-offs)	(41,184,090)	(147,791)	(39,399,001)	–
Interest capitalised	1,296,623	4,653	339,099	–
Exchange gains	41,046,279	147,296	3,130,919	–
As at 31 December	261,384,914	937,992	46,070,962	–

	Authority 2023 Stage 1 Corporates		Authority 2022 Stage 1 Corporates	
	Gross carrying amount 2023 N'000	ECL 2023 N'000	Gross carrying amount 2022 N'000	ECL 2022 N'000
As at 1 January	46,070,962	–	4,328,497	–
Addition to financial assets	214,155,140	933,834	77,671,448	–
Assets derecognised or matured (excluding write-offs)	(41,184,090)	(147,791)	(39,399,001)	–
Interest capitalised	1,296,623	4,653	339,099	–
Exchange gains	41,046,279	147,296	3,130,919	–
As at 31 December	261,384,914	937,992	46,070,962	–

A reconciliation of changes in gross carrying amount and corresponding allowance for ECL by stage for other assets, loans and receivables is as follows:

	Group 2023 Stage 1 Corporates		Group 2022 Stage 1 Corporates	
	Gross carrying amount 2023 N'000	ECL 2023 N'000	Gross carrying amount 2022 N'000	ECL 2022 N'000
As at 1 January	311,989,756	1,222,003	336,974,313	1,219,170
Addition to financial assets	10,375,635	920,206	32,542,830	117,740
Assets derecognised or matured (excluding write-offs)	(37,788,170)	(479,734)	(57,527,387)	(114,907)
As at 31 December	284,577,221	1,662,475	311,989,756	1,222,003

A reconciliation of changes in gross carrying amount and corresponding allowance for ECL by stage for other assets, loans and receivables is as follows:

	Authority 2023 Stage 1 Corporates		Authority 2022 Stage 1 Corporates	
	Gross carrying amount 2023 N'000	ECL 2023 N'000	Gross carrying amount 2022 N'000	ECL 2022 N'000
As at 1 January	377,171,861	1,160,601	380,391,806	1,523,856
Addition to financial assets	1,369,184,744	4,213,138	33,741,812	135,170
Assets derecognised or matured (excluding write-offs)	(1,283,718,981)	(3,612,809)	(36,961,757)	(498,425)
As at 31 December	462,637,624	1,760,930	377,171,861	1,160,601

Notes to the Consolidated and Separate Financial Statements continued

For the year ended 31 December 2023

6 Financial risk management continued**6.3 Liquidity risk**

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations arising from its financial liabilities that are settled by delivering cash or another financial asset, or that such obligations will have to be settled in a manner disadvantageous to the Group.

6.3.1 Management of liquidity risk

The Group's approach to managing liquidity is to have sufficient funds to meet its liabilities, as and when due, without incurring undue losses or risking damage to the Group's reputation. The Group manages its liquidity risk by maintaining cash levels to fund short-term operating expenses. The table below shows the Group's current cash levels:

	Group 31 December 2023 #'000	Group 31 December 2022 #'000	Authority 31 December 2023 #'000	Authority 31 December 2022 #'000
Cash in hand	11,694	21,396	1,800	2,900
Bank balances	286,967,367	14,093,317	285,946,831	13,199,991
Placements with financial institutions	261,384,914	46,070,962	261,384,914	46,070,962
Total cash and cash equivalents	548,363,975	60,185,675	547,333,545	59,273,853

Exposure to liquidity risk

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

	Group Up to 6 months #'000	Group Between 6 months and 1 year #'000	Group Between 1 and 2 years #'000	Group Greater than 2 years #'000	Group Total #'000
31 December 2023					
Trade payables	294,890	–	–	–	294,890
Other payables	9,458,645	–	–	–	9,458,645
Payables to the Federal Government of Nigeria in respect of the Second Niger Bridge	287,612	–	–	–	287,612
Accrued expenses	1,057,999	–	–	–	1,057,999
Borrowings	24,681,047	–	–	–	24,681,047
Total liabilities	35,780,193	–	–	–	35,780,193
Unfunded commitments with private equity fund managers	102,992,532	–	–	–	102,992,532
Total commitments	102,992,532	–	–	–	102,992,532

	Group Up to 6 months #'000	Group Between 6 months and 1 year #'000	Group Between 1 and 2 years #'000	Group Greater than 2 years #'000	Group Total #'000
31 December 2022					
Trade payables	257,911	–	–	–	257,911
Other payables	13,614,810	–	–	–	13,614,810
Payables to the Federal Government of Nigeria in respect of the Second Niger Bridge	65,190	–	–	–	65,190
Accrued expenses	1,279,073	–	–	–	1,279,073
Total liabilities	15,216,984	–	–	–	15,216,984
Unfunded commitments with private equity fund managers	60,519,702	–	–	–	60,519,702
Total commitments	60,519,702	–	–	–	60,519,702

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	Authority Up to 6 months #'000	Authority Between 6 months and 1 year #'000	Authority Between 1 and 2 years #'000	Authority Greater than 2 years #'000	Authority Total #'000
31 December 2023					
Trade payables	164,407	–	–	–	164,407
Intercompany payables	159,777	–	–	–	159,777
Other payables	9,294,990	–	–	–	9,294,990
Accruals	683,251	–	–	–	683,251
Borrowings	24,681,047	–	–	–	24,681,047
Total liabilities	10,302,425	–	–	–	10,302,425
Unfunded commitments with private equity fund managers	56,962,360	–	–	–	56,962,360
Total commitments	56,962,360	–	–	–	56,962,360

	Authority Up to 6 months #'000	Authority Between 6 months and 1 year #'000	Authority Between 1 and 2 years #'000	Authority Greater than 2 years #'000	Authority Total #'000
31 December 2022					
Trade payables	162,159	–	–	–	162,159
Intercompany payables	5,431,895	–	–	–	5,431,895
Other payables	13,091,779	–	–	–	13,091,779
Accruals	990,226	–	–	–	990,226
Total liabilities	19,676,059	–	–	–	19,676,059
Unfunded commitments with private equity fund managers	26,341,306	–	–	–	26,341,306
Total commitments	26,341,306	–	–	–	26,341,306

6.4 Market risk

Market risk is the risk of loss from unfavourable changes in the fair values of financial instruments caused by adverse moves in market variables, such as foreign exchange rates, interest rates, equity prices, commodity prices, credit spreads and implied volatilities of the market rates. Market risk losses could result in a loss of earning and/or capital to the Group. The Group is exposed to market risk through its proprietary investments and can experience capital erosion from its own direct investments in the market.

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

The Group's Market risk Framework includes:

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

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

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

Notes to the Consolidated and Separate Financial Statements continued

For the year ended 31 December 2023

6 Financial risk management continued**6.4 Market risk** continued**6.4.1 Trading assets/Financial assets**

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

6.4.2 Non-trading assets/Non-financial assets

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

6.4.3 Foreign exchange risk

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

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

For the purpose of disclosing the sensitivity analysis for foreign currency risk, the Group's foreign currency risk arising from the translation of its foreign operations are not taken into account even though they may have an impact on equity. A negative amount in the table reflects a potential net reduction in the income statement or equity, while a positive amount reflects a net potential increase. An equivalent decrease in each of the currencies below against the Nigerian Naira would have resulted in an equivalent but opposite impact.

The tables below shows the sensitivity of the Group's total comprehensive income to 10% appreciation or depreciation of the naira in relation to other currencies while holding other variables constant.

Concentration of foreign currency exposure

	Group Naira N'000	Group USD N'000	Group Euro N'000	Group Others' N'000	Group Total N'000
31 December 2023					
Cash and cash equivalents	286,052,926	257,425,371	4,852,176	33,502	548,363,975
Investment securities (at amortised cost)	5,342,610	151,688,584	5,064,448	–	162,095,642
Investment securities (at FVTPL)	1,967,418	1,181,722,052	–	–	1,183,689,470
Investment securities (at FVOCI)	8,587,186	1,021,056	–	–	9,608,242
Loans and receivables	9,109,109	12,754,328	–	–	21,863,437
Restricted balances and other assets	3,563,693	259,150,091	–	–	262,713,784
Total monetary financial assets	314,622,942	1,863,761,482	9,916,624	33,502	2,188,334,550
Trade payables	294,815	75	–	–	294,890
Other payables	8,993,092	465,553	–	–	9,458,645
Payable to Federal Government of Nigeria	287,612	–	–	–	287,612
Accruals	778,178	249,206	25,336	5,279	1,057,999
Borrowings	24,533,176	–	–	–	24,533,176
Total monetary financial liabilities	34,886,873	714,834	25,336	5,279	35,632,322

1. Others represent all other currencies aside the three main functional currencies such Yen, AUD, GBP.

	Naira	USD	Euro	Others'	Total
Net financial asset FCY exposure	–	1,863,046,648	9,891,288	28,223	1,872,966,159
Sensitivity at 10% appreciation	–	(186,304,665)	(989,129)	(2,822)	(187,296,616)
Sensitivity at 10% depreciation	–	186,304,665	989,129	2,822	187,296,616

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For the year ended 31 December 2023

	Group Naira N'000	Group USD N'000	Group Euro N'000	Group Others' N'000	Group Total N'000
31 December 2022					
Cash and cash equivalents	12,977,050	46,950,125	257,560	940	60,185,675
Investment securities (at amortised cost)	2,123,956	115,882,364	–	–	118,006,320
Investment securities (at FVTPL)	1,578,036	506,200,300	45,750	–	507,824,086
Investment securities (at FVOCI)	3,124,319	1,101,890	–	–	4,226,209
Loans and receivables	28,610,413	4,500,756	–	–	33,111,169
Restricted balances and other assets	13,302,608	265,575,980	–	–	278,878,588
Total monetary financial assets	61,716,382	940,211,415	303,310	940	1,002,232,047
Trade payables	267,608	793	–	–	268,401
Other payables	12,978,478	557,589	76,349	2,394	13,614,810
Payable to Federal Government of Nigeria	65,190	–	–	–	65,190
Total monetary financial liabilities	13,311,276	558,382	76,349	2,394	13,948,401
	Naira	USD	Euro	Others'	Total
Net financial asset FCY exposure	–	939,653,033	226,961	(1,454)	939,878,540
Sensitivity at 10% appreciation	–	(93,965,090)	(22,696)	(68)	(93,987,854)
Sensitivity at 10% depreciation	–	93,965,090	22,696	68	93,987,854

	Authority Naira N'000	Authority USD N'000	Authority Euro N'000	Authority Others' N'000	Authority Total N'000
31 December 2023					
Cash and cash equivalents	285,234,939	257,212,928	4,852,176	33,502	547,333,545
Investment securities (at amortised cost)	5,139,937	149,511,977	5,064,449	–	159,716,363
Investment securities (at FVTPL)	1,967,418	1,048,027,728	–	–	1,049,995,146
Investment securities (at FVOCI)	8,587,186	1,021,056	–	–	9,608,242
Loans and receivables	3,958,433	3,948,687	–	–	7,907,120
Restricted balances and other assets	188,395,763	266,334,742	–	–	454,730,505
Total monetary financial assets	493,283,676	1,726,057,118	9,916,625	33,502	2,229,290,921
Trade payables	164,407	–	–	–	164,407
Intercompany payables	87,526	72,251	–	–	159,777
Other payables	9,085,945	209,045	–	–	9,294,990
Accruals	265,476	387,156	25,340	5,279	683,251
Borrowings	24,533,176	–	–	–	24,533,176
Total monetary financial liabilities	34,136,530	668,452	25,340	5,279	34,835,601

1. Others represent all other currencies aside from the three main functional currencies such as Yen, AUD, GBP.

	Naira	USD	Euro	Others'	Total
Net financial asset FCY	–	1,725,388,666	9,891,285	28,223	1,735,308,174
Sensitivity at 10% appreciation	–	(189,792,753)	(989,129)	(2,822)	(190,784,704)
Sensitivity at 10% depreciation	–	172,538,867	989,129	2,822	173,530,817

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6 Financial risk management continued

6.4 Market risk continued

6.4.3 Foreign exchange risk continued

	Authority Naira #'000	Authority USD #'000	Authority Euro #'000	Authority Others' #'000	Authority Total #'000
31 December 2022					
Cash and cash equivalents	12,279,759	46,735,594	257,560	940	59,273,853
Investment securities (at amortised cost)	1,004,491	115,882,364	–	–	116,886,855
Investment securities (at FVTPL)	1,578,036	455,824,493	45,748	–	457,448,277
Investment securities (at FVOCI)	3,124,319	1,101,890	–	–	4,226,209
Loans and receivables	23,741,812	–	–	–	23,741,812
Restricted balances and other assets	88,111,839	265,318,210	–	–	353,430,049
Total monetary financial assets	129,840,256	884,862,551	303,308	940	1,015,007,055
Trade payables	128,067	718	–	–	128,785
Intercompany payables	5,369,784	–	–	–	5,369,784
Other payables	13,013,034	–	76,349	2,396	13,091,779
Total monetary financial liabilities	18,510,885	718	76,349	2,396	18,590,348

	Naira	USD	Euro	Others'	Total
Net financial asset FCY	– 884,861,833	226,959	(1,456)	885,087,336	
Sensitivity at 10% appreciation	– (132,728,954)	(34,044)	(102)	(132,763,100)	
Sensitivity at 10% depreciation	– 132,728,954	34,044	102	132,763,100	

Effective closing rate as at 31 December 2023 is ₦899.39/US Dollar (2022: ₦448.55/US Dollar).

6.4.4 Interest rate risk

NSIA Group's operations are subject to the risk of interest rate fluctuations to the extent that interest-earning assets (including investments) and interest-bearing liabilities mature or re-price at different times or in differing amounts. Risk management activities are aimed at optimising net interest income and maintaining market interest rate levels consistent with the Group's business strategies.

The table below is a summary of the Group's interest rate gap position at the reporting date. All assets, liabilities and derivatives instruments are allocated to gap intervals based on either their re-pricing or maturity characteristics. The Group's assets and liabilities are included at carrying amount and categorised by the earlier of their contractual re-pricing or maturity dates. Assets and liabilities for which no identifiable contractual repricing or maturity dates exist are allocated to gap intervals based on behavioural profiling.

	Re-pricing period			
	Group Carrying amount #'000	Group Less than 1 year #'000	Group More than 1 year #'000	Group Total Gross Nominal #'000
31 December 2023				
Cash and cash equivalents	548,363,975	564,814,894	–	564,814,894
Loans and receivables	21,863,437	12,754,328	22,956,609	35,710,937
Investment securities				
Investment securities (at amortised cost)	162,095,642	68,846,830	102,974,551	171,821,381
Collateralised securities	421,421,230	446,706,504	–	446,706,504
Fixed income instruments	24,431,626	26,019,682	–	26,019,682
US treasury notes	38,358,207	38,741,789	–	38,741,789
	1,216,534,117	1,157,884,026	125,931,160	1,283,815,186
Borrowings	24,533,176	24,681,047	–	24,681,047
	24,533,176	24,681,047	–	24,681,047
Gaps	1,192,000,941	1,133,202,979	125,931,160	1,259,134,139

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	Re-pricing period			
	Group Carrying amount #'000	Group Less than 1 year #'000	Group More than 1 year #'000	Group Total Gross Nominal #'000
31 December 2022				
Loans and receivables	33,111,169	4,500,756	31,510,399	36,011,155
Investment securities				
Investment securities (at amortised cost)	335,008,091	269,365,993	85,742,583	355,108,576
Collateralised securities	167,152,338	178,017,240	–	178,017,240
Fixed income instruments	29,706,109	31,637,006	–	31,637,006
US treasury notes	31,234,767	31,547,115	–	31,547,115
	656,398,149	551,538,876	117,252,982	668,791,859
Gaps	656,398,149	551,538,876	117,252,982	668,791,859

Interest rate risk is the risk of loss to net interest income (NII) arising from changes in market interest rates on rate sensitive assets and liabilities.

Net interest income sensitivity

There are two types of scenario that give rise to interest rate risk. These are where the Group holds variable rate instruments susceptible to cash flow interest rate risk due to a change in market interest rates or the Group holds debts instruments measured at fair value which will be exposed to fair value interest rate risk. The Group holds debts instruments measured at fair value which are exposed to fair value interest rate risk. The table below shows the impact of interest rate changes (increase/decrease) on the Group's interest bearing financial instruments and the effect on total comprehensive income.

	Group 31 December 2023 #'000	Group 31 December 2022 #'000	Authority 31 December 2023 #'000	Authority 31 December 2022 #'000
Currency swap	421,421,230	167,152,338	421,421,230	167,152,338
Private equity investments	304,104,417	135,273,206	170,410,093	84,897,397
Hedge funds and long only equity investments	393,689,727	161,820,876	393,689,727	161,820,876
Nigeria Infrastructure Debt Fund	1,684,263	1,578,036	1,684,263	1,578,036
Fixed income instruments	24,431,626	23,082,776	24,431,626	23,082,776
US treasury notes	38,358,207	18,916,854	38,358,207	18,916,854
FGN Bills and Bonds	4,773,604	–	4,773,604	–
	1,188,463,074	507,824,086	1,054,768,750	457,448,277
Borrowings	24,533,176	–	24,533,176	–
Net interest earning financial instruments	1,163,929,898	507,824,086	1,030,235,574	457,448,277

Net interest income sensitivity

31 December 2023

	Changes (%) #'000	Group #'000	Authority #'000
Impact on total comprehensive income	-5%	58,196,495	51,511,779
Impact on total comprehensive income	+5%	(58,196,495)	(51,511,779)

31 December 2022

	Changes (%) #'000	Group #'000	Authority #'000
Impact on total comprehensive income	-5%	25,391,204	22,872,414
Impact on total comprehensive income	+5%	(25,391,204)	(22,872,414)

Notes to the Consolidated and Separate Financial Statements continued

For the year ended 31 December 2023

6 Financial risk management continued**6.4 Market risk** continued**6.4.5 Equities securities price risk**

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

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

	Group 31 December 2023 N'000	Group 31 December 2022 N'000	Authority 31 December 2023 N'000	Authority 31 December 2022 N'000
Equity instruments measured at FVOCI	185,679	151,216	185,679	151,216
	(185,679)	(151,216)	(185,679)	(151,216)

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 (i.e. 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 Group's and the Authority's financial assets (by class) measured at fair value at 31 December 2023. All fair value measurements disclosed are recurring fair value measurements.

Investment securities at FVOCI

31 December 2023	Group Level 1 N'000	Group Level 2 N'000	Group Level 3 N'000	Group Total N'000
NG Clearing Ltd	–	–	1,021,056	1,021,056
The Infrastructure Corporation of Nig Ltd.	–	–	100,000	100,000
MTN securities	3,713,582	–	–	3,713,582
FGN Bonds and Bills	4,773,604	–	–	4,773,604
	8,487,186	–	1,121,056	9,608,242

Investment securities at FVOCI

31 December 2022	Group Level 1 N'000	Group Level 2 N'000	Group Level 3 N'000	Group Total N'000
NG Clearing Ltd	–	–	1,101,890	1,101,890
The Infrastructure Corporation of Nig Ltd.	–	–	100,000	100,000
MTN securities and Bridge Academies Limited	3,024,319	–	–	3,024,319
	3,024,319	–	1,201,890	4,226,209

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For the year ended 31 December 2023

Investment securities at FVOCI

31 December 2023	Authority Level 1 N'000	Authority Level 2 N'000	Authority Level 3 N'000	Authority Total N'000
NG Clearing Ltd	–	–	1,021,056	1,021,056
The Infrastructure Corporation of Nig Ltd.	–	–	100,000	100,000
MTN securities	3,713,582	–	–	3,713,582
FGN Bonds and Bills	4,773,604	–	–	4,773,604
	8,487,186	–	1,121,056	9,608,242

Investment securities at FVOCI

31 December 2022	Authority Level 1 N'000	Authority Level 2 N'000	Authority Level 3 N'000	Authority Total N'000
NG Clearing Ltd	–	–	1,101,890	1,101,890
The Infrastructure Corporation of Nig Ltd.	–	–	100,000	100,000
MTN securities	3,024,319	–	–	3,024,319
	3,024,319	–	1,101,890	4,226,209

Financial assets at fair value through profit or loss

31 December 2023	Group Level 1 N'000	Group Level 2 N'000	Group Level 3 N'000	Group Total N'000
Currency swap (Note 23.3)	–	421,421,230	–	421,421,230
Private equity investments	–	–	304,104,417	304,104,417
Hedge funds and long only equity investments	56,003,047	–	337,686,680	393,689,727
Nigeria Infrastructure Debt Fund	1,684,263	–	–	1,684,263
US treasury notes	–	38,358,207	–	38,358,207
Fixed income products	–	24,431,626	–	24,431,626
	57,687,310	484,211,063	641,791,097	1,183,689,470

31 December 2022	Group Level 1 N'000	Group Level 2 N'000	Group Level 3 N'000	Group Total N'000
Currency swap (Note 23.3)	–	167,152,338	–	167,152,338
Private equity investments	–	–	135,273,206	135,273,206
Hedge funds and long only equity investments	23,495,626	–	138,325,250	161,820,876
Nigeria Infrastructure Debt Fund	1,578,036	–	–	1,578,036
US treasury notes	–	18,916,854	–	18,916,854
Fixed income products	–	23,082,776	–	23,082,776
	25,073,662	209,151,968	273,598,456	507,824,086

31 December 2023	Authority Level 1 N'000	Authority Level 2 N'000	Authority Level 3 N'000	Authority Total N'000
Currency swap (Note 23.3)	–	421,421,230	–	421,421,230
Private equity investments	–	–	170,410,093	170,410,093
Hedge funds and long only equity investments	56,003,047	–	337,686,680	393,689,727
Nigeria Infrastructure Debt Fund	1,684,263	–	–	1,684,263
US treasury notes	–	38,358,207	–	38,358,207
Fixed income products	–	24,431,626	–	24,431,626
	57,687,310	484,211,063	508,096,773	1,049,995,146

31 December 2022	Authority Level 1 N'000	Authority Level 2 N'000	Authority Level 3 N'000	Authority Total N'000
Currency swap (Note 23.3)	–	167,152,338	–	167,152,338
Private equity investments	–	–	84,897,397	84,897,397
Hedge funds and long only equity investments	23,465,118	–	138,355,758	161,820,876
Nigeria Infrastructure Debt Fund	1,578,036	–	–	1,578,036
US treasury notes	–	18,916,854	–	18,916,854
Fixed income products	–	23,082,776	–	23,082,776
	25,043,154	209,151,968	223,253,155	457,448,277

Notes to the Consolidated and Separate Financial Statements continued

For the year ended 31 December 2023

7 Fair value hierarchy continued**(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 2023.

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 judgement by the Authority. The Authority considers observable data to be market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary and provided by independent sources that are actively involved in the relevant market. There were no transfers between levels during the year.

Investments in hedge funds and private equity funds measured at FVOCI

In determining the fair value of these investments, the Group and the Authority relies on the valuation as reported in the latest available financial statements and/or capital account statements provided by the investment manager, unless the Authority is aware of reasons that such a valuation may not be the best approximation of fair value. In such cases, the Authority reserves the right to assign a fair value to such investments which differs from the one reported by the investment manager.

The following table presents the changes in Level 3 instruments for the year ended 31 December 2023 for financial assets measured at FVOCI.

	Group 31 December 2023 N'000	Group 31 December 2022 N'000	Authority 31 December 2023 N'000	Authority 31 December 2022 N'000
Financial assets measured at FVOCI – NG Clearing Ltd. and InfraCo Nigeria Ltd.				
Opening balance	1,201,890	1,178,317	1,201,890	1,178,317
Fair value movement	(80,834)	23,573	(80,834)	23,573
Closing balance	1,121,056	1,201,890	1,121,056	1,201,890

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For the year ended 31 December 2023

The key assumptions to the valuation of Level 3 instruments includes the Group's ability to strengthen its market position through effective geographical expansion and its ability to improve its profitability by increasing EBITDA margins. The key inputs to the valuation technique used by the Group are revenue and EBITDA margins.

	Group 31 December 2023 N'000	Group 31 December 2022 N'000	Authority 31 December 2023 N'000	Authority 31 December 2022 N'000
Financial assets at fair value through profit or loss – Private equity				
Opening balance	135,273,206	133,654,884	84,897,397	101,196,167
Additions	41,040,961	15,892,913	15,535,613	(168,342)
Disposals, repayments and distributions received	(17,001,174)	(23,048,148)	(9,275,002)	(21,079,322)
Fair value movement	(4,264,864)	(4,083,366)	(4,624,121)	(2,209,122)
Exchange gain	149,056,288	12,856,923	83,876,206	7,158,016
Closing balance	304,104,417	135,273,206	170,410,093	84,897,397

	Group 31 December 2023 N'000	Group 31 December 2022 N'000	Authority 31 December 2023 N'000	Authority 31 December 2022 N'000
Financial assets at fair value through profit or loss – Hedge funds and long only equity instruments				
Opening balance	161,820,876	175,088,327	161,820,876	175,088,327
Additions	22,819,695	23,745,559	22,819,695	23,745,559
Disposals, repayments and distributions received	(4,943,526)	(23,738,993)	(4,943,526)	(23,738,993)
Fair value movement	43,280,198	(25,945,221)	43,280,198	(25,945,221)
Exchange gain/(loss)	170,712,484	12,671,204	170,712,484	12,671,204
Closing balance	393,689,727	161,820,876	393,689,727	161,820,876

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

The table below shows the sensitivity analysis to enterprise value/EBITDA multiple for Level 3 financial assets measured at FVOCI:

Net fair value sensitivity

	Changes (%)	Group 31 December 2023 N'000	Authority 31 December 2023 N'000
Impact on profit or loss	-5%	4,042	(4,042)
Impact on profit or loss	+5%	(4,042)	4,042

	Changes (%)	Group 31 December 2022 N'000	Authority 31 December 2022 N'000
Impact on profit or loss	-5%	(1,179)	(1,179)
Impact on profit or loss	+5%	1,179	1,179

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

Net fair value sensitivity

	Changes (%)	Group 31 December 2023 N'000	Authority 31 December 2023 N'000
Impact on profit or loss	-5%	213,243	231,206
Impact on profit or loss	+5%	(213,243)	(231,206)

	Changes (%)	Group 31 December 2022 N'000	Authority 31 December 2022 N'000
Impact on profit or loss	-5%	204,168	110,456
Impact on profit or loss	+5%	(204,168)	(110,456)

Notes to the Consolidated and Separate Financial Statements continued

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7 Fair value hierarchy continued

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

31 December 2023	Group Carrying value #’000	Group Level 1 #’000	Group Level 2 #’000	Group Level 3 #’000	Group Fair value #’000
Financial assets					
Other receivables	260,016,274	–	–	211,263,223	211,263,223
Trade receivables	2,246,072	–	–	1,824,934	1,824,934
Loans and receivables	21,293,934	–	–	17,764,043	17,764,043
Restricted balances and other assets (a)	451,438	–	536,083	–	536,083
Financial assets measured at amortised cost (b)	162,095,642	–	192,488,575	–	192,488,575
	446,103,360	–	193,024,658	230,852,200	423,876,858
Financial liabilities					
Borrowings	24,533,176	–	–	19,933,206	19,933,206
Trade payables	294,890	–	–	239,598	239,598
Other payables	9,722,198	–	–	7,899,286	7,899,286
Payables to Federal Government in respect of the Second Niger Bridge	287,612	–	–	233,685	233,685
	34,837,876	–	–	28,305,775	28,305,775

31 December 2022	Group Carrying value #’000	Group Level 1 #’000	Group Level 2 #’000	Group Level 3 #’000	Group Fair value #’000
Financial assets					
Other receivables	260,749,732	–	–	214,466,655	214,466,655
Trade receivables	59,598,400	–	–	49,019,684	49,019,684
Cost incurred on behalf of related party in respect of Second Niger Bridge	16,070,532	–	–	13,218,012	13,218,012
Loans and receivables	15,467,411	–	–	12,721,945	12,721,945
Restricted balances and other assets (a)	4,097,599	–	4,814,679	–	4,814,679
Financial assets measured at amortised cost (b)	87,388,330	–	102,681,288	–	102,681,288
	443,372,004	–	107,495,967	289,426,296	396,922,263
Financial liabilities					
Trade payables	1,092,940	–	–	898,943	898,943
Other payables	13,082,376	–	–	10,760,254	10,760,254
Payables to Federal Government in respect of the Second Niger Bridge	19,001,075	–	–	15,628,384	15,628,384
	33,176,391	–	–	27,287,581	27,287,581

31 December 2023	Authority Carrying value #’000	Authority Level 1 #’000	Authority Level 2 #’000	Authority Level 3 #’000	Authority Fair value #’000
Financial assets					
Other receivables	264,577,984	–	–	214,969,612	214,969,612
Account receivables	2,199,604	–	–	1,787,178	1,787,178
Intercompany receivables	187,952,917	–	–	152,711,745	152,711,745
Loans and receivables	7,753,092	–	–	6,424,535	6,424,535
Financial assets measured at amortised cost (b)	159,716,363	–	129,769,545	–	129,769,545
	622,199,960	–	129,769,545	375,893,070	505,662,615
Financial liabilities					
Trade payables	164,407	–	–	133,581	133,581
Intercompany payables	159,777	–	–	129,819	129,819
Other payables	9,504,035	–	–	7,722,028	7,722,028
	9,828,219	–	–	7,985,428	7,985,428

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31 December 2022	Authority Carrying value #’000	Authority Level 1 #’000	Authority Level 2 #’000	Authority Level 3 #’000	Authority Fair value #’000
Financial assets					
Other receivables	6,930,864	–	–	6,997,875	6,997,875
Account receivables	11,497,798	–	–	11,608,965	11,608,965
Intercompany receivables	118,572,897	–	–	119,719,325	119,719,325
Loans and receivables	18,668,660	–	–	19,314,444	19,314,444
Financial assets measured at amortised cost (b)	329,919,498	–	333,013,039	–	333,013,039
	485,589,717	–	333,013,039	157,640,609	490,653,648
Financial liabilities					
Trade payables	162,159	–	–	133,376	133,376
Intercompany payables	5,431,895	–	–	4,467,734	4,467,734
Other payables	12,500,402	–	–	10,281,581	10,281,581
	18,094,456	–	–	14,882,691	14,882,691

Below are the methodologies and assumptions used to determine fair values for the above Level 2 financial instruments which are not recorded and measured at fair value in the Group's financial statements. These fair values were calculated for disclosure purposes only.

(a) Restricted balances and other assets

The estimated fair value of restricted balances and other assets not quoted in an active market is based on discounted cash flows using interest rates for such categories of such financial assets with similar remaining maturity to determine its reasonable approximation of fair value.

(b) Financial assets measured at amortised cost

The estimated fair value of the instruments categorised here represents the discounted amount of estimated future cash flows expected to be received. Expected cash flows are discounted at current market rates of 18.8% (2022: 17.75%) to determine fair value.

8 Fund information

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

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

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 generations of Nigerians a solid savings base for such a time as the hydrocarbon reserves in Nigeria are exhausted
Nigeria Infrastructure Fund (NIF)	To invest in infrastructure projects in Nigeria that meet our targeted financial returns and contribute to the development of essential infrastructure in Nigeria

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

Information regarding the results of each Fund is included below. Performance is measured based on Fund as included in the internal management reports. Funds profitability is used to measure performance as the Directors believe that such information is most relevant in evaluating the profitability of each fund.

31 December 2023	Stabilisation Fund N'000	Future Generations Fund N'000	Nigeria Infrastructure Fund N'000	Unallocated N'000	Total N'000
Interest income on amortised costs financial assets	4,477,801	7,898,220	17,672,652	-	30,048,673
Investment income	64,201	4,595,484	91,991	-	4,751,676
Interest income on instrument measured at FVPL	10,173,407	10,823,114	38,991,556	-	59,988,077
Interest income on financial assets at FVTOCI	68,732	103,098	171,832	-	343,662
Net gain on financial assets	85,808,496	133,475,105	324,924,188	-	544,207,789
Net foreign exchange gain/(loss)	143,895,096	183,113,121	210,270,943	-	537,279,160
Total operating segment income	244,487,733	340,008,142	592,123,162	-	1,176,619,037
Investment management fees	(14,965)	(2,308,312)	(512,756)	-	(2,836,033)
Local custodian fees	(4,203)	(4,610)	(16,355)	-	(25,168)
Global custodian fees	(41,030)	(166,672)	(31,953)	-	(239,655)
Impairment charge on financial assets	(680,765)	(847,725)	(1,628,330)	-	(3,156,820)
Total operating fund profit	243,746,770	336,680,823	589,933,768	-	1,170,361,361
Revenue from infrastructure subsidiaries investment	-	-	4,185,529	-	4,185,529
Expense from infrastructure subsidiaries investment	-	-	(1,327,913)	-	(1,327,913)
Profit from infrastructure subsidiaries investment	-	-	2,857,616	-	2,857,616
Fiduciary and Other income	-	266,206	3,880,688	-	4,146,894
Operating and administrative expenses	(6,631)	(2,928,178)	(6,569,543)	(229,892)	(9,734,244)
Interest expense	(581)	(871)	(1,557,738)	-	(1,559,190)
Share of profit of investment in associate	-	-	18,912,579	-	18,912,579
Profit before tax	243,739,558	334,017,980	607,457,370	(229,892)	1,184,985,016
Taxation	-	(1,314)	-	-	(1,314)
Profit for the year from continuing operations	243,739,558	334,016,666	607,457,370	(229,892)	1,184,983,702
Profit for the year	243,739,558	334,016,666	607,457,370	(229,892)	1,184,983,702
Profit attributable to:					
Owners of NSIA	243,739,558	334,016,666	607,443,938	(229,892)	1,184,970,270
Non-controlling interest	-	-	13,432	-	13,432
	243,739,558	334,016,666	607,457,370	(229,892)	1,184,983,702
Reportable fund assets					
Cash and cash equivalents	293,916,229	33,255,633	220,254,121	-	547,425,983
Investment securities	150,948,361	738,837,865	459,984,017	-	1,349,770,243
Loans and receivables	-	-	21,293,934	-	21,293,934
Other assets	8,186,562	200,316,632	57,759,776	-	266,262,970
Inventories	-	-	194,443	-	194,443
Investments accounted for using the equity method	-	-	68,427,743	-	68,427,743
Property and equipment	1,059,213	1,588,820	2,648,033	-	5,296,066
Right-of-use assets	36,822	55,234	92,056	-	184,112
Intangible assets	18,764	28,146	46,911	-	93,821
	454,165,951	974,082,330	830,701,033	-	2,258,949,314
Reportable fund liabilities					
Other liabilities	(3,971,631)	(6,661,254)	(931,815)	-	(11,564,699)
Tax liabilities	-	(642,977)	-	-	(642,977)
Borrowings	-	-	(24,533,176)	-	(24,533,176)
	(3,971,631)	(7,304,231)	(25,464,991)	-	(36,740,852)

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31 December 2022	Stabilisation Fund N'000	Future Generations Fund N'000	Nigeria Infrastructure Fund N'000	Unallocated N'000	Total N'000
Interest income	858,118	2,128,993	6,491,861	-	9,478,972
Investment income	379,854	3,436,515	279,219	-	4,095,588
Interest income on instrument measured at FVPL	6,244,701	7,907,397	27,501,612	-	41,653,710
Net gain on financial assets	1,094,769	(41,139,630)	41,692,937	-	1,648,076
Net foreign exchange gain/(loss)	4,548,359	13,817,120	25,861,167	-	44,226,646
Total operating segment income	13,125,801	(13,849,605)	101,826,796	-	101,102,992
Investment management fees	(37,910)	(1,416,209)	(2,891)	-	(1,457,010)
Local custodian fees	(8,809)	(10,460)	(36,250)	-	(55,519)
Foreign custodian fees	(28,958)	(117,635)	(6,274)	-	(152,867)
Impairment charge on financial assets	(43,878)	(607,424)	(783,121)	-	(1,434,422)
Total operating fund profit	13,006,246	(16,001,333)	100,998,260	-	98,003,174
Revenue from infrastructure subsidiaries investment	-	-	3,186,401	-	3,186,401
Expense from infrastructure subsidiaries investment	-	-	(920,345)	-	(920,345)
Loss from infrastructure subsidiaries investment	-	-	2,266,056	-	2,266,056
Fiduciary and Other income	-	-	284,143	6,795,939	7,080,082
Operating and administrative expenses	(6,631)	(2,928,178)	(5,130,683)	(155,090)	(8,220,582)
Share of profit of investment in associate	-	-	3,223,076	-	3,223,076
Profit before tax	12,999,615	(18,929,511)	101,640,852	6,640,849	102,351,806
Taxation	-	(834)	-	-	(834)
Profit for the year	12,999,615	(18,930,345)	101,640,852	6,640,849	102,350,972
Profit attributable to:					
Owners of NSIA	12,999,615	(18,930,345)	101,664,202	6,640,849	102,374,321
Non-controlling interest	-	-	(23,350)	-	(23,350)
	12,999,615	(18,930,345)	101,640,852	6,640,849	102,350,971
Reportable fund assets					
Cash and cash equivalents	24,455,802	28,587,668	7,142,205	-	60,185,675
Investment securities	28,294,480	367,067,145	232,708,751	-	628,070,376
Loans and receivables	-	-	32,610,185	-	32,610,185
Other assets	8,186,562	200,316,632	69,986,664	-	278,489,858
Inventories	-	-	198,013	-	198,013
Investments accounted for using the equity method	-	-	27,766,212	-	27,766,212
Property and equipment	-	-	4,180,904	938,495	5,119,399
Right-of-use assets	-	-	166,911	6,751	173,662
Intangible assets	-	-	45,112	49,991	95,103
	60,936,844	595,971,445	374,804,957	995,237	1,032,708,483
Reportable fund liabilities					
Other liabilities	(4,971,631)	(5,116,105)	(5,931,815)	-	(16,019,551)
	(4,971,631)	(5,116,105)	(5,931,815)	-	(16,019,551)

Notes to the Consolidated and Separate Financial Statements continued

For the year ended 31 December 2023

9 Interest income on financial assets at amortised cost

	Group 31 December 2023 N'000	Group 31 December 2022 N'000	Authority 31 December 2023 N'000	Authority 31 December 2022 N'000
Interest income on Fixed deposits	16,499,848	4,770,983	16,338,396	4,729,342
Interest income on EuroBonds	9,305,789	2,677,793	9,305,789	2,677,793
Interest income on Loans and receivables	2,334,147	1,634,241	1,376,227	1,460,591
Interest income on Bank balances	1,296,623	339,099	1,294,730	338,494
Interest income on Commercial papers	612,266	4,869	612,266	4,869
Interest income on Nigerian treasury bills	–	51,987	–	51,987
	30,048,673	9,478,972	28,927,408	9,263,076

The interest income on financial assets at amortised costs are measured using effective interest method.

10 Interest Income on FVOCI Instruments

	Group 31 December 2023 N'000	Group 31 December 2022 N'000	Authority 31 December 2023 N'000	Authority 31 December 2022 N'000
Interest income on FGN Bonds	272,074	–	272,074	–
Interest Income on Treasury Bills	71,588	–	71,588	–
	343,662	–	343,662	–

The interest income on financial assets at amortised costs are measured using effective interest method.

11 Investment income

	Notes	Group 31 December 2023 N'000	Group 31 December 2022 N'000	Authority 31 December 2023 N'000	Authority 31 December 2022 N'000
Investment income from securities	11.1	4,751,676	4,095,588	4,573,917	4,144,350
		4,751,676	4,095,588	4,573,917	4,144,350

11.1 Investment income comprises the following

	Group 31 December 2023 N'000	Group 31 December 2022 N'000	Authority 31 December 2023 N'000	Authority 31 December 2022 N'000
Dividend from ordinary equity investments	219,439	881,717	219,439	1,000,629
Income distribution by fund managers	4,532,238	3,213,871	4,354,478	3,143,721
	4,751,676	4,095,588	4,573,917	4,144,350

12 Interest income on financial assets at FVTPL

	Group 31 December 2023 N'000	Group 31 December 2022 N'000	Authority 31 December 2023 N'000	Authority 31 December 2022 N'000
Interest income on US treasury notes & bonds and similar products	521,994	72,770	521,994	72,770
Interest income from fixed income products	363,002	332,272	363,002	332,272
Interest income on Open Market Operations bill	59,103,081	41,248,668	59,103,081	41,248,668
	59,988,077	41,653,710	59,988,077	41,653,710

The interest income on financial assets at FVTPL are measured using effective interest method.

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13 Fair value gain on financial assets at FVTPL

	Group 31 December 2023 N'000	Group 31 December 2022 N'000	Authority 31 December 2023 N'000	Authority 31 December 2022 N'000
Fair value gain on financial assets at fair value through profit or loss (Note 13.1)	544,150,012	1,898,693	543,790,755	3,772,937
Net trading income/(loss) on UBS managed products/treasury notes	57,777	(250,616)	57,777	(250,616)
	544,207,789	1,648,077	543,848,532	3,522,321

13.1 Fair value gain on financial assets at fair value through profit or loss (FVTPL)

	Group 31 December 2023 N'000	Group 31 December 2022 N'000	Authority 31 December 2023 N'000	Authority 31 December 2022 N'000
Unrealised fair value gain on collateralised securities	208,028,490	4,233,252	208,028,490	4,233,252
Realised fair value gain on collateralised securities	296,114,141	25,171,976	296,114,141	25,171,976
Fair value changes on private equity, hedge funds and other securities (Note 13.1.1)	39,927,256	(32,151,060)	39,567,999	(30,276,816)
Net gain on sale of equity instruments	80,125	4,644,525	80,125	4,644,525
	544,150,012	1,898,693	543,790,755	3,772,937

13.1.1 Fair value changes on private equity, hedge funds and other securities

	Group 31 December 2023 N'000	Group 31 December 2022 N'000	Authority 31 December 2023 N'000	Authority 31 December 2022 N'000
Fair value changes on Private equity	(4,264,864)	(4,083,366)	(4,624,121)	(2,209,122)
Fair value changes on hedge funds and long only instruments	43,280,198	(25,945,221)	43,280,198	(25,945,221)
Fair value changes on Nigeria Infrastructure Debt Fund	106,227	(1,920,651)	106,227	(1,920,651)
Fixed income products and US Treasury Notes	805,695	(201,822)	805,695	(201,822)
	39,927,256	(32,151,060)	39,567,999	(30,276,816)

14 Net foreign exchange gain

	Group 31 December 2023 N'000	Group 31 December 2022 N'000	Authority 31 December 2023 N'000	Authority 31 December 2022 N'000
Net foreign exchange gain (14.1)	537,279,160	44,226,646	543,197,742	38,484,622
	537,279,160	44,226,646	543,197,742	38,484,622

14.1 Net foreign exchange gain represents net unrealised gains or losses from translation of Authority's foreign denominated financial assets and financial liabilities. The closing rate used for translation of financial assets as at 31 December 2023 was \$1:₦899.39 (2022: \$1:₦448.55).

15 Impairment charge/(reversal) on financial assets/Investments

	Group 31 December 2023 N'000	Group 31 December 2022 N'000	Authority 31 December 2023 N'000	Authority 31 December 2022 N'000
Investment securities (Note 23.1.1)	1,728,726	1,412,673	1,728,726	1,412,673
Money Market placements (Note 22.1)	937,992	–	937,992	–
Other assets (Note 25.2)	371,953	(408,254)	827,945	(711,760)
Loans and receivables (Note 24.1)	68,519	430,004	(227,616)	348,505
FGN Bonds and Treasury bills FVOCI	49,630	–	49,630	–
	3,156,820	1,434,423	3,316,677	1,049,418

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15 Impairment charge/(reversal) on financial assets/Investments continued**15.1** The following tables explain the changes in the loss allowance of financial assets between the beginning and the end of the annual period:

	Group Stage 1 12-month ECL N'000	Group Stage 2 Lifetime ECL N'000	Group Stage 3 Lifetime ECL N'000	Group Purchased credit-impaired N'000	Group Total N'000
31 December 2023					
Expected credit loss allowance as at 1 January 2023	3,208,243	–	–	–	3,208,243
Movements with P/L impact					
ECL attributed to purchase or origination of new assets during the year	3,755,792	–	–	–	3,755,792
ECL attributed to asset derecognised during the period	(416,406)	–	–	–	(416,406)
ECL attributed to asset derecognised during the year	(598,972)	–	–	–	(598,972)
Exchange difference impact	1,908,146	–	–	–	1,908,146
Total impairment charge during the period	3,156,820	–	–	–	3,156,820
Expected credit loss allowance as at 31 December 2023	8,273,209	–	–	–	8,273,209

	Group Stage 1 12-month ECL N'000	Group Stage 2 Lifetime ECL N'000	Group Stage 3 Lifetime ECL N'000	Group Purchased credit-impaired N'000	Group Total N'000
31 December 2022					
Expected credit loss allowance as at 1 January 2022	1,290,764	–	–	–	1,290,764
Movements with P/L impact					
ECL attributed to purchase or origination of new assets during the year	1,453,339	–	–	–	1,453,339
ECL attributed to asset derecognised during the year	(18,916)	–	–	–	(18,916)
Exchange difference impact	483,056	–	–	–	483,056
Total impairment charge during the period	1,434,423	–	–	–	1,434,423
Expected credit loss allowance as at 31 December 2022	3,208,243	–	–	–	3,208,243

	Authority Stage 1 12-month ECL N'000	Authority Stage 2 Lifetime ECL N'000	Authority Stage 3 Lifetime ECL N'000	Authority Purchased credit-impaired N'000	Authority Total N'000
31 December 2023					
Expected credit loss allowance as at 1 January 2023	3,146,840	–	–	–	3,146,840
Movements with P/L impact					
ECL attributed to purchase or origination of new assets during the year	3,915,649	–	–	–	3,915,649
ECL attributed to asset derecognised during the year	(598,972)	–	–	–	(598,972)
Exchange difference Impact	1,908,146	–	–	–	1,908,146
Total impairment charge during the period	3,316,677	–	–	–	3,316,677
Expected credit loss allowance as at 31 December 2023	8,371,663	–	–	–	8,371,663

	Authority Stage 1 12-month ECL N'000	Authority Stage 2 Lifetime ECL N'000	Authority Stage 3 Lifetime ECL N'000	Authority Purchased credit-impaired N'000	Authority Total N'000
31 December 2022					
Expected credit loss allowance as at 1 January 2022	2,097,422	–	–	–	2,097,422
Movements with P/L impact					
ECL attributed to purchase or origination of new assets during the year	585,278	–	–	–	585,278
ECL attributed to asset derecognised during the year	(18,916)	–	–	–	(18,916)
Exchange difference Impact	483,056	–	–	–	483,056
Total impairment charge during the period	1,049,418	–	–	–	1,049,418
Expected credit loss allowance as at 31 December 2022	3,146,840	–	–	–	3,146,840

There were no transfers across the stage 1 to stage 3 and there was no write-off during the year.

Notes to the Consolidated and Separate Financial Statements continued

For the year ended 31 December 2023

16 Infrastructure operating revenue

	Group 31 December 2023 N'000	Group 31 December 2022 N'000	Authority 31 December 2023 N'000	Authority 31 December 2022 N'000
Revenue from healthcare facilities	4,185,529	3,186,401	–	–
	4,185,529	3,186,401	–	–

Revenue from healthcare facilities represents revenue from facilities such as MRI, Ultrasound, X-Ray and other laboratory services.

All revenues from infrastructure subsidiaries investments are recognised at a point in time.

17 Infrastructure operating expenses

	Group 31 December 2023 N'000	Group 31 December 2022 N'000	Authority 31 December 2023 N'000	Authority 31 December 2022 N'000
Cost of providing health services	1,327,913	920,345	–	–
	1,327,913	920,345	–	–

18 Fiduciary and Other income

	Group 31 December 2023 N'000	Group 31 December 2022 N'000	Authority 31 December 2023 N'000	Authority 31 December 2022 N'000
Fiduciary income	3,660,059	6,795,939	3,660,059	6,795,939
Other operating income	486,835	284,143	171,485	252,783
	4,146,894	7,080,082	3,831,544	7,048,722

In 2023, ₦3.660 billion fiduciary income relates to fund management fees earned from the Presidential Infrastructure Development Fund (₦1.365 billion), PFI-NPK Funds (₦1.84 billion), CBN NESI Fund (₦250 million) FGN Stabilisation (₦86.3 million) and Kano Solar Power Project (₦120 million). In 2022 however, ₦6.796 billion fiduciary income relates to fund management fees earned from the Presidential Infrastructure Development Fund (₦814.1 million), PFI-NPK Funds (₦4.91 billion) and CBN NESI Fund (₦360 million).

Other operating income largely comprises of Board participation fees, loans fees and commission as may have been disbursed by the Authority or any of its subsidiaries during the financial year.

19 Depreciation and amortisation

	Group 31 December 2023 N'000	Group 31 December 2022 N'000	Authority 31 December 2023 N'000	Authority 31 December 2022 N'000
Depreciation of PPE (Note 30)	853,641	822,564	317,656	258,423
Depreciation of Right-of-use assets (Note 29)	122,146	91,965	111,201	81,020
Amortisation of intangible assets (see Note 31)	23,852	70,327	7,032	34,828
	999,639	984,856	435,889	374,271

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For the year ended 31 December 2023

20 Other operating expenses

	Group 31 December 2023 N'000	Group 31 December 2022 N'000	Authority 31 December 2023 N'000	Authority 31 December 2022 N'000
Personnel expenses (see Note 20.1)	3,128,042	3,106,167	2,128,429	2,337,570
General expenses (Note 20.3)	2,438,673	1,600,558	1,793,398	1,212,665
Other professional fees	1,327,445	914,120	997,863	745,353
Office maintenance costs and other expenses	737,494	815,076	211,607	417,592
Travel expenses	786,505	478,219	571,897	457,097
Directors expenses (Non-executives)	142,830	155,090	103,000	141,173
Audit fees	119,564	143,996	70,000	90,932
Non-audit fees (see Note 20.2)	22,500	22,500	22,500	22,500
Loss on disposal of PPE	31,552	–	31,387	–
	8,734,605	7,235,726	5,930,081	5,424,882

20.1 Personnel expenses

Salaries and allowances	2,932,490	2,932,183	1,966,505	2,191,328
Defined contribution plan	195,552	173,984	161,924	146,242
	3,128,042	3,106,167	2,128,429	2,337,570

20.2 Non-audit fees relate to the fees paid to PricewaterhouseCoopers for quarterly review of financial statements.

Below are further details in respect of the services rendered.

Name of firm	Name of signer	FRC Number	Services rendered	Amount (N'000)
PricewaterhouseCoopers Nigeria	Tolulope Adeleke	FRC/2014/ICAN/00000008319	Review services	22,500

20.3 General expenses are made up of the Authority's administrative expenses which include healthcare administrative costs, Information Technology and communication costs, insurance, fuel and diesel costs, risk and corporate governance costs etc.

21 Interest expense

	Group 31 December 2023 N'000	Group 31 December 2022 N'000	Authority 31 December 2023 N'000	Authority 31 December 2022 N'000
Effective interest on borrowings	1,533,176	–	1,533,176	–
Interest on Collateralised funds from Panda Agric	23,110	–	23,110	–
Interest on lease liabilities	2,904	–	2,904	–
	1,559,190	–	1,559,190	–

The interest expense on financial liabilities such as borrowings are recognised in profit or loss using effective interest rates method. The amount borrowed was from CBN NESI Fund (a third-party fund being managed by the Authority) in the form of a short-term financing option which is priced at market rates. Please refer to Note 34 for details on the local borrowings.

22 Cash and cash equivalents

	Group 31 December 2023 N'000	Group 31 December 2022 N'000	Authority 31 December 2023 N'000	Authority 31 December 2022 N'000
Cash on hand	11,694	21,396	1,800	2,900
Bank balances	286,967,367	14,093,317	285,946,831	13,199,991
Money market placements	261,384,914	46,070,962	261,384,914	46,070,962
	548,363,975	60,185,675	547,333,545	59,273,853
Expected credit loss allowance on money market placements	(937,992)	–	(937,992)	–
	547,425,983	60,185,675	546,395,553	59,273,853

Cash at banks earn interest at floating rates based on daily bank deposit rates. Money market placements are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates. Money market placements include ₦202.98 billion term deposits and others represent short-term placements (all of less than 90 days tenors as of 31 December 2023).

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22.1 Impairment/Expected Credit loss allowance

	Group 31 December 2023 N'000	Group 31 December 2022 N'000	Authority 31 December 2023 N'000	Authority 31 December 2022 N'000
Charge for the year (Note 15)	937,992	–	937,992	–
As at 31 December	937,992	–	937,992	–

For the purpose of the statement of cash flows, cash and cash equivalents comprise the following at 31 December:

	Group 31 December 2023 N'000	Group 31 December 2022 N'000	Authority 31 December 2023 N'000	Authority 31 December 2022 N'000
Cash on hand	11,694	21,396	1,800	2,900
Bank balances	286,967,367	14,093,317	285,946,831	13,199,991
Money market placements	261,384,914	46,070,962	261,384,914	46,070,962
	548,363,975	60,185,675	547,333,545	59,273,853

23 Investment securities

	Note	Group 31 December 2023 N'000	Group 31 December 2022 N'000	Authority 31 December 2023 N'000	Authority 31 December 2022 N'000
Financial assets measured at amortised cost	23.1	156,472,531	116,020,081	154,093,252	114,900,616
Financial assets measured at FVOCI	23.2	9,608,242	4,226,209	9,608,242	4,226,209
Financial assets at fair value through profit or loss	23.3	1,183,689,470	507,824,086	1,049,995,146	457,448,277
		1,349,770,243	628,070,376	1,213,696,640	576,575,102

23.1 Financial assets measured at amortised cost

	Group 31 December 2023 N'000	Group 31 December 2022 N'000	Authority 31 December 2023 N'000	Authority 31 December 2022 N'000
Eurobond	102,974,551	46,360,782	102,974,551	46,360,782
Commercial papers	5,139,761	1,004,491	5,139,761	1,004,491
Fixed deposits	53,981,330	70,641,047	51,602,051	69,521,582
Gross Carrying amount	162,095,642	118,006,320	159,716,363	116,886,855
Expected credit loss allowance on financial assets at amortised cost (Note 23.1.1)	(5,623,111)	(1,986,239)	(5,623,111)	(1,986,239)
	156,472,531	116,020,081	154,093,252	114,900,616
Maturity analysis:				
Current	56,587,217	71,050,122	54,207,938	69,930,657
Non-current	99,885,314	44,969,959	99,885,314	44,969,959
	156,472,531	116,020,081	154,093,252	114,900,616

23.1.1 Impairment/Expected Credit loss allowance

	Group 31 December 2023 N'000	Group 31 December 2022 N'000	Authority 31 December 2023 N'000	Authority 31 December 2022 N'000
As at 1 January	1,986,239	573,566	1,986,239	573,566
Assets derecognised or reclassified (Note 15)	(182,566)	(483,056)	(182,566)	(246,502)
Charge/(write back) for the year (Note 15)	1,911,292	1,412,673	1,911,292	1,412,673
Exchange difference	1,908,146	483,056	1,908,146	246,502
Provision for expected credit losses	5,623,111	1,986,239	5,623,111	1,986,239
As at 31 December	5,623,111	1,986,239	5,623,111	1,986,239

Notes to the Consolidated and Separate Financial Statements continued

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23 Investment securities continued**23.2 Financial assets measured at FVOCI**

	Group 31 December 2023 #'000	Group 31 December 2022 #'000	Authority 31 December 2023 #'000	Authority 31 December 2022 #'000
Equity instruments				
NG Clearing Ltd	1,021,056	1,101,890	1,021,056	1,101,890
MTN securities	3,713,582	3,024,319	3,713,582	3,024,319
The Infrastructure Corporation of Nigeria Limited	100,000	100,000	100,000	100,000
	4,834,638	4,226,209	4,834,638	4,226,209
Debt instruments				
Nigerian Treasury Bills	1,898,743	–	1,898,743	–
FGN Bonds	2,874,861	–	2,874,861	–
	4,773,604	–	4,773,604	–
	9,608,242	4,226,209	9,608,242	4,226,209
Maturity analysis:				
Non-current	4,834,638	4,226,209	4,834,638	4,226,209
Current	4,773,604	–	4,773,604	–
	9,608,242	4,226,209	9,608,242	4,226,209

23.2.1 Movement in financial assets measured at FVOCI

	Group 31 December 2023 #'000	Group 31 December 2022 #'000	Authority 31 December 2023 #'000	Authority 31 December 2022 #'000
Equity instruments				
Opening balance	4,226,209	6,744,947	4,226,209	3,949,437
Reversal of fair value on derecognised equity instrument	–	(496,071)	–	–
Proceeds from sale of Bridge Academy	–	(2,591,390)	–	–
Fair value gain for the period	608,429	568,723	608,429	276,772
Closing balance	4,834,638	4,226,209	4,834,638	4,226,209
Debt instruments				
Additions	4,714,334	–	4,714,334	–
Coupon received during the period	(192,585)	–	(192,585)	–
Interest income	343,662	–	343,662	–
Fair value	(91,807)	–	(91,807)	–
Closing balance	4,773,604	–	4,773,604	–

23.3 Financial assets at fair value through profit or loss

	31 December 2023 #'000	31 December 2022 #'000	31 December 2023 #'000	31 December 2022 #'000
Collateralised securities (Note 23.3.2)	421,421,230	167,152,338	421,421,230	167,152,338
Private equity investments	304,104,417	135,273,206	170,410,093	84,897,397
Hedge funds and long only equity investments	393,689,727	161,820,876	393,689,727	161,820,876
Nigeria Infrastructure Debt Fund	1,684,263	1,578,036	1,684,263	1,578,036
Fixed income instruments	24,431,626	23,082,776	24,431,626	23,082,776
US treasury notes	38,358,207	18,916,854	38,358,207	18,916,854
	1,183,689,470	507,824,086	1,049,995,146	457,448,277
Maturity analysis:				
Current	459,779,437	186,069,192	459,779,437	186,069,192
Non-current	723,910,033	321,754,894	590,215,709	271,379,085
	1,183,689,470	507,824,086	1,049,995,146	457,448,277

23.3.1 For collateralised securities, the balance in 2023 shows the fair value of the financial assets arising from the currency swap transactions with the Central Bank of Nigeria (CBN) and the underlying asset (OMO Bills). No record of derivative liability as at end of 31 December 2023. The notional contract amount as at year-end represents the basis on which the changes in fair value were measured. The notional amount indicates that the volume of transactions as at the year end of 31 December 2023 which stood at \$480 million (2022: \$499.5 million); and are indicative of neither the market risk nor the credit risk.

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23.3.2 The movement in collateralised securities

	Group 31 December 2023 #'000	Group 31 December 2022 #'000	Authority 31 December 2023 #'000	Authority 31 December 2022 #'000
Balance, beginning of year	167,152,338	26,468,168	167,152,338	26,468,168
Addition during the year	446,831,438	226,031,222	446,831,438	226,031,222
Unrealised gains (fair value gains)	208,028,490	4,233,252	208,028,490	4,233,252
Realised gains	296,114,141	25,171,976	296,114,141	25,171,976
Maturity during the year	(764,789,746)	(216,960,388)	(764,789,746)	(216,960,388)
OMO Bills income	59,103,081	41,248,668	59,103,081	41,248,668
Exchange difference	8,981,488	60,959,440	8,981,488	60,959,440
Balance, end of year	421,421,230	167,152,338	421,421,230	167,152,338

23.3.3 The movement in other FVTPL

	Group 31 December 2023 #'000	Group 31 December 2022 #'000	Authority 31 December 2023 #'000	Authority 31 December 2022 #'000
Opening balance	340,671,748	363,875,217	290,295,939	331,416,500
Addition during the year	72,202,969	84,431,356	46,697,621	68,370,101
Disposals, repayments and distributions received	(58,206,764)	(109,038,273)	(51,148,598)	(106,895,997)
Fair value movement	39,927,256	(32,151,060)	39,567,999	(30,276,816)
Exchange gain	367,673,031	33,554,508	303,160,955	27,682,151
Balance, end of year	762,268,240	340,671,748	628,573,916	290,295,939

24 Loans and debts financing

	Group 31 December 2023 #'000	Group 31 December 2022 #'000	Authority 31 December 2023 #'000	Authority 31 December 2022 #'000
Panda Agriculture Properties Management Limited (Panda Novum) ⁵	310,216	–	310,216	–
Collateralised Loans to Kasi Cloud Limited	3,957,718	–	3,957,718	–
Loan to PFI-NPK Limited ¹	3,639,186	23,741,812	3,639,186	23,741,812
Loan to Kasi Cloud Limited ²	8,796,610	3,932,417	–	–
Loan to Metrowaves Sports & Infra Ltd ³	5,159,707	4,868,601	–	–
Loan to Babban Gona Farmer Services Nigeria Ltd. ⁴	–	568,339	–	–
	21,863,437	33,111,169	7,907,120	23,741,812
Impairment/Expected Credit loss allowance (Note 24.1)	(569,503)	(500,984)	(154,028)	(381,644)
Carrying amount	21,293,934	32,610,185	7,753,092	23,360,168
Maturity analysis:				
Current	3,949,402	568,339	3,949,402	–
Non-current	17,344,532	32,041,846	3,803,690	23,360,168
	21,293,934	32,610,185	7,753,092	23,360,168

- Loan to PFI-NPK Limited is a related party Naira loans of ₦33.74 billion, originally granted in June 2022, has a repayment period of 20 months and annual interest rate of 5% payable quarterly.
- Kasi Cloud loans is \$8 million project finance hinged on interest rate of 7.5%+ 6-month SOFR as contracted by NSIA Property Investment Company Ltd. (a subsidiary to the Authority), which commenced in April 2022 and will mature on April 2029. In addition, the Authority (NSIA) had a 10% -₦3.86 billion working capital Loan to Kasi Cloud, collateralised with a deposit of \$5 million and will mature on 15 October 2025.
- Metrowaves Sports and Infra. Ltd loans is a ₦4.105 billion arena loan, granted in June 2021 with annual interest rate of 12% and will mature on 18 June 2028.
- The \$5 million Babban Gona Loan, which was originally granted in 2018 at 5% annual interest was fully paid in April 2023 without any history of defaults in principal and interests repayments.
- Loans to Panda Agriculture Properties Limited represent a working capital loan of ₦270 million which is securitised with a deposit of \$500,000, was granted on 26 January 2023 and will mature on 25 January 2025.

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24 Loans and debts financing continued**24.1 Impairment/expected credit loss allowance on Loans and debts financing**

	Group 31 December 2023 N'000	Group 31 December 2022 N'000	Authority 31 December 2023 N'000	Authority 31 December 2022 N'000
As at 1 January	500,984	199,384	381,644	161,543
Reclassification	–	(128,404)	–	(128,404)
Charge/(write back) for the year	68,519	430,004	(227,616)	348,505
Provision for expected credit losses	569,503	500,984	154,028	381,644
As at 31 December	569,503	500,984	154,028	381,644

The estimated credit loss for 2023 was based on the provisions of IFRS 9 and the corresponding implications had been charged to profit or loss as shown on Note 15.

24.2 Movement of Loans and debts financing

	Group 2023	Group 2022	Authority 2023	Authority 2022
Opening balance	33,111,169	15,467,411	23,741,812	17,012,085
Addition	4,132,350	37,128,330	4,132,350	33,741,812
Interest	2,334,147	1,634,241	1,376,227	1,460,591
Repayment	(21,901,854)	(21,721,387)	(21,343,269)	(28,472,676)
Exchange difference	4,187,625	602,574	–	–
Closing balance	21,863,437	33,111,169	7,907,120	23,741,812

25 Other assets and receivables

	Group 31 December 2023 N'000	Group 31 December 2022 N'000	Authority 31 December 2023 N'000	Authority 31 December 2022 N'000
Financial assets:				
Other receivables (Note 25.1)	260,016,274	267,326,090	264,577,984	272,134,529
Account receivables ³	2,246,072	11,335,060	2,199,604	10,451,172
Intercompany receivables	–	–	187,952,917	70,844,348
Restricted bank balances ²	451,438	217,437	–	–
	262,713,784	278,878,587	454,730,505	353,430,049
Impairment/Expected Credit loss allowance (Note 25.2)	(1,092,972)	(721,019)	(1,606,902)	(778,957)
Total financial assets	261,620,812	278,157,568	453,123,603	352,651,092
Non-financial assets:				
Prepayments ¹	4,642,158	332,290	438,418	161,948
Total other assets	266,262,970	278,489,858	453,562,021	352,813,040
Maturity analysis:				
Current	206,126,792	218,353,680	393,458,666	292,709,685
Non-current	60,136,178	60,136,178	60,103,355	60,103,355
	266,262,970	278,489,858	453,562,021	352,813,040

25.1 Other receivables

	Group 31 December 2023 N'000	Group 31 December 2022 N'000	Authority 31 December 2023 N'000	Authority 31 December 2022 N'000
LUTH Advanced Medical Service-Deposit for Shares	–	–	4,937,727	5,173,799
Receivable from Presidential Infrastructure Development Fund	558,467	2,343,797	558,468	2,343,798
Matured Swap Proceed Receivable	257,870,763	263,747,400	257,870,763	263,747,400
Other receivables	1,587,044	1,234,893	1,211,026	869,532
	260,016,274	267,326,090	264,577,984	272,134,529

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25.2 Impairment/expected credit loss allowance on other assets

	Group 31 December 2023 N'000	Group 31 December 2022 N'000	Authority 31 December 2023 N'000	Authority 31 December 2022 N'000
As at 1 January	721,019	1,019,785	778,957	1,362,313
Reclassification from loans and receivables*	–	128,404	–	128,404
Asset derecognised (Note 15)	(416,406)	(18,916)	(416,406)	(18,916)
Charge/(write back) for the year (Note 15)	788,359	(408,254)	1,244,351	(692,844)
Provision for expected credit losses	1,092,972	721,019	1,606,902	778,957
As at 31 December	1,092,972	721,019	1,606,902	778,957

The estimated credit loss for 2023 was based on the provisions of IFRS 9 and had been charged to charge to profit or loss as shown on Note 15.

- 1 Prepayments relates to payments made in advance for car insurance, health insurance and capital prepayment for MIPL due for capitalisation upon finalisation of legal documentation.
- 2 Restricted bank balance relates to cash and investments held by NSIA Motorways Investment Company Limited on behalf of the Federal Government which are not available for use in the Authority's daily operations. Restricted balances includes only bank balances of N451.4 million (Dec 22: N217.4 million) belonging to the Federal Government of Nigeria in relation to the Second Niger Bridge project.
- 3 This largely relates to a sum of N93.8 million receivable from CBN NESI and N385.5 million related party charges receivable from Kano Solar Projects. The significant portion of the remaining balance of N612.7 billion represent receivables from Panda Agric. as of 31 December 2023 (2022 Panda Agric: N612.7 billion, CBN NESI: N2.84 billion, Kano Solar: N192.6 million).

26 Inventories

	Group 31 December 2023 N'000	Group 31 December 2022 N'000	Authority 31 December 2023 N'000	Authority 31 December 2022 N'000
Finished goods*	194,443	198,013	–	–
	194,443	198,013	–	–
Maturity analysis:				
Current	194,443	198,013	–	–
	194,443	198,013	–	–

* Finished goods include pharmaceutical drugs, reagents and consumables stocked for resale and service deliveries by the three (3) healthcare subsidiaries.

No inventory items were written off during 2023 financial year. (2022: Nil).

There were no inventories pledged as security for liabilities. (2022: Nil).

27 Investments in subsidiaries

	Authority 31 December 2023 N'000	Authority 31 December 2022 N'000
At the beginning of the year	9,000	895,797
Impairment allowance on investment in KG Brussels ^(a)	–	(886,797)
At the end of the year	9,000	9,000
Investment types:		
Investment in equity shares	9,000	9,000
	9,000	9,000
Maturity analysis:		
Non-current	9,000	9,000
	9,000	9,000

(a) As required by IAS 36, annual impairment assessment of Authority's investment in KG Brussels was carried out as at 31 December 2021; reassessed as at 31 December 2023, and on that premise, an estimation of the future cash flows of KG Brussels were discounted to determine the value in use of the entity and it was concluded that the entire carrying amount of NSIA's investment in the entity was totally impaired when compared with the entity's recoverable amount.

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27 Investments in subsidiaries continued

27.1 Information on subsidiary entities controlled by the Authority

Name of entity	Place of business/ Country of incorporation	% of ownership interest 31 December 2023	% of ownership interest 31 December 2022	Carrying amount 31 December 2023 #’000	Carrying amount 31 December 2022 #’000
i. NSIA Motorways Investment Company (NMIC)	Nigeria	99.99%	99.99%	1,000	1,000
ii. KG Brussels LP (26 (a))	USA	100%	100%	–	–
iii. FGF Private Equity Co. Limited	Nigeria	99.99%	99.99%	1,000	1,000
iv. FGF Investments Limited	Nigeria	99.99%	99.99%	1,000	1,000
v. NSIA Agriculture Investment Company	Nigeria	99.99%	99.99%	1,000	1,000
vi. FGF PE Beta Limited	Nigeria	99.99%	99.99%	1,000	1,000
vii. NSIA Property Investment Company Limited	Nigeria	99.99%	99.99%	1,000	1,000
viii. NSIA Power Investment Company Limited	Nigeria	99.99%	99.99%	1,000	1,000
ix. NSIA Healthcare Development and Investment Company Limited	Nigeria	99.99%	99.99%	1,000	1,000
x. NSIA Investment Management Company	Nigeria	100%	100.00%	1,000	1,000
				9,000	9,000

- (i) NSIA Motorways Investment Corporation is a wholly-owned subsidiary domiciled in Nigeria. The subsidiary was set up to invest in the development of roads, bridges, toll plaza and related road transport infrastructure. The Company was incorporated in 2014.
- (ii) KG Brussels LP became a wholly-owned subsidiary after the Authority acquired 0.03% shares, representing non-controlling interest, from Carmona Motley. KG Brussels LP was incorporated in 2014 and it holds a portfolio of investments in other private equity investee funds. During the year 2019, there was a reallocation of financial assets from KG Brussels to FGFs, which led to a reduction in the capital apportionment owned by NSIA. The NSIA's investment in this entity was assessed for impairment as at 31 December 2021, reassessed in 2023 and was fully impaired.
- (iii) FGF Private Equity Co. Limited is a wholly-owned subsidiary domiciled in Nigeria. The subsidiary was set up to invest in private equities. The Company was incorporated in 2015.
- (iv) FGF Investments Limited is a wholly-owned subsidiary domiciled in Nigeria. The subsidiary was set up to invest in private equities and other investments. The Company was incorporated in 2015.
- (v) NAIC is a wholly-owned subsidiary of NSIA, domiciled in Nigeria. It was set up to carry on the business of agricultural investment and management, investment in the agricultural land and businesses of all kinds. The Company was incorporated in 2016.
- (vi) FGF PE Beta Limited is a wholly-owned subsidiary domiciled in Nigeria. The subsidiary was set up to invest in private equities. The Company was incorporated in 2015.
- (vii) NSIA Property Investment Company Limited is a wholly-owned subsidiary set up to invest in and to purchase, acquire, hold, develop, work and turn to account any land (of any tenure), landed property or real estate of any kind. The Company was incorporated in 2014.
- (viii) NSIA Power Investment Company Limited is a wholly-owned subsidiary domiciled in Nigeria. The subsidiary was set up to invest in the development of infrastructure related to power including but not limited to gas turbines, transmission lines, and other generation, transmission and distribution infrastructure and equipment. The Company was incorporated in 2014.
- (ix) NSIA Healthcare Development and Investment Company Limited is a wholly-owned subsidiary domiciled in Nigeria. The subsidiary was established to invest in any company, corporation, authority or body involved in or any arrangement related to healthcare infrastructure or healthcare service delivery and/or management. The Company was incorporated in 2014.
- (x) NSIA Investment Management Company is a wholly-owned subsidiary domiciled in Nigeria. The subsidiary was established to invest in, subscribe for, purchase, acquire and hold the shares, stocks, debentures, debenture stocks, bonds, notes, obligations and securities of any fund, company, corporation, authority or body as well as money market instruments.

The Authority also has indirect interests in the following subsidiaries:

Refer to Note 37 on related party for details on ownership structure

	Place of business/ Country of incorporation	% of ownership interest 31 December 2023	% of ownership interest 31 December 2022
FMCU Advanced Medical Diagnostics Limited (xi)	Nigeria	90%	90%
AKTH Advanced Medical Diagnostics Limited (xii)	Nigeria	90%	90%
LUTH Advanced Medical Services Limited (xiii)	Nigeria	100%	100%
Equilease Systems Limited (xiv)	Nigeria	100%	100%
NSIA Renewables Company Limited (xv)	Nigeria	100%	0%
NSIA Advanced Medical Services Limited (xvi)	Nigeria	100%	0%
NSIA Meta Management Company Limited (xvii)	Nigeria	100%	100%

- (xi) FMCU Advanced Medical Diagnostics Limited is a limited liability company formed to carry out business as providers of modern medical pathology laboratory, radiography, and ancillary healthcare services. The Company was incorporated in 2016. Refer to Note 37 for details on the ownership structure.
- (xii) AKTH Advanced Medical Diagnostics Limited is a limited liability company formed to carry out business as providers of modern medical pathology laboratory, radiography, and ancillary healthcare services. The Company was incorporated in 2017. Refer to Note 37 for details on the ownership structure.
- (xiii) LUTH Advanced Medical Services Limited (LAMSL) was formed to carry on business as providers of modern medical pathology laboratory services, provide modern radiography services, provide healthcare services, establish other medical diagnostic centres as may be determined from time to time by the Board of Directors and to encourage the discovery of new medical and/or surgical management of diseases and afflictions. The Company was incorporated in 2016 as a joint venture between NHDIC and Lagos University Teaching Hospital (LUTH), each with 50% ownership interest. Following the transfer of the 50% ownership interest held by LUTH to NHDIC, LUTH Advanced Medical Services Limited became a fully-owned subsidiary of NHDIC and consequently, an indirect subsidiary of the Authority in December 2020. Refer to Note 37 for details on the ownership structure.
- (xiv) Equilease Systems Limited is a wholly-owned subsidiary of NSIA Investment Management Company domiciled in Nigeria. The subsidiary was formed 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; particularly as it relates to equipments leasing arrangements. The Company was incorporated in 2022. Refer to Note 37 for details on the ownership structure.
- (xv) NSIA Renewables Company Limited (NRCL) is a wholly-owned subsidiary of NSIA Investment Management Company domiciled in Nigeria. The subsidiary was established to expand energy access, enhance energy efficiency, and ensure energy security using renewable clean energy. The Company was incorporated in February 2023. Refer to Note 37 for details on the ownership structure.

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For the year ended 31 December 2023

(xvi) NSIA Advanced Medical Services Limited (MedServe) was incorporated in January 2023 as a wholly-owned subsidiary of NHDIC to carry on business as providers of modern medical pathology laboratory services, provide modern radiography services, provide healthcare services, establish other medical diagnostic centres as may be determined from time to time by the Board of Directors. Refer to Note 37 for details on the ownership structure.

(xvii) NSIA Meta Management Company Limited is a wholly-owned subsidiary of NSIA Investment Management Company domiciled in Nigeria. The subsidiary was established to provide Advisory, Research And Consulting Services In Relation To Management, Commercial and Corporate Transactions. The Company was incorporated in May 2022. Refer to Note 37 for details on the ownership structure.

28 Investments accounted for using the equity method

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

	Group 31 December 2023 #’000	Group 31 December 2022 #’000	Authority 31 December 2023 #’000	Authority 31 December 2022 #’000
Associates and joint ventures	68,427,743	27,766,212	10,614,500	12,278,115

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

	Group 31 December 2023 #’000	Group 31 December 2022 #’000	Authority 31 December 2023 #’000	Authority 31 December 2022 #’000
Amount recognised in statement of profit or loss	18,912,579	3,223,076	–	–
Amount recognised in other comprehensive income	1,920,763	(17,961)	–	–
Total income recognised	20,833,342	3,205,115	–	–

The table below shows a detailed movement of this balance:

	Group 31 December 2023 #’000	Group 31 December 2022 #’000	Authority 31 December 2023 #’000	Authority 31 December 2022 #’000
At the beginning of the year	27,766,212	24,680,009	12,278,115	12,278,115
Additions during the year	19,828,189	–	–	–
Reclass during the year	–	–	(1,663,615)	–
Share of profit of associates and joint ventures	18,912,579	3,223,076	–	–
Share of other comprehensive income of associates and joint ventures	1,920,763	(17,961)	–	–
Dividend received	–	(118,912)	–	–
At the end of the year	68,427,743	27,766,212	10,614,500	12,278,115
Maturity analysis:				
Non-current	68,427,743	27,766,212	10,614,500	12,278,115

During 2023 financial year, Authority through one of its wholly-owned subsidiary invested additional sum of \$10.84 million (equiv: ₦6.66 billion) into Multipurpose Industrial Platform Limited (MIPL) and additional \$2 million (equiv: ₦831.36 million) into UFF-NAIC Agriculture Investment Company (Mauritius) Limited, being joint venture and associates businesses respectively. No dividend was received in 2023 (2022: ₦118.9 million).

During 2023, the legal ownership for Multipurpose Industrial Platform Limited (MIPL) and Family Homes Funds Limited were reassessed and that led to appropriate reclassification from the books of the Authority to NSIA Agriculture Investment Company and NSIA Property Investment Company Limited respectively.

Notes to the Consolidated and Separate Financial Statements continued

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28 Investments accounted for using the equity method continued**Interests in associates and joint ventures**

Set out below are the associates and joint ventures of the Group as at 31 December 2023. The entities listed below have share capital consisting solely of ordinary shares, which are held directly by the Group. The country of incorporation or registration is also their principal place of business, and the proportion of ownership interest is the same as the proportion of voting rights held.

Name of company	Notes	Place of business/ Country of incorporation	Group % of ownership interest 31 December 2023	Group % of ownership interest 31 December 2022	Group Carrying amount 31 December 2023 N'000	Group Carrying amount 31 December 2022 N'000
Investment in associates						
<i>Direct associates</i>						
Nigeria Mortgage Refinance Company (NMRC)	28.01	Nigeria	20.91%	20.91%	5,370,020	4,856,019
Infrastructure Credit Guarantee Company Limited	28.9	Nigeria	30.37%	31.88%	28,225,901	13,938,177
<i>Indirect associates</i>						
Family Homes Funds Limited (FHFL)	28.2	Nigeria	49%	49%	3,180,578	1,664,152
Metrowaves Sports and Infrastructures Limited	28.11	Nigeria	40.5%	0%	17,829,790	–
					54,606,289	20,458,348

Name of company	Notes	Place of business/ Country of incorporation	Group % of ownership interest 31 December 2023	Group % of ownership interest 31 December 2022	Group Carrying amount 31 December 2023 N'000	Group Carrying amount 31 December 2022 N'000
Indirect Investment in joint venture						
UFF-NAIC Agriculture Investment Company (Mauritius) Limited	27.6	Mauritius	50%	50%	7,481,403	5,640,283
Multipurpose Industrial Platform Limited.	28.10	Nigeria	50%	0%	6,340,051	1,667,581
Total investment in joint venture					13,821,454	7,307,864
Total Carrying amount of investments in joint ventures and associates					68,427,743	27,766,212

Name of company	Notes	Place of business/ Country of incorporation	Group % of ownership interest 31 December 2023	Group % of ownership interest 31 December 2022	Group Invested amount 31 December 2023 N'000	Group Invested amount 31 December 2022 N'000
Investment in associates						
Nigeria Mortgage Refinance Company (NMRC)	28.01	Nigeria	20.91%	20.91%	1,600,000	1,600,000
Infrastructure Credit Guarantee Company Limited	28.9	Nigeria	30.37%	31.88%	9,014,500	9,014,500
Family Homes Funds Limited (FHFL)	28.2	Nigeria	0%	49%	–	490
					10,614,500	10,614,990

Name of company	Notes	Place of business/ Country of incorporation	Group % of ownership interest 31 December 2023	Group % of ownership interest 31 December 2022	Group Invested amount 31 December 2023 N'000	Group Invested amount 31 December 2022 N'000
Investment in joint venture						
Multipurpose Industrial Platform Limited (MIPL)	28.10	Nigeria	0%	50%	–	1,663,125
					–	1,663,125
Total investment in joint ventures and associates					10,614,500	12,278,115

The Authority has indirect investment in the following associates:

UFF-NAIC Agriculture Investment Company (Mauritius) Limited	28.6	Mauritius	50%	50%	3,941,408	3,941,408
Family Homes Funds Limited (FHFL)	28.20	Nigeria	49%	49%	490	490

The Authority has indirect investment in the following Joint ventures:

Multipurpose Industrial Platform Limited (MIPL)	28.10	Nigeria	50%	50%	3,504,514	1,663,125
Metrowaves Sports and Infrastructures Limited	28.11	Nigeria	40.5%	–	17,987,800	–
					25,434,212	5,605,023

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28.1 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. Refer to Note 37 for details on the ownership structure.

28.2 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. Refer to Note 37 for details on the ownership structure.

28.6 UFF-NAIC Agriculture Investment Company (Mauritius) Limited – “Investco”

UFF-NAIC Agriculture Investment Company (Mauritius) Limited was incorporated in Mauritius on 27 March 2017 with company number 146100. The company is a joint venture between NSIA and Old Mutual African Agricultural Fund. An initial commitment of USD25 million from NSIA and Old Mutual African Agricultural Fund has been made with a target of a total commitment size of USD200 million from other third parties. Although the funds to the joint venture are provided by Old Mutual African Agricultural Fund, UFF Management Limited act as representatives on behalf of Old Mutual.

The fund is currently pursuing farmland and agribusiness investments as well as high technology driven agriculture in the various parts of Nigeria. Refer to Note 37 for details on the ownership structure.

28.6.1 Panda Agricultural Properties Management Ltd – “PropCo NG”

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

The company has been established to acquire farms, agricultural land and fixed assets and lease such farms and assets to Panda Operations and Management. Refer to Note 37 for details on the ownership structure.

28.6.2 Panda Agriculture Operations and Management Ltd – “OpCO MU”

A company limited by shares and incorporated in Mauritius on 2 February 2018 with company number 153361.

The company operates and manages all farms, assets and land acquired by Panda Agricultural Properties Management Limited. This entity is owned by UFF-NAIC Agriculture Investment Company (Mauritius) Limited and Novum Holdings Ltd – a non-Group entity. Refer to Note 37 for details on the ownership structure.

28.6.2.1 Pandagric Novum Ltd

A company limited by shares and incorporated in Nigeria on 16 November 2017.

The company is currently owned by Panda Agriculture 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.

Notes to the Consolidated and Separate Financial Statements continued

For the year ended 31 December 2023

28 Investments accounted for using the equity method continued**28.9 Infrastructure Credit Guarantee Company Limited (Infracredit)**

This is a Company jointly owned with African Finance Corporation (AFC) and Infraco Africa Limited. The company provides local currency guarantees to enhance the credit quality of debt instruments issued to finance creditworthy infrastructure assets in Nigeria that conform with its eligibility criteria. The Company was incorporated in 2016. The Company was a fully-owned subsidiary of the Nigeria Sovereign Investment Authority until 19 December 2018. However, on 19 December 2018, the Authority lost control due to additional investment in Infracredit by African Finance Corporation (AFC) and Leadway, AllCO and such has now diluted the investment in Infracredit to an "investment in associates".

28.9.1 The Group had a dilution of interest in its equity investment held in Infracredit during the 2023 year. This was as a result of new capital investment brought into Infracredit by AllCO Insurance, in addition to the existing investment held by Infraco Africa Limited, Leadway Assurance Limited and Africa Finance Corporation (AFC). The ownership interest retained by the Group as a result of the dilution is 30.37% while Infraco, AFC, Leadway Assurance and AllCO holds 29.30%, 29.75% and 5.87%, 5.59% and 5% respectively and this ownership structure subsists for 2023 financial year. The Group assessed that the investment in the entity is an associate and continues to account for it using the equity method.

28.9.2 The Authority's share of Infracredit's financial position is as shown below:

	31 December 2023 N'000	31 December 2022 N'000
Balance at start of the year	13,938,177	12,000,622
Share of associate's profit before dilution of interest (31.88%)	2,337,177	1,937,555
Share of associate's profit after dilution of interest (30.37%)	11,950,547	–
Carrying amount as at end of year	28,225,901	13,938,177

28.10 Multipurpose Industrial Platform Limited

This is a Company jointly owned with OCP Africa S.A. This jointly-owned Company was incorporated on 23 June 2021 to establish a basic chemicals platform in Nigeria. These Ammonia and fertilisers plants shall be responsible for development and distribution of different types of fertilisers products, industrial chemicals, and related services (such as training and technical assistance); in order to serve the Nigerian market as well as the neighbouring countries within the West African and Central African regions with fertiliser products; and any market worldwide with other industrial chemicals. NSIA's stake in this Joint Venture arrangement is currently 50%, and this is expected to subsist until the expiration of this project. This entity was disclosed as part of Authority's direct investment in 2022 and had been appropriately reclassified in 2023 having reassessed the true legal ownership of the JV business.

28.11 Metrowaves Sports and Infrastructures Limited

In June 2018, the NSIA approved a \$20 million convertible loan facility (CLF) through its subsidiary, NSIA Property Investment Company Ltd. (NPIC), to support the development of a 10,000-seater multipurpose Arena (the Project) in Victoria Island, Lagos state. Metrowaves Sports and Infrastructures Limited is limited liability company incorporated under the laws of the Federal Republic of Nigeria with RC 1542440 and having its registered office and principal place of business at 999A, Danmole Street Off Idejo Street, Victoria island, Lagos State, Nigeria.

Summarised financial information of associates

Set out below is the financial information of the associates of the Group as at 31 December 2023, which, in the opinion of the Directors, are material to the Group.

Notes to the Consolidated and Separate Financial Statements continued

For the year ended 31 December 2023

Set out below are/is the associate(s) of the Group as at 31 December 2018, which, in the opinion of the Directors, are material to the group.

	NMRC 31 December 2023 N'000	NMRC 31 December 2022 N'000	FHFL 31 December 2023 N'000	FHFL 31 December 2022 N'000
Summarised statement of comprehensive income				
Interest income	10,326,562	9,759,205	6,352,807	4,770,588
Interest expense	(4,412,238)	(4,734,632)	(3,758,181)	(2,011,103)
Other income	664	146,627	4,564,210	3,119,022
Expected credit loss reversal/(charge)	69,507	11,864	9,446	(402,563)
Depreciation and amortisation	(70,715)	(83,709)	(261,928)	(154,286)
Personnel expenses	(1,029,875)	(798,750)	(963,253)	(827,985)
Operating expenses	(1,242,665)	(913,850)	(1,663,560)	(2,424,046)
Profit before tax	3,641,240	3,386,755	4,279,541	2,069,627
Income tax	(88,200)	(68,331)	(1,396,986)	(832,099)
Profit for the year	3,553,040	3,318,424	2,882,556	1,237,528
Other comprehensive income	(110,452)	(1,006,436)	–	–
Total comprehensive income	3,442,588	2,311,988	2,882,556	1,237,528

	NMRC 31 December 2023 N'000	NMRC 31 December 2022 N'000	FHFL 31 December 2023 N'000	FHFL 31 December 2022 N'000
Summarised statement of comprehensive income				
Cash and cash equivalents	1,907,143	1,397,090	459,818	30,595,711
Loans and advances/Mortgage Refinancing	25,217,498	24,023,504	67,780,748	69,137,600
Investment securities	59,546,270	59,517,080	36,386,827	6,253,845
Property inventories	–	–	21,742,645	19,796,384
Other assets	245,016	176,306	27,443,414	1,907,553
Investment properties	–	–	1,259,966	1,259,966
Property and equipment	494,192	475,890	231,697	233,641
Intangible assets	2,867	4,143	97,025	142,722
Total assets	87,412,986	85,594,013	155,402,140	129,327,422
Other liabilities	2,646,332	2,262,545	15,161,457	4,351,112
Tax liabilities	107,159	44,394	1,603,805	891,955
Borrowings	38,586,370	37,594,065	24,303,562	30,388,126
Debt securities issued	20,391,537	22,469,579	18,842,340	–
FGN grant	–	–	89,000,000	90,300,000
Total liabilities	61,731,398	62,370,583	148,911,164	125,931,193

Notes to the Consolidated and Separate Financial Statements continued

For the year ended 31 December 2023

28 Investments accounted for using the equity method continued**28.11 Metrowaves Sports and Infrastructures Limited** continued

	NMRC 31 December 2023 N'000	NMRC 31 December 2022 N'000	FHFL 31 December 2023 N'000	FHFL 31 December 2022 N'000
Capital and reserves				
Share capital	2,125,444	2,125,444	1,000	1,000
Share premium	5,925,233	5,925,233	–	–
Retained earnings	13,009,286	11,053,320	6,489,976	3,395,229
Statutory reserves	4,496,018	3,978,238	–	–
Fair value and Regulatory Risk reserves	125,608	141,195	–	–
Total equity	25,681,589	23,223,430	6,490,976	3,396,229
Total liabilities and equity	87,412,987	85,594,013	155,402,140	129,327,422
Maturity				
Current assets	2,753,491	5,958,197	22,202,462	42,674,327
Non-current assets	84,659,495	79,635,816	133,199,678	86,653,095
Total assets	87,412,986	85,594,013	155,402,140	129,327,422
Current liabilities	1,029,589	8,712,270	10,884,617	3,387,893
Non-current liabilities	60,701,809	53,658,313	138,026,547	122,543,300
Total liabilities	61,731,398	62,370,583	148,911,164	125,931,193

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

	NMRC 31 December 2023 N'000	NMRC 31 December 2022 N'000	FHFL 31 December 2023 N'000	FHFL 31 December 2022 N'000
Group share of net assets	5,370,020	4,856,019	3,180,578	1,664,152
Carrying value of associate	5,370,020	4,856,019	3,180,578	1,664,152

Summarised financial information of associates and joint ventures

Set out below are the financial information of the an associate and a joint venture of the Group as at 31 December 2023, which, in the opinion of the Directors, are material to the Group.

	Associate		Joint venture	
	Infracredit 31 December 2023 N'000	Infracredit 31 December 2022 N'000	Multipurpose Industrial Platform 31 December 2023 N'000	Multipurpose Industrial Platform 31 December 2022 N'000
Summarised statement of comprehensive income				
Interest and investment income	8,708,381	5,344,633	66	–
Net foreign exchange gain/loss	42,834,137	4,041,310	6,571,504	19,222
Guarantee fee income	3,514,106	1,949,831	–	–
Guarantee fee and interest expense	(3,648,351)	(297,781)	–	–
Depreciation and amortisation	(132,734)	(107,920)	–	–
Impairment loss on financial assets	(896,833)	(259,134)	–	–
Finance Cost	–	(1,948,240)	–	(1)
Operating expenses	(3,331,334)	(2,444,084)	(6,030)	(169,353)
Profit/(loss) before tax	47,047,372	6,278,615	6,565,540	(150,132)
Income tax	(668,225)	64,134	–	–
Profit/(loss) for the year	46,379,147	6,342,749	6,565,540	(150,132)
Other comprehensive income	–	–	–	–
Total comprehensive income/(loss)	46,379,147	6,342,749	6,565,540	(150,132)

Notes to the Consolidated and Separate Financial Statements continued

For the year ended 31 December 2023

	Associate		Joint venture	
	Infracredit 31 December 2023 N'000	Infracredit 31 December 2022 N'000	Multipurpose Industrial Platform 31 December 2023 N'000	Multipurpose Industrial Platform 31 December 2022 N'000
Summarised statement of comprehensive income				
Cash and cash equivalents	7,702,488	2,949,987	12,540,369	375,226
Investment securities	157,281,654	75,666,740	–	–
Other assets	9,910,450	7,328,622	340,494	1,055,667
Property and equipment	281,109	246,203	–	–
Right-of-use asset	129,552	151,450	–	–
Intangible assets	128,844	62,160	–	–
Infrastructure assets	–	–	3,997,536	1,904,268
Total assets	175,434,097	86,405,162	16,878,399	3,335,161
Unamortised guarantee fees	10,365,600	–	–	–
Other liabilities	4,020,996	9,573,930	4,198,298	–
Debt capital	68,107,426	32,986,699	–	–
Total liabilities	82,494,022	42,560,629	4,198,298	–
	2023 N'000	2022 N'000	2023 N'000	2022 N'000
Capital and reserves				
Ordinary share capital	6,215,391	3,497,637	11,800	11,800
Share premium	1,016,924	113,945	3,333,905	3,311,630
Other capital	31,408,734	29,938,211	4,124,930	–
Retained earnings	54,299,026	10,294,740	5,209,466	11,731
Total equity	92,940,075	43,844,533	12,680,101	3,335,161
Total liabilities and equity	175,434,097	86,405,162	16,878,399	3,335,161
	2023 N'000	2022 N'000	2023 N'000	2022 N'000
Maturity				
Current assets	174,267,313	75,714,871	2,117,108	2,117,108
Non-current assets	1,166,784	10,690,291	14,761,291	1,218,053
Total assets	175,434,097	86,405,162	16,878,399	3,335,161
Current liabilities	3,327,709	3,148,469	2,113,210	–
Non-current liabilities	79,166,313	39,412,160	2,085,088	–
Total liabilities	82,494,022	42,560,629	4,198,298	–

Reconciliation of the summarised financial information presented to the carrying amount of its interest in Infracredit.

	Infracredit 31 December 2023 N'000	Infracredit 31 December 2022 N'000	Multipurpose Industrial Platform 31 December 2023 N'000	Multipurpose Industrial Platform 31 December 2022 N'000
Net assets of associate/joint venture	92,940,075	31,645,673	12,680,101	3,335,161
Group share of net assets	28,225,901	13,938,177	6,340,051	1,667,581
Carrying value of associate	28,225,901	13,938,177	6,340,051	1,667,581

Notes to the Consolidated and Separate Financial Statements continued

For the year ended 31 December 2023

28 Investments accounted for using the equity method continued**28.11 Metrowaves Sports and Infrastructures Limited** continued

Summarised financial information of other associates and joint ventures

	Metrowaves Sports and Infrastructures Limited 31 December 2023 #'000	Metrowaves Sports and Infrastructures Limited 31 December 2022 #'000	UFF-NAIC Agriculture Investment Company (Mauritius) Limited 31 December 2023 #'000	UFF-NAIC Agriculture Investment Company (Mauritius) Limited 31 December 2022 #'000
Summarised statement of comprehensive income				
Interest income	–	–	38,680	13,895
Other income	168,635	–	–	–
Unrealised net exchange gain on financial assets	6,722,200	–	–	–
Finance costs	(540,233)	–	–	–
Expected Credit loss charge	–	–	(396,706)	–
Operating expenses	(286,262)	–	(2,063,636)	(30,048)
Profit/(loss) before tax	6,064,340	–	(2,421,662)	(16,153)
Income tax	–	–	–	–
Profit/(loss) for the year	6,064,340	–	(2,421,662)	(16,153)
Other comprehensive income	4,794,280	–	–	–
Total comprehensive income/(loss)	10,858,620	–	(2,421,662)	(16,153)
Profit/(loss) attributable to:				
Parent	6,064,340	–	(2,421,662)	(16,153)
	6,064,340	–	(2,421,662)	(16,153)
Total comprehensive income/(loss) attributable to:				
Parent	10,858,620	–	(2,421,662)	(16,153)
	10,858,620	–	(2,421,662)	(16,153)
Summarised statement of financial position				
Cash and cash equivalents	9,828,801	–	1,321,471	208,932
Loan receivables	–	–	11,512,984	8,032,352
Investments accounted for using the equity method	–	–	3,226,228	3,626,475
Investment Securities/Investment Property	19,839,100	–	–	252,427
Other assets	19,653,059	–	754,174	67,427
Total assets	49,320,960	–	16,814,857	12,187,613
Borrowings	5,272,668	–	–	–
Other liabilities	44,810	–	1,852,051	907,048
Total liabilities	5,317,478	–	1,852,051	907,048
Capital and reserves				
Share capital	2,819,753	–	7,882,816	7,882,816
Retained earnings	4,187,838	–	7,080,418	3,397,750
Other reserves	36,995,891	–	(427)	–
Total equity	44,003,482	–	14,962,806	11,280,565
Total liabilities and equity	49,320,960	–	16,814,857	12,187,613

The summarised information presented above reflects the financial statements of the joint ventures after adjusting for differences in accounting policies between the Group and the joint venture.

Notes to the Consolidated and Separate Financial Statements continued

For the year ended 31 December 2023

	Metrowaves Sports and Infrastructures Limited 31 December 2023 #'000	Metrowaves Sports and Infrastructures Limited 31 December 2022 #'000	UFF-NAIC Agriculture Investment Company (Mauritius) Limited 31 December 2023 #'000	UFF-NAIC Agriculture Investment Company (Mauritius) Limited 31 December 2022 #'000
Net assets of associate/joint venture	44,003,482	–	14,962,806	11,280,565
Group share of net assets	17,821,410	–	7,481,403	5,640,283
Carrying value of associate	17,829,790	–	7,481,403	5,640,283

29 Leases**Group as a lessee**

The Group has lease contracts for its leasehold lands and office building. The leases have lease terms 20 years and 2 years respectively. The Group's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Group is restricted from assigning and subleasing the leased assets.

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period:

	Group 31 December 2023 Land #'000	Group 31 December 2023 Building #'000	Group 31 December 2023 Total #'000	Group 31 December 2022 Land #'000	Group 31 December 2022 Building #'000	Group 31 December 2022 Total #'000
Cost						
As at 1 January	218,900	207,037	425,937	218,900	192,680	411,580
Reclassification	–	–	–	(15,250)	15,250	–
Additions	–	132,596	132,596	–	14,357	14,357
As at 31 December	218,900	339,633	558,533	203,650	222,287	425,937
Accumulated depreciation						
As at 1 January	41,044	211,231	252,275	41,044	119,266	160,310
Depreciation expense	–	122,146	122,146	–	91,965	91,965
As at 31 December	41,044	333,377	374,421	41,044	211,231	252,275
Carrying amount	177,856	6,256	184,112	162,606	11,056	173,662
Authority						
	Authority 31 December 2023 Land #'000	Authority 31 December 2023 Building #'000	Authority 31 December 2023 Total #'000	Authority 31 December 2022 Land #'000	Authority 31 December 2022 Building #'000	Authority 31 December 2022 Total #'000
Cost						
As at 1 January	–	207,037	207,037	–	192,680	192,680
Additions	–	132,596	132,596	–	14,357	14,357
As at 31 December	–	339,633	339,633	–	207,037	207,037
Accumulated depreciation						
As at 1 January	–	200,286	200,286	–	119,266	119,266
Depreciation expense	–	111,201	111,201	–	81,020	81,020
As at 31 December	–	311,487	311,487	–	200,286	200,286
Carrying amount	–	28,146	28,146	–	6,751	6,751

* There was no element of impairment during the year.

Notes to the Consolidated and Separate Financial Statements continued

For the year ended 31 December 2023

29 Leases continued**Group as a lessee** continued

Set out below are the carrying amounts of lease liabilities (included under other liabilities) and the movements during the period:

	Group 31 December 2023 N'000	Group 31 December 2022 N'000	Authority 31 December 2023 N'000	Authority 31 December 2022 N'000
As at 1 January	–	71,243	–	71,243
Additions	132,596	14,357	132,596	14,357
Accretion of interest	2,904	–	2,904	–
Principal payments	(132,596)	(85,600)	(132,596)	(85,600)
Interests payments	(2,904)	–	(2,904)	–
	–	–	–	–

The lease liability as presented above was with respect to office building and there was no liability with respect to the leasehold lands as at 31 December 2023 (December 2022: Nil).

The following are the amounts recognised in profit or loss:

	Group 31 December 2023 N'000	Group 31 December 2022 N'000	Authority 31 December 2023 N'000	Authority 31 December 2022 N'000
Depreciation expense of right-of-use assets	122,146	91,965	111,201	81,020
Interest expense on lease liabilities	2,904	–	2,904	–
Total amount recognised in profit or loss	125,050	91,965	114,105	81,020

The Group had total cash outflows for leases of ₦135.5 million (2022: ₦85.6 million)

30 Property and equipment

	Group Buildings N'000	Group Plant and machinery N'000	Group Furniture and fittings N'000	Group Motor vehicles N'000	Group Computer equipment N'000	Group Office equipment N'000	Group Assets under construction N'000	Group Total N'000
Cost								
As at 1 January 2022	1,594,209	3,002,612	394,741	903,305	283,224	961,841	–	7,139,932
Additions	18,946	28,243	1,291	697,226	21,099	18,769	–	785,574
Disposals	–	(9,700)	(8,900)	(108,121)	–	–	–	(126,721)
As at 31 December 2022	1,613,155	3,021,155	387,132	1,492,410	304,323	980,610	–	7,798,785
As at 1 January 2023	1,613,155	3,021,155	387,132	1,492,410	304,323	980,610	–	7,798,785
Additions	29,163	13,492	263,291	44,709	339,416	13,646	363,461	1,067,178
Reclassifications	–	–	33,520	–	(33,520)	–	–	–
Disposals	–	–	–	(138,500)	–	–	–	(138,500)
As at 31 December 2023	1,642,318	3,034,647	683,943	1,398,619	610,219	994,256	363,461	8,727,463
Accumulated depreciation								
As at 1 January 2022	86,805	770,629	231,592	500,006	219,790	170,060	–	1,978,882
Charge for the year	41,643	344,074	56,678	235,525	34,580	110,064	–	822,564
Disposals	–	(9,651)	(7,500)	(104,909)	–	–	–	(122,060)
As at 31 December 2022	128,448	1,105,052	280,770	630,622	254,370	280,124	–	2,679,386
As at 1 January 2023	128,448	1,105,052	280,770	630,622	254,370	280,124	–	2,679,386
Charge for the year	42,038	342,153	40,861	272,384	44,941	111,264	–	853,641
Reclassifications	–	–	9,601	–	(9,601)	–	–	–
Disposals	–	–	–	(101,629)	–	–	–	(101,629)
As at 31 December 2023	170,486	1,447,205	331,232	801,377	289,710	391,388	–	3,431,398
Carrying amount								
As at 31 December 2023	1,471,832	1,587,442	352,711	597,242	320,509	602,868	363,461	5,296,065
As at 31 December 2022	1,484,707	1,916,103	106,362	861,788	49,953	700,486	–	5,119,399

Notes to the Consolidated and Separate Financial Statements continued

For the year ended 31 December 2023

	Authority Furniture and fittings N'000	Authority Motor vehicles N'000	Authority Computer equipment N'000	Authority Office equipment N'000	Authority Assets under construction N'000	Authority Total N'000
Cost						
As at 1 January 2022	228,690	843,410	258,573	2,690	–	1,333,363
Additions	6,723	659,577	19,474	974	–	686,748
Disposals	–	(88,220)	–	–	–	(88,220)
As at 31 December 2022	235,413	1,414,767	278,047	3,664	–	1,931,891
As at 1 January 2023	235,413	1,414,767	278,047	3,664	–	1,931,891
Additions	259,082	59,175	313,081	6,821	34,299	672,458
Reclassifications	30,517	–	(30,517)	–	–	–
Disposals	–	(122,966)	–	–	–	(122,966)
As at 31 December 2023	525,012	1,350,976	560,611	10,485	34,299	2,481,383
Accumulated depreciation						
As at 1 January 2022	136,993	470,746	209,925	2,219	–	819,883
Charge for the year	30,776	198,426	29,033	188	–	258,423
Disposals	–	(84,908)	–	–	–	(84,908)
As at 31 December 2022	167,769	584,264	238,958	2,407	–	993,398
As at 1 January 2023	167,769	584,264	238,958	2,407	–	993,398
Charge for the year	3,156	262,829	51,268	403	–	317,656
Reclassifications	25,517	–	(25,517)	–	–	–
Disposals	–	(84,104)	–	–	–	(84,104)
As at 31 December 2023	196,442	762,989	264,709	2,810	–	1,226,950
Carrying amount						
As at 31 December 2023	328,570	587,987	295,902	7,675	34,299	1,254,433
As at 31 December 2022	67,644	830,503	39,089	1,257	–	938,493

* There are no capitalised borrowing cost.

* There were no impairment during the year.

* Authority had no capital commitments and no assets pledged as security for borrowings as at 31 December 2023 (31 December 2022: Nil).

Notes to the Consolidated and Separate Financial Statements continued

For the year ended 31 December 2023

31 Intangible assets

	Group N'000	Authority N'000
Software – 31 December 2023		
Cost		
Balance at 1 January 2023	416,382	176,872
Additions	22,570	19,941
Balance at 31 December 2023	438,952	196,813
Accumulated amortisation		
Balance at 1 January 2023	321,279	126,880
Charge for the year	23,852	7,033
Balance at 31 December 2023	345,131	133,913
Carrying amount		
Balance at 31 December 2023	93,821	62,900
	Group N'000	Authority N'000
Software – 31 December 2022		
Cost		
Balance at 1 January 2022	376,647	176,872
Additions	39,735	–
Balance at 31 December 2022	416,382	176,872
Accumulated amortisation		
Balance at 1 January 2022	250,952	92,052
Charge for the year	70,327	34,828
Balance at 31 December 2022	321,279	126,880
Carrying amount		
Balance at 31 December 2022	95,103	49,992

There were no impairment losses during the year (2022: nil).

32 Other liabilities

	Group 31 December 2023 N'000	Group 31 December 2022 N'000	Authority 31 December 2023 N'000	Authority 31 December 2022 N'000
Trade payables	294,890	268,401	164,407	128,785
Intercompany payables	–	–	159,777	5,369,784
Other payables (Note 32.1)	9,924,198	13,976,264	9,504,035	13,244,814
Payables to the Federal Government of Nigeria in respect of the Second Niger Bridge (Note 32.2)	287,612	65,190	–	–
Accrued expenses	1,057,999	1,279,073	683,251	990,226
	11,564,699	15,588,928	10,511,470	19,733,609
Maturity analysis:				
Current	11,564,699	308,102,430	10,511,470	288,009,644
	11,564,699	15,588,928	10,511,470	19,733,609

Notes to the Consolidated and Separate Financial Statements continued

For the year ended 31 December 2023

32.1 Other payables

	Group 31 December 2023 N'000	Group 31 December 2022 N'000	Authority 31 December 2023 N'000	Authority 31 December 2022 N'000
Payable to Presidential Infrastructure Development fund (PIDF) and PFI-NPK (Note 32.1.2)	104,157	–	104,157	–
Payable to Federal Government Stabilisation Fund and Gas to Power (Note 32.1.3)	3,103,475	10,992,167	3,103,470	10,992,164
Payable to Associates	216,511	216,511	216,511	216,511
Payable to contractors	27,189	25,070	420	420
Salaries and wages payable (Note 32.1.4)	133,435	210,651	130,050	210,275
Statutory obligations (Note 32.1.1)	263,553	211,978	209,045	153,035
Deferred income	202,000	149,476	–	–
Share payable to InfraCo Nigeria Ltd.	100,000	100,000	100,000	100,000
Collateralised deposits from Kasi Cloud	4,502,573	–	4,502,573	–
Other payables	1,271,305	1,325,999	1,137,809	827,997
Proceeds from matured Investments payable to managed funds	–	744,412	–	744,412
	9,924,198	13,976,264	9,504,035	13,244,814

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

32.1.2 Payables of ₦104.2 million represents balance left in the books of the Authority of the total ₦144 billion received from the Federal Government of Nigeria for funding of Presidential Infrastructure Development Fund (PIDF) road projects, being the fund manager.

32.1.3 This line is solely represented by ₦3.103 billion payable to Federal Government Stabilisation Fund (FGN Stab) of the cumulative funds received up to 31 December 2023 as agreed in Investment Management Agreement (IMA).

32.1.4 This represents provision for unpaid staff bonuses and allowances earned for the year ended 31 December 2023 (2022: ₦210.651 million). The settlement of which would be dependent on staff performance appraisal in the subsequent year and meeting the preset conditions.

33 Current tax liability

	Group 31 December 2023 N'000	Group 31 December 2022 N'000	Authority 31 December 2023 N'000	Authority 31 December 2022 N'000
Income tax payable (Note 33.1)	642,977	430,622	–	–

33.1 Current tax payable

	Group 31 December 2023 N'000	Group 31 December 2022 N'000	Authority 31 December 2023 N'000	Authority 31 December 2022 N'000
Opening balance	430,622	395,672	–	–
Tax expense during the year	1,314	834	–	–
Paid during the year	(2,675)	–	–	–
Exchange difference	213,716	34,116	–	–
	642,977	430,622	–	–

Notes to the Consolidated and Separate Financial Statements continued

For the year ended 31 December 2023

34 Borrowings

	Group 31 December 2023 N'000	Group 31 December 2022 N'000	Authority 31 December 2023 N'000	Authority 31 December 2022 N'000
Short term lending from NESI Stabilisation Strategy Ltd.	24,533,176	–	24,533,176	–
	24,533,176	–	24,533,176	–

This borrowing represents ₦40 billion short-term lending obtained by the Nigeria Sovereign Investment Authority (NSIA) on 16 June 2023 for 210 days from one of the funds under its management – NESI Stabilisation Strategy Limited Fund at the rate of 10% per annum. The loan carrying amount as of 31 December is ₦24.5 billion but this had been subsequently and fully liquidated by the Authority in January 2024.

34.1 Movement in borrowings

	31 December 2023 N'000	31 December 2022 N'000	31 December 2023 N'000	31 December 2022 N'000
Addition	40,000,000	–	40,000,000	–
Interest accrued	1,533,176	–	1,533,176	–
Principal repayment during the year	(17,000,000)	–	(17,000,000)	–
Closing balance	24,533,176	–	24,533,176	–

35 Equity and reserves

	Group 31 December 2023 N'000	Group 31 December 2022 N'000	Authority 31 December 2023 N'000	Authority 31 December 2022 N'000
Contributions by the Government (Note 35.5)	368,359,739	347,375,000	368,359,739	347,375,000
Retained earnings	1,855,239,721	670,269,451	1,823,419,535	652,209,792
Fair value reserve	8,431,344	5,944,329	6,552,365	5,986,113
Foreign currency translation reserve	(9,905,484)	(6,969,557)	–	–
Non-controlling interests (Note 35.4)	83,142	(367,990)	–	–
Closing balance	2,222,208,462	1,016,251,233	2,198,331,639	1,005,570,905

35.1 Retained earnings

Retained earnings represent undistributed profits, attributable to the capital providers i.e. Federal, state and local governments. The movement in retained earnings during the year is as shown below:

	Group 31 December 2023 N'000	Group 31 December 2022 N'000	Authority 31 December 2023 N'000	Authority 31 December 2022 N'000
Opening balance	670,269,451	567,617,909	652,209,792	556,236,854
Reclassification from retained earnings to NCI	–	(218,850)	–	–
Derecognition of fair value changes on equity investments (FVOCI)	–	496,071	–	–
Profit for the year	1,184,970,270	102,374,321	1,171,209,743	95,972,938
Closing balance	1,855,239,721	670,269,451	1,823,419,535	652,209,792

Notes to the Consolidated and Separate Financial Statements continued

For the year ended 31 December 2023

35.2 Fair value reserve

Fair value comprises fair value movements on equity and debt instruments that are carried at fair value through other comprehensive income

	Group 31 December 2023 N'000	Group 31 December 2022 N'000	Authority 31 December 2023 N'000	Authority 31 December 2022 N'000
Opening balance	5,944,329	5,889,638	5,986,113	5,709,341
Change in value of financial assets measured at FVOCI (Note 23.2.1)	(91,807)	568,723	(91,807)	276,772
Changes on equity investments designated at FVOCI (Note 23.2.1)	608,429	–	608,429	–
Net amount transferred to retained earnings (Note 23.2.1)	–	(496,071)	–	–
Expected credit losses on debts instruments FVOVI (Note 15)	49,630	–	49,630	–
Share of change in value of financial assets measured at FVOCI – (Associates)	1,920,763	(17,961)	–	–
Closing balance	8,431,344	5,944,329	6,552,365	5,986,113

35.3 Foreign currency translation reserve

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

	Group 31 December 2023 N'000	Group 31 December 2022 N'000
Opening balance	(6,969,557)	(1,030,107)
Exchange differences arising during the year	(2,935,927)	(5,939,450)
Closing balance	(9,905,484)	(6,969,557)

35.4 Non-controlling interests (NCI)

This is the component of Group's equity as reported on the consolidated statement of financial position which represents the ownership interest of equity holders other than the parent of the subsidiary. See below for the changes in non-controlling interest during the year.

	Group 31 December 2023 N'000	Group 31 December 2022 N'000
Opening balance	69,710	(125,790)
Reclassification from retained earnings to NCI	–	218,850
Profit/(loss) attributable to NCI	13,432	(23,350)
Closing balance	83,142	69,710

35.5 Contributions by the Government

	Group 31 December 2023 N'000	Group 31 December 2022 N'000	Authority 31 December 2023 N'000	Authority 31 December 2022 N'000
Opening balance	347,375,000	347,375,000	347,375,000	347,375,000
Addition	20,984,739	–	20,984,739	–
Closing balance	368,359,739	347,375,000	368,359,739	347,375,000

The Authority received additional contribution of \$45 million (₦20.98 billion) from the Government during the 2023 financial year. Please refer to statement of changes in equity for further information. Subsequent to 2023 year-end, Nigeria Sovereign Investment Authority (NSIA) received additional contribution of \$96.41 million (₦130.82 billion) from the Nigerian Upstream Petroleum Regulatory Commission (NUPRC) based on the implementation of the Petroleum Industry Act (PIA) of 2021.

Notes to the Consolidated and Separate Financial Statements continued

For the year ended 31 December 2023

36 Capital management

The Group is to maintain a strong capital base in order to retain the confidence of the Nigerian people and the market with a bid to sustain future developments for the business. Management monitors the return on capital by reviewing monthly performance returns from investment managers.

The Group manages its capital structure and makes necessary regulatory adjustments to it according to changes in economic conditions and the risk of its activities. In order to maintain or adjust its capital structure, the Group may through its Board restrict capital return to shareholders or drawdowns from its stabilisation funds. Capital management is overseen by the Board of Directors who have overall responsibility for ensuring adequate capital is maintained for the Group.

The Group has a process of ensuring adequate capital is maintained and this process includes effective capital planning, prudent portfolio management, stress testing and contingency planning.

The Group monitors capital using a ratio of adjusted net debt to adjusted equity. For this purpose, adjusted net debt is defined as total liabilities, comprising payables to counterparties and other obligations, less cash and cash equivalents. Adjusted equity comprises all components of equity.

The Group's adjusted net debt to equity ratio at 31 December 2023 was as follows:

	Group 31 December 2023 N'000	Group 31 December 2022 N'000	Authority 31 December 2023 N'000	Authority 31 December 2022 N'000
Cash and cash equivalents	547,425,983	60,185,675	546,395,553	59,273,853
Less: Total liabilities	(36,740,852)	(16,019,550)	(35,044,646)	(19,733,609)
Net surplus	510,685,131	44,166,125	511,350,907	39,540,244
Total equity	2,222,208,462	1,016,688,933	2,198,331,639	1,005,570,905
Adjusted equity	2,222,208,462	1,016,688,933	2,198,331,639	1,005,570,905
Net surplus to adjusted equity ratio	23%	4%	23%	4%

37 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 (the Authority) is the ultimate parent of the Group.

Direct subsidiaries

Entity	Parent	% of interest
NSIA Motorways Investments Company (NMIC)	Authority	99.99%
KG Brussels L.P.	Authority	100%
NSIA Property Investment Co. Limited (NSIA Property)	Authority	99.99%
NSIA Power Investment Co. Limited (NPICL)	Authority	99.99%
NSIA Healthcare Development and Investment Co. Limited (NHDIC)	Authority	99.99%
FGF Private Equity Co. Limited	Authority	99.99%
FGF P. E. Beta Limited	Authority	99.99%
FGF Investment Limited	Authority	99.99%
NSIA Agriculture Investment Company (NAIC)	Authority	99.99%
NSIA Investment Management Company (NIMC)	Authority	100%

Notes to the Consolidated and Separate Financial Statements continued

For the year ended 31 December 2023

Indirect subsidiaries	Parent	% of interest
Lagos-Ibadan Expressway Development Company Limited	NMIC	100%
Abuja-Kano Expressway Development Company Limited	NMIC	100%
East-West Expressway Development Company Limited	NMIC	100%
Second Niger Bridge Development Company Limited	NMIC	100%
NSIA Advanced Medical Services Limited	NHDIC	100%
FMCU Advanced Medical Diagnostics Limited	NHDIC	90%
AKTH Advanced Medical Diagnostics Limited	NHDIC	90%
LUTH Advanced Medical Services Limited	NHDIC	100%
NSIA Renewables Company Limited	NIMC	100%
Equilease Systems Limited	NIMC	100%
NSIA Meta Management Company Limited	NIMC	100%
NSIA Engineering Company Limited	NIMC	100%
Mambilla Hydropower Development Company Limited	NPICL	100%

Direct associates	Investor Entity	% of interest
Nigeria Mortgage Refinance Company (NMRC)	Authority	20.9%
Infrastructure Credit Guarantee Company Limited	Authority	30.37%

Indirect associates	Investor Entity	% of interest
Family Homes Fund Limited	Associate NSIA Property	49%
Metrowaves Sports and Infrastructures Limited	Associate NSIA Property	40.5%
Multi-Purpose Industrial Platforms Limited	Joint venture NAIC	50%
UFF NAIC Agriculture Investment Coy. (Mauritius)	Joint venture NAIC	50%

Indirect joint ventures	Investor Entity	% of interest
Panda Agricultural Properties Mgt. Ltd (Nigeria). "PropCo NG"	UFF NAIC	100%
Panda Agricultural Operations and Mgt (Mauritius) Ltd. "OpCo MU"	UFF NAIC	60%

The following are the balances with the Federal Government of Nigeria during the year:

	Group 31 December 2023 N'000	Group 31 December 2022 N'000
Payables to the Federal Government of Nigeria in respect of the Second Niger Bridge	287,612	65,190

Notes to the Consolidated and Separate Financial Statements continued

For the year ended 31 December 2023

37 Related parties continued**Compensation of key management personnel**

The Authority's key management personnel, and persons connected with them, are also considered to be related parties for disclosure purposes. The key management includes those persons having authority and responsibility for planning, directing and controlling the activities of NSIA, directly or indirectly, including any Director (whether executive or otherwise) of the Authority, including the close members of family of key personnel and any entity over which key management exercise control. The members of the Board of the Authority did not hold any shares in the Authority during or as at the end of the year. The compensation paid or payable to key management for employee services is shown below:

Directors' remuneration and expenses:

	Group 31 December 2023 N'000	Group 31 December 2022 N'000
Executive compensation	484,430	1,033,961
Non-executive Directors fees and other benefits	103,000	141,173
Defined contribution plan	33,000	51,164
	620,430	1,226,298

Balances with subsidiaries and other related entities

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

	Type of interests	31 December 2023 N'000	31 December 2022 N'000
NSIA Motorways Investments Company	Subsidiary	8,304	–
NSIA Property Investment Co. Limited	Subsidiary	29,211,051	7,613,081
NSIA Power Investment Co. Limited	Subsidiary	8,373	6,523
NSIA Healthcare Development and Investment Co. Limited	Subsidiary	174,753	163,755
FGF Private Equity Co. Limited	Subsidiary	44,032,084	21,606,997
FGF P. E. Beta Limited	Subsidiary	11,082,722	5,490,301
FGF Investment Limited	Subsidiary	83,592,928	23,181,098
KG Brussels	Subsidiary	535,703	169,197
NSIA Agriculture Investment Company	Subsidiary	13,885,743	6,594,744
NSIA Advanced Medical Services Limited	Sub-subsidiary	920,000	38,631
NSIA Renewables Company Limited	Sub-subsidiary	115,524	–
Equilease Systems Limited	Sub-subsidiary	54,402	–
Multipurpose Industrial Platform Limited	Joint Venture	–	1,663,125
FMCU Advanced Medical Diagnostics Limited	Sub-subsidiary	2,193,440	2,179,005
AKTH Advanced Medical Diagnostics Limited	Sub-subsidiary	2,137,890	2,137,891
LUTH Advanced Medical Services Limited	Sub-subsidiary	4,937,727	5,173,799
Total intercompany receivables (Note 25)		192,890,644	76,018,147
PFI-NPK Limited	Trustee	3,639,186	619,745
Kano Solar Project	Trustee	363,377	192,624
CBN NESI Stabilisation Fund	Trustee	93,810	2,843,559
Presidential Infrastructure Development Fund	Trustee	558,468	2,343,798
Federal Government of Nigeria Stabilisation Fund		958,779	–
		198,504,264	82,017,873

Notes to the Consolidated and Separate Financial Statements continued

For the year ended 31 December 2023

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

	Type of interests	31 December 2023 N'000	31 December 2022 N'000
NSIA Motorways Investments Company	Subsidiary	1,000	1,000
NSIA Property Investment Co. Limited Subsidiary	Subsidiary	42,050	42,050
NSIA Healthcare Development and Investment Co. Limited	Subsidiary	36,332	36,332
KG Brussels	Subsidiary	72,251	–
NSIA Investment Management Company Limited	Subsidiary	1,000	1,000
FGF Private Equity Co. Limited	Subsidiary	1,000	1,000
FGF P. E. Beta Limited	Subsidiary	1,000	1,000
FGF Investment Limited	Subsidiary	1,000	1,000
NSIA Agriculture Investment Company	Subsidiary	1,000	5,283,613
NSIA Power Investment Co. Limited	Subsidiary	1,000	1,000
AKTH Advanced Medical Diagnostics Limited	Subsidiary	2,144	1,789
Total payable to subsidiaries (Note 32)		159,777	5,369,784
Debt Management Office-Gas to Power	Trustee	–	5,976,622
FGN Stabilisation Fund	Trustee	3,103,471	5,015,544
CBN NESI Stabilisation Fund	Trustee	24,533,176	–
Presidential Infrastructure Development Fund	Trustee	104,157	–
		27,740,804	10,992,166
Total payables		27,900,581	16,361,950

The above related party balances are not secured, performing, not guaranteed with any sum as at 31 December 2023 and shall all be settled in cash.

The above disclosed related party receivables and payables represent balances in which settlement of the liabilities were undertaken by the Authority on behalf of its related parties and similarly settled on its behalf by the same respectively; all transacted at arms' lengths.

Related party transactions	Nature of relationship	Nature of transaction	31 December 2023 Amount (N)	31 December 2022 Amount (N)
NSIA Motorways Investment Company	Subsidiary	Audit fees	2,500,000	1,479,400
KG Brussels L.P.	Subsidiary	Audit fees	1,700,000	739,700
FGF Investments Ltd	Subsidiary	Audit fees	2,500,000	1,849,900
FGF Private Equity Co. Ltd	Subsidiary	Audit fees	3,300,000	2,960,100
FGF PE Beta Limited	Subsidiary	Audit fees	3,000,000	2,960,100
NSIA Healthcare Dev. & Invest Co. Ltd.	Subsidiary	Audit fees	2,500,000	1,300,000
NSIA Property Investment Company Limited	Subsidiary	Audit fees	3,000,000	2,960,100
NSIA Power Investment Company Limited	Subsidiary	Audit fees	2,000,000	1,849,900
NSIA Agricultural Investment Company Limited	Subsidiary	Audit fees	2,500,000	2,072,200
NSIA Investment Mgt. Company Ltd.	Subsidiary	Audit fees	2,000,000	1,000,000
NSIA Engineering Company Limited	Subsidiary	Audit fees	500,000	1,000,000
Abuja-Kano Expressway Dev. Company Ltd.	Sub-subsidiary	Audit fees	500,000	1,000,000
East-West Expressway Dev. Company Ltd.	Sub-subsidiary	Audit fees	500,000	1,000,000
Lagos-Ibadan Expressway Dev. Company Ltd.	Sub-subsidiary	Audit fees	500,000	1,000,000
Mambilla Hydropower Expressway Dev. Company Ltd.	Sub-subsidiary	Audit fees	500,000	1,000,000
Second Niger Bridge Development Company Limited	Sub-subsidiary	Audit fees	500,000	1,000,000
Equilease Systems Limited	Sub-subsidiary	Audit fees	500,000	–
NSIA Renewable Company Limited	Sub-subsidiary	Audit fees	500,000	–
NSIA Advanced Medical Services Limited (MedServe)	Sub-subsidiary	Audit fees	500,000	–
NSIA Meta Management Company Limited	Sub-subsidiary	Audit fees	500,000	–

The audit expenses were incurred by the Authority on behalf of the subsidiaries, sub-subsidiaries and a joint venture and they are to be back-charged to them.

Notes to the Consolidated and Separate Financial Statements continued

For the year ended 31 December 2023

37 Related parties continued

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

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

38 Other contracts

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

38.1 Stabilisation fund

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

UBS Global Asset Management (UK) LTD**Engagement and Service**

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

Loop Capital Assets

Loop Capital Asset Management is a high conviction, fixed income asset management team employing both a top-down and bottom-up process across sectors, securities and yield curve positioning within the fixed income market. LCAM offers different customised solutions from Short Term to High Yield and Sustainable investment strategies.

Ninety-One Global Strategy

Ninety-One is a global investment manager established in South Africa in 1991. They offer active investment strategies across equities, fixed income, multi-asset and alternatives to the Authority and other individual investors around the world. They are an independent firm, dual-listed in Johannesburg and London. Their range of active investment strategies spans global, regional, emerging and frontier markets.

38.2 Future Generations Fund**Hedge funds**

The hedge fund managers in which the Future Generations Fund is invested as at year end are stated below:

1. Canyon Value Realisation Fund Ltd
2. Naya Fund
3. Sachem Head Capital Management
4. Morgan Stanley
5. John Street Systematic Limited
6. Goldman Sachs

Long Only Equity Managers

The long only equity managers in which the Future Generations Fund is invested as at year end are stated below:

1. Cevian Capital II
2. Marathon Asset Management
3. Fundsmith LLP
4. Artisan Partners
5. EFG International
6. Goldman Sachs
7. Bluebox Asset Management
8. Edgbaston
9. Prince Street Capital
10. RWC Asset Advisors US LLC.

Notes to the Consolidated and Separate Financial Statements continued

For the year ended 31 December 2023

Private equity partners

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

1. Z Capital Fund II & III
2. Healthcare Royalty Partners Fund III & IV
3. Xenon Private Equity VI
4. Helios Investors IV
5. Gsquared IV & V
6. Actis Real Estate Fund III
7. Growth Healthcare Fund L.P
8. Ingressive Capital LP
9. Reverence Capital Fund II
10. StepStone VC Secondaries Fund IV & VI
11. Xenon PE VII
12. Whitehorse Liquidity Partners (Offshore) II LP
13. Petershill Private Equity Seeding Offshore SCsp
14. Alitheia IDF Fund LP
15. Falko Regional Aircraft Opportunities Fund I & II
16. Alpha Partners Fund III LP
17. Lombard Odier Secondaries III
18. Lombard Odier European VC III
19. LifeSci Venture Partners II
20. Synergy Private Equity I & II
21. Africa Capital Alliance Fund
22. Verod Growth Fund II & III
23. Euro Choice Secondary II
24. CardinalStone Capital
25. CardinalStone Legacy Fund
26. Z Capital Fund I and II
27. The Rise Fund II
28. Gateway Fund II
29. Tidal Ventures ILP
30. Uhuru Growth Fund I
31. Vektor Partners Fund I
32. Blume Ventures Trust IV
33. Lennertz & Co. Blockchain Fund II

38.3 Nigeria Infrastructure Fund**Private equity partners**

The private equity fund and investments in which the Infrastructure Fund invested as at year end is stated below:

1. Fund for Agricultural Finance in Nigeria (FAFIN)
2. Nigeria Infrastructure Debt Fund

38.4 Custodians**Engagement and Service**

The Authority engaged JP Morgan Chase & Co (global custodian), Stanbic IBTC Bank Limited (local custodian) and Citibank Nigeria Limited (Local Custodian) to provide custody services, as well as accounting, performance and compliance services to capital managed by the Authority. The custodians provide reports to the Authority on the performance of the capital custodied by it on a monthly basis.

Reports on Investments

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

Notes to the Consolidated and Separate Financial Statements continued

For the year ended 31 December 2023

39 Commitments**39a Capital commitments**

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

Capital commitments – US\$:

	Naira equivalent			
	Authority 31 December 2023 \$'000	Authority 31 December 2022 \$'000	Authority 31 December 2023 N'000	Authority 31 December 2022 N'000
Reverence Capital Partners Opportunities Fund III, L.P	12,933	–	11,631,811	–
Petershill Private Equity Seeding Offshore Advisor	7,769	878	6,987,361	393,603
StepStone VC Secondaries Fund VII	6,406	1,128	5,761,492	505,964
Fund for Agricultural Finance in Nigeria (FAFIN)	4,501	4,501	4,048,154	2,019,103
Helios Investors	3,835	3,147	3,449,161	1,411,507
Alpha Partners Fund III LP	3,363	–	3,024,649	–
Reverence Capital Partners Opportunities Fund II, L.P	3,280	8,812	2,949,999	3,952,788
Z Capital Partners	2,914	12,125	2,620,822	5,438,487
HealthCare Royalty Partners (HCRP)	1,992	9,655	1,791,585	4,330,833
Abraaj Growth Markets Health Fund L.P	1,502	2,332	1,350,884	1,045,878
The Rise Fund II	709	3,676	637,668	1,648,714
Actis Africa Real Estate	686	3,333	616,982	1,495,119
G Squared IV, SCSp	206	278	185,274	124,561
Capital Alliance Private Equity Fund "CAPE IV"	59	4,062	53,064	1,822,010
Total	50,155	53,927	45,108,906	24,188,567

Capital commitments – Euro:

	Group			
	31 December 2023 \$'000	31 December 2022 \$'000	31 December 2023 N'000	31 December 2022 N'000
Xenon Private Equity	1,668	4,495	1,658,907	2,152,739
Akina Euro Choice Secondary II L.P.	4,060	–	4,037,868	–
Total	5,728	4,495	5,696,775	2,152,739

Agric Plus Fund – Naira:

6,156,679 –

Total Authority's capital commitments **56,962,360** **26,341,306**

Notes to the Consolidated and Separate Financial Statements continued

For the year ended 31 December 2023

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

	31 December 2023 \$'000	31 December 2022 \$'000	31 December 2023 N'000	31 December 2022 N'000
LO Secondary III	7,282	7,282	6,549,577	3,266,450
Falko Regional Aircraft Opportunities Fund II	6,417	12,001	5,771,145	5,382,906
Gateway Fund II	6,010	3,130	5,405,543	1,404,057
NSIA Blume	5,250	–	4,721,798	–
NSIA Uhuru	3,160	–	2,842,235	–
Verod Capital III	2,598	4,778	2,336,899	2,143,129
Vektor Partners	1,984	–	1,784,037	–
Alitheia IDF Fund LP	1,960	4,702	1,762,867	2,109,187
Whitehorse Liquidity Fund II	1,511	2,949	1,359,326	1,322,588
CardinalStone Capital Advisers Growth Fund L.P	1,488	4,916	1,337,857	2,204,961
Evercare Health Fund Feeder	1,253	378	1,127,196	169,725
Lifesci Venture Partners II, LP	1,099	4,314	988,310	1,935,121
Falko Regional Aircraft Opportunities Fund	668	392	601,047	175,956
Marlin Equity II, L.P.	590	593	530,211	265,967
Tidal Ventures I LP	405	4,087	364,007	1,833,127
OCM Opportunities Fund VIII, L.P.	313	313	281,059	140,172
Synergy Private Equity Fund II LP	296	5,453	265,929	2,445,882
Marlin Equity, L.P.	262	262	235,675	117,538
Fortress Investment Fund IV, L.P.	133	133	119,469	59,582
Fortress Investment Fund V, L.P.	38	38	33,762	16,838
Fortress Investment Fund V Co-investment, L.P.	46	46	41,060	20,478
H.I.G. Bayside Opportunity Fund, L.P.	17	17	15,122	7,542
Synergy Private Equity Fund LP	13	175	12,112	78,459
RMB WestPort Real Estate Development Fund II LP	5	6	4,675	2,593
Ingressive Capital L.P.	–	175	–	78,496
G Squared V	–	7,600	–	3,408,980
CardinalStone Capital Advisers Legacy Fund L.P	–	1,500	–	672,825
Ventures platform	1,039	–	934,360	–
Total	43,836	65,238	39,425,278	29,262,559

Euro:

	Authority 31 December 2023 €'000	Authority 31 December 2022 €'000	Authority 31 December 2023 N'000	Authority 31 December 2022 N'000
Euro Choice Secondary II, L.P.	6,304	8,158	5,669,528	3,907,038
Lennertz	2,119	–	1,905,807	–
LO European	1,040	2,106	935,366	1,008,799
Total	9,463	10,264	6,604,894	4,915,837
Total unfunded commitment to private equity fund			102,992,532	60,519,702

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\$93.9 million/₦84.53 billion and Euro 15.19 million/₦12.30 billion (2022: US\$119.2 million/₦53.4 billion and Euro 14.76 million/₦7.1 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.

Notes to the Consolidated and Separate Financial Statements continued

For the year ended 31 December 2023

39 Commitments continued**39b Contingent liabilities**

The Authority as at 31 December 2023 reporting date is unaware of any material transaction, does not have any violations or possible violations of laws or regulations whose effects could be considered for disclosure in the consolidated and separate financial statements or as the basis of recording a contingent loss. Additionally, NSIA has no any known or probable instances of non-compliance with the requirements of regulatory or governmental authorities, including their financial reporting requirements, and there have been no communications from regulatory agencies or government representatives concerning investigations or allegations of non-compliance, that should be considered for disclosure in the financial statements or as a basis for recording a loss contingency.

40 Other fiduciary activities

The Authority performs the following fiduciary activities:

- a) The Authority holds shares in the Development Bank of Nigeria (DBN) in trust for the Federal Government of Nigeria (FGN). The shares holding by the Authority currently stands at 14.97 million, which represents 15% of the shareholding of the DBN. The Ministry of Finance has mandated the Authority to guide DBN towards the achievement of its organisational goals. The Authority is expected to remit all dividends received from DBN within 30 days and obtain prior consent from the FGN before the disposal, transfer or otherwise change of ownership of the shares. There were no dividends paid by DBN in the current year (2022: nil). NSIA does not have direct interest in the business of Development Bank of Nigeria (DBN) but rather acting in fiduciary capacity on behalf of Federal Government of Nigeria (FGN).
- b) The Authority provides investment management and custody services to the Debt Management Office (DMO) which involves the Authority making allocation, purchase and sale decisions in relation to a wide range of financial instruments and investments. Those assets and income that are held in a fiduciary capacity are not included in these financial statements as they are not assets of the Authority. The fees and commissions which relates mainly to these investment management transactions and other fiduciary activity fees are recognised under other income in profit or loss as the related services being provided are performed.

The sums of USD\$200 million (the Fund) were received from the Debt Management Office (DMO) under an Investment Management Agreement (the Agreement). NSIA acts as a manager of the Funds. The agreement provides for the Authority to invest the Funds in gas, power and other related projects. Consideration is payable to the Authority after certain milestones have been met and the customers' share of return has been paid. A total of USD\$100 million was withdrawn from the DMO fund in order to fund the Second Niger Bridge Project and Lagos/Ibadan expressway project on the authority of the Federal Government. In 2023, the Authority additionally retire \$97.2 million off the fund for the benefits of DMO leaving with a sum of \$2.8 million.

The fair value of the Managed Funds as at 31 December 2023 stood at USD\$68.59 million for DMO (2022: USD\$158.57 million for DMO) while nil income was accrued by the Authority from the fiduciary agreement activities as of 31 December 2023.

- c) The CBN NESI Stabilisation Fund was established following an investment management agreement between NESI Stabilisation Strategy Ltd and NSIA in May 2020 wherein it was stated that NSIA be appointed as the fund manager of the sum of ₦200 billion to be provided by NESI and invested in return-generating projects and instruments for the purpose of growing the Nigerian economy. The Fund commenced operations in July 2020.

The fair value of the Managed Funds as at 31 December 2023 stood at ₦112.4 billion for CBN NESI (2022: ₦107.01 billion for CBN NESI). Total sum of ₦250 million was charged as fiduciary income for 2023 by the Authority from the fiduciary agreement while ₦360 million was earned for the year ended 31 December 2022.

- d) The Authority started its fiduciary function on FGN Stabilisation Fund on 6 May 2015, with an initial funding of ₦409.4 million. A total sum of ₦57.6 billion has been received from the Federal Government Stabilisation Account via the Office of the Accountant General of the Federation (OAGF) until date and there has been a total of ₦19.8 billion withdrawal, the Fund currently has a balance of ₦37.8 billion contribution. NSIA is to act as a manager to the fund with a mandate to invest the funds in line with the investment policies of the Stabilisation Fund of the Authority. The fair value of the Fund as at 31 December 2023 was ₦60.6 billion (2022: 31.2 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.

Notes to the Consolidated and Separate Financial Statements continued

For the year ended 31 December 2023

- e) In 2018, the President of the Federal Republic of Nigeria, President Muhammadu Buhari approved the establishment of a Presidential Infrastructure Development Fund (PIDF), which is to be managed by the Nigeria Sovereign Investment Authority (NSIA), and invested specifically in critical road and power projects across the country. The National Economic Council (NEC) authorised the initial transfer of \$650 million to the NSIA from the Nigeria Liquefied Natural Gas (NLNG) Dividend Account, as seed funding for PIDF on 17 May 2018. A subsequent funding of ₦90 billion was received from the Office of the Accountant General of the Federation (OAGF) on 30 September, 2019. This is followed by subsequent inflow of \$169.5 million received into the Fund in April 2021. A special but purposeful Fund under Presidential Infrastructure Development Fund (PIDF) termed "PIDF Recovered Assets" was additionally inaugurated in 2020 which recorded its first funding in May 2020 for \$311.8 million.

This initiative aims to eliminate the risks of project funding, cost variation and completion that have plagued the development of the nation's critical infrastructure assets – such as the Second Niger Bridge, Lagos to Ibadan Expressway, East – West Road, Abuja to Kano Road, Mambilla Hydroelectric Power – over the last few decades. This fund is currently being managed by the Authority. The income earned from management of the funds during the year is ₦1.37 billion (2022: ₦864.6 million). The total infrastructure assets for the consolidated Presidential Infrastructure Development Funds (PIDF) stood at ₦806.2 billion as at 31 December 2023 (2022: ₦746.9 billion).

Terms of agreement

The Authority acting as a manager of PIDF:

- (i) has complete discretion to deploy prudent fund/cash management strategies in relation to the fund;
- (ii) may not, without prior written consent of the FGN, borrow on FGN's behalf in relation to the PIDF projects;
- (iii) will receive the sum of 0.25% of the fund annually as management fee and deduct fund management expenses from the fund;
- (iv) will retain tax exempt status and as such, no taxes may be applied to any fees due and payable to the NSIA;
- (v) shall not except in case of fraud or gross negligence, be held liable for failure of PIDF to meets its objectives;
- (vi) will be indemnified by FGN in respect of all losses, liabilities, damages and claims and costs; and
- (vii) will provide promptly to the FGN detailed information and reports in relation to the PIDF projects.

- e) The executed Investment Management Agreement (IMA) dated 27 May 2019 between the Authority and the Government of the Federal Republic of Nigeria gives the NSIA the right of option to call for the conversion of the Fund Management Account as additional capital contribution to the Authority by the Federal Government of Nigeria (FGN). However, this is optional and this is subject to the delivery of the written notice to the Federal Government of Nigeria by the Authority. This clause has nil financial implication for the Authority and does not affect its assets nor liabilities as at 31 December 2023.

- f) NSIA was appointed by the President in a letter dated 12 December 2018 to assume the role of Funds and Project Manager for the development and construction of a 10MW FGN/Kano Solar Project. On 4 January 2019 a sum of ₦4.71 billion was approved as disbursement to the project. NSIA was tasked with the responsibility of:
- (i) Creating a special purpose vehicle (SPV) – Haske Solar Company Ltd – with the following ownership structure: Federal Government of Nigeria with 80%, Kano State Government with 15%, and Kumbotso Local Government with 5%.
 - (ii) Undertaking project development activities (including environmental impact assessment, basic engineering, and designs of the plant, load flow studies, energy yield studies, geotechnical & physical studies, and legal contracting).
 - (iii) Procurement of a construction and operations contractor.
 - (iv) Construction of the plant.
 - (v) Operationalisation of the Project.

This project was commissioned in Q1-2023 by the Federal and Kano State Governments. The infrastructure assets and net assets value stood at ₦6.63 billion and ₦9.47 billion respectively as at end of 31 December 2023.

Notes to the Consolidated and Separate Financial Statements continued

For the year ended 31 December 2023

41 Events after the reporting period

Subsequent to 2023 year-end, Nigeria Sovereign Investment Authority (NSIA) received additional contribution of \$96.41 million (₦130.82 billion) from the Nigerian Upstream Petroleum Regulatory Commission (NUPRC) based on the implementation of the Petroleum Industry Act (PIA) of 2021. This marks the second capital contribution from the Government following execution of PIA of 2021. The Petroleum Industry Act (PIA) 2021 is a landmark piece of legislation signed into law by President Muhammadu Buhari in August of 2021, representing a significant overhaul of Nigeria's oil and gas sector. The PIA introduces a new royalty and tax regime for upstream (exploration and production) and downstream (refining and distribution) activities which aims to ensure Government revenue is maximised while maintaining competitiveness for investors. PIA also establishes a royalty payable based on price ranging from 0%-10% for crude oil and condensates (Royalty by Price) which underscores the new source of capital inflow for the Authority.

Other National Disclosures

For the year ended 31 December 2023

Value added statements

	Group 2023 N'000	%	Group 2022 N'000	%	Authority 2023 N'000	%	Authority 2022 N'000	%
Revenue	1,180,804,566		104,289,394		1,180,879,338		97,068,079	
Administrative expenses (Local and foreign)	(18,880,337)		(12,241,580)		(13,501,139)		(8,143,863)	
Other non-operating income (Local and foreign)	23,059,473		10,303,158		3,831,544		7,048,722	
Value added	1,184,983,702	100	102,350,972	100	1,171,209,743	100	95,972,938	100
Applied as follows:								
To pay employees								
Salaries and other personnel cost	3,128,042	0	3,106,167	3	2,128,429	5	2,337,570	2
Maintenance of assets								
Depreciation and amortisation	999,639	0	984,856	1	435,889	0	374,271	0
To pay Government								
Taxation	1,314	0	834	0	–	0	–	0
Owner of NSIA	1,180,854,707	100	98,259,115	96	1,168,645,425	95	93,261,097	97
Value added	1,184,983,702	100	102,350,972	100	1,171,209,743	100	95,972,938	100

Value added is the wealth created by the efforts of the Authority and its employees and its allocation between employees, shareholders, Government and reinvestment for the future creation of further wealth

Other National Disclosures continued
For the year ended 31 December 2023

Five-Year Financial Summary – Group

	Group 31 December 2023 N'000	Group 31 December 2022 N'000	Group 31 December 2021 N'000	Group 31 December 2020 N'000	Group 31 December 2019 N'000
Statement of financial position					
Asset					
Cash and cash equivalents	547,425,983	60,185,675	269,602,956	145,257,520	216,047,631
Investment securities	1,349,770,243	628,070,376	571,633,505	569,376,444	357,524,381
Loans and receivables	21,293,934	32,610,185	15,467,411	1,440,792	–
Restricted balances and other assets	266,262,970	278,489,858	340,764,438	162,270,572	53,582,445
Inventories	194,443	198,013	142,746	152,549	4,615,646
Investment in associates and joint ventures	68,427,743	27,766,212	24,680,009	19,371,487	15,226,911
Right-of-use assets	184,112	173,662	251,270.00	202,222.00	249,905.00
Property and equipment	5,296,065	5,119,399	5,161,049	5,431,210	2,498,894
Intangible assets	93,821	95,103	125,695	213,544	100,235
Total assets	2,258,949,314	1,032,708,483	1,227,829,079	903,716,340	649,846,048
Assets classified as held for sale	–	–	–	78,064,684	–
	2,258,949,314	1,032,708,483	1,227,829,079	981,781,024	649,846,048
Liabilities					
Other liabilities	11,564,699	15,588,928	308,102,429	159,824,323	47,177,240
Current tax payable	642,977	430,622	–	–	–
Borrowings	24,533,176	–	–	–	23,133,382
Liabilities directly associated with assets classified as held for sale	–	–	–	49,209,187	–
Total liabilities	36,740,852	16,019,550	308,102,429	209,033,510	70,310,622
Equity and reserves					
Contributions by the Government	368,359,739	347,375,000	347,375,000	347,375,000	280,662,500
Retained earnings	1,855,239,721	670,269,451	567,617,909	414,000,617	291,026,827
Fair value reserves	8,431,344	5,944,329	5,889,638	5,010,841	3,941,139
Currency translation reserves	(9,905,484)	(6,969,557)	(1,030,107)	6,429,941	3,907,858
Total equity and amount attributable to equity contributors (Government)	2,222,125,320	1,016,619,223	919,852,440	772,816,399	579,538,324
Non-controlling interests	83,142	69,710	(125,790)	(68,885)	(2,898)
Total equity	2,222,208,462	1,016,688,933	919,726,650	772,747,514	579,535,426
Total liabilities and equity	2,258,949,314	1,032,708,483	1,227,829,079	981,781,024	649,846,048

Other National Disclosures continued
For the year ended 31 December 2023

Five-Year Financial Summary – Group

	2023 N'000	2022 N'000	2021 N'000	2020 N'000	2019 N'000
Statement of comprehensive income					
Investment and Interest income	34,800,349	13,574,560	10,200,690	8,720,542	8,443,836
Interest income on instruments measured at FVPL	59,988,077	41,653,710	33,708,242	42,757,522	26,345,056
Interest income on instruments measured at FVOCI	343,662	–	–	–	–
Fair value gain on financial assets	544,207,789	1,648,077	56,913,252	58,094,087	2,831,932
Net foreign exchange gains	537,279,160	44,226,646	45,774,912	51,214,487	1,289,159
Total operating income	1,176,619,037	101,102,993	146,597,096	160,786,638	38,909,983
Investment management fees	(2,836,033)	(1,457,010)	(1,218,136)	(1,077,746)	(1,228,662)
Local custodian fees	(25,168)	(55,519)	(44,264)	10,732	(19,711)
Foreign custodian fees	(239,655)	(152,867)	(144,410)	(128,889)	(181,155)
Total investment management & custodian fees	(3,100,856)	(1,665,396)	(1,406,810)	(1,195,903)	(1,429,528)
Impairment charges on financial assets	(3,156,820)	(1,434,423)	544,789	(744,867)	1,208,237
Total operating profit	1,170,361,361	98,003,174	145,735,075	158,845,868	38,688,692
Revenue from infrastructure subsidiaries investments	4,185,529	3,186,401	2,007,165	759,291	31,965,979
Expense from infrastructure subsidiaries investments	(1,327,913)	(920,345)	(575,920)	(190,130)	(35,662,535)
Profit/(loss) from infrastructure subsidiaries investments	2,857,616	2,266,056	1,431,245	569,161	(3,696,556)
Other income	4,146,894	7,080,082	4,305,732	1,712,546	7,123,910
Other operating expenses	(9,734,244)	(8,220,582)	(6,971,632)	(6,801,111)	(4,263,302)
Interest expense	(1,559,190)	–	(3,058)	(2,491)	(4,546,556)
Share of profit of investments in associates	18,912,579	3,223,076	4,038,065	2,158,747	1,363,940
Profit before tax	1,184,985,016	102,351,806	148,535,427	156,482,720	34,670,128
Income tax expense	(1,314)	(834)	(1,743)	(12,417)	(202,364)
Profit for the year from continuing operations	1,184,983,702	102,350,972	148,533,684	156,470,303	34,467,764
Profit from discontinued operations	–	–	5,026,703	–	–
Profit for the year	1,184,983,702	102,350,972	153,560,387	156,470,303	34,467,764

Other National Disclosures continued

For the year ended 31 December 2023

Five-Year Financial Summary – Group

Statement of comprehensive income	2023 N'000	2022 N'000	2021 N'000	2020 N'000	2019 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	(91,807)	–	–	–	1,185,427
Share of other comprehensive income of investments in associate	1,920,763	(17,961)	(210,446)	147,586	215,092
Currency translation differences	(2,935,927)	(5,939,450)	(7,460,048)	2,522,083	(474,243)
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods (net of tax):					
Net gain/(loss) on equity instruments designated at fair value through other comprehensive income	608,429	568,723	1,089,243	922,116	754,000
Other comprehensive (loss)/income for the year	(498,542)	(5,388,688)	(6,581,251)	3,591,785	1,680,276
Total comprehensive income for the year	1,184,485,160	96,962,284	146,979,136	160,062,088	36,148,040

Other National Disclosures continued

For the year ended 31 December 2023

Five-Year Financial Summary – Authority

Statement of financial position	Authority 31 December 2023 N'000	Authority 31 December 2022 N'000	Authority 31 December 2021 N'000	Authority 31 December 2020 N'000	Authority 31 December 2019 N'000
Asset					
Cash and cash equivalents	546,395,553	59,273,853	268,782,415	144,447,965	185,736,007
Investment securities	1,213,696,640	576,575,102	536,385,478	544,423,629	324,361,629
Loans and receivables	7,753,092	23,360,168	16,850,542	3,243,527	–
Restricted balances and other assets	453,562,021	352,813,040	362,353,574	218,908,170	75,878,818
Investment in subsidiaries	9,000	9,000	9,000	895,797	1,753,398
Investment in associates and joint ventures	10,614,500	12,278,115	12,278,115	10,614,990	10,614,990
Right-of-use assets	28,146	6,751	73,414	13,421	43,488
Property and equipment	1,254,433	938,493	513,481	475,253	370,522
Intangible assets	62,900	49,992	84,820	121,284	100,235
Total assets	2,233,376,285	1,025,304,514	1,197,330,839	923,144,036	598,859,087
Liabilities					
Other liabilities	10,511,470	19,733,609	288,009,644	156,775,908	27,015,570
Borrowings	24,533,176	–	–	–	–
Total liabilities	35,044,646	19,733,609	288,009,644	156,775,908	27,015,570
Equity and reserves					
Contributions by the Government	368,359,739	347,375,000	347,375,000	347,375,000	280,662,500
Retained earnings	1,823,419,535	652,209,792	556,236,854	413,624,795	287,750,520
Fair value reserves	6,552,365	5,986,113	5,709,341	5,368,333	3,430,497
Total equity and amount attributable to equity contributors (Government)	2,198,331,639	1,005,570,905	909,321,195	766,368,128	571,843,517
Total equity	2,198,331,639	1,005,570,905	909,321,195	766,368,128	571,843,517
Total liabilities and equity	2,233,376,285	1,025,304,514	1,197,330,839	923,144,036	598,859,087

Other National Disclosures continued

For the year ended 31 December 2023

Five-Year Financial Summary – Authority

Statement of comprehensive income	2023 N'000	2022 N'000	2021 N'000	2020 N'000	2019 N'000
Investment and Interest income	93,833,064	55,061,136	8,944,690	10,719,006	7,567,781
Interest income on instruments measured at FVTPL	59,988,077	41,653,710	33,708,242	42,757,522	26,345,056
Interest income on instruments measured at FVTOCI	343,662	–	–	–	–
Fair value gain on financial assets	543,848,532	3,522,321	56,464,806	60,358,759	3,595,984
Net foreign exchange gains	543,197,742	38,484,622	45,800,056	50,771,621	1,288,894
Total operating income	1,241,211,077	138,721,789	144,917,794	164,606,908	38,797,715
Investment management fees	(1,994,479)	(1,086,906)	(1,055,765)	(927,775)	(745,501)
Local custodian fees	(25,168)	(55,519)	(43,947)	10,732	(19,181)
Foreign custodian fees	(239,655)	(152,867)	(144,410)	(126,534)	(177,611)
Total investment management & custodian fees	(2,259,302)	(1,295,292)	(1,244,122)	(1,043,577)	(942,293)
Impairment charges on financial assets	(3,316,677)	(1,049,418)	(342,008)	(1,106,280)	(965,076)
Other income	3,831,544	7,048,722	4,259,916	1,629,861	946,600
Other operating expenses	(6,365,970)	(5,799,153)	(4,976,463)	(4,647,646)	(3,769,396)
Interest expense	(1,559,190)	(7,526)	(7,526)	(2,491)	(7,526)
Profit before tax	1,231,541,482	137,619,122	142,607,590	159,436,775	34,060,024
Profit for the year	1,171,209,743	95,972,938	142,612,059	159,436,775	34,060,024

Other National Disclosures continued

For the year ended 31 December 2023

Five-Year Financial Summary – Authority

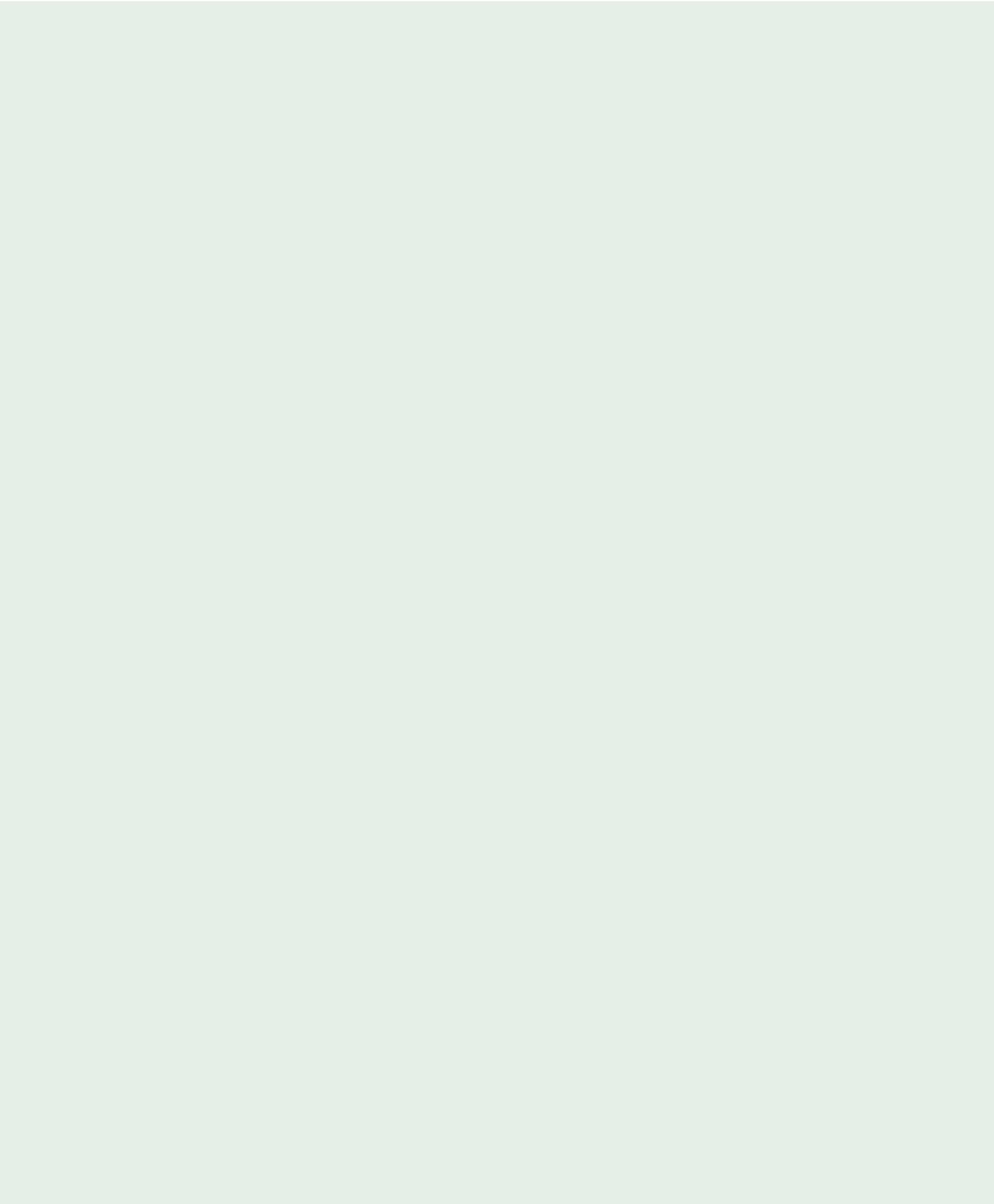
Statement of comprehensive income	Authority 2023 N'000	Authority 2022 N'000	Authority 2021 N'000	Authority 2020 N'000	Authority 2019 N'000
Other comprehensive income:					
Items that may be subsequently reclassified to profit and loss					
Movement in fair value reserves					
Net change in fair value	566,252	276,772	341,008	1,937,836	1,185,427
Other comprehensive income for the year	566,252	276,772	341,008	1,937,836	1,185,427
Total comprehensive income for the year	1,171,775,995	96,249,710	142,953,067	161,374,611	35,245,451

List of Abbreviations

AFC	Africa Finance Corporation	KYC	Know Your Customers
AfDB	African Development Bank	LUTH	Lagos University Teaching Hospital
AFREXIM	African Export-Import Bank	MDAs	Ministries, Departments and Agencies
AI	Artificial Intelligence	MD	Managing Director
AKTH	Aminu Kano Teaching Hospital	MOFI	Ministry of Finance Incorporated
ASI	All-Share Index	MSCI	Morgan Stanley Capital International
ASIF	Africa Sovereign Investors Forum	MSFF	Morgan Stanley Fund of Funds
AUM	Assets Under Management	NAIC	NAIC Agriculture Investment Company
BIA	Bridge International Academies	NBET	Nigerian Bulk Electricity Trading Plc
BOD	Board of Directors	NBS	National Bureau of Statistics
BPS	Basis Points	NCP	National Council on Privatisation
CBN	Central Bank of Nigeria	NCX	Nigeria Commodities Exchange
CEO	Chief Executive Officer	NEC	National Economic Council
CIO	Chief Investment Officer	NED	Non-Executive Director
COO	Chief Operating Officer	NESI	Nigeria Electricity Supply Industry
CPI	Consumer Price Index	NFN	NSIA Female Network
DBN	Development Bank of Nigeria	NGN	Nigerian Naira
DMO	Debt Management Office	NGX	Nigeria Exchange Limited
ECB	European Central Bank	NHDIC	NSIA Healthcare Development and Investment Company
ED	Executive Director	NIF	Nigeria Infrastructure Fund
EM	Emerging Market	NIMC	NSIA Investment Management Company
EMI	Externally Managed Investments	NKDC	NSIA-Kano Diagnostic Centre
EPC	Engineering, Procurement and Construction	NLCC	NSIA-LUTH Cancer Centre
ERP	Enterprise Resource Planning	NLNG	Nigeria Liquefied Natural Gas
ESG	Environmental, Social and Governance	NMRC	Nigeria Mortgage Refinance Company
ESIA	Environmental and Social Impact Assessment	NPI	NSIA Prize for Innovation
ETL	Exchange-Traded Liquidity	NPICL	NSIA Power Investment Company Limited
EU	European Union	NSIA	Nigeria Sovereign Investment Authority
EUR	Euro	NUDC	NSIA-Umuahia Diagnostic Centre
FCT	Federal Capital Territory	OAGF	Office of the Accountant General of the Federation
FDI	Foreign Direct Investment	OCP	OCP Group of Morocco
FG	Federal Government	OPSWF	One Planet Sovereign Wealth Fund
FGN	Federal Government of Nigeria	PFI	Presidential Fertiliser Initiative
FGF	Future Generations Fund	PIDF	Presidential Infrastructure Development Fund
FMCU	Federal Medical Centre, Umuahia	PIDG	Private Infrastructure Development Group
FTSE	Financial Times Stock Exchange	Q	Quarter
FX	Foreign Exchange	RIPLE	Renewable Investment Platform for Limitless Energy
GCFR	Grand Commander of the Order of the Federal Republic	ROI	Return on Investment
GDP	Gross Domestic Product	S&P	Standard & Poor's
GPs	General Partners	SDGs	Sustainable Development Goals
GSCI	Goldman Sachs Commodity Index	SF	Stabilisation Fund
GSR	Global SWF Governance, Sustainability and Resilience Ranking	SOFR	Secured Overnight Financing Rate
HR	Human Resource	SPV	Special Purpose Vehicle
IDB	Islamic Development Bank	SSA	Sub-Saharan Africa
IFC	International Finance Corporation	SWF	Sovereign Wealth Fund
IFRS	International Financial Reporting Standard	SWFI	Sovereign Wealth Fund Institute
IFSWF	International Forum of Sovereign Wealth Funds	T-Bill	Treasury Bill
ILO	International Labour Organisation	UBS	Union Bank of Switzerland
IMF	International Monetary Fund	UFF	African Agri Investments
InfraCredit	Infrastructure Credit Guarantee Company Limited	UK	United Kingdom
IoDs	Institute of Directors	UN	United Nations
IPS	Investment Policy Statement	UNCTAD	United Nations Conference on Trade and Development
IT	Information Technology	US	United States of America
JPY	Japanese Yen	USD	United States Dollar
KfW	German Development Bank/Kfw Bankengruppe	VC	Venture Capital
KPMs	Key Performance Measures	WB	World Bank
		WEF	World Economic Forum
		WTO	World Trade Organisation

Corporate Information

Registered Office	The Clan Place 4th Floor, Plot 1386A Tigris Crescent, Maitama Abuja, Nigeria
Auditors	Ernst & Young 10th and 13th Floors UBA House, 57 Marina Lagos
Bankers	Central Bank of Nigeria Plot 33, Abubakar Tafawa Balewa Way Central Business District Cadastral Zone Abuja, Federal Capital Territory Nigeria
Funds Custodian	JP Morgan Chase & Co (Global Custodian) 25 Bank Street Canary Wharf London, E14 5JP
	Stanbic IBTC Bank Limited (Local Custodian) IBTC Place 2, Walter Carrington Crescent Victoria Island Lagos, Nigeria





Nigeria Sovereign Investment Authority

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