

Nigeria Sovereign Investment Authority

Consolidated and separate financial statements

for the year ended 31 December 2021

Nigeria Sovereign Investment Authority
Consolidated and separate financial statements
For the year ended 31 December 2021

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Nigeria Sovereign Investment Authority
Consolidated and separate financial statements
For the year ended 31 December 2021
General Information

| | Name | Designation |
|--------------------|-----------------------------------|------------------------|
| Board of Directors | Mr Farouk Mohammed Gumel [1] | Chairman |
| | Mr. Uche Orji | Managing Director |
| | Mr. Aminu Umar-Sadiq | Executive Director |
| | Mrs. Stella Ojekwe-Onyejeli [3] | 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 [5] | Non-executive Director |
| | Mr. Olajide Zeitlin [2] | Chairman |
| | Mr. Urum Kalu Eke, MFR [2] | Non-executive Director |
| | Ms. Halima Buba [2] | Non-executive Director |
| | Mr Ike Chioke [4] | Non-executive Director |
| | Mr. Asue Ighodalo [2] | Non-executive Director |
| | Mr. Bello Maccido [2] | Non-executive Director |
| | Ms. Lois Laraba Machunga-Disu [2] | Non-executive Director |

[1] New Board member inaugurated on September 1 2021.

[2] Retired from the Board in May 2021.

[3] Retired from the Board in October 2021.

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

[5] New non-executive director appointed in January 2022.

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

| | |
|---------|--|
| Auditor | PricewaterhouseCoopers Landmark Towers 5B Water Corporation Road Victoria Island Lagos |
|---------|--|

| | |
|----------------------------|-----------------------|
| Secretary to the Authority | Mrs. Ezinwa Okoroafor |
|----------------------------|-----------------------|

| | |
|-----------------|---|
| Fund custodians | JP Morgan Chase & Co (Global Custodian) 25 Bank Street Canary Wharf London, E14 5JP. United Kingdom |
| | Stanbic IBTC Bank Limited (Local Custodian) IBTC Place 2, Walter Carrington Crescent Victoria Island Lagos, Nigeria |
| | Citibank Nigeria Limited (Local Custodian) 27, Kofo Abayomi Street Victoria Island Lagos, Nigeria |

Nigeria Sovereign Investment Authority
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Directors' report

1 Financial statements

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

2 Principal activities

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

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

3 Operating results

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

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

NSIA and its Sustainability Outlook

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

A focus on Climate Change and its Impact on Nigeria

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

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

It is believed that organizations and institutions which can shift their focus from maximizing shareholder value to value creation for all stakeholders will be able to achieve long-term sustainability and that ESG mismanagement could lead to serious financial costs and reputational damage. Conversely, successfully managing ESG factors is an effective means to optimize risk management and safeguard the value of

Nigeria Sovereign Investment Authority
Consolidated and separate financial statements
For the year ended 31 December 2021

Directors' report

underlying assets. Hence, at Nigeria Sovereign Investment Authority (NSIA), we are aware of the impact of sustainable financing in the advancement of economic growth and development and through our investments under the Nigeria Infrastructure Fund ("NIF"), the Future Generations Fund ("FGF") and the Stabilization fund ("SF"), have contributed towards the attainment of certain sustainable development goals for Nigeria.

NSIA ESG Strategy

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

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

4 Objective

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

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

5 Governance and management

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

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

6 Employee health, safety and environment

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



Mrs. Ezinwa Okoroafor

General Counsel

FRCN/2016/NBA/00000015045

Nigeria Sovereign Investment Authority
Consolidated and separate financial statements
For the year ended 31 December 2021
Statement of directors' responsibilities

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

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

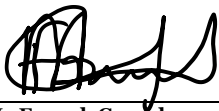
- a. ensuring that the Authority and the Group keep proper accounting records that disclose, with reasonable accuracy, the financial position of the Authority and the Group and comply with the requirements of the Nigeria Sovereign Investment Authority Act;
- b. designing, implementing and maintaining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

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

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

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

Signed on behalf of the board of directors by:



Mr Farouk Gumel

Chairman

FRC/2021/003/00000024209



Mr. Uche Orji

Managing Director

FRC/2014/IODN/00000007036



Independent auditor's report

To the Members of Nigeria Sovereign Investment Authority

Report on the audit of the consolidated and separate financial statements

Our opinion

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

What we have audited

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

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

Basis for opinion

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

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

Independence

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

Other information

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

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

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with



the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

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

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

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

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

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

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

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

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

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



- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated and separate financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Patrick Obianwa

For: **PricewaterhouseCoopers**

Chartered Accountants
Lagos, Nigeria

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



19 May 2022

Nigeria Sovereign Investment Authority
Consolidated and separate financial statements
Statements of comprehensive income
For the year ended 31 December 2021

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

The accompanying notes on pages 13 to 96 form an integral part of these consolidated and separate financial statements.

Nigeria Sovereign Investment Authority
Consolidated and separate financial statements
Statements of financial position as at 31 December 2021

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

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



Mr Farouk Gumel
Chairman
FRC/2021/003/00000024209



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

Additionally certified by:



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

The accompanying notes on pages 13 to 96 form an integral part of these consolidated and separate financial statements.

Nigeria Sovereign Investment Authority

Consolidated and separate financial statements for the year ended 31 December 2021

Statements of changes in equity

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

The accompanying notes on pages 13 to 96 form an integral part of these consolidated and separate financial statements.

Nigeria Sovereign Investment Authority

Consolidated and separate financial statements for the year ended 31 December 2021

Statements of changes in equity

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

The accompanying notes on pages 13 to 96 form an integral part of these consolidated and separate financial statements.

Nigeria Sovereign Investment Authority
Consolidated and separate financial statements
Statement of cash flows
For the year ended 31 December 2021

| | | Group 31 December 2021 N '000 | Group 31 December 2020 N '000 | Authority 31 December 2021 N '000 | Authority 31 December 2020 N '000 |
|--|------|--|--|--|--|
| Notes | | | | | |
| Cash flow from operating activities | | | | | |
| Profit/(loss) before income tax | | 148,535,427 | 156,482,720 | 142,612,059 | 159,436,775 |
| Profit/(loss) from discontinued operations | 26.2 | 5,026,703 | - | | |
| Profit before income tax including discontinued operations | | 153,562,130 | 156,482,720 | 142,612,059 | 159,436,775 |
| Adjustments to reconcile profit/(loss) before tax to net cash flow from operating activities: | | | | | |
| Depreciation of PPE and right of use assets | 18 | 819,938 | 507,923 | 267,394 | 214,839 |
| Amortisation of intangible assets | 18 | 98,820 | 61,003 | 36,464 | 29,450 |
| Impairment of goodwill | 19 | - | 1,227,773 | - | - |
| Interest income | 9&11 | (6,430,320) | (6,239,972) | (6,363,683) | (6,889,108) |
| Investment income | 10 | (4,542,169) | (2,943,576) | (3,352,806) | (4,455,185) |
| Interest income on open market operation bills | 11 | (32,936,443) | (41,932,636) | (32,936,443) | (41,932,636) |
| Unrealised gain/(loss) on financial instruments at FVTPL | 12.1 | (37,347,014) | (56,075,992) | (36,898,568) | (58,340,664) |
| Subsidy from Federal Government of Nigeria on cost differential on fertilizer sales | | - | (15,125,505) | - | - |
| Impairment charge/(write-back) | 14 | (544,788) | 579,732 | 342,010 | 1,106,281 |
| Interest expense | 20 | 3,058 | 3,382,190 | 3,058 | 2,491 |
| Share of profit/(loss) from associate and joint venture | 27 | (4,038,065) | (2,158,747) | - | - |
| Benefit from below market rate loan | | - | (2,453,484) | - | - |
| Net foreign exchange gains | 13 | (45,774,912) | (1,142,480) | (45,800,056) | (2,204,594) |
| Movements in operating assets/ liabilities: | | | | | |
| Inventories | 25 | 9,803 | 4,463,097 | - | - |
| Other assets | 24 | (104,583,664) | (147,612,315) | (137,891,938) | (147,011,722) |
| Other liabilities | 31 | 99,080,420 | 152,039,991 | 131,288,678 | 129,829,847 |
| Cash (used) in/generated from operations | | 17,376,794 | 43,059,722 | 11,306,167 | 29,785,774 |
| Tax paid | 31.3 | (1,743) | (12,417) | - | - |
| Net cash used in/ from operating activities | | 17,375,051 | 43,047,305 | 11,306,167 | 29,785,774 |
| Cash flows from investing activities | | | | | |
| Purchase of property and equipment | 29 | (472,640) | (861,423) | (239,430) | (266,496) |
| Addition to right of use assets | 28 | (126,185) | (35,490) | (126,185) | (23,007) |
| Purchase of other intangible assets | 30 | (10,971) | (59,591) | - | (50,499) |
| Net cashflow on acquisition of subsidiary | | - | 429,278 | - | - |
| Proceeds from sale of equity instruments at fair value | | 2,129,374 | 516,526 | 2,129,374 | 516,526 |
| Purchase of equity instruments at fair value | | (100,000) | (536,500) | (100,000) | (536,500) |
| Investment in financial assets carried at FVTPL | | (126,767,066) | (121,803,489) | (118,292,344) | (115,708,354) |
| Proceeds from sale/redemption of financial assets carried at FVTPL | | 75,210,523 | 98,991,180 | 71,653,975 | 95,238,798 |
| Purchases of open market operation and treasury bills | | (299,840,138) | (317,017,162) | (299,840,138) | (317,017,162) |
| Maturity of open market operation and treasury bills | | 452,330,009 | 183,621,746 | 452,330,008 | 174,319,083 |
| Investment in financial assets carried at amortised cost | | (74,114,777) | (233,303,319) | (86,677,481) | (233,303,319) |
| Proceeds from redemption of financial assets carried at amortised cost | | 59,748,729 | 251,070,986 | 73,207,084 | 251,070,986 |
| Investment and interest income received | | 19,551,342 | 34,136,303 | 19,551,342 | 36,184,541 |
| Dividend received | | 239,825 | 192,926 | 239,825 | 2,361,391 |
| Investments in joint ventures/associates | 27 | (1,663,125) | (2,031,170) | (1,663,125) | - |
| Net cash generated/ (used) in investing activities | | 106,114,900 | (106,689,199) | 112,172,904 | (107,214,012) |
| Cash flows from financing activities | | | | | |
| Payment of principal portion of lease liabilities | | (54,942) | (72,000) | (54,942) | (72,000) |
| Additional capital contribution by the Government | | - | 90,000,000 | - | 90,000,000 |
| Capital return to the Government | | - | (56,850,000) | - | (56,850,000) |
| Proceeds from return of capital investment in KG Brussels | | - | - | - | 1,940,481 |
| Repayment of borrowings | | - | (5,750,000) | - | - |
| Interest paid | | (3,058) | (731,898) | (3,058) | - |
| Net cash (used)/generated in financing activities | | (58,000) | 26,596,102 | (58,000) | 35,018,481 |
| Net cash movement for the period | | 123,431,951 | (37,045,792) | 123,421,071 | (42,409,757) |
| Cash and cash equivalents at beginning of period | | 145,257,520 | 216,047,631 | 144,447,965 | 185,736,007 |
| Net exchange gains/(losses) on cash and cash equivalents | | 913,485 | 1,142,480 | 913,379 | 1,121,714 |
| Cash and cash equivalents at period end | | 269,602,956 | 180,144,319 | 268,782,415 | 144,447,965 |
| Cash and cash equivalents comprise: | | | | | |
| Cash in hand | | 107,362 | 5,989 | 4,592 | 1,299 |
| Bank balances | | 265,167,097 | 136,378,529 | 264,449,326 | 135,574,631 |
| Money market placements | | 4,328,497 | 8,873,002 | 4,328,497 | 8,872,035 |
| Bank balances attributable to discontinued operations | | - | 34,886,799 | - | - |
| Total cash and cash equivalents | | 269,602,956 | 180,144,319 | 268,782,415 | 144,447,965 |

The accompanying notes on pages 13 to 96 form an integral part of these consolidated and separate financial statements.

Nigeria Sovereign Investment Authority

Consolidated and separate financial statements for the year ended 31 December 2021

Notes to the financial statements

1 General Information

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

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

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

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

2 Structure and content

The financial statements comprise:

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

3 Basis of preparation

3.1 Statement of compliance

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

3.2 Basis of measurement

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

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

3.3 (a) Functional and presentation currency

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

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

(b) Foreign currency transactions and balances

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

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

(c) Group companies

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

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

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

3.4 Changes in accounting policy

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

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

3.5 New standards, amendments and interpretations

3.5.1 Standards and interpretations effective and adopted in the current year

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

Amendments to IFRS 16 Covid-19 Related Rent Concessions

On 28 May 2020, the IASB issued Covid-19-Related Rent Concessions - amendment to IFRS 16 Leases.

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

The practical expedient introduced in the 2020 amendments only applies to rent concessions for which any reduction in lease payments affects solely payments originally due on or before 30 June 2021. If the Board had taken no further action, the practical expedient would have expired in a few months. The economic challenges presented by the COVID-19 pandemic have persisted longer than anticipated. As a result, lessors and lessees are negotiating rent concessions that extend beyond 30 June 2021. The Board has therefore extended the practical expedient by 12 months – i.e. permitting lessees to apply it to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022.

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

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

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

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

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

- the nature and extent of risks to which the company is exposed arising from financial instruments subject to IBOR reform and how it manages those risks; and
- the company's progress in completing its transition to alternative benchmark rates and how it is managing that transition.

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

3.5.2 Standards and interpretations issued but not yet effective

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

2018-2020 cycle (issued in May 2020)

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

IFRS 17 Insurance Contracts

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

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

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

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

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

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

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

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

Reference to the Conceptual Framework – Amendments to IFRS 3

In May 2020, the IASB issued Amendments to IFRS 3 Business Combinations - Reference to the Conceptual Framework. The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements. The Board also added an exception to the recognition principle of IFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 Levies, if incurred separately. At the same time, the Board decided to clarify existing guidance in IFRS 3 for contingent assets that would not be affected by replacing the reference to the Framework for the Preparation and Presentation of Financial Statements. The amendments are effective for annual reporting periods beginning on or after 1 January 2022 and apply prospectively.

Amendment to IAS 16 – Property, Plant and Equipment

The IASB issued amendment to IAS 16 – Property, Plant and Equipment which is effective for annual reporting periods beginning on or after 1 January 2022. The amendment prohibits the deduction from the cost to an item of property, plant and equipment proceeds of the sale of items produced while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by Management. Instead, an entity should recognize the sale proceeds and related production cost of those items in Profit or loss. The amendment is not expected to have any impact on the Group.

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

The IASB published amendment to IAS 37 – Provisions, Contingent liabilities and Contingent assets in May 2020. The amendment which is effective for annual reporting periods beginning on or after 1 January 2022 specifies the costs an entity needs to include when assessing whether a contract is onerous.

The amendment clarifies that the costs that relate to a contract comprise both incremental costs of fulfilling the contract and an allocation of other direct costs related to the contract activities. The amendment is not expected to have any material impact on the NSIA Group.

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

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

Amendments to IAS 8- Definition of Accounting Estimate

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

4 Significant accounting policies

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

4.1 Consolidation

(a) Subsidiaries

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

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

Acquisition-related costs are expensed as incurred.

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

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

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

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

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to noncontrolling interests are also recorded in equity.

(c) Disposal of subsidiaries

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

(d) Associates

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

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

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

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

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group. Dilution gains and losses arising in investments in associates are recognised in the income statement.

(e) Joint arrangements

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

i) Joint operations

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

ii) Joint ventures

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

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

(f) Equity method

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

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

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

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

Changes in ownership interests

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

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

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

4.2 Interest income and interest expense

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

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

4.3 Investment income

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

4.4 Transaction costs

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

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

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

4.6 Income tax expense

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

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

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

4.7 Financial assets and financial liabilities

4.7.1 Recognition and initial measurement

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

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

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

4.7.2 Classification

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

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

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

(i) Business model assessment

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

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

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

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

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

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

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

- contingent events that would change the amount and timing of cash flows;
- leverage features;
- prepayment and extension terms;
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse asset arrangements); and
- features that modify consideration of the time value of money - e.g. periodical reset of interest rates.

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

Financial liabilities

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

4.7.3 Subsequent measurement

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

Debt instruments

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

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in interest income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.

- Fair value through other comprehensive income (FVOCI): Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other income. Interest income from these financial assets is included in interest income using the effective interest rate method. Foreign exchange gains and losses are presented in net foreign exchange gains and impairment expenses are presented as separate line item in the statement of profit or loss.

- Fair value through profit or loss (FVPL): Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other income in the period in which it arises.

Equity instruments

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

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

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

Financial liabilities

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

4.7.4 Derecognition

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

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

4.7.5 Amortised cost measurement

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

4.7.6 Fair value measurement

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

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

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

- In the principal market for the asset or liability

Or

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

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

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

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

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

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

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

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

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

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

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

4.7.7 Determination of fair values

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

4.7.8 Investment in equity and debt securities

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

4.7.9 Investment in private equity funds

The fair value of the investments held in one of the Group's subsidiaries are recognised at fair value determined using the net asset valuation method.

This is done by obtaining

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

4.7.10 Investment in fixed income products

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

4.7.11 Receivables

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

4.7.12 Impairment of financial assets

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

4.7.13 Impairment of non-financial assets

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

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

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

Trade payables

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

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4.8 Cash and cash equivalents

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

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

4.9 Property and equipment

4.9.1 Initial recognition

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

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

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

4.9.2 Subsequent costs

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

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

4.9.3 Depreciation

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

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

| Assets | Annual depreciation rate |
|------------------------|---|
| Leasehold improvements | Over the shorter of the useful life of item or lease period |
| Leasehold land | Over the lease period |
| Buildings | 40 years |
| Plant and Machinery | 10 years |
| Furniture and fittings | 5 years |
| Motor vehicles | 4 years |
| Computer equipment | 3-3 years |
| Office equipment | 4 years |

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

4.9.4 Derecognition

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

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4.10 Intangible assets - software

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

Subsequent expenditure on software assets is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred. Amortization is recognized in profit or loss on a straight-line basis over the estimated useful life of 3 years, from the date that it is available for use. The amortization method and useful life of software are reassessed at each financial year end and adjusted if appropriate.

4.11 Inventory

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

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

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

4.12 Contingencies

4.12.1 Contingent assets

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

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

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

4.12.2 Contingent liabilities

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

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

4.13 Employee benefits

4.13.1 Post employment benefits

Defined contribution plans

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

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Pension Scheme

The Authority operates a funded defined contribution retirement benefit scheme for its employees under the provisions of the Pension Reform Act 2014. The employee and the employer contributions are 8% and 10% respectively of each of the qualifying employee's salary. Obligations for contributions to defined contribution plans are recognized as an employee benefit expense in profit or loss in the period when the employees have rendered service entitling them to the contributions. Contributions to a defined contribution plan that is due for more than 12 months after the end of the period in which the employees render the service are discounted to their present value at the reporting date.

4.13.2 Short term benefits

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

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

4.14 Revenue

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

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

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

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

The Group recognizes revenue from the following sources:

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

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

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

Sale of Raw Materials and NPK fertilizers

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

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

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

The NPK fertilizers are sold on price concessions based on amounts agreed with the Federal Government of Nigeria. Revenue from these sales is recognized based on the price specified in the contract with the customers (agro dealers and state governments). Where the agreed price leads to a loss position for the company, the federal government reimburses the entity for selling below cost price.

Revenue from healthcare services

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

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

First Consultation service

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

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

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

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

v. *Medical laboratory services:* Customers/patients are 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 recognized at a point-in-time.

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

4.15 Capital and other commitments

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

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

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

4.16 Comparatives

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

4.17 Intercompany receivables

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

4.18 Intercompany payables

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

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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.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

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

4.20 Borrowing costs

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

4.21 Capital contribution and withdrawals

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

4.22 Reserves

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

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

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

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5 Critical accounting estimates and judgments

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

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

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

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

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

5.1.1 Valuation of financial instruments

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

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

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

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

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

5.1.2 Financial assets and liabilities classification

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

5.1.3 Impairment of financial assets

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

5.1.4 Fair value of private equity investments

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

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

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

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

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

5.1.6 Leases - Estimating the incremental borrowing rate

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

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

The Authority estimates the IBR using the following steps:

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

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

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

5.1.7 Functional currency

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

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

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

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

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

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

5.1.9 Impairment of goodwill

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

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6 Financial risk management

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

6.1 Approach to risk management

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

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

6.2 Credit risk

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

6.2.1 Management of credit risk

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

6.2.2 Exposure to credit risk

Credit quality of financial assets.

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

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

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

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| | Group 31 December 2021 N '000 | Group 31 December 2020 N '000 | Authority 31 December 2021 N '000 | Authority 31 December 2020 N '000 |
|---|--|--|--|--|
| Counter parties without external credit ratings | | | | |
| Financial assets at amortized cost | 15,666,796 | 1,440,792 | - | - |
| Total financial assets at amortized cost (exclusive of impairment) | 103,628,692 | 73,506,890 | 87,457,144 | 72,066,098 |

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

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

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6.2.3 Concentration of risk of financial assets.

Geographical sectors

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

31 December 2021

In thousands of Nigerian Naira

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

31 December 2020

In thousands of Nigerian Naira

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

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

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31 December 2021

In thousands of Nigerian Naira

| | Authority | | | | |
|--|--------------------|------------------|--------------------|--------------------|----------------------|
| | Nigeria | Rest of Africa | America | *Rest of the World | Total |
| Cash and cash equivalents | | | | | |
| Money market placements | 4,328,497 | - | - | - | 4,328,497 |
| Bank balances | 259,556,308 | - | 4,893,018 | - | 264,449,326 |
| Restricted balances and other assets | | | | | |
| Other receivables | 262,342,582 | - | - | - | 262,342,582 |
| Account receivables | 54,725,380 | - | - | - | 54,725,380 |
| Intercompany receivables | 46,311,759 | - | - | - | 46,311,759 |
| Loans and receivables | | | | | |
| <i>At amortized cost</i> | 17,012,085 | - | - | - | 17,012,085 |
| Investment securities | | | | | |
| <i>At amortized cost</i> | | | | | |
| Eurobonds | 7,613,088 | - | - | - | 7,613,088 |
| Fixed deposits | 79,844,056 | - | - | - | 79,844,056 |
| <i>At FVTPL</i> | | | | | |
| Currency swap | 114,135,963 | | | | 114,135,963 |
| Private equity investments | 11,015,967 | 7,922,134 | 48,281,936 | 33,976,130 | 101,196,167 |
| Hedge funds and long only equity investments | | | 105,782,624 | 69,305,703 | 175,088,327 |
| Nigeria Infrastructure Debt Fund | 1,579,957 | | | | 1,579,957 |
| US treasury notes | - | - | 23,929,441 | - | 23,929,441 |
| Fixed income products | - | - | 29,622,608 | - | 29,622,608 |
| <i>At FVOCI</i> | | | | | |
| NG Clearing Ltd | 1,078,317 | - | - | - | 1,078,317 |
| The Infrastructure Corporation of Nig. Limited | 100,000 | - | - | - | 100,000 |
| MTN securities and Bridge Academies Limited | 2,771,120 | - | - | - | 2,771,120 |
| | 862,415,080 | 7,922,134 | 212,509,627 | 103,281,833 | 1,186,128,674 |

31 December 2020

In thousands of Nigerian Naira

| | Authority | | | | |
|--|--------------------|----------------|--------------------|--------------------|--------------------|
| | Nigeria | Rest of Africa | America | *Rest of the World | Total |
| Cash and cash equivalents | | | | | |
| Money market placements | 8,872,035 | - | - | - | 8,872,035 |
| Bank balances | 128,599,444 | - | 6,975,187 | - | 135,574,631 |
| Restricted balances and other assets | | | | | |
| Other receivables | 143,745,916 | - | - | - | 143,745,916 |
| Account receivables | 1,265,467 | - | - | - | 1,265,467 |
| Intercompany receivables | 75,850,113 | - | - | - | 75,850,113 |
| Investment securities | | | | | |
| <i>At amortized cost</i> | | | | | |
| Fixed deposits | 72,066,098 | - | - | - | 72,066,098 |
| <i>At FVTPL</i> | | | | | |
| Currency swap | 235,896,025 | - | - | - | 235,896,025 |
| Private equity investments | - | - | 64,174,313 | - | 64,174,313 |
| Hedge funds and long only equity investments | | | 119,429,965 | - | 119,429,965 |
| Nigeria Infrastructure Debt Fund | | | 1,626,000 | - | 1,626,000 |
| US treasury notes | - | - | 22,001,565 | - | 22,001,565 |
| Fixed income products | - | - | 24,227,891 | - | 24,227,891 |
| <i>At FVOCI</i> | | | | | |
| NG Clearing Ltd | 1,081,666 | - | - | - | 1,081,666 |
| MTN securities and Bridge Academies Limited | 4,556,137 | - | - | - | 4,556,137 |
| | 671,932,901 | - | 238,434,921 | - | 910,367,822 |

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

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6.2.4 Impairment of financial assets

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

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

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

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

No impairment loss is recognized on equity investments.

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

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

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

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

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

6.2.5 Credit risk measurement

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

6.2.5.1 Credit risk grading

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

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

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6.2.5.2 Measurement of ECL

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

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

Default definition

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

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

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

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

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

6.2.6 Significant increase in credit risk

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

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

In determining whether the credit risk (i.e. risk of default) on a financial instrument has increased significantly since initial recognition, the Group will consider reasonable and supportable information that is relevant and available without undue cost or effort, including both quantitative and qualitative information and analysis based on the Authority's historical experience, expert credit assessment and forward-looking information.

The Authority will primarily assess whether a significant increase in credit risk has occurred for an exposure in line with its staging criteria by comparing:

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

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

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

6.2.6.1 Quantitative criteria

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

i. External rating parameter:

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

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

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

| Stage 1 | Stage 2 | Stage 3 |
|--|---|--|
| <ul style="list-style-type: none"> • Less than three (3) notches downgrade in the external rating of the obligor for financial instruments that were rated S&P equivalent of AAA to AA- at origination. • Less than two (2) notches downgrade in the external rating of the obligor for financial instruments that were rated S&P equivalent of A+ to BB- at origination. • No downgrade in the external rating of the obligor for financial instruments that were rated S&P equivalent of B+ and below at origination. | <ul style="list-style-type: none"> • More than three (3) notches downgrade in the external rating of the obligor for financial instruments that were rated S&P equivalent of AAA to AA- at origination. • More than two (2) notches downgrade in the external rating of the obligor for financial instruments that were rated S&P equivalent of A+ to BB- at origination. • One (1) or more notch downgrade in the external rating of the obligor for financial instruments that were rated S&P equivalent of B+ and below at origination. | <ul style="list-style-type: none"> • All facilities with a rating of D are grouped in stage 3 |

ii. Backstop:

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

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

| Stage 1 | Stage 2 | Stage 3 |
|--|---|--|
| <ul style="list-style-type: none"> • The financial instrument is performing with less than 30 days past due on any contractual payment. | <ul style="list-style-type: none"> • The financial instrument is performing with 30 or more days but less than 90 days past due on any contractual payment; except if the Authority can rebut that the “30 days past due” presumption does not represent significant increase in credit risk for that particular financial instrument. | <ul style="list-style-type: none"> • The financial instrument is 90 or more days past due on contractual payments; except if the Authority can rebut that the “90 days past due” presumption does not represent a default event for that particular financial instrument. |

6.2.6.2 Qualitative Criteria

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

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

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

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

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| 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. | | |

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

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

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

The ECL is determined by projecting the PD, LGD and EAD for each future month and for each individual exposure or collective segment. These three components are multiplied together. This effectively calculates an ECL for each future month, which is then discounted back to the reporting date and summed. The discount rate used in the ECL calculation is the original effective interest rate or an approximation thereof.

The Lifetime PD is developed by applying a maturity profile to the current 12M PD. The maturity profile looks at how defaults develop on a portfolio from the point of initial recognition throughout the lifetime of the financial asset amortized cost. The maturity profile is based on historical observed data and is assumed to be the same across all assets within a portfolio and credit grade band. This is supported by historical analysis.

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

- For amortizing instruments/assets, this is based on the contractual repayments owed by the borrower over a 12month or lifetime basis. This will also be adjusted for any expected overpayments made by a borrower. Early repayment/refinance assumptions are also incorporated into the calculation.
- For revolving products, the exposure at default is predicted by taking current drawn balance and adding a “credit conversion factor” which allows for the expected drawdown of the remaining limit by the time of default. These assumptions vary by product type and current limit utilization band, based on analysis of the Group’s recent default data.

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

- For secured financial assets, this is primarily based on collateral type and projected collateral values, historical discounts to market/book values due to forced sales, time to repossession and recovery costs observed.
- For unsecured financial assets, LGD’s are typically set at product level due to the limited differentiation in recoveries achieved across different borrowers. These LGD’s are influenced by collection strategies, including contracted debt sales and price.

Forward-looking economic information is also included in determining the 12-month and lifetime PD, EAD and LGD. These assumptions vary by asset type. Refer to the Forward-looking information incorporated in the ECL models” subhead for an explanation of forward- looking information and its inclusion in ECL calculations.

The assumptions underlying the ECL calculation – such as how the maturity profile of the PDs and how collateral values change etc. – are monitored and reviewed by the Finance team on a periodic basis.

There have been no significant changes in estimation techniques or significant assumptions made during between when the model was adopted and the reporting period.

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6.2.8 Forward-looking information incorporated in the ECL models

The calculation of ECL both incorporate forward-looking information. The Group has performed historical analysis and identified the key economic variables impacting credit risk and expected credit losses for each portfolio.

IFRS 9 [B5.5.51] states that an entity need not undertake an exhaustive search for information but shall consider all reasonable and supportable information that is available without undue cost or effort and that is relevant to the estimate of expected credit losses. In addition, an entity is not required to incorporate forecasts of future economic conditions over the entire life of a financial instrument. Rather, it suffices for an entity to extrapolate projections for periods that are far in the future from available information.

6.2.8.1 Incorporating forward-looking information into multi-year PD estimation

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

Step 1:

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

Step 2:

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

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

6.2.8.2 Incorporating FLI into Multi-year EAD and LGD Estimation

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

6.2.8.3 Macro economic variable affecting the ECL allowance

The real historical gross domestic product (GDP) growth rate in Nigeria, inflation and crude oil price were identified as the key economic variables impacting the credit risk of the Group. Historical data on these variables for the last ten years were used to determine the three economic scenarios (base, optimistic and downturn) and their scenario weightings.

6.2.9 Economic variable assumptions

One of the most significant period-end assumptions used for the ECL estimate as at 31 December 2021 are set out below. The scenarios "best", "optimistic" and "downturn" were used for all portfolios.

| | | 2022 | 2023 | 2024 | 2025 | 2026 |
|----------------------|------------|------|------|------|------|------|
| a GDP growth rate(%) | Base | 3% | 3% | 3% | 3% | 3% |
| | Optimistic | 4% | 4% | 4% | 4% | 4% |
| | Downturn | 3% | 3% | 3% | 3% | 3% |
| b Inflation rate (%) | Base | 10% | 7% | 7% | 7% | 7% |
| | Optimistic | 8% | 5% | 5% | 5% | 5% |
| | Downturn | 16% | 12% | 12% | 12% | 12% |
| c Oil price (USD) | Base | 75 | 68 | 68 | 68 | 68 |
| | Optimistic | 82 | 75 | 75 | 75 | 75 |
| | Downturn | 70 | 62 | 62 | 62 | 62 |

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Sensitivity analysis on ECL Model

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

- Growth rate
- Inflation rate
- Oil prices

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

2021

| | Group | | Authority | |
|-----------------------|----------------------|-------------------|----------------------|-------------------|
| | ECL allowance | Net effect | ECL allowance | Net effect |
| | N'ooo | N'ooo | N'ooo | N'ooo |
| Growth rate | | | | |
| 10% increase | 1,788,546 | (4,190) | 2,065,190 | (32,232) |
| No change | 1,792,736 | - | 2,097,422 | - |
| 10% decrease | 1,796,623 | 3,887 | 2,127,332 | 29,910 |
| Inflation rate | | | | |
| 1% increase | 1,792,764 | 28 | 2,105,408 | 7,986 |
| No change | 1,792,736 | - | 2,097,422 | - |
| 1% decrease | 1,792,708 | (28) | 2,089,436 | (7,986) |
| Oil prices | | | | |
| 5% increase | 1,791,371 | (1,365) | 2,091,531 | (5,891) |
| No change | 1,792,736 | - | 2,097,422 | - |
| 5% decrease | 1,794,137 | 1,401 | 2,103,040 | 5,618 |

2020

| | Group | | Authority | |
|-----------------------|----------------------|-------------------|----------------------|-------------------|
| | ECL allowance | Net effect | ECL allowance | Net effect |
| | N'ooo | N'ooo | N'ooo | N'ooo |
| Growth rate | | | | |
| 10% increase | 1,582,014 | (175,779) | 2,377,990 | (264,221) |
| No change | 1,757,793 | - | 2,642,211 | - |
| 10% decrease | 1,933,572 | 175,779 | 2,906,432 | 264,221 |
| Inflation rate | | | | |
| 1% increase | 1,775,371 | 17,578 | 2,668,633 | 26,422 |
| No change | 1,757,793 | - | 2,642,211 | - |
| 1% decrease | 1,740,215 | (17,578) | 2,615,789 | (26,422) |
| Oil prices | | | | |
| 5% increase | 1,669,903 | (87,890) | 2,510,100 | (132,111) |
| No change | 1,757,793 | - | 2,642,211 | - |
| 5% decrease | 1,845,683 | 87,890 | 2,774,322 | 132,111 |

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6.2.10 Loss allowance

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

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

There were no assets written off during the period.

See notes 14.1 for an explanation of the changes in the loss allowance of financial assets between the beginning and the end of the

Set out below is the information about the credit risk exposure on the Group’s trade receivables using a provision matrix.

| Group | Days past due | Expected credit loss rate | Estimated total gross carrying amount N '000 | Expected credit loss N '000 |
|-------------------------|---------------|---------------------------|---|--------------------------------|
| 31 December 2021 | | | | |
| | Total | | - | - |

The subsidiary- NAIC-NPK for which the trade receivable expected credit loss was assessed for 2020 had been sold to MoFI by September 2021. Hence, no available information for disclosure as at 31st December 2021.

| | Days past due | Expected credit loss rate | Estimated total gross carrying amount N '000 | Expected credit loss N '000 |
|-------------------------|----------------|---------------------------|---|--------------------------------|
| 31 December 2020 | | | | |
| | 0 - 29 days | 1.54% | 6,584,542 | 76,970 |
| | 30 - 59 days | 1.99% | 135,801 | 2,172 |
| | 90 - 119 days | 2.27% | 2,293,025 | 49,798 |
| | 120 - 149 days | 2.95% | 2,762,427 | 90,287 |
| | 150 - 179 days | 3.29% | 2,499,930 | 104,758 |
| | 180 - 209 days | 4.45% | 90,000 | 3,771 |
| | 240 - 269 days | 11.06% | 2,392,817 | 241,745 |
| | Total | | 16,758,542 | 569,501 |

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6.2.11 Write-off policy

The Group writes off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include (i) ceasing enforcement activity and (ii) where the Group's recovery method is foreclosing on collateral and the value of the collateral is such that there is no reasonable expectation of recovering in full.

The Group may write-off financial assets that are still subject to enforcement activity. Currently, there were no outstanding contractual amounts on such financial assets during the year ended 31 December 2021.

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

2021

| Group | Stage 1 12 months exposure N '000 | Stage 2 Lifetime exposure N '000 | Stage 3 Lifetime exposure N '000 | Total N '000 |
|---|--|---|---|-------------------------|
| Financial assets measured at amortized cost | | | | |
| Eurobond | 7,613,088 | - | - | 7,613,088 |
| Fixed deposits | 80,348,808 | - | - | 80,348,808 |
| Loans and receivables | 15,666,796 | - | - | 15,666,796 |
| Restricted balances and other assets | 341,536,048 | - | - | 341,536,048 |
| | 445,164,740 | - | - | 445,164,740 |
| Loss allowance (investment securities & other assets) | (1,792,736) | - | - | (1,792,736) |
| Carrying amount | 443,372,004 | - | - | 443,372,004 |
| Individually impaired | 1,792,736 | - | - | 1,792,736 |
| Collectively impaired | - | - | - | - |
| | 1,792,736 | - | - | 1,792,736 |

2020

| Group | Stage 1 12 months exposure N '000 | Stage 2 Lifetime exposure N '000 | Stage 3 Lifetime exposure N '000 | Total N '000 |
|---|--|---|---|-------------------------|
| Financial assets measured at amortized cost | | | | |
| Fixed deposits | 72,066,099 | - | - | 72,066,099 |
| Loans and receivables | 1,440,792 | - | - | 1,440,792 |
| Restricted balances and other assets | 163,855,390 | - | - | 163,855,390 |
| | 237,362,281 | - | - | 237,362,281 |
| Loss allowance (investment securities & other assets) | (2,337,525) | - | - | (2,337,525) |
| Carrying amount | 235,024,756 | - | - | 235,024,756 |
| Individually impaired | 2,337,525 | - | - | 2,337,525 |
| Collectively impaired | - | - | - | - |
| | 2,337,525 | - | - | 2,337,525 |

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| 2021 | | | | |
|--|--------------------|-----------------|-----------------|--------------------|
| Authority | Stage 1 | Stage 2 | Stage 3 | Total |
| | 12 months | Lifetime | Lifetime | |
| | exposure | exposure | exposure | |
| | N '000 | N '000 | N '000 | N '000 |
| Financial assets measured at amortized cost | | | | |
| Eurobond | 7,613,088 | - | - | 7,613,088 |
| Fixed deposits | 79,844,056 | - | - | 79,844,056 |
| Loans and receivables | 17,012,085 | - | - | 17,012,085 |
| Restricted balances and other assets | 363,593,556 | - | - | 363,593,556 |
| | 468,062,785 | - | - | 468,062,785 |
| Loss allowance | (2,097,422) | - | - | (2,097,422) |
| Carrying amount | 465,965,363 | - | - | 465,965,363 |
| Individually impaired | 2,097,422 | - | - | 2,097,422 |
| Collectively impaired | - | - | - | - |
| | 2,097,422 | - | - | 2,097,422 |

| 2020 | | | | |
|--|-------------------|-----------------|-----------------|-------------------|
| Authority | Stage 1 | Stage 2 | Stage 3 | Total |
| | 12 months | Lifetime | Lifetime | |
| | exposure | exposure | exposure | |
| | N '000 | N '000 | N '000 | N '000 |
| Financial assets measured at amortized cost | | | | |
| Fixed deposits | 72,066,098 | - | - | 72,066,098 |
| Other assets | - | - | - | - |
| | 72,066,098 | - | - | 72,066,098 |
| Loss allowance | (2,642,211) | - | - | (2,642,211) |
| Carrying amount | 69,423,887 | - | - | 69,423,887 |
| Individually impaired | - | - | - | - |
| Collectively impaired | 2,642,211 | - | - | 2,642,211 |
| | 2,642,211 | - | - | 2,642,211 |

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

| Group | 2021 | | 2020 | |
|---|---------------------------|----------------|---------------------------|----------------|
| | Stage 1 Individual | | Stage 1 Individual | |
| | Gross | | Gross | |
| | carrying | ECL | carrying | ECL |
| | amount | amount | amount | amount |
| | N '000 | N '000 | N '000 | N '000 |
| As at 1 January | 75,228,357 | 636,031 | 95,974,599 | 655,817 |
| Addition to financial assets | 12,733,539 | (62,465) | - | - |
| Assets derecognised or matured (excluding write-offs) | | | (20,746,242) | (19,786) |
| As at 31 December | 87,961,896 | 573,566 | 75,228,357 | 636,031 |

| Authority | 2021 | | 2020 | |
|---|---------------------------|----------------|---------------------------|----------------|
| | Stage 1 Individual | | Stage 1 Individual | |
| | Gross | | Gross | |
| | carrying | ECL | carrying | ECL |
| | amount | amount | amount | amount |
| | N '000 | N '000 | N '000 | N '000 |
| As at 1 January | 72,066,098 | 636,031 | 93,411,705 | 655,817 |
| Addition to financial assets | 15,391,046 | (62,465) | - | - |
| Assets derecognised or matured (excluding write-offs) | | | (21,345,607) | (19,786) |
| As at 31 December | 87,457,144 | 573,566 | 72,066,098 | 636,031 |

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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 | 2021 | | 2020 | |
|--|---------------------------|------------------|---------------------------|------------------|
| | Stage 1 Individual | | Stage 1 Individual | |
| | Gross | | Gross carrying | |
| | carrying | ECL | amount | ECL |
| | amount | | amount | |
| | N '000 | N '000 | N '000 | N '000 |
| As at 1 January | 146,018,322 | 1,701,494 | 9,795,174 | 1,101,976 |
| Addition to financial assets | 190,955,991 | (482,324) | 136,223,148 | 599,518 |
| Assets derecognised or matured (excluding write-offs) | | | | |
| As at 31 December | 336,974,313 | 1,219,170 | 146,018,322 | 1,701,494 |

| Authority | 2021 | | 2020 | |
|--|---------------------------|------------------|---------------------------|------------------|
| | Stage 1 Individual | | Stage 1 Individual | |
| | Gross | | Gross carrying | |
| | carrying | ECL | amount | ECL |
| | amount | | amount | |
| | N '000 | N '000 | N '000 | N '000 |
| As at 1 January | 224,105,023 | 2,006,180 | 53,978,964 | 880,113 |
| Addition to financial assets | 156,286,783 | (482,324) | 170,126,059 | 1,126,067 |
| Assets derecognised or matured (excluding write-offs) | - | - | - | - |
| As at 31 December | 380,391,806 | 1,523,856 | 224,105,023 | 2,006,180 |

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6.3 Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations arising from its financial liabilities that are settled by delivering cash or another financial asset, or that such obligations will have to be settled in a manner disadvantageous to the Group.

6.3.1 Management of liquidity risk

The Group's approach to managing liquidity is to have sufficient funds to meet its liabilities, as and when due, without incurring undue losses or risking damage to the Group's reputation. The Group manages its liquidity risk by maintaining cash levels to fund short term operating expenses.

The table below shows the Group's current cash levels:

| <i>In thousands of Naira</i> | Group 31 December 2021 | Group 31 December 2020 | Authority 31 December 2021 | Authority 31 December 2020 |
|--|---------------------------------------|---------------------------------------|---|---|
| Cash in hand | 107,362 | 5,989 | 4,592 | 1,299 |
| Bank balances | 265,167,097 | 136,378,529 | 264,449,326 | 135,574,631 |
| Placements with financial institutions | 4,328,497 | 8,873,002 | 4,328,497 | 8,872,035 |
| Total cash and cash equivalents | 269,602,956 | 145,257,520 | 268,782,415 | 144,447,965 |

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

31 December 2021

In thousands of Naira

| | Up to 6 months | Between 6 months and 1 year | Between 1 and 2 years | Greater than 2 years | Total |
|---|-----------------------|------------------------------------|------------------------------|-----------------------------|--------------------|
| Trade payables | 1,092,940 | - | - | - | 1,092,940 |
| Other payables | 286,511,515 | - | - | - | 286,511,515 |
| Payables to the Federal Government of Nigeria in respect of the Second Niger Bridge | 19,001,075 | - | - | - | 19,001,075 |
| Lease liability | 80,326 | - | - | - | 80,326 |
| Accrued expenses | 1,029,984 | - | - | - | 1,029,984 |
| Total liabilities | 307,715,840 | - | - | - | 307,715,840 |
| Unfunded commitments with private equity fund managers | 56,633,754 | - | - | - | 56,633,754 |
| Total commitments | 56,633,754 | - | - | - | 56,633,754 |

Group

31 December 2020

In thousands of Naira

| | Up to 6 months | Between 6 months and 1 year | Between 1 and 2 years | Greater than 2 years | Total |
|--|-----------------------|------------------------------------|------------------------------|-----------------------------|--------------------|
| Trade payables | 1,300,561 | - | - | - | 1,300,561 |
| Other payables | 138,293,189 | - | - | - | 138,293,189 |
| Accruals | 1,436,218 | - | - | - | 1,436,218 |
| Total liabilities | 141,029,968 | - | - | - | 141,029,968 |
| Unfunded commitments with private equity fund managers | 46,746,522 | - | - | - | 46,746,522 |
| Total commitments | 46,746,522 | - | - | - | 46,746,522 |

Authority

31 December 2021

In thousands of Naira

| | Up to 6 months | Between 6 months and 1 year | Between 1 and 2 years | Greater than 2 years | Total |
|--|-----------------------|------------------------------------|------------------------------|-----------------------------|--------------------|
| Trade payables | 1,058,971 | - | - | - | 1,058,971 |
| Intercompany payables | 313,565 | - | - | - | 313,565 |
| Other payables | 285,615,958 | - | - | - | 285,615,958 |
| Lease liability | 80,326 | - | - | - | 80,326 |
| Accruals | 949,907 | - | - | - | 949,907 |
| Total liabilities | 288,018,727 | - | - | - | 288,018,727 |
| Unfunded commitments with private equity fund managers | 23,039,558 | - | - | - | 23,039,558 |
| Total commitments | 23,039,558 | - | - | - | 23,039,558 |

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31 December 2020

In thousands of Naira

| | Up to 6 months | Between 6 months and 1 year | Between 1 and 2 years | Greater than 2 years | Total |
|--|--------------------|-----------------------------|-----------------------|----------------------|--------------------|
| Trade payables | 1,210,822 | - | - | - | 1,210,822 |
| Intercompany payables | 16,621,418 | - | - | - | 16,621,418 |
| Other payables | 137,577,722 | - | - | - | 137,577,722 |
| Accruals | 1,365,946 | - | - | - | 1,365,946 |
| Total liabilities | 156,775,908 | - | - | - | 156,775,908 |
| Unfunded commitments with private equity fund managers | 21,779,966 | - | - | - | 21,779,966 |
| Total commitments | 21,779,966 | - | - | - | 21,779,966 |

6.4 Market risk

Market risk is the risk of loss from unfavorable changes in the fair values of financial instruments caused by adverse moves in market variables, such as foreign exchange rates, interest rates, equity prices, commodity prices, credit spreads and implied volatilities of the market rates. Market risk losses could result in a loss of earning and/or capital to the Group. The Group is exposed to market risk through its proprietary investments and can experience capital erosion from its own direct investments in the market.

With regards to investments in certain asset classes, the Group's potential exposure can be categorized into two: namely, traditional investments and alternative investments. Traditional investments include cash, listed equity and fixed income instruments. Alternative investments are the real estate assets, private equity, hedge funds, unquoted securities and equities, hospitality, and are generally less liquid than traditional investments. Currently, the asset classes being referred to as alternative investments are the real estate assets, private equity, hospitality and infrastructure projects.

The Group's Market risk Framework includes:

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

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

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

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

6.4.1 Trading assets/Financial assets

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

6.4.2 Non-trading assets/ Non-financial assets

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

6.4.3 Foreign exchange risk

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

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

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.

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Concentration of foreign currency exposure

Group

31 December 2021

| | Naira | USD | Euro | Others¹ | Total |
|---|--------------------|--------------------|---------------|---------------------------|----------------------|
| | N '000 | N '000 | N '000 | N '000 | N '000 |
| Cash and cash equivalents | 264,467,315 | 5,088,521 | 43,212 | 3,908 | 269,602,956 |
| Investment securities (at amortized cost) | 504,752 | 86,883,578 | - | - | 87,388,330 |
| Investment securities (at FVTPL) | 1,626,000 | 476,385,180 | - | - | 478,011,180 |
| Investment securities (at FVOCI) | 6,233,995 | - | - | - | 6,233,995 |
| Loans and receivables | 15,467,411 | - | - | - | 15,467,411 |
| Restricted balances and other assets | 66,361,464 | 274,402,974 | - | - | 340,764,438 |
| Total monetary financial assets | 354,660,937 | 842,760,253 | 43,212 | 3,908 | 1,197,468,310 |
| Trade payables | 84,491 | 1,008,449 | - | - | 1,092,940 |
| Other payables | 259,886,257 | 26,688,578 | - | 7,923 | 286,582,758 |
| Payable to Federal Government of Nigeria | 19,001,075 | - | - | - | 19,001,075 |
| Total monetary financial liabilities | 278,971,823 | 27,697,027 | - | 7,923 | 306,676,773 |

1. Others represent all other currencies aside the three main functional currencies such as Yen, AUD, GBP.

| | | | | | |
|---------------------------------|---|--------------------|---------------|----------------|--------------------|
| Net financial asset | - | 815,063,226 | 43,212 | (4,015) | 815,102,424 |
| Sensitivity at 10% appreciation | - | (81,506,323) | (4,321) | 401 | (81,510,243) |
| Sensitivity at 10% depreciation | - | 81,506,323 | 4,321 | (401) | 81,510,243 |

Group

31 December 2020

| | Naira | USD | Euro | Others¹ | Total |
|---|--------------------|--------------------|------------------|---------------------------|--------------------|
| | N '000 | N '000 | N '000 | N '000 | N '000 |
| Cash and cash equivalents | 135,384,422 | 9,702,018 | 171,080 | - | 145,257,520 |
| Investment securities (at amortized cost) | - | 73,506,891 | - | - | 73,506,891 |
| Investment securities (at FVTPL) - Monetary | - | 473,705,598 | 9,452,565 | 7,740,530 | 490,898,693 |
| Investment securities (at FVOCI) | - | 7,047,683 | - | - | 7,047,683 |
| Restricted balances and other assets | 159,724,082 | 4,131,308 | - | - | 163,855,390 |
| Total monetary | 295,108,504 | 568,093,498 | 9,623,645 | 7,740,530 | 880,566,177 |
| Trade payables | 1,300,561 | - | - | - | 1,300,561 |
| Other payables | 138,135,301 | 157,888 | - | - | 138,293,189 |
| Payable to Federal Government of Nigeria | 18,442,124 | - | - | - | 18,442,124 |
| Borrowings | - | - | - | - | - |
| Total monetary financial liabilities | 157,877,986 | 157,888 | - | - | 158,035,874 |
| Net financial asset | - | 567,935,610 | 9,623,645 | 7,740,530 | 585,299,785 |
| Sensitivity at 10% appreciation | - | (56,793,561) | (962,365) | (774,053) | (58,529,979) |
| Sensitivity at 10% depreciation | - | 56,793,561 | 962,365 | 774,053 | 58,529,979 |

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| Authority | | | | | |
|---|--------------------|--------------------|---------------|---------------------------|----------------------|
| 31 December 2021 | | | | | |
| | Naira | USD | Euro | Others¹ | Total |
| | N '000 | N '000 | N '000 | N '000 | N '000 |
| Cash and cash equivalents | 263,842,277 | 4,893,018 | 43,212 | 3,908 | 268,782,415 |
| Investment securities (at amortized cost) | - | 86,883,578 | - | - | 86,883,578 |
| Investment securities (at FVTPL) | 1,626,000 | 443,926,463 | - | - | 445,552,463 |
| Investment securities (at FVOCI) | 3,949,437 | - | - | - | 3,949,437 |
| Loans and receivables | 16,850,542 | - | - | - | 16,850,542 |
| Restricted balances and other assets | 87,183,889 | 275,169,685 | - | - | 362,353,574 |
| Total monetary financial assets | 373,452,145 | 810,872,745 | 43,212 | - | 1,184,372,010 |
| Trade payables | 50,522 | 1,008,449 | - | - | 1,058,971 |
| Intercompany payables | 313,565 | - | - | - | 313,565 |
| Other payables | 259,313,628 | 26,365,650 | - | 7,923 | 285,687,201 |
| Total monetary financial liabilities | 259,677,715 | 27,374,099 | - | 7,923 | 287,059,737 |

1. Others represent all other currencies aside the three main functional currencies such Yen, AUD, GBP.

| | | | | | |
|---|---|--------------------|---------------|----------------|----------------------|
| Net financial asset FCY exposure | - | 783,498,646 | 43,212 | (7,923) | 783,533,935 |
| Sensitivity at 15% appreciation | - | (117,524,797) | (6,482) | 1,188 | (117,530,090) |
| Sensitivity at 15% depreciation | - | 117,524,797 | 6,482 | (1,188) | 117,530,090 |

| Authority | | | | | |
|---|--------------------|--------------------|------------------|---------------------------|--------------------|
| 31 December 2020 | | | | | |
| | Naira | USD | Euro | Others¹ | Total |
| | N '000 | N '000 | N '000 | N '000 | N '000 |
| Cash and cash equivalents | 134,720,336 | 9,556,274 | 171,080 | - | 144,447,690 |
| Investment securities (at amortized cost) | - | 72,066,098 | - | - | 72,066,098 |
| Investment securities (at FVTPL) | - | 457,903,194 | 9,452,565 | - | 467,355,759 |
| Investment securities (at FVOCI) | - | 5,637,803 | - | - | 5,637,803 |
| Restricted balances and other assets | 224,105,023 | - | - | - | 224,105,023 |
| Total monetary financial assets | 358,825,359 | 545,163,369 | 9,623,645 | - | 913,612,373 |
| Trade payables | 76,821 | 1,134,001 | - | - | 1,210,822 |
| Intercompany payables | 16,613,418 | 8,000 | - | - | 16,621,418 |
| Other payables | 137,577,722 | - | - | - | 137,577,722 |
| Total monetary | 154,267,961 | 1,142,001 | - | - | 155,409,962 |
| Net financial asset | - | 544,021,368 | 9,623,645 | - | 553,645,013 |
| Sensitivity at 15% | - | (81,603,205) | (1,443,547) | - | (83,046,752) |
| Sensitivity at 15% | - | 81,603,205 | 1,443,547 | - | 83,046,752 |

Effective closing rate as at 31 December 2021 is N412.99/ US Dollar (2020: N379/ US Dollar).

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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.

| 31 December 2021 Group | Re-pricing period | | | | Total Gross Nominal N '000 |
|--|---------------------------------------|--|--|--|---|
| | Carrying amount N '000 | Less than 1 year N '000 | More than 1 year N '000 | Non Interest bearing N '000 | |
| Cash and cash equivalents | 269,602,956 | 277,691,045 | - | - | 277,691,045 |
| Loans and receivables | 15,467,411 | 8,247,039 | 7,993,742 | - | 16,240,781 |
| Investment securities | | | | | |
| Investment securities (at amortized cost) | 87,388,330 | 92,631,630 | - | - | 92,631,630 |
| Investment securities (at FVOCI) | 6,233,995 | - | - | 6,233,995 | 6,233,995 |
| Currency swap | 114,135,963 | - | - | 114,135,963 | 114,135,963 |
| Private equity investments | 133,654,884 | - | - | 133,654,884 | 133,654,884 |
| Hedge funds and long only equity investments | 175,088,327 | - | - | 175,088,327 | 175,088,327 |
| Nigeria Infrastructure Debt Fund | 1,579,957 | - | - | 1,579,957 | 1,579,957 |
| Fixed income products | 29,622,608 | 31,548,078 | - | - | 31,548,078 |
| US treasury notes | 23,929,441 | 24,168,735 | - | - | 24,168,735 |
| Restricted balances and other assets | 340,764,438 | - | - | 340,764,438 | 340,764,438 |
| | 1,197,468,310 | 434,286,527 | 7,993,742 | 771,457,564 | 1,213,737,833 |
| Lease liability | 71,243 | 80,326 | - | - | 80,326 |
| Other payables | 306,605,530 | - | - | 306,605,530 | 306,605,530 |
| | 306,676,773 | 80,326 | - | 306,605,530 | 306,685,856 |
| Gaps | 890,791,537 | 434,206,200 | 7,993,742 | 464,852,034 | 907,051,976 |

| 31 December 2020 Group | Re-pricing period | | | | Total Gross Nominal N '000 |
|--|-----------------------------------|--|--|--|---|
| | Carrying amount N '000 | Less than 1 year N '000 | More than 1 year N '000 | Non Interest bearing N '000 | |
| Cash and cash equivalents | 145,257,520 | 149,615,246 | - | - | 149,615,246 |
| Investment securities | | | | | |
| Investment securities (at amortized cost) | 73,506,891 | 77,917,304 | - | - | 77,917,304 |
| Investment securities (at FVOCI) | 7,047,683 | - | - | 7,047,683 | 7,047,683 |
| Currency swap | 235,896,025 | - | - | 235,896,025 | 235,896,025 |
| Private equity investments | 87,717,247 | - | - | 87,717,247 | 87,717,247 |
| Hedge funds and long only equity investments | 119,429,965 | - | - | 119,429,965 | 119,429,965 |
| Nigeria Infrastructure Debt Fund | 1,626,000 | - | - | 1,626,000 | 1,626,000 |
| Fixed income products | 24,227,891 | 25,802,704 | - | - | 25,802,704 |
| US treasury notes | 22,001,565 | 22,221,581 | - | - | 22,221,581 |
| Restricted balances and other assets | 163,855,390 | - | - | 163,855,390 | 163,855,390 |
| | 490,898,693 | 48,024,285 | - | 444,669,237 | 492,693,522 |
| Lease Liabilities | - | - | - | - | - |
| Other payables | 158,035,874 | - | - | 158,035,874 | 158,035,874 |
| | 158,035,874 | - | - | 158,035,874 | 158,035,874 |
| Gaps | 332,862,819 | 48,024,285 | - | 286,633,363 | 334,657,648 |

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Interest rate risk (Continued)

Interest rate risk is the risk of loss to net interest income (NII) arising from changes in market interest rates on rate sensitive assets and liabilities.

Net interest income sensitivity

There are two types of scenarios that give rise to interest rate risk. These are where the Group holds variable rate instruments susceptible to cash flow interest rate risk due to a change in market interest rates or the Group holds debts instruments measured at fair value which will be exposed to fair value interest rate risk. The Group holds debts instruments measured at fair value which are exposed to fair value interest rate risk. The table below shows the impact of interest rate changes (increase/decrease) on the Group's interest bearing financial instruments and the effect on total comprehensive income.

| | Group 31 December 2021 N '000 | Group 31 December 2020 N '000 | Authority 31 December 2021 N '000 | Authority 31 December 2021 N '000 |
|--|--|--|--|--|
| Currency swap | 114,135,963 | 235,896,025 | 114,135,963 | 235,896,025 |
| Private equity investments | 133,654,884 | 87,717,247 | 101,196,167 | 64,174,313 |
| Hedge funds and long only equity investments | 175,088,327 | 119,429,965 | 175,088,327 | 119,429,965 |
| Nigeria Infrastructure Debt Fund | 1,579,957 | 1,626,000 | 1,579,957 | 1,626,000 |
| Fixed income products | 29,622,608 | 24,227,891 | 29,622,608 | 24,227,891 |
| US treasury notes | 23,929,441 | 22,001,565 | 23,929,441 | 22,001,565 |
| | 478,011,180 | 490,898,693 | 445,552,463 | 467,355,759 |
| Net interest earning financial instruments | 478,011,180 | 490,898,693 | 445,552,463 | 467,355,759 |

Net interest income sensitivity

31 December 2021

(All amounts are in thousands of Naira)

| | Changes (%) | Group | Authority |
|--------------------------------------|-------------|--------------|--------------|
| Impact on total comprehensive income | -5% | 23,900,559 | 22,277,623 |
| Impact on total comprehensive income | +5% | (23,900,559) | (22,277,623) |

31 December 2020

(All amounts are in thousands of Naira)

| | Changes (%) | Group | Authority |
|--------------------------------------|-------------|--------------|--------------|
| Impact on total comprehensive income | -5% | 24,544,935 | 23,367,788 |
| Impact on total comprehensive income | +5% | (24,544,935) | (23,367,788) |

6.4.5 Equities securities price risk

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

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

| | Group 31 December 2021 N '000 | Group 31 December 2020 N '000 | Authority 31 December 2021 N '000 | Authority 31 December 2020 N '000 |
|--------------------------------------|--|--|--|--|
| Equity instruments measured at FVOCI | 6,233,995 | 7,047,683 | 3,949,437 | 5,637,803 |
| | (6,233,995) | (7,047,683) | (3,949,437) | (5,637,803) |

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

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7 Fair value hierarchy

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

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

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

The following tables analyze within the fair value hierarchy the Authority's financial assets (by class) measured at fair value at 31 December 2021. All fair value measurements disclosed are recurring fair value measurements.

Group

31 December 2021

Investment securities at FVOCI

| | Level 1 N '000 | Level 2 N '000 | Level 3 N '000 | Total N '000 |
|---|-------------------|-------------------|-------------------|-----------------|
| NG Clearing Ltd | - | - | 1,078,317 | 1,078,317 |
| The Infrastructure Corporation of Nig Ltd. | | | 100,000 | 100,000 |
| MTN securities and Bridge Academies Limited | 2,771,120 | - | 2,284,558 | 5,055,678 |
| | 2,771,120 | - | 3,462,875 | 6,233,995 |

31 December 2020

Investment securities at FVOCI

| | Level 1 N '000 | Level 2 N '000 | Level 3 N '000 | Total N '000 |
|---|-------------------|-------------------|-------------------|-----------------|
| NG Clearing Ltd | - | - | 1,081,666 | 1,081,666 |
| MTN securities and Bridge Academies Limited | 4,556,137 | - | 1,409,880 | 5,966,017 |
| | 4,556,137 | - | 2,491,546 | 7,047,683 |

Authority

31 December 2021

Investment securities at FVOCI

| | Level 1 N '000 | Level 2 N '000 | Level 3 N '000 | Total N '000 |
|--|-------------------|-------------------|-------------------|-----------------|
| NG Clearing Ltd | - | - | 1,078,317 | 1,078,317 |
| The Infrastructure Corporation of Nig Ltd. | | | 100,000 | 100,000 |
| MTN securities | 2,771,120 | - | - | 2,771,120 |
| | 2,771,120 | - | 1,178,317 | 3,949,437 |

31 December 2020

Investment securities at FVOCI

| | Level 1 N '000 | Level 2 N '000 | Level 3 N '000 | Total N '000 |
|-----------------|-------------------|-------------------|-------------------|-----------------|
| NG Clearing Ltd | - | - | 1,081,666 | 1,081,666 |
| MTN securities | 4,556,137 | - | - | 4,556,137 |
| | 4,556,137 | - | 1,081,666 | 5,637,803 |

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Financial assets at fair value through profit or loss

| Group | | | | |
|--|-------------------|--------------------|--------------------|--------------------|
| 31 December 2021 | Level 1 | Level 2 | Level 3 | Total |
| | N '000 | N '000 | N '000 | N '000 |
| Currency swap (Note 21.3.1) | - | 114,135,963 | - | 114,135,963 |
| Private equity investments | - | - | 133,654,884 | 133,654,884 |
| Hedge funds and long only equity investments | 31,784,479 | - | 143,303,848 | 175,088,327 |
| Nigeria Infrastructure Debt Fund | 1,579,957 | - | - | 1,579,957 |
| US treasury notes | - | 23,929,441 | - | 23,929,441 |
| Fixed income products | - | 29,622,608 | - | 29,622,608 |
| | 33,364,436 | 167,688,012 | 276,958,732 | 478,011,180 |

| Group | | | | |
|--|----------------|--------------------|--------------------|--------------------|
| 31 December 2020 | Level 1 | Level 2 | Level 3 | Total |
| | N '000 | N '000 | N '000 | N '000 |
| Currency swap (Note 21.3.1) | - | 235,896,025 | - | 235,896,025 |
| Private equity investments | - | - | 87,717,247 | 87,717,247 |
| Hedge funds and long only equity investments | - | - | 119,429,965 | 119,429,965 |
| Nigeria Infrastructure Debt Fund | - | 1,626,000 | - | 1,626,000 |
| US treasury notes | - | 22,081,811 | - | 22,081,811 |
| Fixed income products | - | 24,227,891 | - | 24,227,891 |
| | - | 283,831,727 | 207,147,212 | 490,978,939 |

| Authority | | | | |
|--|-------------------|--------------------|--------------------|--------------------|
| 31 December 2021 | Level 1 | Level 2 | Level 3 | Total |
| | N '000 | N '000 | N '000 | N '000 |
| Currency swap (Note 21.3.1) | - | 114,135,963 | - | 114,135,963 |
| Private equity investments | - | - | 101,196,167 | 101,196,167 |
| Hedge funds and long only equity investments | 30,703,576 | - | 144,384,751 | 175,088,327 |
| Nigeria Infrastructure Debt Fund | 1,579,957 | - | - | 1,579,957 |
| US treasury notes | - | 23,929,441 | - | 23,929,441 |
| Fixed income products | - | 29,622,608 | - | 29,622,608 |
| | 32,283,533 | 167,688,012 | 245,580,918 | 445,552,463 |

| 31 December 2020 | Level 1 | Level 2 | Level 3 | Total |
|--|----------------|--------------------|--------------------|--------------------|
| | N '000 | N '000 | N '000 | N '000 |
| Currency swap (Note 21.3.1) | - | 235,896,025 | - | 235,896,025 |
| Private equity investments | - | - | 64,174,313 | 64,174,313 |
| Hedge funds and long only equity investments | - | - | 119,429,965 | 119,429,965 |
| Nigeria Infrastructure Debt Fund | - | 1,626,000 | - | 1,626,000 |
| US treasury notes | - | 22,081,811 | - | 22,081,811 |
| Fixed income products | - | 24,227,891 | - | 24,227,891 |
| | - | 283,831,727 | 183,604,278 | 467,436,005 |

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(a) Financial instruments in level 1

The fair value of financial instruments traded in active markets is based on quoted market prices as at 31 December 2021. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry Group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in Level 1.

(b) Financial instruments in level 2

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

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

(c) Financial instruments in level 3

Level 3 inputs are unobservable inputs that have been applied in valuing the respective asset or liability. The determination of what constitutes 'observable' requires significant judgment by the Authority. The Authority considers observable data to be market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary and provided by independent sources that are actively involved in the relevant market. There were no transfers between levels during the year.

Investments in hedge funds and private equity funds measured at FVOCI

In determining the fair value of these investments, the Authority relies on the valuation as reported in the latest available financial statements and/ or capital account statements provided by the investment manager, unless the Authority is aware of reasons that such a valuation may not be the best approximation of fair value. In such cases, the Authority reserves the right to assign a fair value to such investments which differs from the one reported by the investment manager.

The following table presents the changes in level 3 instruments for the year ended 31 December 2021 for financial assets measured at FVOCI.

| | Group | Group | Authority | Authority |
|--|--------------------|--------------------|--------------------|--------------------|
| | 31 December | 31 December | 31 December | 31 December |
| | 2021 | 2020 | 2021 | 2020 |
| | N '000 | N '000 | N '000 | N '000 |
| Financial assets measured at FVOCI - Bridge Academies Limited , NG Clearing and Infracore Ltd | | | | |
| Opening balance | 2,491,546 | 2,603,000 | 1,081,666 | 523,000 |
| Additions | - | 536,500 | 100,000 | 536,500 |
| Fair value movement | 744,886 | 22,166 | (3,349) | 22,166 |
| Exchange difference | 126,443 | (670,120) | - | - |
| Closing balance | 3,362,875 | 2,491,546 | 1,178,317 | 1,081,666 |

The key assumptions to the valuation of level 3 instruments includes the Group's ability to strengthen its market position through effective geographical expansion and its ability to improve its profitability by increasing EBITDA margins. The key inputs to the valuation technique used by the group are revenue and EBITDA margins.

| | Group | Group | Authority | Authority |
|---|--------------------|--------------------|--------------------|--------------------|
| | 31 December | 31 December | 31 December | 31 December |
| | 2021 | 2020 | 2021 | 2020 |
| | N '000 | N '000 | N '000 | N '000 |
| Financial assets at fair value through profit or loss - Private equity | | | | |
| Opening balance | 87,717,248 | 57,169,278 | 64,174,315 | 37,045,262 |
| Additions | 36,394,563 | 17,448,811 | 27,919,840 | 11,353,676 |
| Disposals, repayments and distributions received | (13,290,295) | (5,493,970) | (11,355,891) | (1,945,287) |
| Fair value movement | 14,539,788 | 9,555,306 | 14,000,532 | 11,312,245 |
| Exchange gain | 8,293,580 | 9,037,823 | 6,457,371 | 6,408,419 |
| Closing balance | 133,654,884 | 87,717,248 | 101,196,167 | 64,174,315 |

| | Group | Group | Authority | Authority |
|--|--------------------|--------------------|--------------------|--------------------|
| | 31 December | 31 December | 31 December | 31 December |
| | 2021 | 2020 | 2021 | 2020 |
| | N '000 | N '000 | N '000 | N '000 |
| Financial assets at fair value through profit or loss - Hedge funds | | | | |
| Opening balance | 119,429,965 | 67,462,348 | 119,429,965 | 67,462,348 |
| Additions | 41,290,320 | 28,445,918 | 41,290,320 | 28,445,918 |
| Disposals, repayments and distributions received | (13,154,635) | (427,396) | (13,154,635) | (427,396) |
| Fair value movement | 14,941,905 | 11,422,150 | 14,941,905 | 11,422,150 |
| Exchange gain/(loss) | 12,580,772 | 12,526,945 | 12,580,772 | 12,526,945 |
| Closing balance | 175,088,327 | 119,429,965 | 175,088,327 | 119,429,965 |

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

The table below shows the sensitivity analysis to enterprise value/EBITDA multiple for level 3 financial assets measured at FVOCI:

Net fair value sensitivity

31 December 2021

| (All amounts are in thousands of Naira) | Changes (%) | Group | Authority |
|---|-------------|----------|-----------|
| Impact on total comprehensive income | -5% | (37,244) | (167) |
| Impact on total comprehensive income | +5% | 37,244 | 167 |

31 December 2020

| (All amounts are in thousands of Naira) | Changes (%) | Group | Authority |
|---|-------------|---------|-----------|
| Impact on total comprehensive income | -5% | (1,108) | (1,108) |
| Impact on total comprehensive income | +5% | 1,108 | 1,108 |

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

Net fair value sensitivity

31 December 2021

| (All amounts are in thousands of Naira) | Changes (%) | Group | Authority |
|---|-------------|-----------|-----------|
| Impact on total comprehensive income | -5% | (726,989) | (700,027) |
| Impact on total comprehensive income | +5% | 726,989 | 700,027 |

31 December 2020

| (All amounts are in thousands of Naira) | Changes (%) | Group | Authority |
|---|-------------|-----------|-----------|
| Impact on total comprehensive income | -5% | (477,765) | (565,612) |
| Impact on total comprehensive income | +5% | 477,765 | 565,612 |

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

Group

31 December 2021

| <i>In thousands of Naira</i> | Carrying value | Level 1 | Level 2 | Level 3 | Fair value |
|--|--------------------|----------|-------------------|--------------------|--------------------|
| Financial assets | | | | | |
| Other receivables | 260,749,732 | - | - | 260,749,732 | 260,749,732 |
| Trade receivables | 59,598,400 | - | - | 59,598,400 | 59,598,400 |
| Cost incurred on behalf of related party in respect of Second Niger Bridge | 16,070,532 | - | - | 16,070,532 | 16,070,532 |
| Loans and receivables | 15,467,411 | | | 15,666,796 | 15,666,796 |
| Restricted balances and other assets [a] | 4,097,599 | - | 4,109,871 | - | 4,109,871 |
| Financial assets measured at amortized cost [b] | 87,388,330 | - | 87,961,896 | - | 87,961,896 |
| | 443,372,004 | - | 92,071,767 | 352,085,460 | 444,157,227 |
| Financial liabilities | | | | | |
| Borrowings | - | - | - | - | - |
| Trade payables | 1,092,940 | - | - | 1,092,940 | 1,092,940 |
| Other payables | 286,511,515 | - | - | 286,511,515 | 286,511,515 |
| Payables to Federal Government in respect of the Second Niger Bridge | 19,001,075 | - | - | 19,001,075 | 19,001,075 |
| | 306,605,530 | - | - | 306,605,530 | 306,605,530 |

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| | Carrying value | Level 1 | Level 2 | Level 3 | Fair value |
|--|--------------------|----------|-------------------|--------------------|--------------------|
| <i>In thousands of Naira</i> | | | | | |
| Financial assets | | | | | |
| Other receivables | 143,311,423 | - | - | 143,311,423 | 143,311,423 |
| Trade receivables | 1,266,107 | - | - | 1,266,107 | 1,266,107 |
| Cost incurred on behalf of related party in respect of Second Niger Bridge | 16,113,745 | - | - | 16,113,745 | 16,113,745 |
| Restricted balances and other assets | 3,164,115 | - | 3,164,115 | - | 3,164,115 |
| Financial assets measured at amortized cost [b] | 73,506,891 | - | 73,506,891 | - | 73,506,891 |
| | 237,362,281 | - | 76,671,006 | 160,691,275 | 237,362,281 |
| Financial liabilities | | | | | |
| Borrowings | - | - | - | - | - |
| Trade payables | 1,300,561 | - | - | 1,300,561 | 1,300,561 |
| Other payables | 138,293,189 | - | - | 138,293,189 | 138,293,189 |
| Payables to Federal Government in respect of the Second Niger Bridge | - | - | - | - | - |
| | 139,593,750 | - | - | 139,593,750 | 139,593,750 |

Authority

31 December 2021

| | Carrying value | Level 1 | Level 2 | Level 3 | Fair value |
|---|--------------------|----------|-------------------|--------------------|--------------------|
| <i>In thousands of Naira</i> | | | | | |
| Financial assets | | | | | |
| Other receivables | 261,359,636 | - | - | 261,359,636 | 261,359,636 |
| Account receivables | 54,520,335 | - | - | 54,520,335 | 54,520,335 |
| Intercompany receivables | 46,138,238 | - | - | 46,138,238 | 46,138,238 |
| Loans and receivables | 16,850,542 | - | - | 17,012,085 | 17,012,085 |
| Financial assets measured at amortized cost [b] | 86,883,578 | - | 87,457,144 | - | 87,457,144 |
| | 465,752,329 | - | 87,457,144 | 379,030,294 | 466,487,438 |
| Financial liabilities | | | | | |
| Trade payables | 1,058,971 | - | - | 1,058,971 | 1,058,971 |
| Intercompany payables | 313,565 | - | - | 313,565 | 313,565 |
| Other payables | 285,615,958 | - | - | 285,615,958 | 285,615,958 |
| | 286,988,494 | - | - | 286,988,494 | 286,988,494 |

31 December 2020

| | Carrying value | Level 1 | Level 2 | Level 3 | Fair value |
|---|--------------------|----------|-------------------|--------------------|--------------------|
| <i>In thousands of Naira</i> | | | | | |
| Financial assets | | | | | |
| Other receivables | 143,745,916 | - | - | 143,745,916 | 143,745,916 |
| Account receivables | 1,265,467 | - | - | 1,265,467 | 1,265,467 |
| Intercompany receivables | 75,850,113 | - | - | 75,850,113 | 75,850,113 |
| Financial instruments at amortized cost | 72,066,098 | - | 72,066,098 | - | 72,066,098 |
| | 292,927,594 | - | 72,066,098 | 220,861,496 | 292,927,594 |
| Financial liabilities | | | | | |
| Trade payables | 1,210,822 | - | - | 1,210,822 | 1,210,822 |
| Intercompany payables | 16,621,418 | - | - | 16,621,418 | 16,621,418 |
| Other payables | 137,577,722 | - | - | 137,577,722 | 137,577,722 |
| | 155,409,962 | - | - | 155,409,962 | 155,409,962 |

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 amortized cost

The estimated fair value of the instruments categorised here represents the discounted amount of estimated future cash flows expected to be received. Expected cash flows are discounted at current market rates to determine fair value.

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8 Fund information

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

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

| | |
|-----------------------------------|---|
| Stabilization Fund (SF) | To provide stabilization support to the Federation in times of economic stress |
| Future Generation Fund (FGF) | To invest in a diversified portfolio of appropriate growth investments in order to provide future generation of Nigerians a solid savings base for such a time as the hydrocarbon reserves in Nigeria are exhausted |
| Nigeria Infrastructure Fund (NIF) | To invest in infrastructure projects in Nigeria that meet our targeted financial returns and contribute to the development of essential infrastructure in Nigeria |

Information regarding the results of each Fund is included below. Performance is measured based on Fund as included in the internal management reports. Funds profitability is used to measure performance as the directors believe that such information is most relevant in evaluating the profitability of each fund.

8 Fund information cont'd

| | Stabilization Fund | Future Generations Fund | Nigeria Infrastructure Fund | Unallocated | Total |
|---|--------------------|-------------------------|-----------------------------|----------------------|----------------------|
| <i>31 December 2021</i> | N '000 | N '000 | N '000 | N '000 | N '000 |
| Interest income | 346,298 | 847,439 | 4,281,668 | 183,116 | 5,658,521 |
| Investment income | 52,655 | 4,491,857 | 122,277 | (124,620) | 4,542,169 |
| Interest income on instrument measured at FVPL | 4,471,695 | 7,632,773 | 21,797,967 | (194,193) | 33,708,242 |
| Net gain on financial assets | 2,752,293 | 37,201,548 | 17,141,246 | (181,835) | 56,913,252 |
| Net foreign exchange gain/(loss) | 9,300,784 | 27,232,859 | 10,732,888 | (1,491,619) | 45,774,912 |
| Total operating segment income | 16,923,725 | 77,406,476 | 54,076,046 | (1,809,151) | 146,597,096 |
| Investment management fees | (25,025) | (1,190,074) | (3,037) | - | (1,218,136) |
| Local custodian fees | (8,421) | (10,797) | (24,717) | (329) | (44,264) |
| Global custodian fees | (24,723) | (100,432) | (9,134) | (10,121) | (144,410) |
| Impairment charge on financial assets | 54,100 | 253,205 | 237,484 | - | 544,789 |
| Total operating fund profit | 16,919,656 | 76,358,378 | 54,276,642 | (1,819,601) | 145,735,075 |
| Revenue from infrastructure subsidiaries investment | - | - | 2,007,165 | - | 2,007,165 |
| Expense from infrastructure subsidiaries investment | - | - | (575,920) | - | (575,920) |
| Profit from infrastructure subsidiaries investment | - | - | 1,431,245 | - | 1,431,245 |
| Other income | - | 238,508 | 445,803 | 3,621,421 | 4,305,732 |
| Operating and administrative expenses | - | (774,755) | (2,447,844) | (3,749,033) | (6,971,632) |
| Interest expense | - | - | (3,058) | - | (3,058) |
| Share of profit of investment in associate | - | - | 4,038,065 | - | 4,038,065 |
| Profit before tax | 16,919,656 | 75,822,131 | 57,740,853 | (1,947,213) | 148,535,427 |
| Taxation | - | (1,743) | - | - | (1,743) |
| Profit for the year from continuing operations | 16,919,656 | 75,820,388 | 57,740,853 | (1,947,213) | 148,533,684 |
| Profit from discontinued operations | - | - | - | 5,026,703 | 5,026,703 |
| Profit for the year | 16,919,656 | 75,820,388 | 57,740,853 | 3,079,490 | 153,560,387 |
| Profit attributable to: | | | | | |
| Owners of NSIA | 16,919,656 | 75,820,388 | 57,797,758 | 3,079,490 | 153,617,292 |
| Non-controlling interest | - | - | (56,905) | - | (56,905) |
| | 16,919,656 | 75,820,388 | 57,740,853 | 3,079,490 | 153,560,387 |
| Reportable fund assets | | | | | |
| Cash and cash equivalents | 53,121,833 | 83,249,411 | 133,231,712 | - | 269,602,956 |
| Investment securities | 71,117,521 | 337,107,457 | 177,918,858 | (14,510,332) | 571,633,504 |
| Loans and receivables | - | - | 11,764,428 | 3,702,983 | 15,467,411 |
| Other assets | 22,430,426 | 100,727,084 | 232,804,462 | (15,197,532) | 340,764,440 |
| Inventories | - | - | 142,746 | - | 142,746 |
| Investments accounted for using the equity method | - | 3,000 | 20,056,592 | 4,620,417 | 24,680,009 |
| Property and equipment | - | - | 4,647,569 | 513,480 | 5,161,049 |
| Right of use assets | - | - | 177,856 | 73,414 | 251,270 |
| Intangible assets | - | - | 40,876 | 84,819 | 125,695 |
| | 146,669,780 | 521,086,952 | 580,785,099 | (20,712,751) | 1,227,829,080 |
| Reportable fund liabilities | | | | | |
| Other liabilities | (1,078,138) | (31,258,178) | (33,705,042) | (242,061,070) | (308,102,428) |
| | (1,078,138) | (31,258,178) | (33,705,042) | (242,061,070) | (308,102,428) |

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| | Stabilization Fund | Future Generations Fund | Nigeria Infrastructure Fund | Unallocated | Total |
|---|-----------------------|-------------------------------|-----------------------------------|---------------------|----------------------|
| | N'000 | N'000 | N'000 | N'000 | N'000 |
| 31 December 2020 | | | | | |
| Interest income | 1,025,485 | 858,700 | 3,728,662 | 164,119 | 5,776,966 |
| Investment income | 231,463 | 2,134,618 | (195,533) | 773,028 | 2,943,576 |
| Interest income on instrument measured at FVPL | 6,038,108 | 11,868,608 | 24,891,458 | (40,652) | 42,757,522 |
| Net gain on financial assets | 5,592,391 | 34,046,685 | (1,823,381) | 20,278,392 | 58,094,087 |
| Net foreign exchange gain/(loss) | 13,733,544 | 21,777,102 | 39,027,897 | (23,324,056) | 51,214,487 |
| Total operating segment income | 26,620,991 | 70,685,713 | 65,629,103 | (2,149,169) | 160,786,638 |
| Investment management fees | (34,325) | (1,039,346) | 1,433 | (5,508) | (1,077,746) |
| Local custodian fees | 3,387 | 4,468 | 2,877 | - | 10,732 |
| Foreign custodian fees | (21,661) | (88,002) | (7,048) | (12,178) | (128,889) |
| Impairment charge on financial assets | (147,768) | (221,653) | (376,435) | 989 | (744,867) |
| Total operating fund profit | 26,420,624 | 69,341,180 | 65,249,930 | (2,165,866) | 158,845,868 |
| Revenue from infrastructure subsidiaries investment | - | - | 759,291 | - | 759,291 |
| Expense from infrastructure subsidiaries investment | - | - | (190,130) | - | (190,130) |
| Profit from infrastructure subsidiaries investment | - | - | 569,161 | - | 569,161 |
| Other income | - | 60,688 | 846,997 | 804,861 | 1,712,546 |
| Operating and administrative expenses | 13,807 | (342,366) | (1,949,004) | (4,523,548) | (6,801,111) |
| Finance cost | - | - | (2,491) | - | (2,491) |
| Share of profit of investment in associate | - | - | 2,158,747 | - | 2,158,747 |
| Profit before tax | 26,434,431 | 69,059,502 | 66,873,340 | (5,884,553) | 156,482,720 |
| Taxation | - | - | (12,417) | - | (12,417) |
| Profit after tax | 26,434,431 | 69,059,502 | 66,860,923 | (5,884,553) | 156,470,303 |
| Profit attributable to: | | | | | |
| Owners of NSIA | 26,434,431 | 69,059,502 | 66,926,910 | (5,884,553) | 156,536,290 |
| Non-controlling interest | - | - | (65,987) | - | (65,987) |
| | 26,434,431 | 69,059,502 | 66,860,923 | (5,884,553) | 156,470,303 |
| Reportable fund assets | | | | | |
| Cash and cash equivalents | 51,270,696 | 59,659,425 | 33,932,524 | 394,875 | 145,257,520 |
| Investment securities | 58,317,804 | 258,185,705 | 252,828,410 | 1,485,317 | 570,817,236 |
| Restricted balances and other assets | 48,459,243 | 70,925,940 | 41,841,434 | 1,043,955 | 162,270,572 |
| Inventories | - | - | 152,549 | - | 152,549 |
| Investment accounted for using the equity method | - | - | 19,371,487 | - | 19,371,487 |
| Property and equipment | - | - | 4,955,957 | 475,253 | 5,431,210 |
| Right of use assets | - | - | 188,801 | 13,421 | 202,222 |
| Intangible assets | - | - | 92,261 | 121,283 | 213,544 |
| | 158,047,743 | 388,771,070 | 353,363,423 | 3,534,104 | 903,716,340 |
| Reportable fund liabilities | | | | | |
| Other liabilities | (43,205,494) | (51,096,699) | (41,893,655) | (23,628,475) | (159,824,323) |
| Borrowings | - | - | - | - | - |
| | (43,205,494) | (51,096,699) | (41,893,655) | (23,628,475) | (159,824,323) |

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9 Interest income on financial assets at amortised cost

| | Group | Group | Authority | Authority |
|--|--------------------|--------------------|--------------------|--------------------|
| | 31 December | 31 December | 31 December | 31 December |
| | 2021 | 2020 | 2021 | 2020 |
| | N '000 | N '000 | N '000 | N '000 |
| Interest income on Nigerian treasury bills | - | 78,940 | - | 78,940 |
| Interest income on loans | 767,649 | 265,175 | 704,010 | 921,505 |
| Interest income on fixed deposits and eurobond | 4,875,290 | 5,332,269 | 4,872,382 | 5,170,051 |
| Interest income on bank balances | 15,582 | 100,582 | 15,492 | 93,326 |
| | 5,658,521 | 5,776,966 | 5,591,884 | 6,263,822 |

10 Investment income

| | Group | Group | Authority | Authority |
|--|--------------------|--------------------|--------------------|--------------------|
| | 31 December | 31 December | 31 December | 31 December |
| | 2021 | 2020 | 2021 | 2020 |
| | N '000 | N '000 | N '000 | N '000 |
| Investment income from securities (10.1) | 4,542,169 | 2,943,576 | 3,352,806 | 4,455,184 |
| | 4,542,169 | 2,943,576 | 3,352,806 | 4,455,184 |

10.1 Investment income comprises the following

| | | | | |
|---|------------------|------------------|------------------|------------------|
| Dividend from ordinary equity investments | 57,603 | 320,761 | 239,825 | 320,761 |
| Income distribution by fund managers | 3,564,748 | 2,622,815 | 2,663,105 | 2,093,794 |
| Dividend from subsidiary | - | - | - | 1,849,519 |
| Investment Income-FVTPL Securities | 919,818 | - | 449,876 | 191,111 |
| | 4,542,169 | 2,943,576 | 3,352,806 | 4,455,185 |

11 Interest income on financial assets at FVTPL

| | Group | Group | Authority | Authority |
|--|--------------------|--------------------|--------------------|--------------------|
| | 31 December | 31 December | 31 December | 31 December |
| | 2021 | 2020 | 2021 | 2020 |
| | N '000 | N '000 | N '000 | N '000 |
| Interest income on US treasury note | 500,194 | 625,286 | 500,194 | 625,286 |
| Interest income from fixed income products | 271,605 | 199,600 | 271,605 | 199,600 |
| Interest income on Open Market operations bill | 32,936,443 | 41,932,636 | 32,936,443 | 41,932,636 |
| | 33,708,242 | 42,757,522 | 33,708,242 | 42,757,522 |

12 Net gain on financial assets at FVTPL

| | Group | Group | Authority | Authority |
|--|--------------------|--------------------|--------------------|--------------------|
| | 31 December | 31 December | 31 December | 31 December |
| | 2021 | 2020 | 2021 | 2020 |
| | N '000 | N '000 | N '000 | N '000 |
| Net gain on financial assets at fair value through profit or loss (<i>Note 12.1</i>) | 56,898,356 | 57,447,464 | 56,449,910 | 59,712,136 |
| Net fair value gain/loss and trading income on US treasury notes and fixed income products | 14,896 | 646,623 | 14,896 | 646,623 |
| | 56,913,252 | 58,094,087 | 56,464,806 | 60,358,759 |

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

| | Group | Group | Authority | Authority |
|--|--------------------|--------------------|--------------------|--------------------|
| | 31 December | 31 December | 31 December | 31 December |
| | 2021 | 2020 | 2021 | 2020 |
| | N '000 | N '000 | N '000 | N '000 |
| Unrealized fair value gain on financial swap | 9,086,051 | 11,292,687 | 9,086,051 | 11,292,687 |
| Realized fair value gain on financial swap | 17,382,117 | 24,518,207 | 17,382,117 | 24,518,207 |
| Fair value changes on private equity, hedge funds and other securities | 28,260,964 | 20,265,098 | 27,812,518 | 22,529,770 |
| Net gain on sale of equity instruments | 2,169,224 | 1,371,472 | 2,169,224 | 1,371,472 |
| | 56,898,356 | 57,447,464 | 56,449,910 | 59,712,136 |

13 Net foreign exchange gain

| | Group | Group | Authority | Authority |
|----------------------------------|--------------------|--------------------|--------------------|--------------------|
| | 31 December | 31 December | 31 December | 31 December |
| | 2021 | 2020 | 2021 | 2020 |
| | N '000 | N '000 | N '000 | N '000 |
| Net foreign exchange gain (13.1) | 45,774,912 | 51,214,487 | 45,800,056 | 50,771,621 |
| | 45,774,912 | 51,214,487 | 45,800,056 | 50,771,621 |

13.1 Net foreign exchange gain represents net gains or losses from revaluation of Authority's foreign denominated financial assets. The closing rate used for translation of financial assets as at 31st December 2021 was \$1:N412.99 (Dec-20: \$1:N379).

14 Impairment charge/(write back) on financial assets/Investments

| | Group | Group | Authority | Authority |
|------------------------------------|--------------------|--------------------|--------------------|--------------------|
| | 31 December | 31 December | 31 December | 31 December |
| | Group | Group | Authority | Authority |
| | N '000 | N '000 | N '000 | N '000 |
| Financial assets at amortized cost | 544,789 | (744,867) | 544,789 | (1,106,280) |
| Impairment on Investments (26b) | - | - | (886,797) | - |
| | 544,789 | (744,867) | (342,008) | (1,106,280) |

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

| Group 31 December 2021 | Stage 1 12-month ECL | Stage 2 Lifetime ECL | Stage 3 Lifetime ECL | Purchased credit- impaired N '000 | Total N '000 |
|---|---|---|---|--|-----------------------------------|
| Loss allowance as at 1 January 2021 | 2,337,526 | - | - | - | 2,337,526 |
| Movements with P/L impact | | | | | |
| Decrease in ECL arising from net increase in gross carrying amount of financial assets. | (544,789) | - | - | - | (544,789) |
| Total net P/L charge during the period | (544,789) | - | - | - | (544,789) |
| Loss allowance as at 31 December 2021 | 1,792,736 | - | - | - | 1,792,736 |
| Group 31 December 2020 | Stage 1 12-month ECL | Stage 2 Lifetime ECL | Stage 3 Lifetime ECL | Purchased credit- impaired N '000 | Total N '000 |
| Loss allowance as at 1 January 2020 | 1,747,431 | - | - | - | 1,747,431 |
| Movements with P/L impact | | | | | |
| Asset derecognised during the year | (154,772) | | | | (154,772) |
| Movements with P/L impact | | | | | |
| Increase in ECL arising from net increase in gross carrying amount of financial assets. | 744,867 | - | - | - | 744,867 |
| Total net P/L charge during the period | 744,867 | - | - | - | 744,867 |
| Loss allowance as at 31 December 2020 | 2,337,526 | - | - | - | 2,337,526 |
| Authority 31 December 2021 | Stage 1 12-month ECL | Stage 2 Lifetime ECL | Stage 3 Lifetime ECL | Purchased credit- impaired N '000 | Total N '000 |
| Loss allowance as at 1 January 2021 | 2,642,211 | - | - | - | 2,642,211 |
| Movements with P/L impact | | | | | |
| Changes on financial assets during the year | (544,789) | - | - | - | (544,789) |
| Total net P/L charge during the period | (544,789) | - | - | - | (544,789) |
| Loss allowance as at 31 December 2021 | 2,097,422 | - | - | - | 2,097,422 |

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| Authority 31 December 2020 | Stage 1 12-month ECL | Stage 2 Lifetime ECL | Stage 3 Lifetime ECL | Purchased credit- impaired | Total |
|---|----------------------------|-------------------------|-------------------------|----------------------------------|-----------|
| | N '000 | N '000 | N '000 | N '000 | N '000 |
| Loss allowance as at 1 January 2020 | 1,535,931 | - | - | - | 1,535,931 |
| Movements with P/L impact | | | | | |
| Changes on financial assets during the year | 1,106,280 | - | - | - | 1,106,280 |
| Total net P/L charge during the period | 1,106,280 | - | - | - | 1,106,280 |
| Loss allowance as at 31 December 2020 | 2,642,211 | - | - | - | 2,642,211 |

Other movements with no P&L impact

There were no transfers across the stage 1 to stage 3 and there was no write off during the year.

15 Infrastructure operating revenue

| | Group 31 December 2021 N '000 | Group 31 December 2020 N '000 | Authority 31 December 2021 N '000 | Authority 31 December 2020 N '000 |
|------------------------------------|--|--|--|--|
| Revenue from healthcare facilities | 2,007,165 | 759,291 | - | - |
| | 2,007,165 | 759,291 | - | - |

Revenue from healthcare facilities represents revenue from facilities such as MRI, Ultrasound, X-Ray and other laboratory services.

All revenues from infrastructure subsidiaries investments are recognised at a point in time.

16 Infrastructure operating expenses

| | Group 31 December 2021 N '000 | Group 31 December 2020 N '000 | Authority 31 December 2021 N '000 | Authority 31 December 2020 N '000 |
|-----------------------------------|--|--|--|--|
| Cost of providing health services | 575,920 | 190,130 | - | - |
| | 575,920 | 190,130 | - | - |

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| 17 Other income | Group | Group | Authority | Authority |
|------------------------|--------------------|--------------------|--------------------|--------------------|
| | 31 December | 31 December | 31 December | 31 December |
| | 2021 | 2020 | 2021 | 2020 |
| | N '000 | N '000 | N '000 | N '000 |
| Fiduciary income | 4,180,355 | 782,232 | 4,180,355 | 782,232 |
| Other operating income | 125,377 | 930,314 | 79,561 | 847,629 |
| | 4,305,732 | 1,712,546 | 4,259,916 | 1,629,861 |

In 2021, N4.18 billion fiduciary income relates to fund management fees earned from the Presidential Infrastructure Development Fund (N814.1 million), PFI-NPK Funds (N3 billion) and CBN NESI Fund (N365.8 million). N782 million of the 2020 fiduciary income relates to fund management fees earned from the Presidential Infrastructure Development Fund in 2020 and while the other operating income for 2020 includes recovery of N825 million Swap Cost paid on behalf of NAIC-NPK (former subsidiary).

| 18 Depreciation and amortisation | Group | Group | Authority | Authority |
|---|--------------------|--------------------|--------------------|--------------------|
| | 31 December | 31 December | 31 December | 31 December |
| | 2021 | 2020 | 2021 | 2020 |
| | N '000 | N '000 | N '000 | N '000 |
| Depreciation of PPE and right of use assets | 819,939 | 507,923 | 267,393 | 214,839 |
| Amortisation of intangible assets (see note 30) | 98,820 | 61,003 | 36,464 | 29,450 |
| | 918,759 | 568,926 | 303,857 | 244,289 |

| 19 Operating and administrative expenses | Group | Group | Authority | Authority |
|---|--------------------|--------------------|--------------------|--------------------|
| | 31 December | 31 December | 31 December | 31 December |
| | 2021 | 2020 | 2021 | 2020 |
| | N '000 | N '000 | N '000 | N '000 |
| Personnel expenses (see 19.1) | 3,201,780 | 2,385,532 | 2,589,449 | 2,083,427 |
| Directors expenses (Non-executives) | 86,133 | 101,750 | 64,177 | 100,000 |
| Audit fees | 97,322 | 130,684 | 69,948 | 60,000 |
| Impairment of goodwill (see 19.2) | - | 1,227,773 | - | - |
| Non-audit fees (see 19.3) | 15,000 | 15,000 | 15,000 | 15,000 |
| Other professional fees | 893,708 | 809,802 | 775,069 | 734,610 |
| General and administrative expenses | 902,343 | 1,036,187 | 716,976 | 1,129,292 |
| Office maintenance costs and other expenses | 669,449 | 433,892 | 269,294 | 200,512 |
| Travel expenses | 187,138 | 91,565 | 172,693 | 80,516 |
| | 6,052,873 | 6,232,185 | 4,672,606 | 4,403,357 |

| 19.1 Personnel expenses | | | | |
|--------------------------------|------------------|------------------|------------------|------------------|
| Salaries and allowances | 3,061,388 | 2,261,601 | 2,449,057 | 1,964,521 |
| Defined contribution plan | 140,392 | 123,931 | 140,392 | 118,906 |
| | 3,201,780 | 2,385,532 | 2,589,449 | 2,083,427 |

19.2 On 31 December 2020, the Group assessed the goodwill arising on acquisition of LUTH Advanced Medical Services Limited (LAMSL) for impairment following observed indicators of impairment. The Group considers the relationship between the fair value of LAMSL and its book value, among other factors, when reviewing for indicators of impairment. The Group's management consequently made a decision to fully impair the goodwill. There was no record of goodwill impairment on the books of NSIA Group as at 31st December 2021.

19.3 Non-audit fees relate to the fees paid to the group's external auditors (PricewaterhouseCoopers) for review of financial statements. Below are further details in respect of the services rendered.

| Name of firm | Name of signer | FRC number | Services rendered | Amount (N) |
|--------------------------------|------------------|---------------------------|-------------------|------------|
| PricewaterhouseCoopers Nigeria | Tolulope Adeleke | FRC/2014/ICAN/00000008319 | Review services | 15,000,000 |

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20 Interest expense

| | Group | Group | Authority | Authority |
|-------------------------------|--------------------|--------------------|--------------------|--------------------|
| | 31 December | 31 December | 31 December | 31 December |
| | 2021 | 2020 | 2021 | 2020 |
| | N '000 | N '000 | N '000 | N '000 |
| Interest on lease liabilities | 3,058 | 2,491 | 3,058 | 2,491 |
| | 3,058 | 2,491 | 3,058 | 2,491 |

21 Cash and cash equivalents

| | Group | Group | Authority | Authority |
|-------------------------|--------------------|--------------------|--------------------|--------------------|
| | 31 December | 31 December | 31 December | 31 December |
| | 2021 | 2020 | 2021 | 2020 |
| | N '000 | N '000 | N '000 | N '000 |
| Cash on hand | 107,362 | 5,989 | 4,592 | 1,299 |
| Bank balances | 265,167,097 | 136,378,529 | 264,449,326 | 135,574,631 |
| Money market placements | 4,328,497 | 8,873,002 | 4,328,497 | 8,872,035 |
| | 269,602,956 | 145,257,520 | 268,782,415 | 144,447,965 |

Cash at banks earn interest at floating rates based on daily bank deposit rates. Money market placements are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

For the purpose of the statement of cash flows, cash and cash equivalents comprise the following at 31 December:

| | Group | Group | Authority | Authority |
|---|--------------------|--------------------|--------------------|--------------------|
| | 31 December | 31 December | 31 December | 31 December |
| | 2021 | 2020 | 2021 | 2020 |
| | N '000 | N '000 | N '000 | N '000 |
| Cash on hand | 107,362 | 5,989 | 4,592 | 1,299 |
| Bank balances | 265,167,097 | 136,378,529 | 264,449,326 | 135,574,631 |
| Money market placements | 4,328,497 | 8,873,002 | 4,328,497 | 8,872,035 |
| Cash at banks attributable to discontinued operations | - | 34,886,799 | - | - |
| | 269,602,956 | 180,144,319 | 268,782,415 | 144,447,965 |

22 Investment securities

| | Group | Group | Authority | Authority |
|---|--------------------|--------------------|--------------------|--------------------|
| | 31 December | 31 December | 31 December | 31 December |
| | 2021 | 2020 | 2021 | 2020 |
| | N '000 | N '000 | N '000 | N '000 |
| Financial assets measured at amortized cost | 22.1 | 87,388,330 | 71,430,068 | 86,883,578 |
| Financial assets measured at FVOCI | 22.2 | 6,233,995 | 7,047,683 | 3,949,437 |
| Financial assets at fair value through profit or loss | 22.3 | 478,011,180 | 490,898,693 | 445,552,463 |
| | | 571,633,505 | 569,376,444 | 536,385,478 |
| | | | | 544,423,629 |

22.1 Financial assets measured at amortized cost

| | Group | Group | Authority | Authority |
|---|--------------------|--------------------|--------------------|--------------------|
| | 31 December | 31 December | 31 December | 31 December |
| | 2021 | 2020 | 2021 | 2020 |
| | N '000 | N '000 | N '000 | N '000 |
| Eurobond | 7,613,088 | - | 7,613,088 | - |
| Fixed deposits | 80,348,808 | 72,066,099 | 79,844,056 | 72,066,098 |
| | 87,961,896 | 72,066,099 | 87,457,144 | 72,066,098 |
| Expected credit loss on financial assets at amortised cost (22.1.1) | (573,566) | (636,031) | (573,566) | (636,031) |
| | 87,388,330 | 71,430,068 | 86,883,578 | 71,430,067 |
| Maturity analysis: | | | | |
| Current | 79,775,242 | 71,430,068 | 79,270,490 | 71,430,067 |
| Non-current | 7,613,088 | - | 7,613,088 | - |
| | 87,388,330 | 71,430,068 | 86,883,578 | 71,430,067 |

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22.1.1 Impairment /Expected Credit loss

| | Group 31 December 2021 N '000 | Group 31 December 2020 N '000 | Authority 31 December 2021 N '000 | Authority 31 December 2020 N '000 |
|--------------------------------------|--|--|--|--|
| As at 1 January | 636,031 | 655,817 | 636,031 | 636,031 |
| (Write back)/charge for the year | (62,465) | (19,786) | (62,465) | - |
| Provision for expected credit losses | 573,566 | 636,031 | 573,566 | 636,031 |
| As at 31 December | 573,566 | 636,031 | 573,566 | 636,031 |

22.2 Financial assets measured at FVOCI

| | Group 31 December 2021 N '000 | Group 31 December 2020 N '000 | Authority 31 December 2021 N '000 | Authority 31 December 2020 N '000 |
|--|--|--|--|--|
| Equity instruments | | | | |
| NG Clearing Ltd | 1,078,317 | 1,081,666 | 1,078,317 | 1,081,666 |
| The Infrastructure Corporation of Nig. Limited | 100,000 | - | 100,000 | - |
| MTN securities and Bridge Academies Limited | 5,055,678 | 5,966,017 | 2,771,120 | 4,556,137 |
| | 6,233,995 | 7,047,683 | 3,949,437 | 5,637,803 |
| Maturity analysis: | | | | |
| Non-current | 6,233,995 | 7,047,683 | 3,949,437 | 5,637,803 |
| | 6,233,995 | 7,047,683 | 3,949,437 | 5,637,803 |

22.3 Financial assets at fair value through profit or loss

| | 31 December 2021 N '000 | 31 December 2020 N '000 | 31 December 2021 N '000 | 31 December 2020 N '000 |
|--|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| Currency swap (<i>Note 22.3.1</i>) | 114,135,963 | 235,896,025 | 114,135,963 | 235,896,025 |
| Private equity investments | 133,654,884 | 87,717,247 | 101,196,167 | 64,174,313 |
| Hedge funds and long only equity investments | 175,088,327 | 119,429,965 | 175,088,327 | 119,429,965 |
| Nigeria Infrastructure Debt Fund | 1,579,957 | 1,626,000 | 1,579,957 | 1,626,000 |
| Fixed income products | 29,622,608 | 24,227,891 | 29,622,608 | 24,227,891 |
| US treasury notes | 23,929,441 | 22,001,565 | 23,929,441 | 22,001,565 |
| | 478,011,180 | 490,898,693 | 445,552,463 | 467,355,759 |
| Maturity analysis: | | | | |
| Current | 138,065,404 | 255,002,668 | 138,065,404 | 231,459,734 |
| Non-current | 339,945,776 | 235,896,025 | 307,487,059 | 235,896,025 |
| | 478,011,180 | 490,898,693 | 445,552,463 | 467,355,759 |

22.3.1 For swap instruments, the balance in 2021 shows the fair value of the financial assets arising from the currency swap transactions with the Central Bank of Nigeria (CBN) and the underlying asset. The derivative liability and the underlying asset have been offset in line with the requirement of IFRS. The notional contract amount of \$280 million (2020: \$579.08 million) represents the basis on which the changes in fair value were measured. The notional amount indicates that the volume of transactions as at the year end and are indicative of neither the market risk nor the credit risk.

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23 Loans and receivables

| | Group 31 December 2021 N '000 | Group 31 December 2020 N '000 | Authority 31 December 2021 N '000 | Authority 31 December 2020 N '000 |
|---|--|--|--|--|
| Stop gap fund to Presidential Infrastructure Development Funds (PIDF) | 10,357,535 | - | 10,357,534 | - |
| Intercompany loans [1] | - | - | 6,654,551 | 3,243,527 |
| Loans to Metrowaves Sports & Infra Ltd. | 4,236,412 | - | - | - |
| Loans to Babban Gona Farmer Services Nigeria Ltd. | 1,072,849 | 1,440,792 | - | - |
| | 15,666,796 | 1,440,792 | 17,012,085 | 3,243,527 |
| Impairment /Expected Credit loss (23.1) | (199,385) | - | (161,543) | - |
| Carrying amount | 15,467,411 | 1,440,792 | 16,850,542 | 3,243,527 |
| Maturity analysis: | | | | |
| Current | 10,357,535 | - | 10,357,534 | - |
| Non-current | 5,109,876 | 1,440,792 | 6,493,008 | 3,243,527 |
| | 15,467,411 | 1,440,792 | 16,850,542 | 3,243,527 |

[1] The intercompany loans include Authority's loans of N3.28 billion to LUTH Advanced Medical Services Limited, N1.67 billion to AKTH Advanced Medical Diagnostics Limited and N1.70 billion to FMCU Advanced Medical Diagnostics Limited .

23.1 Impairment/expected credit loss on Loans and receivables

| | Group 31 December 2021 N '000 | Group 31 December 2020 N '000 | Authority 31 December 2021 N '000 | Authority 31 December 2020 N '000 |
|--------------------------------------|--|--|--|--|
| As at 1 January | - | - | - | - |
| Charge/(write back) for the year | 199,385 | - | 161,543 | - |
| Provision for expected credit losses | 199,385 | - | 161,543 | - |
| As at 31 December | 199,385 | - | 161,543 | - |

The gross carrying amount of loans increased significantly during 2021, which consequently led to increased loans loss allowance. Hence, the increased expected credit loss on loans and receivables as at 31 December 2021 was induced by N10.4 billion PIDF loans that originated during 2021 financial year.

24 Restricted balances and other assets

| | Group 31 December 2021 N '000 | Group 31 December 2020 N '000 | Authority 31 December 2021 N '000 | Authority 31 December 2020 N '000 |
|--|--|--|--|--|
| Financial assets: | | | | |
| Other receivables (24.1) | 261,530,631 | 143,311,423 | 262,342,582 | 143,745,916 |
| Account receivables [3] | 59,776,886 | 1,266,107 | 54,725,380 | 1,265,467 |
| Intercompany receivables | - | - | 46,311,759 | 75,850,113 |
| Cost incurred on behalf of the Federal Government of Nigeria [1] | 16,118,660 | 16,113,745 | - | - |
| Restricted balances [2] | 4,109,871 | 3,164,115 | 213,835 | - |
| | 341,536,048 | 163,855,390 | 363,593,556 | 220,861,496 |
| Impairment /Expected Credit loss (24.2) | (1,019,785) | (1,701,494) | (1,362,313) | (2,006,180) |
| Total financial assets | 340,516,263 | 162,153,896 | 362,231,243 | 218,855,316 |
| Non-financial assets: | | | | |
| Prepayment | 248,175 | 116,676 | 122,331 | 52,854 |
| Total other assets | 340,764,438 | 162,270,572 | 362,353,574 | 218,908,170 |
| Maturity analysis: | | | | |
| Current | 301,458,541 | 162,153,896 | 323,047,676 | 217,676,547 |
| Non-current | 39,305,897 | 116,676 | 39,305,897 | 1,231,623 |
| | 340,764,438 | 162,270,572 | 362,353,574 | 218,908,170 |

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[1] Cost incurred on behalf of the Federal Government of Nigeria relates to the cost the Group has incurred on behalf of the Federal Government of Nigeria on the Second Niger Bridge project.

[2] Restricted balances relates to cash and investments held by NSIA Motorways Investment Company Limited on behalf of the Federal government which are not available for use in the Authority's daily operations. Restricted balances includes investments in swap contracts which were reinvested from matured fixed deposits proceeds belonging to the Federal Government of Nigeria in relation to the Second Niger Bridge project. N213.8 million of this specifically relates to a refund from a project fund manager to the NSIA in line with the contractual terms paid inadvertently into a CBN restricted account.

These balances are not available for use in the Group's liquidity management activities and does not represent any of its investment securities. 2021: N 3.54 billion and cash: N356.4 million (2020: Fixed deposits N3.16 billion and Cash: N1.8 million).

[3] This largely relates to a sum of N50.2 billion receivable from PFI-NPK Limited and other trade receivables on which applicable expected credit losses had been applied and accounted for in line with the applicable financial reporting standards.

24.1 Other receivables

| | Group 31 December 2021 N '000 | Group 31 December 2020 N '000 | Authority 31 December 2021 N '000 | Authority 31 December 2020 N '000 |
|--|--|--|--|--|
| Receivable from CBN (Matured Treasury bill proceeds) | - | 1,000 | - | - |
| LUTH Advanced Medical Service-Deposit for Shares | - | - | 1,182,811 | 1,178,769 |
| Receivable from Presidential Infrastructure Development Fund | 9,973,222 | 9,086,125 | 9,973,222 | 9,086,125 |
| Matured Swap Proceed Receivable | 251,130,464 | 132,650,000 | 251,130,464 | 132,650,000 |
| Receivable: Others | 426,861 | 1,574,214 | 56,001 | 830,938 |
| Receivables from Associates & Joint Ventures | 84 | 84 | 84 | 84 |
| | 261,530,631 | 143,311,423 | 262,342,582 | 143,745,916 |

24.2 Impairment/expected credit loss on other assets

| | Group 31 December 2021 N '000 | Group 31 December 2020 N '000 | Authority 31 December 2021 N '000 | Authority 31 December 2020 N '000 |
|--------------------------------------|--|--|--|--|
| As at 1 January | 1,701,494 | 1,101,976 | 2,006,180 | 880,113 |
| Asset derecognised | - | (165,135) | - | - |
| Charge/(write back) for the year | (681,709) | 764,653 | (643,867) | 1,126,067 |
| Provision for expected credit losses | 1,019,785 | 1,701,494 | 1,362,313 | 2,006,180 |
| As at 31 December | 1,019,785 | 1,701,494 | 1,362,313 | 2,006,180 |

Asset derecognised during the (2021:Nil) 2020 financial year relates to financial assets of NAIC-NPK Limited. This is due to the fact that NAIC-NPK Limited was classified as held for sale in 2020. Total assets and liabilities directly associated to the disposal group have been finally divested during 2021 financial year.

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25 Inventories

| | Group 31 December 2021 N '000 | Group 31 December 2020 N '000 | Authority 31 December 2021 N '000 | Authority 31 December 2020 N '000 |
|--------------------|--|--|--|--|
| Raw materials | - | 59,705 | - | - |
| Finished goods* | 142,746 | 92,844 | - | - |
| | 142,746 | 152,549 | - | - |
| Maturity analysis: | | | | |
| Current | 142,746 | 152,549 | - | - |
| | 142,746 | 152,549 | - | - |

*Finished goods include pharmaceutical drugs, reagents and consumables stocked for resale and service deliveries by the three (3) healthcare subsidiaries.

Total sum of N29.88 million expired inventory items were written off during 2021 financial year. (2020: nil)

There were no inventories pledged as security for liabilities. (2020: NIL)

26 Investments in subsidiaries

| | Authority 31 December 2021 N '000 | Authority 31 December 2020 N '000 |
|---|--|--|
| At the beginning of the year | 895,797 | 1,753,398 |
| Impairment on investment in KG Brussels [b] | (886,797) | - |
| Return of capital investment in KG Brussels | - | (1,940,481) |
| Exchange gain on return of capital | - | 1,082,880 |
| At the end of the year | 9,000 | 895,797 |
| Investment types: | | |
| Investment in equity shares | 9,000 | 895,797 |
| | 9,000 | 895,797 |
| Maturity analysis: | | |
| Non-current | 9,000 | 895,797 |
| | 9,000 | 895,797 |

[a] During the year 2020, there was a return of capital from KG Brussels. There was also transfer of the 50% equity shares held by Lagos University Teaching Hospital (LUTH) in LUTH Advanced Medical Services Limited (LAMSL) to NHDIC, resulting in LAMSL becoming a fully owned subsidiary of NHDIC and an indirect subsidiary of the Authority as at 31 December 2020. None of the change of ownership interests activities that occurred in the year 2021 had any impact on the investment in subsidiaries.

[b] Additionally, as required by IAS 36, annual impairment assessment of Authority's investment in KG Brussels was carried out as at 31st December 2021, and on that premise, an estimation of the future cashflows of KG Brussels were discounted to determine the value in use of the entity and it was concluded that the entire carrying amount of NSIA's investment in the entity was totally impaired when compared with the entity's recoverable amount.

26.1 Information on subsidiary entities controlled by the Authority

| Name of entity | Place of business/ Country of incorporation | % of ownership interest 31 December 2021 | % of ownership interest 31 December 2020 | Carrying amount 31 December 2021 N '000 | Carrying amount 31 December 2020 N '000 |
|---|--|---|---|--|--|
| i. NSIA Motorways Investment Company (NMIC) | Nigeria | 99.99% | 99.99% | 1,000 | 1,000 |
| ii. KG Brussels LP (26 [b]) | USA | 100% | 100% | - | 886,797 |
| iii. FGF Private Equity Co. Limited | Nigeria | 99.99% | 99.99% | 1,000 | 1,000 |
| iv. FGF Investments Limited | Nigeria | 99.99% | 99.99% | 1,000 | 1,000 |
| v. NSIA Agriculture Investment Company | Nigeria | 99.99% | 99.99% | 1,000 | 1,000 |
| vi. FGF PE Beta Limited | Nigeria | 99.99% | 99.99% | 1,000 | 1,000 |
| vii. NSIA Property Investment Company Limited | Nigeria | 99.99% | 99.99% | 1,000 | 1,000 |
| viii. NSIA Power Investment Company Limited | Nigeria | 99.99% | 99.99% | 1,000 | 1,000 |
| ix. NSIA Healthcare Development and Investment Company Limited | Nigeria | 99.99% | 99.99% | 1,000 | 1,000 |
| X. NSIA Investment Management Company | Nigeria | 100% | 100.00% | 1,000 | 1,000 |
| | | | | 9,000 | 895,797 |

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i) NSIA Motorways Investment Corporation is a wholly-owned subsidiary domiciled in Nigeria. The subsidiary was set-up to invest in the development of roads, bridges, toll plaza and related road transport infrastructure. The Company was incorporated in 2014.

ii) KG Brussels LP 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 31st December 2021 and was fully impaired. Refer to note 26 (b) for further details.

iii) FGF Private Equity Co. Limited is a wholly-owned subsidiary domiciled in Nigeria. The subsidiary was set-up to invest in private equities. The Company was incorporated in 2015.

iv) FGF Investments Limited is a wholly-owned subsidiary domiciled in Nigeria. The subsidiary was set-up to invest in private equities and other investments. The Company was incorporated in 2015.

v) NAIC is a wholly owned subsidiary of NSIA, domiciled in Nigeria. It was set-up to carry on the business of agricultural investment and management, investment in the agricultural land and businesses of all kinds. The Company was incorporated in 2016.

vi) FGF PE Beta Limited is a wholly-owned subsidiary domiciled in Nigeria. The subsidiary was set-up to invest in private equities. The Company was incorporated in 2015.

vii) NSIA Property Investment Company Limited is a wholly-owned subsidiary set up to invest in and to purchase, acquire, hold, develop, work and turn to account any land (of any tenure), landed property or real estate of any kind. The Company was incorporated in 2014.

viii) NSIA Power Investment Company Limited is a wholly-owned subsidiary domiciled in Nigeria. The subsidiary was set-up to invest in the development of infrastructure related to power including but not limited to gas turbines, transmission lines, and other generation, transmission and distribution infrastructure and equipment. The Company was incorporated in 2014.

ix) NSIA Healthcare Development and Investment Company Limited is a wholly-owned subsidiary domiciled in Nigeria. The subsidiary was established to invest in any company, corporation, authority or body involved in or any arrangement related to healthcare infrastructure or healthcare service delivery and/or management. The Company was incorporated in 2014.

The Authority also has indirect interests in the following subsidiaries:

| | Place of business/ Country of incorporation | % of ownership interest 31 December 2021 | % of ownership interest 31 December 2020 |
|--|--|---|---|
| FMCU Advanced Medical Diagnostics Limited (x) | Nigeria | 90% | 90% |
| AKTH Advanced Medical Diagnostics Limited (xi) | Nigeria | 90% | 90% |
| LUTH Advanced Medical Services Limited (xii) | Nigeria | 100% | 50% |
| NAIC-NPK Limited (xiii) | Nigeria | 0% | 100% |

x) FMCU Advanced Medical Diagnostics Limited is a limited liability company established to carry out business as providers of modern medical pathology laboratory, radiography, and ancillary healthcare services. The Company was incorporated in 2016.

xi) AKTH Advanced Medical Diagnostics Limited is a limited liability company established to carry out business as providers of modern medical pathology laboratory, radiography, and ancillary healthcare services. The Company was incorporated in 2017.

xii) LUTH Advanced Medical Services Limited (LAMSL) was established to carry on business as providers of modern medical pathology laboratory services, provide modern radiography services, provide healthcare services, establish other medical diagnostic centers as may be determined from time to time by the board of directors and to encourage the discovery of new medical and/or surgical management of diseases and afflictions. The Company was incorporated in 2016 as a joint venture between NHDIC and Lagos University Teaching Hospital (LUTH), each with 50% ownership interest. Following the transfer of the 50% ownership interest held by LUTH to NHDIC, LUTH Advanced Medical Services Limited became a fully owned subsidiary of NHDIC and consequently, an indirect subsidiary of the Authority in December 2020.

xiii) NAIC-NPK Limited liability company incorporated in 2016. It was established under Nigeria Agriculture Investment Company (100% ownership) to establish, run and carry on business as proprietors of fertilizer plants and to manufacture, treat, process, produce, supply and deal in fertilizers and all substances (natural or artificial) suited to improving the fertility of soil or water. This entity had been subsequently divested in September 2021 and ownership transferred to Ministry of Finance Incorporated (MOFI).

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26.2 Discontinued operation

26.2(a) Description

NAIC-NPK Limited was established to stimulate local production of NPK fertiliser by reviving the local fertiliser blending industry, so as to make fertilisers available to Nigerian farmers and agro dealers at affordable prices.

On 3 November 2020, an approval was issued by the Office of the Chief of Staff of the Federal Republic of Nigeria to restructure the Presidential Fertilizer Initiative for which NAIC-NPK was established. This has resulted to the transfer of the business operations of NAIC-NPK to the Ministry of Finance Incorporated (MOFI). The new entity would no longer be a subsidiary of NSIA but will be owned by MOFI effective 30th September 2021. The associated assets and liabilities were consequently presented as held for sale in the 2020 financial statements.

The subsidiary was sold on 30 September 2021 with effect from 1 October 2021 and is reported in the prior period as a discontinued operation. Financial information relating to the discontinued operation for the period to the date of disposal is set out below

26.2(b) Financial performance and cash flow information

The financial performance and cash flow information presented are for the 9 months ended 30 September 2021 and the year ended 31 December 2020

| | 2021 | 2020 |
|---|-------------------|---------------------|
| | N'000 | N'000 |
| Revenue | 140,138,168 | 86,974,425 |
| Cost of sales | (129,866,291) | (99,066,450) |
| Gross loss | 10,271,877 | (12,092,025) |
| Net foreign exchange gain/(loss) | (2,235,812) | (2,516,083) |
| Interest expense | (2,008,021) | (3,379,699) |
| Impairment write back on financial assets | (717,393) | (711,710) |
| Administrative expense | (2,718,031) | (168,599) |
| Operating profit/ (loss) | 2,592,620 | (18,868,116) |
| Investment income | - | 518,112 |
| Other income | 2,434,083 | 18,350,004 |
| Profits from discontinued operations | 5,026,703 | - |
| Other comprehensive income from discontinued operations | - | - |
| Total comprehensive loss from discontinued operations | 5,026,703 | - |
| 26.2(c) Cash flows attributable to discontinued operations | | |
| Net cash (used in)/generated from operating activities | (15,337,606) | 3,715,939 |
| Net cash generated from investing activities | - | 9,820,775 |
| Net cash used in financing activities | 17,338,595 | (5,754,068) |
| Net increase in cash generated by discontinued operations | 2,000,989 | 7,782,646 |

26.2 (d)(i) Assets and liabilities of disposal group classified as held for sale

The following assets and liabilities were reclassified as held for sale in relation to the discontinued operation as at 31 December 2020.

| | 31 December |
|--|--------------------|
| | 2020 |
| | N'000 |
| Assets classified as held for sale | |
| Cash and cash equivalents | 34,886,799 |
| Trade receivables | 16,193,417 |
| Other receivables | 16,467,584 |
| Inventories | 10,516,884 |
| Total assets of disposal group held for sale | 78,064,684 |
| Liabilities directly associated with assets classified as held for sale | |
| Trade payables | 15,140,301 |
| Other payables | 14,037,703 |
| Borrowings | 20,031,183 |
| Total liabilities of disposal group held for sale | 49,209,187 |

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26.2 (d) (ii) Assets and liabilities of PFI-NPK (formerly NAIC-NPK) as at the date of divestment.

The carrying amounts of assets and liabilities as at the date of sale (30 September 2021) were:

| | 30 September 2021 N'000 |
|---------------------------|--|
| Assets: | |
| Cash and cash equivalents | 31,860,085 |
| Trade receivables | 59,863,561 |
| Other receivables | 19,779,154 |
| Inventories | 18,808,380 |
| Total assets | 130,311,180 |
| Liabilities : | |
| Trade payables | 1,504,647 |
| Other payables | 114,606,613 |
| Borrowings | 14,199,920 |
| Total liabilities | 130,311,180 |
| Net Assets | - |

26.2(e) Details of the PFI-NPK (formerly NAIC-NPK) divestment

Determination of Profits or gains on divestment of PFI-NPK

| | 2021 N'000 |
|--|-----------------------|
| Consideration received or receivable | |
| Purchase Consideration | - |
| Total consideration | - |
| Carrying amount of net assets divested | - |
| Gain/(Loss) on sale before income tax | - |

The net assets of NAIC-NPK as at the date of divestment was nil and NAIC (the erstwhile parent entity) has according to the the Sales-Purchase agreement (SPA) agreed to the terms of receiving no consideration and this consequently led to no gains or loss on the sale of the entity.

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27 Investments accounted for using the equity method

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

| | Group 31 December 2021 N '000 | Group 31 December 2020 N '000 | Authority 31 December 2021 N '000 | Authority 31 December 2020 N '000 |
|-------------------------------|--|--|--|--|
| Associates and joint ventures | 24,680,009 | 19,371,487 | 12,278,115 | 10,614,990 |

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

| | | | | |
|--|-----------|-----------|---|---|
| Amount recognised in statement of profit or loss | 4,038,065 | 2,158,747 | - | - |
| Amount recognised in other comprehensive income | (210,446) | 147,586 | - | - |
| Total income recognised | 3,827,619 | 2,306,333 | - | - |

The table below shows a detailed movement of this balance:

| | Group 31 December 2021 N '000 | Group 31 December 2020 N '000 | Authority 31 December 2021 N '000 | Authority 31 December 2020 N '000 |
|---|--|--|--|--|
| At the beginning of the year | 19,371,488 | 15,226,911 | 10,614,990 | 10,614,990 |
| Additions during the year | 1,663,125 | 2,031,170 | 1,663,125 | - |
| Share of profit of associate and joint venture | 4,038,065 | 2,158,747 | - | - |
| Share of fair value reserves of associate and joint venture | (210,446) | 147,586 | - | - |
| Dividend received | (182,222) | (192,926) | - | - |
| At the end of the year | 24,680,010 | 19,371,488 | 12,278,115 | 10,614,990 |

Maturity analysis:

| | | | | |
|-------------|------------|------------|------------|------------|
| Non-current | 24,680,010 | 19,371,488 | 12,278,115 | 10,614,990 |
|-------------|------------|------------|------------|------------|

During 2021 financial year, Authority invested a sum of of N1.66 billion as its own share of Multipurpose Industrial Platform Limited capital investment into the OCP Ammonia joint venture arrangement. This project seeks to produce Ammonia and fertilizers for the domestic market, and potentially for the export of excess finished products.

Interests in associates and joint ventures

Set out below are the associates and joint ventures of the Group as at 31 December 2021. The entities listed below have share capital consisting solely of ordinary shares, which are held directly by the Group. The country of incorporation or registration is also their principal place of business, and the proportion of ownership interest is the same as the proportion of voting rights held.

| Group Name of company | Place of business/ Country of incorporation | % of ownership interest 31 December 2021 | % of ownership interest 31 December 2020 | Carrying amount 31 December 2021 N '000 | Carrying amount 31 December 2020 N '000 |
|---|--|---|---|--|--|
| Investment in associates | | | | | |
| Nigeria Mortgage Refinance Company (NMRC) | 27.01 Nigeria | 20.91% | 20.91% | 4,375,481 | 4,089,997 |
| Infrastructure Credit Guarantee Company Limited | 27.9 Nigeria | 31.79% | 33.33% | 12,000,622 | 10,876,796 |
| Family Homes Funds Limited (FHFL) | 27.2 Nigeria | 49% | 49% | 1,190,637 | 247,032 |
| Panda Agriculture Operations and Management Ltd | 27.3 Mauritius | 30% | 30% | - | - |
| Pandagric Novum Ltd | 27.4 Nigeria | 30% | 30% | - | - |
| | | | | 17,566,740 | 15,213,825 |

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| Name of company | Place of business/ Country of incorporation | % of ownership interest 31 December 2021 | % of ownership interest 31 December 2020 | Carrying amount 31 December 2021 N '000 | Carrying amount 31 December 2020 N '000 |
|---|--|---|---|---|---|
| Investment in joint venture | | | | | |
| UFF-NAIC Agriculture Investment Company (Mauritius) Limited | 27.6 Mauritius | 50% | 50% | 5,525,210 | 4,157,662 |
| Multipurpose Industrial Platform Limited. | 27.10 Nigeria | 50% | 0% | 1,588,059 | - |
| Total investment in joint venture | | | | 7,113,269 | 4,157,662 |
| Total investments in joint ventures and associates | | | | 24,680,009 | 19,371,487 |
| Authority | | | | | |
| Name of company | Place of business/ Country of incorporation | % of ownership interest 31 December 2021 | % of ownership interest 31 December 2020 | Carrying amount 31 December 2021 N '000 | Carrying amount 31 December 2020 N '000 |
| Investment in associates | | | | | |
| Nigeria Mortgage Refinance Company (NMRC) | 27.01 Nigeria | 20.91% | 20.91% | 1,600,000 | 1,600,000 |
| Infrastructure Credit Guarantee Company Limited | 27.9 Nigeria | 31.79% | 33.33% | 9,014,500 | 9,014,500 |
| Family Homes Funds Limited (FHFL) | 27.2 Nigeria | 49% | 49% | 490 | 490 |
| | | | | 10,614,990 | 10,614,990 |
| Name of company | Place of business/ Country of incorporation | % of ownership interest 31 December 2021 | % of ownership interest 31 December 2020 | Carrying amount 31 December 2021 N '000 | Carrying amount 31 December 2020 N '000 |
| Investment in joint venture | | | | | |
| Multipurpose Industrial Platform Limited | 27.10 Nigeria | 50% | - | 1,663,125 | - |
| | | | | 1,663,125 | - |
| Total investment in joint ventures and associates | | | | 12,278,115 | 10,614,990 |
| The Authority has indirect investments in joint ventures in the following entities: | | | | | |
| UFF-NAIC Agriculture Investment Company (Mauritius) Limited | 27.6 Mauritius | 50% | 50% | 3,941,408 | 3,938,356 |
| | | | | 3,941,408 | 3,938,356 |

Investment in associates

27.01 Nigeria Mortgage Refinance Company (NMRC)

Nigeria Mortgage Refinance Company (NMRC) is a government business entity and there is no quoted market price available for its shares. There are no contingent liabilities relating to the Group's interest in the associate. Set out below are the summarized financial information for NMRC which is accounted for using the equity method.

27.2 Family Homes Fund Limited (FHFL)

Family Homes Fund Limited (FHFL) is an innovative private sector driven financing solution to Nigeria's housing challenges. An initiative of the Federal Ministry of Finance and established in September 2016. There are no contingent liabilities relating to the Group's interest in the associate. Set out below are the summarized financial information for FHFL which is accounted for using the equity method.

27.3 Panda Agriculture Operations and Management Ltd

A company limited by shares and incorporated in Mauritius on the 2nd of February 2018 with company number 153361.

The company operates and manages all farms, assets and land acquired by Panda Agricultural Properties Management Limited. This entity is owned by UFF-NAIC Agriculture Investment Company (Mauritius) Limited and Novum Holdings Ltd – a non-Group entity.

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27.4 Pandagric Novum Ltd

A company limited by shares and incorporated in Nigeria on the 16th of November 2017.
The company is currently owned by Panda Agricultural Operations & Management (Mauritius) Ltd and Panda Agricultural Properties Management Ltd - a Nigerian entity duly incorporated in Nigeria.
Pandagric Novum Limited has been established to sell, purchase, import, export, take or let or hire or lease, repair, alter, improve, deal in machinery, equipment, implements, tools, accessories, used for developing, growing, raising, processing, packaging of all kinds of agricultural products. It can also carry on the businesses of farming, production, harvesting, procurement, grading, pooling, marketing agriculture and horticulture in all their forms. The company is able to enter into partnerships, joint ventures, concessions and generally collaborate with other entities in the development of integrated farms and businesses.
The company currently operates and manages the farm assets acquired by Panda Agricultural Properties Management Limited.

Investment in joint ventures

27.5 UFF-NAIC Agriculture Management Company (Mauritius) Limited

A company incorporated in Mauritius on the 8th June 2017 with registration number 147877. This company is a special purpose vehicle (SPV) company owned by UFF Management (Mauritius) Limited and NSIA Agriculture Investment Company Limited.
It was established to provide asset management services and investment management and advisory services exclusively to the UFF-NAIC Agriculture Investment Company (Mauritius) Limited and/or to each of the shareholders and/or its affiliates and ancillary activities. During 2021 financial year, the shareholders of UFF-NAIC Agriculture Management Company (Mauritius) Limited decided to wind-up the company in accordance with the provisions of the Act and following the restructuring, the INVECO shall no longer avail any advisory services from the same. This consequently has led to the submission of the company's operating licence to the Financial Services Commission (FSC) of Mauritius.

27.6 UFF-NAIC Agriculture Investment Company (Mauritius) Limited

UFF-NAIC Agriculture Investment Company (Mauritius) Limited was incorporated in Mauritius on the 27th March 2017 with company number 146100. The company is a joint venture between NSIA and Old Mutual African Agricultural Fund. An initial commitment of USD25mn from NSIA and Old Mutual African Agricultural Fund has been made with a target of a total commitment size of USD200mn from other third parties. Although the funds to the joint venture are provided by Old Mutual African Agricultural Fund, UFF Management Limited act as representatives on behalf of Old Mutual.

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

27.7 Panda Agricultural Properties Management Ltd

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

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

27.8 Panda Agricultural Properties Management Ltd

A company limited by shares and incorporated in Nigeria on the 9th of November 2017.
The company is owned by Panda Agricultural Properties Management (Mauritius) Limited and UFF-NAIC Agriculture Investment Company (Mauritius) Limited. The company has been established to sell, purchase, import, export, take or let or hire or lease, repair, alter, improve, deal in machinery, equipment, implements, tools, accessories, used for developing, growing, raising, processing, packaging of all kinds of agricultural products. It can also carry on the businesses of farming, production, harvesting, procurement, grading, pooling, marketing agriculture and horticulture in all their forms.
The company has acquired farm assets from Novum Agric Industries in pursuit of its objectives.

27.9 Infrastructure Credit Guarantee Company Limited (Infracredit)

This is a Company jointly owned with African Finance Corporation (AFC) and Infraco Africa Limited. The company provides local currency guarantees to enhance the credit quality of debt instruments issued to finance creditworthy infrastructure assets in Nigeria that conform with its eligibility criteria. The Company was incorporated in 2016. The Company was a fully owned subsidiary of the Nigeria Sovereign Investment Authority until 19 December 2018. However, on 19 December 2018, the Authority lost control due to additional investment in Infracredit by African Finance Corporation (AFC). This investment by AFC has now diluted the investment in Infracredit to an "investment in joint venture"

27.9.1 The Group had a dilution of interest in its equity investment held in Infracredit during the year. This was as a result of new capital investment brought into Infracredit by Leadway Assurance Limited, in addition to the existing investment held by Infraco Africa Limited and Africa Finance Corporation (AFC). A dividend amount of N1.096 billion due to the Group was capitalized to increase its shareholding in Infracredit in 2020. The ownership interest retained by the Group as a result of the dilution is 31.79% while Infraco, AFC and Leadway Assurance holds 31.79%, 30.24% and 6.17% respectively. The Group assessed that the investment in the entity is a joint venture and continues to account for it using the equity method.

27.9.2 The Authority's share of Infracredit's financial position is as shown below:

| | 31 December 2021 N '000 | 31 December 2020 N '000 |
|--|--|--|
| Balance at start of the year | 10,876,796 | 9,534,568 |
| Share of associate's profit before dilution of interest (33.33%) | 636,590 | 1,265,537 |
| Share of associate's profit after dilution of interest (31.79%) | 487,236 | 76,692 |
| Carrying amount as at end of year | 12,000,622 | 10,876,796 |

27.10 Multipurpose Industrial Platform Limited

This is a Company jointly owned with OCP Africa S.A. This jointly-owned Company was incorporated in June 23, 2021 to establish a basic chemicals platform in Nigeria. These Ammonia and fertilizers plants shall be responsible for development and distribution of different types of fertilizers 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 fertilizer 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 till the expiration of this project.

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The investment securities are recognized at their fair value.

Summarized financial information of associates

Set out below are the financial information of the associates of the Group as at 31 December 2021, which, in the opinion of the directors, are material to the Group.

| | NMRC | | FHFL | |
|--|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| | 31 December 2021 N '000 | 31 December 2020 N '000 | 31 December 2021 N '000 | 31 December 2020 N '000 |
| Summarized statement of comprehensive income | | | | |
| Interest income | 9,759,205 | 9,272,059 | 5,209,744 | 2,314,526 |
| Interest expense | (4,734,632) | (4,380,863) | (595,833) | - |
| Other income | 146,627 | 514 | 224,605 | 142,730 |
| Impairment allowance (ECL) | 11,864 | 4,109 | (63,703) | (803,428) |
| Depreciation and amortization | (83,709) | (111,708) | (89,425) | (42,008) |
| Personnel expenses | (798,750) | (772,158) | (699,671) | (559,981) |
| Operating expenses | (913,850) | (891,545) | (1,264,912) | (555,837) |
| Profit before tax | 3,386,755 | 3,120,408 | 2,720,805 | 496,002 |
| Income tax | (68,331) | (70,368) | (294,032) | - |
| Profit/(loss) for the year | 3,318,424 | 3,050,040 | 2,426,773 | 496,002 |
| Other comprehensive income | (1,006,436) | 705,816 | - | - |
| Total comprehensive income | 2,311,988 | 3,755,856 | 2,426,773 | 496,002 |
| | | | | |
| | NMRC | | FHFL | |
| | 31 December 2021 N '000 | 31 December 2020 N '000 | 31 December 2021 N '000 | 31 December 2020 N '000 |
| Summarized statement of financial position | | | | |
| Cash and cash equivalents | 3,494,622 | 16,848,637 | 1,854,368 | 739,046 |
| Loans and advances | 21,104,863 | 17,353,904 | 41,111,237 | 39,367,983 |
| Investment securities | 59,750,301 | 50,109,866 | 28,640,696 | 7,908,904 |
| Inventories | - | - | 17,733,186 | 16,194,824 |
| Other assets | 151,389 | 138,154 | 2,496,846 | 685,023 |
| Investment properties | - | - | 1,259,966 | 1,259,966 |
| Property and equipment | 492,412 | 515,975 | 229,144 | 135,036 |
| Intangible assets | 4,901 | 12,955 | 73,980 | 6,244 |
| Total assets | 84,998,488 | 84,979,491 | 93,399,424 | 66,297,026 |
| Other liabilities | 421,447 | 1,475,878 | 1,626,615 | 1,227,860 |
| Tax liabilities | 68,309 | 69,905 | 247,104 | - |
| Borrowings | 37,594,065 | 37,598,419 | 10,595,834 | 375,000 |
| Debt securities issued | 25,989,363 | 26,275,287 | - | - |
| Total liabilities | 64,073,184 | 65,419,489 | 12,469,553 | 1,602,860 |
| | | | | |
| | NMRC | | FHFL | |
| | 31 December 2021 N '000 | 31 December 2020 N '000 | 31 December 2021 N '000 | 31 December 2020 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 | - | (306,833) |
| Retained earnings | 9,166,104 | 7,288,228 | 2,428,871 | - |
| Statutory reserves | 3,472,664 | 2,967,517 | - | - |
| FGN grant | - | - | 78,500,000 | 65,000,000 |
| Fair value reserves | 235,858 | 1,253,580 | - | - |
| Total equity | 20,925,303 | 19,560,002 | 80,929,871 | 64,694,167 |
| Total liabilities and equity | 84,998,487 | 84,979,491 | 93,399,424 | 66,297,027 |
| | | | | |
| | NMRC | | FHFL | |
| | Dec-21 | Dec-20 | Dec-21 | Dec-20 |
| Maturity | | | | |
| Current assets | 3,981,904 | 16,854,692 | 42,674,327 | 40,903,388 |
| Non-current assets | 81,016,584 | 68,124,799 | 50,725,097 | 25,393,638 |
| Total assets | 84,998,488 | 84,979,491 | 93,399,424 | 66,297,026 |
| Current liabilities | 301,635 | 269,515 | 3,387,893 | 1,511,818 |
| Non-current liabilities | 63,771,549 | 65,149,974 | 9,081,660 | 91,042 |
| Total liabilities | 64,073,184 | 65,419,489 | 12,469,553 | 1,602,860 |
| Reconciliation of the summarized financial information presented to the carrying amount of its interest in NMRC and FHFL | | | | |
| | NMRC | | FHFL | |
| | 31 December 2021 N '000 | 31 December 2020 N '000 | 31 December 2021 N '000 | 31 December 2020 N '000 |
| Net assets of associate/joint venture | 20,925,303 | 19,560,002 | 93,399,424 | 64,694,167 |
| Group share of net assets | 4,375,481 | 4,089,996 | 1,190,637 | 247,032 |
| Carrying value of associate | 4,375,481 | 4,089,996 | 1,190,637 | 247,032 |

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Summarized 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 2021, which, in the opinion of the directors, are material to the Group.

| | Associate | | Joint venture | |
|---|------------------|------------------|----------------------------------|-------------|
| | InfraCredit | | Multipurpose Industrial Platform | |
| | 31 December | 31 December | 31 December | 31 December |
| | 2021 | 2020 | 2021 | 2020 |
| | N '000 | N '000 | N '000 | N '000 |
| Summarized statement of comprehensive income | | | | |
| Interest and investment income | 2,713,946 | 3,353,250 | - | - |
| Net foreign exchange gain/loss | 1,713,712 | 1,809,977 | 19,222 | - |
| Guarantee fee income | 1,250,857 | 907,875 | - | - |
| Guarantee fee expense | (224,035) | (103,478) | - | - |
| Depreciation and amortization | (108,988) | (9,352) | - | - |
| Impairment loss on financial assets | (173,002) | (180,885) | - | - |
| Finance Cost | - | - | (1) | - |
| Operating expenses | (1,705,033) | (3,016,215) | (169,353) | - |
| Profit/ (Loss) before tax | 3,467,457 | 2,761,172 | (150,132) | - |
| Income tax | (24,827) | - | - | - |
| Profit/(loss) for the year | 3,442,630 | 2,761,172 | (150,132) | - |
| Other comprehensive income | - | - | - | - |
| Total comprehensive income | 3,442,630 | 2,761,172 | (150,132) | - |

| | Associate | | Joint venture | |
|---|-------------------|-------------------|----------------------------------|-------------|
| | InfraCredit | | Multipurpose Industrial Platform | |
| | 31 December | 31 December | 31 December | 31 December |
| | 2021 | 2020 | 2021 | 2020 |
| | N '000 | N '000 | N '000 | N '000 |
| Summarized statement of financial position | | | | |
| Cash and cash equivalents | 1,760,077 | 11,377,201 | 2,117,108 | - |
| Investment securities | 67,040,896 | 49,943,232 | - | - |
| Other assets | 5,169,595 | 3,421,812 | 1,059,010 | - |
| Property and equipment | 227,711 | 203,233 | - | - |
| Right of use asset | 173,347 | 195,244 | - | - |
| Intangible assets | 43,854 | 38,514 | - | - |
| Total assets | 74,415,480 | 65,179,236 | 3,176,118 | - |
| Deposit for shares | 426,819 | 426,819 | - | - |
| Other liabilities | 6,578,906 | 4,514,675 | - | - |
| Debt capital | 30,333,140 | 28,592,069 | - | - |
| Total liabilities | 37,338,865 | 33,533,563 | - | - |
| Capital and reserves | | | | |
| Ordinary share capital | 3,497,637 | 2,974,785 | 11,800 | - |
| Share premium | 113,945 | 19,832 | 3,314,450 | - |
| Preference shares capital | 28,304,408 | 26,864,823 | - | - |
| Retained earnings | 5,160,626 | 1,786,233 | (150,132) | - |
| Total equity | 37,076,616 | 31,645,673 | 3,176,118 | - |
| Total liabilities and equity | 74,415,481 | 65,179,236 | 3,176,118 | - |

| | Dec-21 | Dec-20 | Dec-21 | Dec-20 |
|--------------------------|-------------------|-------------------|------------------|--------|
| Maturity | | | | |
| Current assets | 19,597,224 | 20,135,309 | 2,117,108 | - |
| Non-current assets | 54,818,256 | 45,043,927 | 1,059,010 | - |
| Total assets | 74,415,480 | 65,179,236 | 3,176,118 | - |
| Current liabilities | 6,177,804 | 3,359,162 | - | - |
| Non-current liabilities | 31,161,061 | 30,174,401 | - | - |
| Total liabilities | 37,338,865 | 33,533,563 | - | - |

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

| | Infracredit | | Multipurpose Industrial Platform | |
|---------------------------------------|-------------|-------------|----------------------------------|-------------|
| | 31 December | 31 December | 31 December | 31 December |
| | 2021 | 2020 | 2021 | 2020 |
| | N '000 | N '000 | N '000 | N '000 |
| Net assets of associate/joint venture | 37,076,616 | 31,645,673 | 3,176,118 | - |
| Group share of net assets | 11,786,656 | 10,547,503 | 1,588,059 | - |
| Carrying value of associate | 12,000,622 | 10,876,796 | 1,588,059 | - |

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| | UFF-NAIC Agriculture Management Company (Mauritius) Limited | | UFF-NAIC Agriculture Investment Company (Mauritius) Limited | |
|---------------------------------------|---|------------------|---|------------------|
| | 31 December 2021 | 31 December 2020 | 31 December 2021 | 31 December 2020 |
| | N '000 | N '000 | N '000 | N '000 |
| Net assets of associate/joint venture | - | 565 | 11,050,419 | 10,160,094 |
| Group share of net assets | - | - | 5,525,210 | 5,080,047 |
| Carrying value of associate | - | - | 5,525,210 | 5,080,047 |

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28 Leases

Group as a lessee

The Group has lease contracts for its leasehold lands and office building. The leases have lease terms 20 years and 2 years respectively. The Group's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Group is restricted from assigning and subleasing the leased assets.

Set out below are the carrying amounts of right-of-use assets recognized and the movements during the period:

| | Group 31 December 2021 Land | Group 31 December 2021 Building | Group 31 December 2021 Total | Group 31 December 2020 Land | Authority 31 December 2020 Building | Authority 31 December 2020 Total |
|---------------------------------|--|--|---|--|--|---|
| Cost | N '000 | N '000 | N '000 | N '000 | N '000 | N '000 |
| As at 1 January | 218,900 | 66,495 | 285,395 | 206,417 | 43,488 | 249,905 |
| Additions | - | 126,185 | 126,185 | 12,483 | 23,007 | 35,490 |
| As at 31 December | 218,900 | 192,680 | 411,580 | 218,900 | 66,495 | 285,395 |
| Accumulated depreciation | | | | | | |
| As at 1 January | 30,099 | 53,074 | 83,173 | 3,722 | 21,230 | 24,952 |
| Depreciation expense | 10,945 | 66,191 | 77,136 | 26,377 | 31,844 | 58,221 |
| As at 31 December | 41,044 | 119,265 | 160,309 | 30,099 | 53,074 | 83,173 |
| Carrying amount | 177,856 | 73,414 | 251,270 | 188,801 | 13,421 | 202,222 |

| | Authority 31 December 2021 Land | Authority 31 December 2021 Building | Authority 31 December 2021 Total | Authority 31 December 2020 Land | Authority 31 December 2020 Building | Authority 31 December 2020 Total |
|---------------------------------|--|--|---|--|--|---|
| Cost | N '000 | N '000 | N '000 | N '000 | N '000 | N '000 |
| As at 1 January | - | 66,495 | 66,495 | - | 43,488 | 43,488 |
| Additions | - | 126,185 | 126,185 | - | 23,007 | 23,007 |
| As at 31 December | - | 192,680 | 192,680 | - | 66,495 | 66,495 |
| Accumulated depreciation | | | | | | |
| As at 1 January | - | 53,074 | 53,074 | - | 21,230 | 21,230 |
| Depreciation expense | - | 66,191 | 66,191 | - | 31,844 | 31,844 |
| As at 31 December | - | 119,265 | 119,265 | - | 53,074 | 53,074 |
| Carrying amount | - | 73,414 | 73,414 | - | 13,421 | 13,421 |

*There was no element of impairment during the year.

Set out below are the carrying amounts of lease liabilities (included under other liabilities) and the movements during the period:

| | Group 31 December 2021 N '000 | Group 31 December 2020 N '000 | Authority 31 December 2021 N '000 | Authority 31 December 2020 N '000 |
|-----------------------|--|--|--|--|
| As at 1 January | - | 46,502 | - | 46,502 |
| Additions | 126,185 | 23,007 | 126,185 | 23,007 |
| Accretion of interest | 3,058 | 2,491 | 3,058 | 2,491 |
| Payments | (58,000) | (72,000) | (58,000) | (72,000) |
| | 71,243 | - | 71,243 | - |

The lease liability as presented above was with respect to office building and there was no liability with respect to the leasehold lands as at 31 December 2021 (December-20: Nil).

The following are the amounts recognized in profit or loss:

| | Group 31 December 2021 N '000 | Group 31 December 2020 N '000 | Authority 31 December 2021 N '000 | Authority 31 December 2020 N '000 |
|---|--|--|--|--|
| Depreciation expense of right-of-use assets | 66,191 | 58,221 | 31,844 | 31,844 |
| Interest expense on lease liabilities | 3,058 | 2,491 | 3,058 | 2,491 |
| Total amount recognized in profit or loss | 69,249 | 60,712 | 34,902 | 34,335 |

The Group had total cash outflows for leases of N58 million (2020: N72 million)

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29 Property and equipment

| Group | Buildings | Plant and machinery | Furniture and fittings | Motor vehicles | Computer equipment | Office equipment | Assets under construction | Total |
|---------------------------------|------------------|----------------------------|-------------------------------|-----------------------|---------------------------|-------------------------|----------------------------------|------------------|
| | N '000 | N '000 | N '000 | N '000 | N '000 | N '000 | N '000 | N '000 |
| Cost | | | | | | | | |
| As at 1 January 2020 | - | - | 137,425 | 525,806 | 175,920 | 2,071 | 2,128,372 | 2,969,594 |
| Acquisition of a subsidiary | 739,542 | 1,607,099 | 91,325 | - | 29,076 | 28,600 | - | 2,495,642 |
| Transfers | 830,529 | 1,144,815 | 99,999 | 11,054 | - | 670,580 | (2,756,976) | 0 |
| Additions | - | 178,821 | 42,136 | 160,381 | 31,286 | 110,077 | 679,353 | 1,202,054 |
| As at 31 December 2020 | 1,570,071 | 2,930,735 | 370,885 | 697,241 | 236,282 | 811,328 | 50,749 | 6,667,290 |
| As at 1 January 2021 | 1,570,071 | 2,930,735 | 370,885 | 697,241 | 236,282 | 811,328 | 50,749 | 6,667,290 |
| Transfers | - | 50,749 | - | - | - | - | (50,749) | - |
| Additions | 24,137 | 21,128 | 23,856 | 206,063 | 46,942 | 150,513 | - | 472,640 |
| As at 31 December 2021 | 1,594,208 | 3,002,612 | 394,741 | 903,304 | 283,224 | 961,841 | - | 7,139,932 |
| Accumulated depreciation | | | | | | | | |
| As at 1 January 2020 | - | - | 90,593 | 228,274 | 149,997 | 1,836 | - | 470,700 |
| Acquisition of a subsidiary | 25,625 | 264,729 | 31,514 | 464 | 7,986 | 10,314 | - | 340,632 |
| Charge for the year | 19,365 | 186,266 | 38,316 | 119,878 | 32,410 | 28,514 | - | 424,749 |
| As at 31 December 2020 | 44,990 | 450,995 | 160,423 | 348,616 | 190,393 | 40,664 | - | 1,236,081 |
| As at 1 January 2021 | 44,990 | 450,995 | 160,423 | 348,616 | 190,393 | 40,664 | - | 1,236,081 |
| Charge for the year | 41,815 | 319,634 | 71,169 | 151,390 | 29,397 | 129,396 | - | 742,802 |
| As at 31 December 2021 | 86,805 | 770,629 | 231,592 | 500,006 | 219,790 | 170,060 | - | 1,978,883 |
| Carrying | | | | | | | | |
| As at 31 December 2021 | 1,507,403 | 2,231,983 | 163,149 | 403,298 | 63,434 | 791,781 | - | 5,161,049 |
| As at 31 December 2020 | 1,525,081 | 2,479,740 | 210,462 | 348,625 | 45,889 | 770,664 | 50,749 | 5,431,209 |

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Property and equipment (cont'd)

| Authority | Furniture and fittings N '000 | Motor vehicles N '000 | Computer equipment N '000 | Office equipment N '000 | Total N '000 |
|---------------------------------|----------------------------------|--------------------------|------------------------------|----------------------------|-----------------|
| Cost | | | | | |
| As at 1 January 2020 | 137,425 | 512,022 | 175,920 | 2,071 | 827,438 |
| Additions | 80,189 | 125,325 | 60,362 | 620 | 266,496 |
| As at 31 December 2020 | 217,614 | 637,347 | 236,282 | 2,691 | 1,093,934 |
| As at 1 January 2021 | 217,614 | 637,347 | 236,282 | 2,691 | 1,093,934 |
| Additions | 11,076 | 206,063 | 22,292 | - | 239,430 |
| As at 31 December 2021 | 228,690 | 843,410 | 258,574 | 2,691 | 1,333,364 |
| Accumulated depreciation | | | | | |
| As at 1 January 2020 | 90,593 | 214,490 | 149,997 | 1,836 | 456,916 |
| Charge for the year | 16,365 | 116,542 | 28,704 | 154 | 161,765 |
| As at 31 December 2020 | 106,958 | 331,032 | 178,701 | 1,990 | 618,681 |
| As at 1 January 2021 | 106,958 | 331,032 | 178,701 | 1,990 | 618,681 |
| Charge for the year | 30,035 | 139,714 | 31,223 | 229 | 201,202 |
| As at 31 December 2021 | 136,993 | 470,746 | 209,924 | 2,219 | 819,883 |
| Carrying amount | | | | | |
| As at 31 December 2021 | 91,696 | 372,663 | 48,649 | 472 | 513,481 |
| As at 31 December 2020 | 110,656 | 306,315 | 57,581 | 701 | 475,253 |

*There are no capitalized 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 2021 (31 December 2020: Nil).

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30 Intangible assets

| | Group | Authority |
|------------------------------------|----------------|------------------|
| | N '000 | N '000 |
| Software - 31 December 2021 | | |
| Cost | | |
| Balance at 1 January 2021 | 365,676 | 176,873 |
| Additions | 10,971 | - |
| Balance at 31 December 2021 | 376,647 | 176,873 |
| Accumulated amortization | | |
| Balance at 1 January 2021 | 152,131 | 55,589 |
| Charge for the year | 98,820 | 36,464 |
| Balance at 31 December 2021 | 250,951 | 92,053 |
| Carrying amount | | |
| Balance at 31 December 2021 | 125,695 | 84,820 |
| | | |
| Software - 31 December 2020 | | |
| Cost | | |
| Balance at 1 January 2020 | 191,207 | 126,374 |
| Acquisition of a subsidiary | 114,878 | - |
| Additions | 59,591 | 50,499 |
| Balance at 31 December 2020 | 365,676 | 176,873 |
| Accumulated amortization | | |
| Balance at 1 January 2020 | 26,301 | 26,139 |
| Acquisition of subsidiaries | 64,827 | - |
| Charge for the year | 61,003 | 29,450 |
| Balance at 31 December 2020 | 152,131 | 55,589 |
| Carrying amount | | |
| Balance at 31 December 2020 | 213,544 | 121,284 |

There were no impairment losses during the year (2020: nil).

31 Other liabilities

| | Group | Group | Authority | Authority |
|--|--------------------|--------------------|--------------------|--------------------|
| | 31 December | 31 December | 31 December | 31 December |
| | 2021 | 2020 | 2021 | 2020 |
| | N '000 | N '000 | N '000 | N '000 |
| Trade payables | 1,092,940 | 1,300,561 | 1,058,971 | 1,210,822 |
| Intercompany payables | - | - | 313,565 | 16,621,418 |
| Other payables (31.1) | 286,511,515 | 138,293,189 | 285,615,958 | 137,577,722 |
| Payables to the Federal Government of Nigeria in respect of the Second Niger Bridge (31.2) | 19,001,075 | 18,442,124 | - | - |
| Accrued expenses | 1,029,984 | 1,436,218 | 949,907 | 1,365,946 |
| Lease liability | 71,243 | - | 71,243 | - |
| Non financial liability: | | | | |
| Tax liabilities (31.3) | 395,672 | 352,231 | - | - |
| | 308,102,429 | 159,824,323 | 288,009,644 | 156,775,908 |
| | | | | |
| Maturity analysis: | | | | |
| Current | 308,102,429 | 117,750,000 | 288,009,644 | 117,750,000 |
| Non-current | - | 42,074,323 | - | 39,025,908 |
| | 308,102,429 | 159,824,323 | 288,009,644 | 156,775,908 |

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31.1 Other payables

| | Group 31 December 2021 N '000 | Group 31 December 2020 N '000 | Authority 31 December 2021 N '000 | Authority 31 December 2020 N '000 |
|--|--|--|--|--|
| Payable to CBN | 234,002,260 | 117,750,000 | 234,002,260 | 117,750,000 |
| Payable to Presidential Infrastructure Development fund (PIDF) and NAIC-NPK (31.1.2) | 26,922,833 | 6,106,343 | 26,922,834 | 6,106,342 |
| Proceeds from matured Investments payable to managed funds | 16,546,785 | - | 16,546,785 | - |
| Payable to Federal Government Stabilisation Fund and Gas to Power (31.1.3) | 7,422,498 | 12,880,531 | 7,422,498 | 12,880,531 |
| Payable to Associates | 217,001 | 1,490 | 217,001 | 1,490 |
| Payable to contractors | 201,925 | 694,257 | 70,110 | 426,361 |
| Salaries and wages payable (31.1.4) | 229,574 | 197,991 | 229,574 | 197,991 |
| Statutory obligations (31.1.1) | 140,535 | 662,577 | 95,341 | 215,007 |
| Deferred Income | 116,673 | - | - | - |
| Share Payable Account to InfraCo Nigeria Ltd. | 100,000 | - | 100,000 | - |
| Other payables | 611,431 | - | 9,555 | - |
| | 286,511,515 | 138,293,189 | 285,615,958 | 137,577,722 |

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

31.1.2 Payables to Presidential Infrastructure Devpt. Fund (PIDF) of N10.5 bn and N16.4 bn to NAIC-PFI represent the current obligations of Authority to these third party funds which emanated in the course of Authority performing its fiduciary functions.

31.1.3 This line is represented by N5.04 billion payable to Federal Government Stabilisation Fund (FGN Stab) and additional account payable of N2.38 billion to Gas to Power (G2P).

31.1.4 This represents provision for unpaid staff bonuses and allowances earned for the period ended 31st December 2021 (December 2020: N197. 99 million). The settlement of which would be dependent on staff performance appraisal in the subsequent year.

31.2 This represents the total amount received from the Federal Government of Nigeria in respect of the construction of the Second Niger Bridge of Nigeria project. The total cost incurred to date on the project and the unspent cash are included in the other assets as "cost incurred on behalf of the Federal Government" and "restricted balances respectively. Remaining unspent balance is disclosed in Note 24 as "restricted balance".

31.3 Income tax payable

| | Group 31 December 2021 N '000 | Group 31 December 2020 N '000 | Authority 31 December 2021 N '000 | Authority 31 December 2020 N '000 |
|-------------------------------|--|--|--|--|
| Opening balance | 352,231 | 352,231 | - | - |
| Tax expense during the period | 1,743 | 12,417 | - | - |
| Paid during the year | (1,743) | (12,417) | - | - |
| Exchange difference | 43,441 | - | - | - |
| | 395,672 | 352,231 | - | - |

31.4 Movement in liabilities arising from financing activities

| | Group 31 December 2021 N '000 | Group 31 December 2020 N '000 | Authority 31 December 2021 N '000 | Authority 31 December 2020 N '000 |
|--|--|--|--|--|
| Opening | 20,031,183 | 23,179,884 | - | 46,502 |
| Lease addition | 126,185 | 23,007 | 126,185 | 23,007 |
| Accretion of interest | 3,058 | 2,491 | 3,058 | 2,491 |
| Lease payment- Principal | (54,942) | (72,000) | (54,942) | (72,000) |
| Lease payment- Interest | (3,058) | - | (3,058) | - |
| Interest accrued on borrowing-Discontd. operation | - | 3,379,699 | - | - |
| Principal repayment of borrowings-Discontd. operation | - | (5,750,000) | - | - |
| Interest repayment on borrowings-Discontd. operation | - | (731,898) | - | - |
| De-recognition/disposal of liabilities of a subsidiary held for sale | (20,031,183) | - | - | - |
| Closing liabilities from financing activities | 71,243 | 20,031,183 | 71,243 | - |

The movement above represents the liabilities arising from financing activities (lease liabilities and borrowings (if any)) whose cash flows were, or future cash flows are, classified in the statement of cash flows as cash flows from financing activities.

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32 Equity and reserves

| | Group 31 December 2021 N '000 | Group 31 December 2020 N '000 | Authority 31 December 2021 N '000 | Authority 31 December 2020 N '000 |
|--------------------------------------|--|--|--|--|
| Contribution by Government | 347,375,000 | 347,375,000 | 347,375,000 | 347,375,000 |
| Retained earnings | 567,617,909 | 414,000,617 | 556,236,854 | 413,624,795 |
| Fair value reserve | 5,889,638 | 5,010,841 | 5,709,341 | 5,368,333 |
| Foreign currency translation reserve | (1,030,107) | 6,429,941 | - | - |
| Non-controlling interest | (125,790) | (68,885) | - | - |
| | <u>919,726,650</u> | <u>772,747,514</u> | <u>909,321,195</u> | <u>766,368,128</u> |

32.1 Retained earnings

Retained earnings represent undistributed profits, attributable to the capital providers i.e Federal, state and local governments. The movement in retained earnings during the year is as shown below:

| | Group 31 December 2021 N '000 | Group 31 December 2020 N '000 | Authority 31 December 2021 N '000 | Authority 31 December 2020 N '000 |
|---|--|--|--|--|
| Opening balance | 414,000,617 | 291,026,827 | 413,624,795 | 287,750,520 |
| Exchange differences on translating return of capital | - | (33,562,500) | - | (33,562,500) |
| Profit for the year | 153,617,292 | 156,536,290 | 142,612,059 | 159,436,775 |
| | <u>567,617,909</u> | <u>414,000,617</u> | <u>556,236,854</u> | <u>413,624,795</u> |

32.2 Fair value reserve

Fair value Comprises fair value movements on equity and debt instruments that are carried at fair value through other comprehensive income

| | Group 31 December 2021 N '000 | Group 31 December 2020 N '000 | Authority 31 December 2021 N '000 | Authority 31 December 2020 N '000 |
|---|--|--|--|--|
| Opening balance | 5,010,841 | 3,941,139 | 5,368,333 | 3,430,497 |
| Change in value of financial assets measured at FVOCI | 1,089,243 | 922,116 | 341,008 | 1,937,836 |
| Share of change in value of financial assets measured at FVOCI - (Associates) | (210,446) | 147,586 | - | - |
| | <u>5,889,638</u> | <u>5,010,841</u> | <u>5,709,341</u> | <u>5,368,333</u> |

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32.3 Foreign currency translation reserve

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

| | Group 31 December 2021 N '000 | Group 31 December 2020 N '000 |
|--|--|--|
| Opening balance | 6,429,941 | 3,907,858 |
| Exchange differences arising during the year | (7,460,048) | 2,522,083 |
| | (1,030,107) | 6,429,941 |

32.4 Non-controlling interest (NCI)

This is the component of Group's equity as reported on the consolidated statement of financial position which represents the ownership interest of equityholders other than the parent of the subsidiary. See below for the changes in non-controlling interest during the year.

| | Group 31 December 2021 N '000 | Group 31 December 2020 N '000 |
|-----------------------------------|--|--|
| Opening balance | (68,885) | (2,898) |
| (Loss)/profit attributable to NCI | (56,905) | (65,987) |
| | (125,790) | (68,885) |

33 Capital management

The Group is to maintain a strong capital base in order to retain the confidence of the Nigerian people and the market with a bid to sustain future developments for the business. Management monitors the return on capital by reviewing monthly performance returns from investment managers. The Group manages its capital structure and makes necessary regulatory adjustments to it according to changes in economic conditions and the risk of its activities. In order to maintain or adjust its capital structure, the Group may through its Board restrict capital return to shareholders or drawdowns from its stabilisation funds. Capital management is overseen by the Board of Directors who have overall responsibility for ensuring adequate capital is maintained for the Group. The Group has a process of ensuring adequate capital is maintained and this process includes effective capital planning, prudent portfolio management, stress testing and contingency planning.

The Group monitors capital using a ratio of adjusted net debt to adjusted equity. For this purpose, adjusted net debt is defined as total liabilities, comprising payables to counterparties and other obligations, less cash and cash equivalents. Adjusted equity comprises all components of equity.

The Group's adjusted net debt to equity ratio at 31 December 2021 was as follows:

| | Group 31 December 2021 N '000 | Group 31 December 2020 N '000 | Authority 31 December 2021 N '000 | Group 31 December 2020 N '000 |
|---|--|--|--|--|
| Cash and cash equivalents | 269,602,956 | 145,257,520 | 268,782,415 | 144,447,965 |
| Less: Total liabilities | (308,102,429) | (209,033,510) | (288,009,644) | (156,775,908) |
| Net surplus | (38,499,473) | (63,775,990) | (19,227,229) | (12,327,943) |
| Total equity | 919,726,650 | 772,747,514 | 909,321,195 | 766,368,128 |
| Adjusted equity | 919,726,650 | 772,747,514 | 909,321,195 | 766,368,128 |
| Net surplus to adjusted equity ratio | -4% | -8% | -2% | -2% |

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34 Related parties

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. NSIA is the ultimate parent of the Group.

As disclosed in the investment in subsidiaries, associates and joint venture notes, NSIA Motorways Investment Company (NMIC), KG Brussels LP, FGF Private Equity Co. Limited, FGF Investments Limited, FGF PE Beta Limited, NSIA Agriculture Investment Company (NAIC), NAIC-NPK Limited, NSIA Property Investment Company Limited, NSIA Power Investment Company Limited, NSIA Healthcare Development and Investment Company Limited, NSIA Investment Management Company, FMCU Advanced Medical Diagnostics Ltd, LUTH Advanced Medical Services Ltd, AKTH Advanced Medical Diagnostics Limited, Lagos-Ibadan Expressway Development Company Limited, Abuja-Kano Expressway Development Company Limited, East-West Expressway Development Company Limited, Mambilla Hydropower Development Company Limited are subsidiaries and sub-subsidiaries of the Authority and are related parties in accordance with the applicable standards.

NMRC, FHFL, Panda Agricultural Properties Management (Mauritius) Limited and Pandagric Novum Limited are associates of the Authority.

UFF-NAIC Agriculture Investment Company (Mauritius) Limited, Panda Agricultural Properties Management Ltd, Panda Agricultural Properties Management (Mauritius) Limited, Multipurpose Industrial Platform Limited (MIPL) , and Infrastructure Credit Guarantee Company Limited (INFRACREDIT) are jointly controlled by other entities and are therefore also related parties.

The following are the balances with the Federal Government of Nigeria during the year:

| | Group 31 December 2021 N '000 | Group 31 December 2020 N '000 |
|---|--|--|
| Payables to the Federal Government of Nigeria in respect of the Second Niger Bridge | 19,001,075 | 18,442,124 |
| Cost incurred on behalf of the Federal Government of Nigeria in respect of Second Niger Bridge. | 16,118,660 | 16,113,745 |

Compensation of key management personnel

The Authority's key management personnel, and persons connected with them, are also considered to be related parties for disclosure purposes. The key management includes those persons having authority and responsibility for planning, directing and controlling the activities of NSIA, directly or indirectly, including any director (whether executive or otherwise) of the Authority, including the close members of family of key personnel and any entity over which key management exercise control. The members of the board of the Authority did not hold any shares in the Authority during or as at the end of the year. The compensation paid or payable to key management for employee services is shown below:

Directors' remuneration and expenses:

| | Group 31 December 2021 N '000 | Group 31 December 2020 N '000 |
|---|--|--|
| Executive compensation | 1,237,420 | 989,971 |
| Non-executive directors fees and other benefits | 64,177 | 100,000 |
| Defined contribution plan | 53,593 | 47,901 |
| | 1,355,190 | 1,137,872 |

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Balances with subsidiaries and other related entities

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

| | Type of interests | 31 December 2021 N '000 | 31 December 2020 N '000 |
|--|-------------------|-------------------------------|-------------------------------|
| NSIA Motorways Investments Company | Subsidiary | 612,754 | 611,474 |
| NSIA Property Investment Co. Limited | Subsidiary | 6,066,829 | 2,112,135 |
| NSIA Power Investment Co. Limited | Subsidiary | 5,100 | 3,850 |
| NSIA Healthcare Development and Investment Co. Limited | Subsidiary | 86,205 | 83,009 |
| FGF Private Equity Co. Limited | Subsidiary | 17,228,073 | 18,593,853 |
| FGF P. E. Beta Limited | Subsidiary | 5,456,274 | 8,300 |
| FGF Investment Limited | Subsidiary | 10,169,576 | 5,250 |
| NSIA Agriculture Investment Company | Subsidiary | 5,742,327 | 5,791,584 |
| Second Niger Bridge Development Company Ltd | Associate | 84 | - |
| FMCU Advanced Medical Diagnostics Limited | Sub-subsidiary | 2,185,302 | 1,542,206 |
| AKTH Advanced Medical Diagnostics Limited | Sub-subsidiary | 2,161,147 | 1,816,932 |
| LUTH Advanced Medical Services Limited | Sub-subsidiary | 4,466,537 | 4,422,296 |
| PFI-NPK Limited | Trustee | 50,168,537 | 45,281,519 |
| Presidential Infrastructure Development Fund | Trustee | 9,973,222 | 2,985,091 |
| Federal Government of Nigeria | | 16,118,660 | 16,113,745 |
| | | 130,440,627 | 99,371,244 |

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

| | Type of interests | 31 December 2021 N '000 | 31 December 2020 N '000 |
|--|-------------------|-------------------------------|-------------------------------|
| NSIA Motorways Investments Company | Subsidiary | 39,013 | 39,013 |
| NSIA Property Investment Co. Limited Subsidiary | Subsidiary | 42,050 | 1,000 |
| NSIA Healthcare Development and Investment Co. Limited | Subsidiary | 30,854 | 1,000 |
| FGF Private Equity Co. Limited | Subsidiary | 1,000 | 1,000 |
| FGF P. E. Beta Limited | Subsidiary | 1,000 | 1,000 |
| FGF Investment Limited | Subsidiary | 1,000 | 1,000 |
| NSIA Agriculture Investment Company | Subsidiary | 192,181 | 116,001 |
| NSIA Power Investment Co. Limited | Subsidiary | 1,000 | 1,000 |
| AKTH Advanced Medical Diagnostics Limited | Subsidiary | 1,789 | 3,528 |
| LUTH Advanced Medical Services Limited | Subsidiary | - | 1,178,769 |
| PFI-NPK Limited | Trustee | 16,426,725 | 16,427,022 |
| Presidential Infrastructure Development Fund | Trustee | 10,496,108 | - |
| | | 27,232,720 | 17,770,333 |

The above related party balances are not secured, performing, not guaranteed with any sum as at 31st December 2021 and shall all be settled in cash.

The above disclosed related-party receivables and payables represent balances in which settlement of the liabilities were undertaken by the Authority on behalf of its related parties and similarly settled on its behalf by the same respectively ; all transacted at arms' lengths.

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| Related party transactions | Nature of relationship | Nature of transaction | 31 December 2021 | 31 December 2020 |
|--|------------------------|-----------------------|---------------------|---------------------|
| | | | Amount (₦) | Amount (₦) |
| NMIC | Subsidiary | Audit fees | 1,138,000 | 1,000,000 |
| KG Brussels L.P. | Subsidiary | Audit fees | 569,000 | 500,000 |
| FGF Investments Ltd | Subsidiary | Audit fees | 1,423,000 | 1,450,000 |
| FGF Private Equity Co. Ltd | Subsidiary | Audit fees | 2,277,000 | 2,300,000 |
| FGF Beta | Subsidiary | Audit fees | 2,277,000 | 2,300,000 |
| NSIA Healthcare Dev. & Invest Co. | Subsidiary | Audit fees | 1,000,000 | 1,725,000 |
| NSIA Property Inv. | Subsidiary | Audit fees | 2,277,000 | 1,625,000 |
| NSIA Power Inv. | Subsidiary | Audit fees | 1,423,000 | 1,250,000 |
| NSIA Agric Inv. Co | Subsidiary | Audit fees | 1,594,000 | 1,750,000 |
| FMCU Advanced Med. | Sub-subsidiary | Audit fees | - | - |
| AKTH Advanced Med. | Sub-subsidiary | Audit fees | - | - |
| Panda Agricultural Properties Mgt Ltd*** | Associate | Audit fees | - | - |
| Pandagric Novum Limited*** | Associate | Audit fees | - | - |

The audit expenses were incurred by the Authority on behalf of the subsidiaries, sub-subsidiaries and a joint venture and they are to be back-charged to them.

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

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

35 Other contracts

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

35.1 Stabilization fund

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

UBS Global Asset Management (UK) LTD

Engagement and Service

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

Smith Graham & Co

Engagement and Service

Smith Graham provides investment management services on behalf of NSIA within the parameters of the investment guidelines that include a discretionary authority to make investments in the portfolio; investing in U.S treasury, agencies, commercial papers, money market funds. effective duration of the portfolio should not exceed 120 days; Insight into fixed income financial market conditions. Periodic reports communicated to the Authority include information on holdings, transactions, executive summary and economic outlook.

Income Research + Management (IR+M)

IR+M is a privately-owned, independent, fixed income investment management firm that provides investment management services to the Authority. Their investment philosophy and process are based on our belief that careful security selection and active risk management provide superior results over the long-term. They provide investment management services for investments in US fixed income securities in investment opportunities across the corporate, securitized, government, and municipal sectors.

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.

Notes to the financial statements

35.2 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. Palestra Capital Offshore Fund Ltd
6. Holocene Advisors Offshore Fund LTD
7. John Street Systematic Limited

Long Only Equity Managers

The long only equity managers in which the Future Generations Fund is invested as at year end are stated below:

1. Cevian Capital II
2. Marathon Asset Management
3. Vanguard Investment
4. Fundsmith LLP
5. Invesco Capital Management LLC
6. BlackRock Advisors
7. Artisan Partners
8. EFG Bank
9. Goldman Sachs
10. Bluebox Asset Management
11. Edgbaston
12. Prince Street Capital
13. RWC Asset Advisors US LLC.

Private equity partners

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

1. Z Capital Fund II & III
2. Healthcare Royalty Partners Fund III & IV
3. Xenon Private Equity VI
4. Helios Investors III
5. Gsquared IV & V
6. Actis Real Estate Fund III
7. Abraaj Growth Healthcare Fund L.P
8. Ingressive Capital LP
9. Reverence Capital Fund II
10. StepStone VC Secondaries Fund IV & VI
12. Xenon PE VII
13. Whitehorse Liquidity Partners (Offshore) II LP
14. Petershill Private Equity Seeding Offshore SCsp
15. Alitheia IDF Fund LP
16. Falko Regional Aircraft Opportunities Fund I & II
17. Helios Investors IV
18. Lombard Odier Secondaries III
19. Lombard Odier European VC III
20. LifeSci Venture Partners II
21. Synergy Private Equity I & II
22. Africa Capital Alliance Fund
23. Verod Growth Fund II & III
24. Euro Choice Secondary II
25. CardinalStone Growth Fund
26. CardinalStone Legacy Fund
27. Z Capital Partners Credit Tactical Fund Series B
28. The Rise Fund II
29. Gateway Fund II
30. Tidal Ventures LLP

35.3 Nigeria Infrastructure Fund

Private equity partners

The private equity fund and investments in which the Infrastructure Fund invested as at year end is stated below:

1. Fund for Agricultural Finance in Nigeria (FAFIN)
2. Nigeria Infrastructure Debt Fund

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35.4 Custodians

Engagement and Service

The Authority engaged JP Morgan Chase & Co (global custodian) , Stanbic IBTC Bank Limited (local custodian) and Citibank Nigeria Limited (Local Custodian) to provide custody services, as well as accounting, performance and compliance services to capital managed by the Authority. The custodians provide reports to the Authority on the performance of the capital custodied by it on a monthly basis.

Reports on Investments

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

36 Commitments

(a) Capital commitments

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

Capital commitments - US\$:

| | Authority 31 December 2021 \$ '000 | Authority 31 December 2020 \$ '000 | Naira equivalent Authority 31 December 2021 N '000 | Authority 31 December 2020 N '000 |
|---|---|---|--|--|
| Gateway Fund II | 3,130 | | 1,292,747 | - |
| Tidal Ventures I LP | 4,087 | - | 1,687,801 | - |
| StepStone VC opportunities Fund VI | 1,976 | 1,976 | 816,068 | 748,904 |
| StepStone VC Secondaries Fund IV | 1,128 | - | 465,853 | - |
| Abraaj Growth Markets Health Fund L.P | 2,332 | 2,197 | 962,963 | 832,663 |
| Actis Africa Real Estate Capital Alliance Private Equity Fund "CAPE IV" | 3,333 | 3,333 | 1,376,589 | 1,263,207 |
| Evercare Health Fund Feeder | 4,062 | 4,062 | 1,677,565 | 1,539,498 |
| Fund for Agricultural Finance in Nigeria (FAFIN) | 378 | 2,325 | 156,269 | 881,175 |
| HealthCare Royalty Partners (HCRP) | 4,501 | 4,501 | 1,859,034 | 1,705,879 |
| Helios Investors | 9,655 | 23,727 | 3,987,495 | 8,992,533 |
| Z Capital Partners | 3,986 | 7,470 | 1,646,010 | 2,831,130 |
| RMB WestPort Real Estate Development Fund II I | 12,125 | 3,320 | 5,007,336 | 1,258,280 |
| | 6 | - | 2,387 | - |
| Total | 50,699 | 52,911 | 20,938,117 | 20,053,269 |

Capital commitments - Euro:

| | Authority 31 December 2021 Euro '000 | Authority 31 December 2020 Euro '000 | Authority 31 December 2021 N '000 | Authority 31 December 2020 N '000 |
|----------------------|---|---|--|--|
| Xenon Private Equity | 4,495 | 3,724 | 2,101,441 | 1,726,697 |
| Total | 4,495 | 3,724 | 2,101,441 | 1,726,697 |

**Total Authority's capital
commitments**

23,039,558 21,779,966

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

| | 31 December 2021 \$ '000 | 31 December 2020 \$ '000 | 31 December 2021 N '000 | 31 December 2020 N '000 |
|---|---|---|--|--|
| Lifesci Venture Partners II, LP | 4,314 | - | 1,781,639 | - |
| The Rise Fund II | 2,718 | - | 1,122,507 | - |
| Fundsmith Equity Fund | - | - | - | - |
| Ingressive Capital L.P | 175 | 175 | 72,273 | 66,325 |
| Synergy Private Equity Fund LP | 175 | - | 72,273 | - |
| Synergy Private Equity Fund II LP | 5,453 | 5,453 | 2,252,034 | 2,066,687 |
| Verod Capital | 4,778 | 4,845 | 1,973,266 | 1,836,255 |
| Falko Regional Aircraft Opportunities Fund | 392 | 9,083 | 161,892 | 3,442,457 |
| Falko Regional Aircraft Opportunities Fund II | 12,001 | - | 4,956,293 | - |
| Reverence Capital Partners Opportunities Fund II, | 8,812 | 9,223 | 3,639,268 | 3,495,517 |
| Fortress Investment Fund IV, L.P. | 133 | 133 | 54,928 | 50,407 |
| Fortress Investment Fund V, L.P. | 38 | 38 | 15,694 | 14,402 |
| Fortress Investment Fund V Co-investment, L.P. | 46 | 46 | 18,998 | 17,434 |
| LO Secondary III | 7,282 | 7,282 | 3,007,393 | 2,759,878 |
| Petershill Private Equity Seeding | 878 | 878 | 362,605 | 332,762 |
| Offshore Advisor | | | | |
| Alitheia IDF Fund LP | 4,702 | 4,702 | 1,941,879 | 1,782,058 |
| Whitehorse liquidity fund II | 2,949 | 3,495 | 1,217,908 | 1,324,605 |
| H.I.G. Bayside Opportunity Fund, L.P. | 17 | 163 | 7,021 | 61,777 |
| Marlin Equity, L.P. | 262 | 281 | 108,203 | 106,499 |
| Marlin Equity II, L.P. | 593 | 600 | 244,903 | 227,400 |
| OCM Opportunities Fund VIIb, L.P. | 313 | 313 | 129,266 | 118,627 |
| G Squared IV, SCSp | 278 | 1,000 | 114,811 | 379,000 |
| G Squared V | 7,000 | - | 2,890,930 | - |
| CardinalStone Capital Advisers Legacy Fund L.P | 1,500 | 1,500 | 619,485 | 568,500 |
| CardinalStone Capital Advisers Growth Fund L.P | 4,916 | 4,916 | 2,030,259 | 1,863,164 |
| Total | 69,725 | 54,126 | 28,795,728 | 20,513,754 |

Euro:

| | Group 31 December 2021 Euro '000 | Group 31 December 2020 Euro '000 | Group 31 December 2021 N '000 | Group 31 December 2020 N '000 |
|--------------------------------|---|---|--|--|
| Euro Choice Secondary II, L.P. | 8,158.00 | 7,496 | 3,813,903 | 3,476,002 |
| LO European | 2,106.00 | 2,106 | 984,565 | 976,800 |
| Total | 10,264 | 9,602 | 4,798,468 | 4,452,802 |

Total unfunded commitment to private equity fund

56,633,754 46,746,522

As disclosed above, the Group has committed to provide capital to various collective investment vehicles. The total of these commitments at the statement of financial position date is US\$121.4million/N50.1billion and Euro 14.7 million/N6.9billion (2020: US\$105.2million/N32.4billion and Euro 14.6 million/N1.05billion). The Group's commitment obligations, being capital calls, are set out in the various underlying subscription documents. Whilst the actual timing of the capital calls to be made by the managers of these vehicles is uncertain, as it is dependent on the managers sourcing suitable investment opportunities, the Group has recorded the commitments as being current in accordance with the underlying legal documents. The Group has appropriate liquidity planning in place to ensure a suitable allocation of resources will be available to cover these future commitments of capital.

Notes to the financial statements

37 Other fiduciary activities

The Authority performs the following fiduciary activities:

a) The Authority holds shares in Development Bank of Nigeria (DBN) in trust for the Federal Government of Nigeria (FGN). The shares are valued at N8 billion, which represents 20% of the shareholding of the DBN. The Ministry of Finance has mandated the Authority to guide DBN towards the achievement of its organizational goals. The Authority is expected to remit all dividends received from DBN within 30 days and obtain prior consent from the FGN before the disposal, transfer or otherwise change of ownership of the shares. There were no dividends paid by DBN in the current year (2020: nil).

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

The sums of USD\$200 million ("the Fund") were received from the Debt Management Office ("DMO") under an Investment Management Agreement ("the Agreement"). NSIA acts as a manager of the Funds. The agreement provides for the Authority to invest the Funds in gas, power and other related projects. Consideration is payable to the Authority after certain milestones have been met and the customers' share of return has been paid. A total of USD\$100 million was withdrawn from the DMO fund in order to fund the Second Niger Bridge Project and Lagos/Ibadan expressway project on the authority of the Federal Government.

The fair value of the Managed Funds as at 31 December 2021 stood at USD152.32 million for DMO (2020: \$143.54 million for DMO) while nil income was accrued by the Authority from the fiduciary agreement activities as of 31 December 2021.

c) The Authority started its fiduciary function on FGN Stabilization Fund on 6th May 2015, with an initial funding of N409.4million. A total sum of N43.12 billion have been received from the Federal Government Stabilization Account via the Office of the Accountant General of the Federation ("OAGF") till date. NSIA is to act as a manager to the fund with a mandate to invest the funds in line with the investment policies of the Stabilization Fund of the Authority. The fair value of the Fund as at 31 December 2021 was N43.356billion (2020: 43.783 billion). The assets and liabilities of the Funds have been excluded from these financial statements as they are not assets and liabilities of the Authority.

d) In 2018, the President of the Federal Republic of Nigeria, President Muhammadu Buhari approved the establishment of a Presidential Infrastructure Development Fund (PIDF), which is to be managed by the Nigeria Sovereign Investment Authority (NSIA), and invested specifically in critical road and power projects across the country. The National Economic Council (NEC) authorized the initial transfer of \$650 million to the NSIA from the Nigeria Liquefied Natural Gas (NLNG) Dividend Account, as seed funding for PIDF on May 17, 2018. A subsequent funding of N90 billion was received from the Office of the Accountant General of the Federation ("OAGF") on 30 September, 2019. This is followed by subsequent inflow of \$169.5million received into the Fund in April 2021. A special but purposeful Fund under Presidential Infrastructure Development Fund (PIDF) termed "PIDF Recovered Assets" was additionally inaugurated in 2020 which recorded its first funding in May 2020 to the tune of \$311.8million.

This initiative aims to eliminate the risks of project funding, cost variation and completion that have plagued the development of the nation's critical infrastructure assets — such as the 2nd Niger Bridge, Lagos to Ibadan Expressway, East—West Road, Abuja to Kano Road, Mambilla Hydroelectric Power — over the last few decades. This fund is currently being managed by the Authority. The income earned from management of the funds during year is N814.1 million (2020: N782 million).

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.

Notes to the financial statements

e) The executed Investment Management Agreement (IMA) dated 27th May 2019 between the Authority and the Government of the Federal Republic of Nigeria gives the NSIA the right of option to call for the conversion of the Fund Management Account as additional capital contribution to the Authority by the Federal Government of Nigeria (FGN). However, this is optional and this is subject to the delivery of the written notice to the Federal Government of Nigeria by the Authority". This clause has nil financial implication for the Authority and does not affect its assets nor liabilities as at 31 December 2021.

38 Events after the reporting period

Russia-Ukraine Conflicts: The implication for NSIA

The conflict between Russia and Ukraine has been causing knock-on effects on the stock markets globally. Sanctions have led to soaring commodity prices and the general uncertainty has brought concerns over slowing growth to the global economy. The turmoil has caused a supply shock that has helped drive up oil and other commodity prices. Global Stock Markets were already selling off before the Russian invasion, however the selloff was exacerbated at the onset of the war. Nearly \$1 trillion was wiped off the value of the global stock market and accelerated a drop in the major indexes as investors began to be jittery about major central banks rate hikes. The S&P 500 declined 13.3% through April 2022, the steepest four-month drop to start any year since 1939. The index continues to fall in May 2022, approaching the 20% threshold that some investors consider confirmation of a bear market.

These trends have affected the US and the European stock markets, where a significant proportion of our funds are invested in. The asset class that has the largest impact has been the long only equities portfolio, both developed market and emerging market with an average decline of 10%-15% year to date. We expect some impact on the private market portfolio in Q1'2022 valuations as well due to the broader market impact. We can argue that Russian Ukraine crisis is partially responsible for the drawdown in the portfolio, as the tightening of financial conditions by monetary policy authorities in response to persistently high inflation has been the major cause of the decline the markets have experienced. Before the crisis, Russia and Ukraine were 3% and 0.5% of the global GDP.

However, due to the diversified nature of the FGF and SF with a significant portion to alternative assets provide downside protection, the impact has been reduced. As of March 2022, the FGF was down less than 3.0% and the SF is down -0.33%. We expect some recovery as the conflict subsides and financial markets have some certainty of the direction of the global geopolitics.

Other national disclosures

Nigeria Sovereign Investment Authority
Other national disclosures
For the year ended 31 December 2021

Value added statements

| | Group 31 December 2021 | | Group 31 December 2020 | | Authority 31 December 2021 | | Authority 31 December 2020 | |
|---|---|-------------|---|-------------|---|-------------|---|-------------|
| | N '000 | % | N '000 | % | N '000 | % | N '000 | % |
| Revenue | 148,604,261 | | 161,545,929 | | 144,917,794 | | 164,606,908 | |
| Administrative expenses (Local and foreign) | (7,495,615) | | (8,377,993) | | (6,261,794) | | (6,799,994) | |
| Other non-operating income (Local and foreign) | 8,343,797 | | 3,871,293 | | 4,259,916 | | 1,629,861 | |
| Value added | 149,452,443 | 100% | 157,039,229 | 100% | 142,915,916 | 100% | 159,436,775 | 100% |
| Applied as follows: | | | | | | | | |
| To pay employees | | | | | | | | |
| Salaries and other personnel cost | 3,201,780 | 2% | 2,385,532 | 2% | 2,589,449 | 5% | 2,083,427 | 1% |
| Maintenance of assets | | | | | | | | |
| Depreciation and amortization | 918,759 | 1% | 568,926 | 0% | 303,857 | 0% | 244,289 | 0% |
| To pay government | | | | | | | | |
| Taxation | 1,743 | 0% | 12,417 | 0% | - | 0% | - | 0% |
| Retained for growth and expansion | | | | | | | | |
| Profit for the year | 145,330,161 | 97% | 154,072,354 | 98% | 140,022,610 | 95% | 157,109,059 | 99% |
| | 149,452,443 | 100% | 157,039,229 | 100% | 142,915,916 | 100% | 159,436,775 | 100% |

Value added is the wealth created by the efforts of the Authority and its employees and its allocation between employees, shareholders, government and re-investment for the future creation of further wealth.

Nigeria Sovereign Investment Authority
Other national disclosures
For the year ended 31 December 2021

Five Year Financial Summary - Authority

| Statement of financial position | 31 December 2021 | 31 December 2020 | 31 December 2019 | 31 December 2018 | 31 December 2017 |
|---|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| | N '000 | N '000 | N '000 | N '000 | N '000 |
| Asset | | | | | |
| Cash and cash equivalents | 268,782,415 | 144,447,965 | 185,736,007 | 61,777,335 | 8,545,297 |
| Investment securities | 536,385,478 | 544,423,629 | 324,361,629 | 441,635,909 | 404,313,672 |
| Loans and receivables | 16,850,542 | 3,243,527 | - | - | - |
| Restricted balances and other assets | 362,353,574 | 218,908,170 | 75,878,818 | 36,082,678 | 72,310,092 |
| Investment in subsidiary | 9,000 | 895,797 | 1,753,398 | 5,116,826 | 16,085,655 |
| Investment in associate and joint ventures | 12,278,115 | 10,614,990 | 10,614,990 | 10,614,990 | 1,600,490 |
| Right of use asset | 73,414 | 13,421 | 43,488 | - | - |
| Property and equipment | 513,481 | 475,253 | 370,522 | 272,950 | 48,503 |
| Intangible assets | 84,820 | 121,284 | 100,235 | 12,893 | 63 |
| Total assets | 1,197,330,839 | 923,144,036 | 598,859,087 | 555,513,581 | 502,903,772 |
| Liabilities | | | | | |
| Other liabilities | 288,009,644 | 156,775,908 | 27,015,570 | 18,915,515 | 7,884,464 |
| Total liabilities | 288,009,644 | 156,775,908 | 27,015,570 | 18,915,515 | 7,884,464 |
| Equity and reserves | | | | | |
| Contribution by Government | 347,375,000 | 347,375,000 | 280,662,500 | 280,662,500 | 280,662,500 |
| Retained earning | 556,236,854 | 413,624,795 | 287,750,520 | 253,690,496 | 170,859,498 |
| Fair value reserves | 5,709,341 | 5,368,333 | 3,430,497 | 2,245,070 | 43,497,310 |
| Total equity and amount attributable to equity contributors (Government) | 909,321,195 | 766,368,128 | 571,843,517 | 536,598,066 | 495,019,308 |
| Total equity | 909,321,195 | 766,368,128 | 571,843,517 | 536,598,066 | 495,019,308 |
| Total equity and liabilities | 1,197,330,839 | 923,144,036 | 598,859,087 | 555,513,581 | 502,903,772 |

Nigeria Sovereign Investment Authority
Consolidated and separate financial statements
For the year ended 31 December 2021

Five Year Financial Summary - Authority

| Statement of comprehensive income | 31 December 2021 | 31 December 2020 | 31 December 2019 | 31 December 2018 | 31 December 2017 |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|
| | N '000 | N '000 | N '000 | N '000 | N '000 |
| Investment and Interest income | 8,944,690 | 10,719,006 | 7,567,781 | 24,899,792 | 21,701,131 |
| Interest income on instrument measured at FVTPL | 33,708,242 | 42,757,522 | 26,345,056 | 796,525 | - |
| Net gain on financial assets | 56,464,806 | 60,358,759 | 3,595,984 | 884,039 | 4,153,564 |
| Net foreign exchange gains | 45,800,056 | 50,771,621 | 1,288,894 | 18,901,727 | 1,703,128 |
| Total operating income | 144,917,794 | 164,606,908 | 38,797,715 | 45,482,083 | 27,557,823 |
| Investment management fees | (1,055,765) | (927,775) | (745,501) | (731,478) | (654,562) |
| Local custodian fees | (43,947) | 10,732 | (19,181) | (45,613) | (6,494) |
| Foreign custodian fees | (144,410) | (126,534) | (177,611) | (89,629) | (47,755) |
| Total investment management & custodian fees | (1,244,122) | (1,043,577) | (942,293) | (866,720) | (708,811) |
| Impairment charges on financial assets | (342,008) | (1,106,280) | (965,076) | (321,761) | - |
| Total operating profit | 143,331,664 | 162,457,051 | 36,890,346 | 44,293,602 | 26,849,012 |
| Other income | 4,259,916 | 1,629,861 | 946,600 | 1,025,390 | 7,960 |
| Total other income | 4,259,916 | 1,629,861 | 946,600 | 1,025,390 | 7,960 |
| Operating and administrative expenses | (4,976,463) | (4,647,646) | (3,769,396) | (3,282,523) | (3,170,090) |
| Total operating and administrative expenses | (4,976,463) | (4,647,646) | (3,769,396) | (3,282,523) | (3,170,090) |
| Interest expense | (3,058) | (2,491) | (7,526) | - | - |
| Profit before tax | 142,612,059 | 159,436,775 | 34,060,024 | 42,036,469 | 23,686,882 |
| Profit for the year | 142,612,059 | 159,436,775 | 34,060,024 | 42,036,469 | 23,686,882 |

Nigeria Sovereign Investment Authority
Consolidated and separate financial statements
For the year ended 31 December 2021

Five Year Financial Summary - Authority

| | Authority | Authority | Authority | Authority | Authority |
|---|--------------------|--------------------|-------------------|-------------------|-------------------|
| Statement of comprehensive income | 31 December 2021 | 31 December 2020 | 31 December 2019 | 31 December 2018 | 31 December 2017 |
| | N '000 | N '000 | N '000 | N '000 | N '000 |
| Other comprehensive income: | | | | | |
| Items that may be subsequently reclassified to profit and loss | | | | | |
| Movement in fair value reserves | | | | | |
| Net change in fair value | 341,008 | 1,937,836 | 1,185,427 | (208,616) | 7,435,016 |
| Net amount transferred to profit or loss/retained earnings | - | - | - | - | - |
| Other comprehensive income for the year | 341,008 | 1,937,836 | 1,185,427 | (208,616) | 7,435,016 |
| Total comprehensive income for the year | 142,953,067 | 161,374,611 | 35,245,451 | 41,827,853 | 31,121,898 |

Nigeria Sovereign Investment Authority
Other national disclosures
For the year ended 31 December 2021
Five Year Financial Summary - Group

| Statement of financial position | 31 December 2021 N '000 | 31 December 2020 N '000 | 31 December 2019 N '000 | 31 December 2018 N '000 | 31 December 2017 N '000 |
|---|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
| Asset | | | | | |
| Cash and cash equivalents | 269,602,956 | 145,257,520 | 216,047,631 | 73,844,290 | 22,336,959 |
| Investment securities | 571,633,505 | 569,376,444 | 357,524,381 | 461,391,586 | 429,852,525 |
| Loans and receivables | 15,467,411 | 1,440,792 | - | - | - |
| Restricted balances and other assets | 340,764,438 | 162,270,572 | 53,582,445 | 46,499,369 | 49,134,358 |
| Inventories | 142,746 | 152,549 | 4,615,646 | 20,685,075 | 13,797,596 |
| Investment in associate and joint ventures | 24,680,009 | 19,371,487 | 15,226,911 | 13,647,879 | 2,453,380 |
| Right of use asset | 251,270 | 202,222 | 249,905 | - | - |
| Property and equipment | 5,161,049 | 5,431,210 | 2,498,894 | 1,617,016 | 16,306,560 |
| Intangible assets | 125,695 | 213,544 | 100,235 | 12,893 | 1,201 |
| Total assets | 1,227,829,079 | 903,716,340 | 649,846,048 | 617,698,108 | 533,882,579 |
| Assets classified as held for sale | - | 78,064,684 | | | |
| | 1,227,829,079 | 981,781,024 | 649,846,048 | 617,698,108 | 533,882,579 |
| Liabilities | | | | | |
| Other liabilities | 308,102,429 | 159,824,323 | 47,177,240 | 48,258,049 | 29,285,925 |
| Borrowings | - | - | 23,133,382 | 26,052,673 | 3,534,631 |
| Liabilities directly associated with assets classified as held for sale | - | 49,209,187 | | | |
| Total liabilities | 308,102,429 | 209,033,510 | 70,310,622 | 74,310,722 | 32,820,556 |
| Equity and reserves | | | | | |
| Contribution by Government | 347,375,000 | 347,375,000 | 280,662,500 | 280,662,500 | 280,662,500 |
| Retained earning | 567,617,909 | 414,000,617 | 291,026,827 | 256,550,342 | 170,402,086 |
| Fair value reserves | 5,889,638 | 5,010,841 | 3,941,139 | 1,786,620 | 43,190,981 |
| Currency translation reserves | (1,030,107) | 6,429,941 | 3,907,858 | 4,382,101 | 6,801,726 |
| Total equity and amount attributable to equity contributors (Government) | 919,852,440 | 772,816,399 | 579,538,324 | 543,381,563 | 501,057,293 |
| Non-controlling interests | (125,790) | (68,885) | (2,898) | 5,823 | 4,730 |
| Total equity | 919,726,650 | 772,747,514 | 579,535,426 | 543,387,386 | 501,062,023 |
| Total equity and liabilities | 1,227,829,079 | 981,781,024 | 649,846,048 | 617,698,108 | 533,882,579 |

Nigeria Sovereign Investment Authority
Other national disclosures
For the year ended 31 December 2021
Five Year Financial Summary - Group

| Statement of comprehensive income | 31 December 2021 | 31 December 2020 | 31 December 2019 | 31 December 2018 | 31 December 2017 |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|
| | N '000 | N '000 | N '000 | N '000 | N '000 |
| Investment and Interest income | 10,200,690 | 8,720,542 | 8,443,836 | 27,026,428 | 24,370,719 |
| Interest income on instrument measured at FVPL | 33,708,242 | 42,757,522 | 26,345,056 | 796,525 | - |
| Net gain on financial assets | 56,913,252 | 58,094,087 | 2,831,932 | 245,960 | 4,153,564 |
| Net foreign exchange gains | 45,774,912 | 51,214,487 | 1,289,159 | 18,052,191 | 1,652,172 |
| Total operating income | 146,597,096 | 160,786,638 | 38,909,983 | 46,121,104 | 30,176,455 |
| Investment management fees | (1,218,136) | (1,077,746) | (1,228,662) | (887,151) | (654,562) |
| Local custodian fees | (44,264) | 10,732 | (19,711) | (45,613) | (6,765) |
| Foreign custodian fees | (144,410) | (128,889) | (181,155) | (89,629) | (47,755) |
| Total investment management & custodian fees | (1,406,810) | (1,195,903) | (1,429,528) | (1,022,393) | (709,082) |
| Impairment charges on financial assets | 544,789 | (744,867) | 1,208,237 | (943,923) | - |
| Total operating profit | 145,735,075 | 158,845,868 | 38,688,692 | 44,154,788 | 29,467,373 |
| Revenue from infrastructure subsidiaries investments | 2,007,165 | 759,291 | 31,965,979 | 27,403,230 | 31,367,992 |
| Expense from infrastructure subsidiaries investments | (575,920) | (190,130) | (35,662,535) | (30,608,117) | (33,514,157) |
| Loss from infrastructure subsidiaries investments | 1,431,245 | 569,161 | (3,696,556) | (3,204,887) | (2,146,165) |
| Other income | 4,305,732 | 1,712,546 | 7,123,910 | 11,405,258 | 7,960 |
| Total other income | 4,305,732 | 1,712,546 | 7,123,910 | 11,405,258 | 7,960 |
| Operating and administrative expenses | (6,971,632) | (6,801,111) | (4,263,302) | (3,762,225) | (4,719,621) |
| Total operating and administrative expenses | (6,971,632) | (6,801,111) | (4,263,302) | (3,762,225) | (4,719,621) |
| Interest expense | (3,058) | (2,491) | (4,546,556) | (2,617,160) | (85,223) |
| Share of profit of investments in associates | 4,038,065 | 2,158,747 | 1,363,940 | 209,300 | 434,988 |
| Profit before tax | 148,535,427 | 156,482,720 | 34,670,128 | 46,185,074 | 22,959,312 |
| Taxation | (1,743) | (12,417) | (202,364) | (219,461) | (402,038) |
| Profit for the year from continuing operations | 148,533,684 | 156,470,303 | 34,467,764 | 45,965,613 | 22,557,274 |
| Profit from discontinued operations | 5,026,703 | - | - | 538,816 | - |
| Profit for the year | 153,560,387 | 156,470,303 | 34,467,764 | 46,504,429 | 22,557,274 |

Nigeria Sovereign Investment Authority
Other national disclosures
For the year ended 31 December 2021
Five Year Financial Summary - Group

| Statement of comprehensive income | 31 December 2021 N '000 | 31 December 2020 N '000 | 31 December 2019 N '000 | 31 December 2018 N '000 | 31 December 2017 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 | - | - | 1,185,427 | 490,298 | 6,469,348 |
| Share of other comprehensive income of investments in associate | (210,446) | 147,586 | 215,092 | 59,960 | (1,156,763) |
| Net amount transferred to profit or loss/retained earnings | | - | - | - | - |
| Currency translation differences | (7,460,048) | 2,522,083 | (474,243) | (2,418,579) | 60,049 |
| Other comprehensive income that will not be reclassified to profit or loss in subsequent periods (net of tax): | | | | | |
| Net gain/(loss) on equity instruments designated at fair value through other comprehensive income | 1,089,243 | 922,116 | 754,000 | (299,000) | - |
| Other comprehensive income for the year | (6,581,251) | 3,591,785 | 1,680,276 | (2,167,321) | 5,372,634 |
| Total comprehensive income for the year | 146,979,136 | 160,062,088 | 36,148,040 | 44,337,108 | 27,929,908 |