




*Managing
Director/CEO's
Review*



GODSON UKPEVO
MD/CEO, Veritas Glanvills Pensions Limited

Our dear Shareholders, the Chairman and members of the Board, representatives of our Regulators and External Auditors, Ladies and Gentlemen, I join our Chairman in welcoming you to the 17th Annual General Meeting of our Company.

2023 IN RETROSPECT

The operating environment in 2023 was quite challenging. The global economy experienced inflationary pressures, low consumer demand, interest rate hikes, weakened trade flows, and geopolitical tensions caused largely by the Russia-Ukraine and Israeli-Hamas crises. These factors had a significant impact on investor confidence, leading to market uncertainties, supply chain disruptions and astronomical hike in price of goods and services.

In the United States, the financial sector encountered significant challenges as the Silicon Valley Bank, Signature Bank, and First Republic Bank collapsed. These events heightened financial risks and created more challenges in an already fragile global economy. The global Purchasing Managers Index (PMI) declined to an average of 49.21 points in 2023 from 53.95 points in 2022, indicating slower manufacturing and industrial output. According to the International Monetary Fund (IMF), the global economy in 2023 grew by an estimated 3.1% relative to 3.50% growth recorded in 2022, while global inflation settled at 6.9% in 2023 as against 8.7% recorded in 2022.

In Sub-Saharan Africa, majority of the economies encountered multiple challenges ranging from slow growth, rising inflation levels, debt sustainability issues, currency depreciation, and regional political tensions, especially in West Africa. Growth in the region fell to 3.3% in 2023 from 4% in 2022.

On the domestic front, the Nigerian economy however, continued its positive trajectory through 2023, although at a slower pace.

The National Bureau of Statistics (NBS) reported that the Gross Domestic Product (GDP) grew by 2.74 percent in 2023, a decrease from the 3.1 percent growth recorded in 2022. This lackluster performance was caused mainly by limited crude oil production, the failed Naira redesign policy, which resulted in a nationwide cash crunch early in the year, and the sharp increases in energy costs occasioned by the removal of fuel subsidies and the exchange rate unification, effected in the later part of 2023 by the new political administration.

The Central Bank of Nigeria (CBN) had a tough challenge managing the steep rise in inflation, which soared to 28.92 percent by December. The Monetary Policy Committee (MPC) of the apex bank increased the Monetary Policy Rate (MPR) from 16.5 percent in 2022 to 18.75 percent in 2023.

On the positive side however, the revenue generated by the Federal Government increased to N7.15 trillion, surpassing the projected N6.47 trillion by approximately 11%, according to the budget implementation report for January–September 2023.

This positive development was due to fuel subsidy removal and the liberalization of the foreign exchange market. Furthermore, major credit rating agencies adjusted their outlook for the Nigerian economy, with S&P Global Ratings upgrading from negative to stable, Moody's revising from positive to stable, and Fitch Ratings affirming a stable outlook.

PENSION INDUSTRY REVIEW

According to the National Pension Commission (PenCom), the pension fund assets increased by 22.43% from N14.99 trillion as of 31 December 2022 to N18.36 trillion as of 31 December 2023, which comprised of N12.94 trillion RSA Active Funds (RSA Funds I, II, III, V and VI), N1.37 trillion RSA Retiree Fund IV, N1.94 trillion CPFAs, and N2.10 trillion Approved Existing Schemes.

The growth in assets was primarily driven by contributions, income earned on fixed and variable income securities, and price appreciation. Additionally, investments in federal government securities accounted for a significant portion (64.94%) of the overall pension funds, amounting to N11.92 trillion. The PenCom data also revealed that the total number of RSA holders grew by 3.34% to 10,191,895 from 9,862,129 as of the end of December 2022.

The period under review also witnessed the introduction of a new scheme that allows RSA holders to access part of their savings to fund their mortgages, an initiative that has been widely accepted by stakeholders in the industry. As of December 31, 2023, a total of 1,128 RSA holders had requested to access up to 25% of their RSA balances towards payment of equity contributions for residential mortgage.

2023 FINANCIAL PERFORMANCE

Our performance maintained a positive momentum despite the daunting challenges in the macroeconomic environment. Gross earnings recorded a growth of 21.20% to N2.425 billion in 2023 from N2.001 billion recorded in 2022. Operating expenses increased by 19.56% to N1.711 billion in 2023 from N1.431 billion in 2022. This is due to soaring inflation, which puts enormous pressure on our operating expenses. Profit before taxation stood at N714.294 million from N570.065 million recorded in 2022 representing a 25.30% growth, while profit after taxation grew by 30.08% to N577.81 million from N444.26 million recorded in 2022. Shareholders' fund rose marginally by 5.46%, from N6.005 billion in 2022 to N6.333 billion in 2023.

Recognizing the crucial importance of technology in service delivery and operational efficiency, we have continued to invest in the improvement of our digital platforms in line with global trends. During the year under review, we redesigned and upgraded our mobile application to enhance user experience and provide a simpler way to transact.

The new application provides our customers with 24/7 access to a range of pension services, including initiating benefit payment requests, generating and downloading statements of account in PDF format, embassy reference letters and RSA welcome certificates, making micro pension contributions, and more. The application which has received very positive feedback from clients, is available on both IOS and Android devices.

OUTLOOK

The outlook for our Company in the new financial year remains very positive despite the enormous challenges still prevalent in the operating environment. We believe that the growth-oriented initiatives of the Federal Government, the concerted efforts to tackle insecurity and provide enabling environment for foreign direct investments will enhance the country's economic growth. On our part, we will continue to leverage technology to remain agile and innovative in our operations and service delivery. We remain committed to delivering consistent and superior returns to our shareholders.

APPRECIATION

This review will be incomplete without a note of appreciation to all whose invaluable contributions made our strong performance in 2023 possible. Of special mention are our shareholders and the Board of Directors, who always provided us the necessary guidance and support in all aspects of our business. I acknowledge and commend the dedication of our staff whose passion for their jobs has given us strong mileage in the marketplace. We also deeply appreciate our customers' loyalty and the guidance of our regulators.

I thank you all.



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