



**Veritas**  
GLANVILLS PENSIONS  
RE ASSURANCE

# 2021 ANNUAL REPORT

Annual Report & Financial Statements

**Veritas**  
GLANVILLS PENSIONS

*VG Pensions Annual Report & Financial Statements | December 31, 2021*

## MANAGING DIRECTOR'S REMARKS



*Our dear Shareholders, the Chairman and members of the Board, representatives of our Regulators and External Auditors, Ladies and Gentlemen, I am pleased to welcome you to the 15<sup>th</sup> Annual General Meeting of Veritas Glanvills Pensions Limited.*

## 2021 REVIEW

The macroeconomic environment remained very challenging in 2021 as the COVID-19 pandemic continued to affect businesses globally especially with the emergence of the omicron variant of the disease. The rising inflation, and geopolitical tensions in eastern Europe and the Middle East also did not help matters.

Despite these challenges however, the global economic recovery that started in the second quarter continued to gain momentum. At the end of the year, the global economy expanded by 5.0% from a contraction of 3.5% in 2020.

At the home front, the Nigerian economy started the year positively with a real gross domestic product (GDP) growth rate of 0.5% by the end of the first quarter of 2021, having emerged from a recession in the last quarter of 2020. By the second quarter, the GDP grew to 5.0% fundamentally due to a lower base year effect but dropped to 4.0% in the third quarter and 3.9% in the fourth quarter, bringing the full year 2021 real GDP growth figure to 3.4%. The key growth driver was the non-oil sector which expanded by 94.8% in the fourth quarter of 2021, with agriculture (crop production), trade, telecommunication, and financial institutions as the leading sectors. Key fundamentals of the economy however remained fragile for the better part of the year despite the GDP growth.

The Naira exchange rate continued to deteriorate across all foreign exchange

market segments. The situation was further aggravated by huge dollar demand and a decline in foreign capital inflows, inward remittances, and non-oil exports. The several interventions of the Central Bank such as the stoppage of the sale of foreign exchange to Bureau De Change (BDC) Operators were not enough to stem the devaluation of the Naira. As at the end of December 2021, the exchange rate stood at an average of NGN412.03/\$1 at the interbank segment of the market and NGN414.60/\$1 at the Investors' and Exporters' (I&E) Window. Nigeria's rising debt and the level of our deficit financing were also of major concern to economic experts and the Nigerian business community. Nigeria's total debt stock rose from N32.9 trillion in December 2020 to N39.6 trillion in December 2021.

On the positive side, our external reserves improved significantly at the end of 2021 (\$40.5 billion) compared with the position at the beginning of the year (\$35.6 billion). The increase was attributed to the Special Drawing Rights (SDR) of \$3.35 billion accessed from the IMF and the raising of \$4 billion from the International Bond Market during the year.

The Nigerian Exchange (NGX) also witnessed a bullish trend in 2021. The All-Share Index (ASI) opened at 40,270.72 index points but closed the year at 42,716.44, representing an appreciation of about 6 percent.

Market capitalization grew by 6% from NGN21.056trillion at the start of 2021, to NGN22.297 trillion by close of the year. The strong performance of the market was supported by the relatively low yield in the fixed income market, which resulted in increased participation of domestic investors in the equities market.

### **PENSION INDUSTRY REVIEW**

The total membership of the various pension schemes increased by 3.39% from 9,271,665 recorded in 2020 to 9,586,291 as at 31 December 2021. The Micro Pension Plan (MPP) recorded a total membership count of 73,691 as at 31 December 2021 when compared to the 2020 MPP membership count of 62,463.

Membership of the Contributory Pension Scheme dominated the total pension scheme memberships at 9,529,127 representing 99.40%, while the Approved Existing Schemes (AES) and the Closed Pension Fund Administrators (CPFAs) accounted for the balance of 0.60% made up of 40,951 and 16,213 members, respectively.

The pension fund assets increased by 9.02% from N12.31 trillion as at 31 December 2020 to N13.42 trillion as at 31 December 2021. The growth was from contributions, income earned on fixed and variable income securities as well as price appreciation of equities and bonds reported at market value.

### **OUR OPERATIONAL PERFORMANCE**

We remained focused on building a resilient and efficient organization amidst the various economic disruptions and uncertainties in the macroeconomic environment. Our growth trajectory was sustained across the key performance indicators.

Gross revenue grew by 14.40% to N1.36 billion from N1.19 billion recorded in 2020. Profit after tax grew by 18.73% to N214.48 million from N180.65 million recorded in 2020. Operating expenses increased by 12.95% to N1.08 billion. This was due to a combination of factors, including the improvement of our branches and service centers and recruitment of more experienced hands. Shareholders' fund increased by 176.08%, from N1.53 billion in 2020 to N4.22 billion in 2021.

### **OUTLOOK**

2022 is a pre-election year, and it is expected that there would be high election-related spending. Also, as the current administration winds down, there will be the likelihood of increased spending to complete ongoing infrastructural projects. Such increased spending is likely to heighten inflationary pressures. There are also no clear indications to suggest any significant improvement in the security situation in the months ahead. The foreign currency market is also expected to remain volatile. Investment yields too will most likely be subdued for the better part of



the year. The non-removal of fuel subsidy and the huge budget deficit are all expected to trigger more domestic borrowings. Despite the challenging environment, we will remain agile and innovative in our approach and nimble in our delivery. We will apply our vast knowledge and experience to deliver consistent and superior returns to our shareholders.

### **APPRECIATION**

I wish to sincerely thank our esteemed Shareholders and the Board of Directors for their unwavering commitment to the Company and strong support to Management.

Our appreciation also goes to our regulators who monitor and guide us appropriately. I must also thank our customers who are the reason why we are still in business. Your trust in us and loyalty are highly appreciated. The modest achievements our Company recorded in 2021 would not have been possible without the hard work and commitment of all our staff.

To you all, I say thank you.



**GODSON UKPEVO**  
**Managing Director/CEO**