



HOPE FOR TOMORROW

Custodian And Allied Insurance Ltd. 2022 Annual Report & Accounts

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Corporate Information

DIRECTORS

Mr. Johnnie Wilcox	(Chairman)
Mr. Edeki Isujeh	(Managing Director)
Mr. Oluwole Oshin	Retired - 30 November 2022
Chief (Mrs.) Margaret Giwa	(Independent Director)
Mr. Richard Asabia	
Mr. Ravi Sharma	
Mr. Ademola Ajuwon	
Mr. Kolawole Lamidi	Appointed -19 August 2022
Mr Kofo Majekodunmi	Appointed -14 November 2022
Mrs. Mimi Ade Odiachi	Appointed -14 November 2022

SECRETARY

Custodian Trustees Limited
Custodian House
16A Commercial Avenue
Sabo, Yaba
Lagos, Nigeria
Tel: (+234) 01-2707206-7, 2793740, 2793401,
0700-CUSTODIAN, (+234)1 2774000-9
Fax: (+234) 1 2707203
P.O. Box 2101, Lagos
Email: enquiries@custodianinsurance.com
Website: www.custodianplc.com.ng

RC No.

RC685235

FRC No.

FRC/2012/0000000000316

REGISTERED OFFICE

Custodian House
16A Commercial Avenue
Sabo, Yaba
Lagos, Nigeria
Tel: (+234) 01-2707206-7, 2793740, 2793401
0700-CUSTODIAN, (+234)1 2774000-9
Fax: (+234) 1 2707203
P.O. Box 2101, Lagos
Email: enquiries@custodianinsurance.com
Website: www.custodianplc.com.ng

BANKERS

First Bank of Nigeria Limited
Stanbic IBTC Plc
Zenith Bank Plc
Access Bank Limited
Guaranty Trust Bank Limited
Standard Chartered Bank Nigeria Limited

AUDITORS

Deloitte & Touche
Civic Towers
Plot GA 1 Ozumba Mbadiwe Avenue
Lagos

REINSURERS

Munich Reinsurance Company Limited
Swiss Reinsurance Company Limited
African Reinsurance Company
Continental Reinsurance Plc
FBS Reinsurance Limited

REPORTING ACTUARY

Ernst and Young
13 & 10 Floors UBA House
57 marina
Lagos, Nigeria
FRC No: FRC/2013/000000000578

Branch Directory

Abuja

Plot 273, UACN Commercial Complex,
Central Business District Garki, Abuja,
Tel.: 09-7817420

Kano

15 Bank Road, Kano, Kano State
Tel.: 064-895969

Port Harcourt

180, Aba Road,
Port Harcourt, Rivers State
Tel.: 07085000046

Akure

2nd & 3rd Floors
BOI House, Alagbaka, Akure
Tel.: 08034202962, 07086600484

Benin

34, Akpakpava Road, by Igbesamwan Junction
Benin City, Edo State
Tel.: 05-2292480

Ibadan

9 Onireke residential layout
Ibadan, Oyo State
Tel.: 022-918538

Kaduna

3, Kanta Road
P.O. Box 9301, Kaduna
Kaduna State
Tel.: 06-2293346

Notice Of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT THE ANNUAL GENERAL MEETING OF CUSTODIAN AND ALLIED INSURANCE LTD (THE COMPANY) WILL HOLD ON THURSDAY, MARCH 9, 2023 AT 11AM, TO TRANSACT THE FOLLOWING:

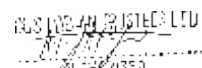
ORDINARY BUSINESS

1. To lay before the members the audited financial statements for the year ended December 31, 2022 together with the Auditors Report.
2. To declare a dividend.
3. To re-elect directors.
4. To approve the appointment of new directors
5. To authorise the directors to fix the remuneration of the auditors.
6. To note the remuneration of managers in the employment of the Company.

Special Business

7. To fix the remuneration of the Directors
8. To appoint an Independent Consultant to carry out annual Board evaluation.

By order of the Board



ADEYINKA JAFJOJO
FRC/2013/NBA/00000002403
Custodian Trustees Limited
Company Secretary

- 
- ✧ Summary of Results and Balances
 - ✧ Management's Discussion and Analysis

Summary Of Results And Balances

For The Year Ended 31 December 2022

Statement of Profit or loss and other Comprehensive Income items	2022 N'000	2021 N'000	Variance Increase/ (Decrease) N'000	Growth %
Gross premium written	37,982,979	34,437,522	3,545,457	10%
Gross premium income	36,529,918	33,755,180	2,774,738	8%
Net premium income	11,030,778	10,426,320	604,458	6%
Underwriting profit	4,815,729	4,420,855	394,874	9%
Interest, investment and other income	3,453,062	2,534,615	918,447	36%
Management expenses	4,123,207	4,011,947	111,260	3%
Profit before income tax expense	6,121,164	5,022,684	1,098,480	22%
Profit for the year	5,236,552	4,442,005	794,547	18%

Statement of Financial Position Item

Total assets	53,899,913	45,954,162	7,945,751	17%
Insurance contract liabilities	14,978,873	13,160,983	1,817,890	14%
Statutory contingency reserve	10,000,000	10,000,000	-	0%
Total equity	25,136,383	22,431,921	2,704,462	12%

Management's Discussion and Analysis

For The Year Ended 31 December 2022

This "management discussion and analysis" of Custodian and Allied Insurance Limited's performance as at 31 December 2022 should be read in conjunction with the audited financial statements of the company as at 31 December 2022.

Business Profile

Custodian and Allied Insurance Limited is a Nigerian company whose vision is to be Africa's insurer of choice, with a mission to develop, package and deliver innovative insurance products that best satisfy customer needs whilst operating a highly profitable, efficient, resourceful and ethical organization that will survive well into the future and be a valuable asset to its shareholders.

Custodian and Allied Insurance Limited ("the Company") is engaged in property-casualty insurance. The products and services are essentially market-driven with emphasis on providing options on policies, paying due regard to production processes employed in various industries. Consequently, our product ranges have been developed to meet and address the needs of our clients, buoyed by the Company's commitment to delivering exemplary service to its clients and outperforming its peers.

Objectives and Strategies

The Company remains committed to continuous improvement of its structures, systems and processes in order to keep ahead of the challenges of new growth, improving business prospects, transparency, and governance.

The Company's strategy and performance to date are very strong indicators of the Company's vision, mission and long-term growth objectives.

Management's Discussion and Analysis Contd

Highlights of operating performance and financial position

	2022 N'000	2021 N'000	Change %
Gross premium written	37,982,979	34,437,522	10%
Gross premium income	36,529,918	33,755,180	8%
Net insurance premium income	11,030,778	10,426,320	6%
Underwriting profit	4,815,729	4,420,855	9%
Interest, investment and other income	3,453,062	2,534,615	36%
Management expenses	4,123,207	4,011,947	3%
Profit before income tax expense	6,121,164	5,022,684	22%
Profit for the year	5,236,552	4,442,005	18%
Earnings per share (kobo):			
Basic/diluted	33	32	3%
Cash and cash equivalents	8,793,947	8,808,248	0%
Total assets	53,899,913	45,954,162	17%
Insurance contract liabilities	14,978,873	13,160,983	14%
Total equity	25,136,383	22,431,921	12%

Management's Discussion and Analysis Contd

Underwriting Performance

Gross premium written increased by 10% above prior year while net premium revenue increased by 6%.

During the year, the Company paid out a total of N6.08b (Note 12.2) claims across all general insurance business classes, this is 8% higher compared to prior year claims paid. Underwriting profit is N4.815b compared to N4.421b in 2021, representing an increase of 9%.

Interest, Investment and other income

Interest, investment and other income for the year was N3.453b up from N2.535b in 2021 representing a 36% increase.

Management expenses

Management expenses for the year was N4.123b from N4.011b in 2021 representing an increase of 3%.

Profitability

The Company's profit before income tax expense was N6.121b compared to N5.023b in 2021, an increase of 22%, the Company's profit for the year was N5.237b compared to N4.442b in 2021, an increase of 18% with basic earnings per share (EPS) increasing to 33kobo from 32kobo.

Liquidity and financial position

The Company's cash and cash equivalents decreased by 0.2% from N8.808b in 2021 to N8.794b as at 31 December 2022; while Insurance contract liabilities were N14.979b, 13.8% increase from N13.161b in 2022. Total assets now stand at N53.900b representing a 17% increase from N45.954b in 2021, while total equity increased by 12% to N25.136b when compared to N22.432b recorded in 2021.

Future Outlook

We evolve our products and services to ensure that we continue to meet customers' changing needs. Our multi-channel and multiproduct approach, employing digital sales, fulfilment, and premium collection, has continued to deliver on the opportunities created by the current volatile, uncertain, complex, and ambiguous environment. We believe we are well-positioned both to weather the disruption caused by the Covid-19 pandemic and its successive variants, information technology evolution, the market dynamics and industry changes, the general insecurity in the country, and to support our customers and communities for many years to come. We are confident that we will not only continue to demonstrate our agility and resilience through this period, but that we will emerge from it stronger, more digitally enabled and even better able to serve our customers.

Management's Discussion and Analysis Contd

We remain focused on our strategic priorities of improving the performance and resilience of the business while focusing on simplifying what we do and driving further investment in areas of strength to enable our investors to fully benefit from the opportunity presented by our business. We continue to invest and innovate to meet important needs for consumers, we operate a highly resilient business model, and we are dedicated to our purpose of helping people get the most out of life.

Markets remain competitive but the Company has the right foundation to target sustainable growth in certain product lines and customer types. The continuation of our programme of business simplification aligned to customer driven values will assist this growth further.

The National Insurance Commission's (NAICOM) 2021 -2023 strategic plan which is designed to entrench effective and efficient service delivery, ensure safe, sound, and stable insurance sector, adequately protect policyholders and public interest, improve trust and confidence in the insurance sector and encourage innovation and promote insurance market development. Custodian and Allied Insurance Limited is poised to take its leadership position in the non-life segment of the insurance sector in line with our vision to be Africa's Insurer of choice.

Custodian and Allied Insurance Limited is poised to take its leadership position in the non-life segment of the insurance sector in line with our vision to be Africa's Insurer of choice.



Chairman's Statement



Chairman's Statement

Distinguished Shareholders, members of the Board of directors, ladies and gentlemen. I am delighted to welcome you to the Annual General Meeting of our Company, Custodian and Allied Insurance Limited and to present to you the Annual Reports and Accounts for the year ended 31 December 2022.

Mr. Johnnie Wilcox (Chairman)

Chairman's Statement Contd

Distinguished Shareholders, members of the Board of directors, ladies and gentlemen. I am delighted to welcome you to the Annual General Meeting of our Company, Custodian and Allied Insurance Limited and to present to you the Annual Reports and Accounts for the year ended 31 December 2022.

As it is customary, I will provide a brief overview of the global and domestic macroeconomic operating environment and highlight of the financial performance of our company. I will also share with you some of the initiatives executed by our corporate social responsibility foundation and finally, share with you our outlook for 2023.

Global Economy

At the start of the year, the IMF downgraded global GDP growth for 2022 to 4.4% from 4.9% earlier projected. The downgrade was triggered by the spread of the Omicron variant of Covid-19 and the effect of the resulting restrictions imposed by some countries. By the second quarter of the year, global economic forecast was further lowered to 3.6% by the IMF. This time, the gloomy economic outlook was the result of the effect of the invasion of Ukraine by Russia. This caused humanitarian crisis in Eastern Europe as well as global inflation. According to the IMF, supply shocks, rising commodity and

food prices following sanctions on Russia have resulted in shortages in the energy and agricultural sectors. Russia is a global energy supplier while Ukraine is a leading wheat supplier. Oil price rose from US\$98.6 per barrel in Quarter 1 to over US\$135 per barrel by the Second Quarter of 2022. This was the highest price since 2008.

In the Third Quarter of the year, the impact of the Russia Ukraine crisis was felt as surging inflation and rising interest rates triggered recession fears in large economies like the United States and the United Kingdom. On the back of this, the IMF's global baseline forecast for growth in 2022 was cut further from 4.4% in the first quarter to 3.2%. In the Fourth Quarter of the year, the world witnessed another economic headwind as China reported another Covid-19 outbreak. In response to this outbreak, very strict lockdowns were imposed leading to limited productivity. The result of these events led to higher cost of living globally aptly dubbed "cost of living crisis".

Domestic Economy

With a robust GDP growth of 3.4% the year before, the Nigerian economy was anticipated to continue its recovery path in 2022. However, domestic constraints and the Russia-Ukraine conflict increased the economic pressure that already existed. The price of

With a robust GDP growth of 3.4% the year before, the Nigerian economy was anticipated to continue its recovery path in 2022.

Chairman's Statement Contd

agricultural commodities rose sharply thereby increasing the cost of inputs and food prices. Also impacted were energy products with higher prices of diesel and aviation fuel having detrimental impact on businesses across different sectors. This was exacerbated by lack of stable power supply from the national grid.

Despite these challenges, the Nigerian economy recorded year on year growth of 3.11% in the First Quarter of the year, 3.54% in the Second Quarter and 2.25% in the Third Quarter of the year. Non-oil sector notably service and agriculture sectors continue to make the highest contribution to the Nigerian economy. The growth recorded are attributable to the base effects of subdued growth and the challenging economic conditions that have impeded productive activities in prior periods.

Nigeria's inflation rose to 21.34% at the end of 2022 from 15.63% recorded at the beginning of the year. Core inflation, which excludes the prices of volatile agricultural produce, stood at 18.49% in December 2022. The increase in the year-on-year inflation rate is attributable to increase in cost of importation due to currency depreciation and general increase in the cost of production.

2022 recorded one of the worst foreign exchange rate devaluations for the naira. In the Quarter 1 of the year, global headwind caused by the Russia-

Ukraine war saw the exchange depreciate to N587/\$1 in the parallel market while official window i.e. NAFEX traded at N416.17/\$1. By April 2022, the parallel market's exchange rate had crossed the N600/\$1 mark with the rate closing at N615/\$1 in June due to surging demand amid scarcity. The official rate was N429/\$1. In the Third Quarter, scarcity continued to drive the exchange rate higher as the dollar traded at between N700/\$1 and N735/\$1. Official rate at the end of September 2022 was N437.05/\$1. In the last quarter of the year, rate rose as high as N875/\$1 in the parallel market due to scarcity of US dollars and the Central Bank's decision to introduce re-designed currency notes. However, as speculation for foreign currency waned, the rate strengthened to close the year at N735/\$1. While the US dollars appreciated against many foreign currencies, the drop in crude oil revenue, surge in demand for US dollars by foreign companies seeking to repatriate funds and drastic reduction in foreign investors' portfolio inflow contributed to loss of value of the naira.

Nigerian Exchange Ltd (NGX) All Share Index, ASI, opened the trading year at 42,716.44 points and closed at 51,251.06 gaining 8,534.64 points or 19.98%. NGX oil and gas index was the best performing with a gain of 34.60% followed by NGX Industrial with a gain of 19.67%. NGX 30 index which is made up of the most capitalized stocks gained 6.98%. Banking and insurance index ended the year with gain of 2.81% and loss of 11.99% respectively depicting the challenges facing the financial services sector.

Despite these challenges, the Nigerian economy recorded year on year growth of 3.11% in the First Quarter of the year, 3.54% in the Second Quarter and 2.25% in the Third Quarter of the year.

Chairman's Statement Contd

Pension index on the other hand closed the year higher by 10.37%. Overall, the NGX which opened the year with total market capitalization of N22.296 trillion closed the year with N27.915 trillion representing a gain of N5.619 trillion or 25.20%. It is important to mention that the feat was achieved with very little foreign investor participation.

Financial Result

Notwithstanding the economic headwind faced during the year, our company was able to report decent financial performance. We reported Gross premium written of N37.98 billion representing 10% year on year growth. Profit before tax for the year was N6.12 billion, an increase of 22% when compared with N5.01 billion achieved in 2021. Profit after tax grew by 18% to N5.24 billion. On the Statement of Financial Position, we achieved growth of 17% in total assets to N53.90 billion. Total equity also appreciated by 12% to close the year at N25.14 billion.

Be rest assured that the board will continue to work with management to deploy the company's assets

professionally, prudently and profitably within the dictates of the evolving local and global economy.

Dividend

In line with our commitment to deliver strong and sustainable returns to our shareholders, the board approved an interim dividend of N1.40 billion. Following the decent performance recorded in 2022, the board hereby proposes, subject to your approval, the payment of an additional N2.00 billion as final dividend thus making a total dividend of N3.40 billion in respect of the result of the 2022 financial year, subject to appropriate withholding tax.

Board developments and corporate governance

In the financial year ended 31 December 2022, the following Board changes were made:

Mr. Wole Oshin retired as a Non-Executive Director with effect from 30th November 2022. We sincerely thank him for his invaluable contribution to the growth of the Company.



In line with our commitment to deliver strong and sustainable returns to our shareholders, the Board approved an interim dividend of N1.40 billion

Chairman's Statement Contd

Mr Kolawole Lamidi was confirmed as Executive Director - Technical with effect from 19th of August 2022. Prior to his elevation, he was General Manager – Operations. His profile is available in the Corporate Governance Report.

Mr. Kofo Majekodunmi and Mrs Mimi Ade-Odiachi were appointed Non-Executive Directors on 14th November 2022. They are both seasoned professionals and entrepreneurs with decades of experience in financial services. Their profiles are available in the Corporate Governance Report.

Corporate Social Responsibility

In continuing our resolve to positively contribute to the society, our Foundation, Custodian Social Responsibility Foundation, engaged in a number high impact projects during the year 2022.

The Foundation in conjunction with the Custodian Graduate Trainees Year 2022, Batches A and B took on the refurbishment of 2 blocks of toilets at Wesley Girls Secondary School and the renovation and painting of a block of 2 classrooms at Our Lady of Apostle Nursery and Primary School both in Yaba, Lagos respectively. The Foundation also continued the maintenance of equipment earlier donated to the Ilupeju library and the Lagos Senior Secondary School Computer Centre. Over four hundred books covering various subjects were also donated to the Ilupeju library for public access by the Foundation.

While the aforementioned is a highlight of initiatives executed by the Foundation, a detailed report of the work it did is contained in the Corporate Social Responsibility and Sustainability section of the Annual Report.

Outlook

With the just concluded political season, businesses may want to adopt the attitude of 'wait and see'. We expect that economic activities will be slow initially but pick up in the second half of the year. Analysts have, however, projected that the Nigerian economy will grow by 2.9% in 2023. The services sector would continue to make the largest contribution to the country's GDP while the industrial sector could contract on the back of rising interest rates and higher operating costs. In terms of the policy environment, analysts believe that Federal Government's budget deficits would exceed 5% of the budget despite the performance on VAT, Customs collections as well as Corporate Income Tax (CIT). Inflation is expected to remain high due to the impact of the planned phased removal of fuel subsidy, increase in electricity tariffs, and the further loss of value of the naira against the dollar. We also expect that the commencement of operations at the Dangote Refinery and improved crude oil production would support the accretion to foreign exchange reserves.

Conclusion

On behalf of the board of directors, I thank you all for your unwavering support and commitment to our company.

God bless you and God bless Nigeria.





Board of Directors

Board of Directors



Mr. Johnnie Wilcox
(Chairman)



Mr. Edeki Isujeh
(Managing Director)



Mr. Wole Oshin



Mr. Richard Asabia



Mr. Ravi Sharma



Chief (Mrs.) Margaret Giwa



Mr. Ademola Ajuwon



Mr. Kola Lamidi



Mr. Kofo Majekodunmi



Mrs. Mimi Ade-Odiachi

- 
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Executive Management Team



Mr. Edeki Isujeh
Managing Director



Mr. Kola Lamidi
GM, Operations



Mrs. Olubunmi Aderemi
Head, Management
Services



Mr. Abayomi Agiri
Head, Human Resources



Mr. Friday Nwachukwu
Chief Financial Officer

Executive Management Team Contd



Mr. Olumide Awe
Head, Investment



Mr. Moses Ariyibi
Head, Engineering &
Telecoms



Mr. Tunji Anibaba
Head, Oil & Gas



Mrs. Kate Ojih
Head, Northern Region



Mr. Ibrahim Lawal
Head, Internal Audit

Report of The Directors

For the year ended 31 December, 2022

1 Accounts

The Directors submit their report on the affairs of Custodian and Allied Insurance Limited (“the Company”) together with the Company’s audited financial statements for the year ended 31 December 2022.

2 Commencement of business

The Company commenced business in 2007.

3 Legal form

The Company was incorporated on 16 March, 2007 as a private limited liability company called “Crusader General Insurance Limited”. The Company’s name was changed to Custodian and Allied Insurance Limited in March 2013 following the successful scheme of merger between Crusader Nigeria Plc and Custodian Investment Plc (formerly Custodian and Allied Plc).

The Company is a wholly owned subsidiary of Custodian Investment Plc (formerly Custodian and Allied Plc).

4 Principal activities and business review

The principal activities of the Company during the year were the provision and marketing of general and special risk services and products.

Report of The Directors Contd

5. Directors and their shareholdings

The Directors of the Company and their interest in the share capital of the Company as at the year ended under review were:

Directors	2022	2021
Mr. Johnnie Wilcox	NIL	NIL
Mr. Edeki Isujeh	NIL	NIL
Mr. Oluwole Oshin*	NIL	NIL
Chief (Mrs.) Margaret Giwa	NIL	NIL
Mr. Richard Asabia	NIL	NIL
Mr. Ravi Sharma	NIL	NIL
Mr. Ademola Ajuwon	NIL	NIL
Mr. Kolawole Lamidi**	NIL	NIL
Mr Kofo Majekodunmi***	NIL	NIL
Mrs. Mimi Ade-Odiachi***	NIL	NIL

* Retired on 30 November 2022

** Appointed -19 August 2022

*** Appointed -14 November 2022

The Company is a fully owned subsidiary of Custodian Investment Plc.

6 Directors' interest in contracts

None of the Directors has notified the Company, for the purpose of Section 303 of the Companies and Allied Matters Act, 2020, of any declarable interest in contracts in which the Company was involved as at 31 December 2022.

Report of The Directors Contd

7 Major shareholders

According to the Register of Members, the following Shareholder holds more than 5% of the issued ordinary share capital of the Company as at 31 December 2022:

Name	Units	%
Custodian Investment Plc	19,998,000	99.99

8 Record of Directors' attendance

In accordance with Section 284(2) of the Companies and Allied Matters Act, 2020 the record of the Directors' attendance at Directors' Meetings during 2022 is available for inspection at the Annual General Meeting.

9 Analysis of shareholdings

The range of shareholdings as at 31 December 2022 is as follows:

Range	Number of Holders	Holders %	Holders Cumulative	Units '000	Units %	Units Cumulative '000
1,000,000	1	50%	1	2,000	0.01	2,000
1,000,001 & ABOVE	1	50%	2	19,998,000	99.99	20,000,000

Report of The Directors Contd

10. Results	2022 N'000	2021 N'000
Gross premium written	37,982,979	34,437,522
Gross premium income	36,529,918	33,755,180
Profit before income tax expense	6,121,164	5,022,684
Income tax expense	(884,612)	(580,679)
Profit for the year	5,236,552	4,442,005
Transfer to statutory contingency reserve	-	(605,265)
	5,236,552	3,836,740
Retained earnings brought forward	4,970,380	3,793,640
Issue of bonus shares	(3,000,000)	-
Transfer of fair value reserve of equity instruments designated at FVOCI	211,614	-
	7,418,546	7,630,380
Final dividend	(1,400,000)	(1,260,000)
Interim dividend	(1,400,000)	(1,400,000)
Retained earnings as at 31 December	4,618,546	4,970,380

11 Directors' responsibilities

The Directors are responsible for the preparation of the financial statements that present fairly, in all material respects, the state of financial affairs of the Company at the end of each financial year, and of the profit or loss and other comprehensive income for that year, in line with the International Financial Reporting Standards (IFRS) and comply with the Companies and Allied Matters Act, the provision of Insurance Act 2003, the relevant policy guidelines issued by the National Insurance Commission (NAICOM) and the Financial Reporting Council of Nigeria Act No. 6, 2011. In so doing, the Directors ensure that:

Report of The Directors Contd

- Proper accounting records are maintained
- Adequate internal control procedures are established which, as far as is reasonably possible, safeguard the assets prevent and detect fraud and other irregularities
- Applicable accounting standards are followed
- Suitable accounting policies are adopted and consistently applied
- Judgments and estimates made are reasonable and prudent, and
- The going-concern basis is used, unless it is inappropriate to presume that the Company shall continue in business.

12 Corporate governance

The Company maintains corporate policies and standards designed to encourage good and transparent corporate governance, avoid potential conflicts of interest and promote ethical business practices. The business of the Company is conducted with integrity which pays due regard to the legitimate interests of all our stakeholders.

13 Personnel

(a) Employment of disabled persons

No disabled person was employed by the Company during the period under review. It is however the Company's policy to consider disabled persons for employment if academically and mentally qualified.

Average number of persons including Directors employed by the Company during the year was:

	2022 Number	2021 Number
Management	10	11
Staff	97	109

Report of The Directors Contd

(b) Health, Safety and Welfare

The Company provides health insurance for all its employees for medical care and treatment through a reputable Health Management Organisation. Employees are made aware of the safety regulations in force within the premises.

(c) Employee involvement and training

The Company is committed to keeping its employees fully informed as far as possible regarding its performance and progress, and seeking their views, wherever practicable on matters which particularly affect them as employees. Professional, technical and management expertise are the Company's major assets. Therefore, continuous development thereof is keenly pursued by the Company in the form of regular training for employees.

14 Auditors

Deloitte and Touché has indicated their willingness to continue in office as auditors in accordance with Section 401(2) of the Companies and Allied Matters Act, 2020 and Section 6(2) of the National Insurance Commission(NAICOM)'s 2021 Corporate Governance Guidelines for Insurance and Reinsurance Companies in Nigeria.

CUSTODIAN TRUSTEES LTD

AUTHORISED

Adeyinka Jafojo

FRC/2013/NBA/00000002403

For: Custodian Trustees Limited

LAGOS, NIGERIA

COMPANY SECRETARY

15 February 2023

Statement of Directors Responsibilities

In Relation To The Preparation Of The Financial Statements for the year ended 31 December, 2022

The Companies and Allied Matters Act, 2020, requires the Directors to prepare financial statements for each financial year that presents fairly, in all material respects, the state of financial affairs of the Company at the end of the year and of its profit or loss. The responsibilities include ensuring that the Company:

- a) keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the Company and comply with the requirements of the Companies and Allied Matters Act, 2020;
- b) establishes adequate internal controls to safeguard its assets and to prevent and detect fraud and other irregularities; and
- c) prepares its financial statements using suitable accounting policies supported by reasonable and prudent judgments and estimates, and are consistently applied.

The Directors accept responsibility for the preparation and fair presentation of the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board (IASB), the provisions of the Companies and Allied Matters Act, 2020, the Insurance Act 2003 and relevant policy guidelines issued by the National Insurance Commission (NAICOM) and the Financial Reporting Council of Nigeria Act No. 6, 2011.

The Directors are of the opinion that the financial statements present fairly, in all material respects, the state of the financial affairs of the Company and of its profit and other comprehensive income. 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 Company will not remain a going concern for at least twelve months from the date of this statement.



Mr. Richard Asabia

Director

FRC/2013/CISN/00000004762

15 February 2023



Edeki Isujeh

Managing Director

FRC/2020/003/00000022391

15 February 2023

Certification Pursuant

To Section 405 Of The Companies And Allied Matters Act, 2020 For The Year Ended 31 December 2022

We the undersigned hereby certify to the following, with regards to the audited financial statements for the year ended 31 December 2022, that:

We have reviewed the audited financial statements and based on our knowledge:

- i. the audited financial statements do not contain any untrue statement of material fact or omit to state a material fact, which would make the statements misleading, in the light of the circumstances under which such statement was made, and
- ii. the audited financial statements and all other financial information included in the statements fairly present, in all material respects, the financial condition and results of operation of the Company as of and for, the periods covered by the audited financial statements ;

We:

- i. are responsible for establishing and maintaining internal controls and have designed such internal controls to ensure that material information relating to the Company is made known to us by other officers of the Company, particularly during the period in which the audited financial statement report is being prepared,
- ii. have evaluated the effectiveness of the Company's internal controls within 90 days prior to the date of the audited financial statements, and
- iii. certify that the Company's internal controls are effective as of that date ;

We have disclosed the following to the Company's auditors and Board audit committee: We have disclosed the following to the Company's auditors and Board audit committee:

Board audit committee:

- i. all significant deficiencies in the design or operation of internal controls which could adversely affect the company's ability to record, process, summarise and report financial data, and has identified for the Company's auditors any material weaknesses in internal controls, and
 - ii. whether or not, there is any fraud that involves management or other employees who have a significant role in the Company's internal control ; and
- We have identified in our report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of their evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses. whether or not, there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of their evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.



Edeki Isujeh
Managing Director
FRC/2020/003/00000022391
15 February 2023



Friday Nwachukwu
Chief Financial Officer
FRC/2013/ICAN/00000002207
15 February 2023

Corporate Governance

At Custodian and Allied Insurance Limited, we value our shareholders, we appreciate the fact that our shareholders expect the highest standards of ethical behavior and good administration of the Company. As such, the Company has imbibed a culture of compliance to ensure that our operations are conducted in accordance with the principles of probity, accountability, transparency and fairness.

Regulatory compliance is central to our corporate governance framework. The Company ensures strict compliance with the Corporate Governance Guidelines for Insurance & Reinsurance Companies in Nigeria as issued by the National Insurance Commission (NAICOM) as well as the Nigerian Code of Corporate Governance 2018 issued by and the Financial Reporting Council (FRC) of Nigeria. We have in place a robust Internal control systems with checks that ensure that Custodian meets the legal and ethical standards required of the Board, Management and staff in the day-to-day activities of the Company.

At Custodian, we believe that the input of stakeholders improves our competitiveness and overall performance. We therefore encourage teamwork and recognize contributions from shareholders, employees, clients, creditors and suppliers. Our Corporate Governance framework encapsulates the effective management and promotion of our stakeholders' engagement in achieving our objectives.

Ethical Standards

The Company is devoted to acting with utmost integrity and expects same of every employee. In achieving these standards, the Board has adopted the Corporate Governance Guidelines for Insurance & Reinsurance Companies in Nigeria and the Nigerian Code of Corporate Governance, which set out the Corporate Governance best practice framework for Custodian and incorporates some of the laws, rules and regulations which the Company is required to comply with. Recognising that the Company operates within an evolving, dynamic and versatile economic landscape, it is also expected to comply with the:

- Companies and Allied Matters Act, 2020
- Financial Reporting Council of Nigeria Act 2011
- Insurance Act 2003
- Audit Regulations, 2020

Corporate Governance Contd

- International best practice.
- The Company's Memorandum and Articles of Association.

Thus, Custodian's Code of Conduct and Board Charter corroborate the Company's policy to conduct its affairs in compliance with all applicable laws and regulations and to observe the highest standards of business ethics. The Company expects that the spirit as well as the letter of these standards are followed by its Directors, officers and employees as well as affiliates. This is transmitted to every new Director, officer and employee and was communicated to those in office at the time the Standards of Business Conduct were adopted.

Corporate Legal Structure

Custodian and Allied Insurance Limited is a limited liability Company as defined under the Companies and Allied Matters Act [the Act]. Corporate powers reside in the Board of Directors and the Shareholders at the Annual General Meeting. The functions and powers of both bodies are stipulated by the Act and the Company's Memorandum and Articles of Association.

Annual General Meeting

Annual General Meetings are vital to the implementation of our Corporate Governance framework and are duly convened in line with the Company's Articles of Association and existing statutory requirements. Attendance at Annual General Meetings is open to all Shareholders or their proxies while the principle of 'one share, one vote' applies.

The Board

The Board of Directors of Custodian and Allied Insurance Ltd act on behalf the Company's shareholders and is responsible for charting the course, giving direction, controlling and managing the strategic business plans of the Company. To this end, the Board constantly reviews and presents a balanced and comprehensive assessment of the Company's performance and future prospects. It is responsible for putting in place adequate measures that ensure effective

Corporate Governance Contd

risk management and control within the Company; ensures compliance with statutory requirements and internal regulations; approval of periodic financial statements (whether audited or unaudited) and any significant change(s) in accounting policies, principles, standards and/or practices; approval of changes relating to the Company's capital structure, annual operating and capital expenditure budget.

The Board ensures regular training of its members on issues pertaining to their oversight functions as well as Corporate Governance best practices. The Board or a Committee of the Board receives and reviews Management Reports to apprise itself with activities within the Company which are critical to its operations and sustainability.

The Board is accountable to Shareholders and ensures that the conduct of the Company's activities is within the applicable regulatory framework. The Board is also responsible for reviewing the Company's performance, setting objectives and determining strategy. In so doing, the Board safeguards the Company's interests and aspires to achieve a long-term increase in the Company's values.

Delegation to Management

The Board has delegated the responsibility for day-to-day operations of the Company to Management and ensures that Management maintains a balance between promoting long-term growth and delivering short-term objectives. In fulfilling its primary responsibility, the Board is aware of the importance of achieving a balance between adherence to governance principles and economic performance.

Directors' Independence

Directors are expected to contribute views and judgment at Board deliberations that are independent of Management and free of any business or other relationship or circumstance that could materially interfere with the exercise of objective, unfettered or independent judgment, having regard to the best interest of the Company.

Corporate Governance Contd

Meetings of the Board

In enhancing Board effectiveness and performance of its oversight functions and to adequately monitor Management's performance, the Board meets at least once every quarter. Periodic meetings of the Board are held at such times and places as determined by the Board, while special meetings are held at other times as the Board may consider expedient.

All Directors are provided with notices, agenda and Board documents ahead of each meeting to enable them prepare adequately for meetings. Directors are also provided with regular updates on developments in the regulatory and business environment.

Change in a Director's Occupation

The Board does not believe that Directors who retire or change the position they held when they became a member of the Board should necessarily leave the Board. However, immediately following such an event, the Director must notify the Board of such event and the Board may take such event into consideration when determining whether to re-nominate such Director.

Appointment Process, Orientation and Training of Board Members

Custodian's Board Succession Policy ensures that the Company is managed and overseen by icons who are knowledgeable, skilled in their respective fields, capable and trustworthy individuals. In making Board appointments, the Board recognizes knowledge, experience and skill of prospective Directors as well as other qualities considered necessary for the role. The Board Enterprise Risk Management and Governance Committee is responsible for Directors' succession planning and recommends new appointments to the Board.

Upon appointment to the Board, newly appointed Directors are given adequate orientation on the Company's business, Corporate Governance and reporting procedures and are updated on such matters on a continuing basis. Directors are briefed on policies and procedures applicable to the Board and Board Committees as well as on the rights and responsibilities of Directors. Various reports are sent to Directors in order to keep them informed of the Company's undertakings.

Corporate Governance Contd

The Company attaches great importance to training its Directors and for this purpose, continuously offers training and education to its Directors, in order to enhance their performance on the Board and the various committees to which they belong.

Re-Election of Directors

In accordance with the Company's Articles of Association, one-third of all Non-Executive Directors are presented for re-election every year. In keeping with this requirement, Mr. Ravi Sharma and Mr. Ademola Ajuwon will retire at this Annual General Meeting and being eligible will submit themselves for re-election. The Board confirms that following a formal evaluation, the Directors continue to demonstrate commitment to their duties and roles as Non-Executive Directors.

The Board is convinced that the Directors standing for re-election will continue to add value to the Company. The Board believes that they are required to maintain the balance of skill, knowledge and experience on the Board.

The biographical details of the Director standing for re-election are included in this Annual Report.

Directors' Access to Management and Independent Advisers

The Board of Custodian and Allied Insurance Ltd has the authority to retain, terminate and determine the fees and terms of engagement of consultants, legal counsel and other advisers to the Board as the Board may deem appropriate in its discretion. Directors receive operating and financial reports of the Company and have access to Senior Management.

Board Structure and Composition

Custodian's Board comprises nine [9] Directors: two (2) Executive Directors and seven (7) Non-Executive Directors who were appointed in accordance with the criteria laid down in the Code of Good Corporate Governance for the Insurance Industry and the provisions of the Companies and Allied Matters Act 2020.

Corporate Governance Contd

The Board functions either as a full Board or through any of the under-listed three (3) Committees which are constituted as follows:

Audit and Compliance Committee

Chief (Mrs.) Margaret Giwa - Chairperson

Mr. Richard Asabia

Mr. Oluwole Oshin

Mr. Ravi Sharma

Enterprise Risk Management and Governance Committee

Mr. Richard Asabia - Chairman

Mr. Wole Oshin

Chief (Mrs.) Margaret Giwa

Mr. Ravi Sharma

Finance, Investment and General-Purpose Committee

Mr. Ravi Sharma - Chairman

Mr. Richard Asabia

Mr. Oluwole Oshin

Chief (Mrs.) Margaret Giwa

Mr. Edeki Isuieh

Corporate Governance Contd

A record of attendance at Board of Directors meetings are provided below:

Directors	February, 2022	April, 2022	July, 2022	October, 2022
Mr. Johnnie Wilcox	✓	✓	✓	✓
Mr. Edeki Isujeh	✓	✓	✓	✓
Mr. Kamurudeen Lamidi				✓
Chief [Mrs.] Margaret Giwa	✓	✓	✓	✓
**Mr. Oluwole Oshin	✓	✓	✓	✓
Mr. Richard Asabia	✓	✓	✓	✓
Mr. Ravi Sharma	✓	✓	✓	✓
Mr. Ademola Ajuwon	✓	✓	✓	✓
*Mr. Kofoworola Majekodunmi		✓	✓	✓
*Mrs. Mimi Ade-Odiachi		✓	✓	✓

*Appointment approved by NAICOM in November 2022

**Retired effective November 2022.

A record of the attendance at the Audit and Compliance Committee meetings is provided below:

Directors	February 2022	April 2022	July 2022	October 2022
Chief (Mrs.) Margaret Giwa	✓	✓	✓	✓
Mr. Richard Asabia	✓	✓	✓	✓
Mr. Oluwole Oshin	✓	✓	✓	✓
Mr. Ravi Sharma	✓	✓	✓	✓

Corporate Governance Contd

A record of the attendance at the Board Enterprise Risk Management and Governance is provided below:

Directors	February, 2022	April, 2022	July, 2022	October, 2022
Mr. Richard Asabia	✓	✓	✓	✓
Mr. Oluwole Oshin	✓	✓	✓	✓
Chief [Mrs.] Margaret Giwa	✓	✓	✓	✓
Mr. Ravi Sharma	✓	✓	✓	✓

A record of attendance at Finance, Investment and General-Purpose committee meetings is provided below;

Directors	February, 2022	April, 2022	July, 2022	October, 2022
Mr. Ravi Sharma	✓	✓	✓	✓
Mr. Richard Asabia	✓	✓	✓	✓
Mr. Oluwole Oshin	✓	✓	✓	✓
Chief [Mrs.] Margaret Giwa	✓	✓	✓	✓

Corporate Governance Contd

Profile Of Directors - Custodian & Allied Insurance Limited

Mr. Johnnie Wilcox- Chairman

Mr. Wilcox is the Chairman of Custodian and Allied Insurance Limited. He began his career as a Consultant with Golding Stewart Wrightson, London in 1986/1987. He joined Nigeria Reinsurance Corporation as the Head of Fire Department and Pools in 1987 from where he left to establish the firm of J.F Wilcox & Associates, a firm of Management Consultants in 1991. He served as the Managing Director/CEO of United Africa Insurance Brokers Limited from 1992 to 2011. He is currently working on several projects for the West African sub region.

Mr. Edeki Isujeh - Managing Director

Mr. Isujeh is the Managing Director/CEO of Custodian and Allied Insurance Ltd. He started his career in insurance with Security Assurance Plc in 1991 where he worked before joining Perpetual Assurance Company Limited in 1993. While in Perpetual Assurance, he worked in all core departments in various capacities for eight years before joining Custodian and Allied Insurance Plc [now Custodian and Allied Limited] in December 2001.

He is a member of the Chartered Insurance Institute, London. In addition, he is an alumnus of Lagos Business School [LBS SMP 18].

Mr. Wole Oshin- Non-executive Director

Mr. Oshin is an industry leader with over thirty [30] years' experience and has at various times been a member of the Presidential Committee on Pension Reforms, Chairman of the Nigerian Insurers Association, Council Member of the West African Insurance Companies Association [Ghana] and External Lecturer – West African Insurance Institute, Banjul, The Gambia. He sits on several Boards including the International Insurance Society [IIS], New York as well as Council Member of the African Insurance Organization [Cameroun], Nigerian Insurers Association and Advisory Board Member of the Commonwealth Enterprise and Investment Council (United Kingdom). He has received numerous awards including nomination as "African CEO of the Year" by African Reinsurance Corporation.

A graduate of Actuarial Science and a Chartered Insurer by Profession, he holds a Doctor of Finance [Honoris Causa] and is a Fellow of the Chartered Insurance Institute of Nigeria, the Risk Managers Society of Nigeria and the Association of Investment Advisers and Portfolio Managers. He is a past President of the Lagos Business School Alumni Association [LBSAA] as well as an alumnus of the Harvard Business School.

Corporate Governance Contd

Mr. Richard Asabia- Non-Executive Director

Mr. Richard Asabia, an Investment Banker and Stockbroker, is a 1983 graduate of the London School of Economics [University of London] and 1989 graduate of the University of Wales, Cardiff, UK. He holds a Bachelor's Degree in Law, a Master's Degree in Business Administration and is a qualified Barrister, as well as a Fellow of the Chartered Institute of Stockbrokers.

Mr. Asabia has several decades of experience, including as Chief Executive Officer, Non- Executive Director and Independent Non- Executive Director on the Boards of several Financial Institutions, spanning Banking, Stockbroking, Pension Funds Administration, Trusteeship and Insurance. He is currently a Director on the Board of CrusaderSterling Pensions Limited and is the Chairman of Custodian Life Assurance Limited and Custodian Trustees Limited.

Mr. Ravi Sharma- Non-Executive Director

Mr. Ravi Sharma is one of the pioneer private equity and venture capital professionals in West Africa. He has invested over the last 20 years more than USD 500 million in Africa in more than 30 transactions spread across various sectors including Oil and Gas, Telecommunications, FMCG, Technology and IT Service, Healthcare, Leasing, Insurance and Chemicals.

He sits on the board of several companies. His previous experience was gained in private and investment banking with Barclays Private Bank [London] and TAIB Bank [London]. He holds an MBA from the University of Wales and has a B.Sc. in Economics & Accounting from City University, London.

Mr. Ademola Ajuwon

Mr. Ajuwon is an accomplished executive with domestic and international experience in Financial Control, ERP Systems Integration, Project Management, Capital Sourcing, Treasury Management and Investment Appraisal. A 1984 graduate of Accounting from the University of Benin and winner of the prestigious CJ Buck's prize for excellent score in Management Accounting at the final examination of the Institute of Chartered Accountants of Nigeria [May, 1986]. Ademola started his career with the firm of Akintola Williams & Co and qualified as a chartered accountant with Arthur Andersen & Co. [now KPMG Professional Services] before working, at various times, as Head, Money Markets / Discountable Instruments Unit at Ecobank Nigeria PLC and pioneer Treasury Manager at Zenith International Bank PLC.

Corporate Governance Contd

He has provided leading-edge consulting services on financial applications analysis and value-added technology deployment to world class organizations including the City of Atlanta, Yale University, the George Washington University, City of Detroit, AT&T, Dell Corporation, Lexmark Corporation, Severstal Steel and the American Red Cross.

He has attended several management and professional development courses at home and abroad. A fellow of the Institute of Chartered Accountants of Nigeria and member of the American Institute of Certified Public Accountants. Ademola is certified as a financial applications consultant by both Oracle Corporation and SAGE Corporation.

Chief [Mrs.] Margaret Giwa

Chief (Mrs.) Margaret Giwa is a seasoned professional, who brings in a wealth of experience of over three decades in Business Management and Real Estate. She holds a Bachelor of Arts degree in English Education and a Master's in International Law & Diplomacy. She is a member of the Institute of Directors (IOD) and sits on the Board of other companies.

Mrs. Mimi Ade-odiachi

Mrs. Mimi is a seasoned professional and entrepreneur with over three decades' experience in Non-Bank Financial Services (Insurance), Hospitality Management and Landscape Architect. She is a chartered insurer with a bachelor's degree in insurance from the University of Lagos.

She serves as an Executive Director on the Board of Whispering Palms Hotel & Resorts. She is also the founder and Chief Executive Officer of Omar Gardens Floral Company. She currently serves as the Chairman of Custodian Social Responsibility Foundation.

Mr. Kofoworola Majekodunmi

Mr. Majekodunmi is a Legal Practitioner and accomplished Investment/Corporate Banker and Capital Market Expert who brings to the Board over three decades' experience in deal origination and structuring and vastly experienced in treasury, corporate banking, corporate finance and syndication, operations

Corporate Governance Contd

and information technology as well as privatization advisory structures having been involved in a couple of landmark transactions in the financial services sector of the Nigerian Economy.

Kofo is an alumnus of the Lagos Business School, Nigerian Law school, London School of Economics and Political Science and Cranleigh school, Surrey England where he bagged his MBA, BL and LLB degrees respectively. He is a member of the Nigerian Economic Summit (active participation in the Committee for the improvement of the Nigerian Ports) and Institute of Directors (IoD). He currently sits on the Boards of Leadway Pensure, St. Nicolas Hospitals, MBC Securities, and he is the Group Managing Director of MBC Capital Limited.

Kamurudeen Lamidi – Executive Director

Mr. Lamidi holds a bachelor's degree in Philosophy & Political Science and a Masters Degree in Managerial Psychology (MMP) both from the University of Ibadan.

His professional experience of over two decades cuts across various functions such as Technical, Marketing and Branch Operations. He has at various times worked in UNIC Insurance Plc, Trust & Guarantee Insurance Limited as well as Crusader General Insurance Limited which merged with Custodian and Allied Insurance Limited in 2013.

He is an Associate Member of the Chartered Insurance Institute of Nigeria (ACIIN) and an alumnus of Lagos Business School (SMP59). He has attended many Insurance, Marketing and Management courses and seminars both locally and abroad.

Communication with Third Parties

Directors are of the opinion that it is the responsibility of Management to speak on behalf of the Company when communicating with third parties such as investors, the press and public in general. Directors only engage in such communications at the request of or after consultation with Management.

Corporate Governance Contd

Performance Monitoring and Evaluation

In Custodian's customary manner of imbibing the best corporate governance practices, the Board engaged the services of an Independent Consultant, Society for Corporate Governance Nigeria, to carry out the annual Board appraisal for the 2022 financial year. The Board believes that the use of an independent consultant not only encourages Directors to be more honest in their evaluation of the Board performance, but also enhances the objectivity and transparency of the evaluation process.

The annual appraisal covered all aspects of the Board's composition, structure, responsibilities, relationships, processes, individual member's competencies and respective roles in the overall performance of the Board, as well as the Company's compliance status with the provisions of the Nigerian Code of Corporate Governance 2018 and the Corporate Governance Guidelines for Insurance & Reinsurance Companies in Nigeria issued by NAICOM . The result also confirmed that the individual Directors and the Board continue to operate at a high level of effectiveness and efficiency.

Roles of the Chairman and the Managing Director

In line with internationally accepted best practices, there is separation of powers between the Chairman and the Managing Director. The roles of the Chairman and the Managing Director are separate and distinct. The Chairman's priority is to lead the Board and ensure its effectiveness while the Managing Director's priority is the management of the Company.

Skills, Knowledge and Characteristics of the Board

The profile and qualifications of Board members are periodically reviewed to ensure that the Board possesses diverse and varying expertise in the performance of its functions and a balanced mix of attributes and experiences enabling members to evaluate the Company's related and core business.

Company Secretariat and Access to Independent Professional Advice

Custodian Trustees Limited acts as Company Secretary to the Company.

Corporate Governance Contd

The Company Secretary works closely with the Chairman to manage the flow of information between the Board, its Committees and Senior Executives of the Company. The Company Secretary is also responsible for providing advice and support to the Board on governance related matters. The appointment and removal of the Company Secretary is subject to Board approval and all Directors have a right of access to information and advice, facilitated through the Company Secretary.

The Company Secretary is responsible for keeping Directors abreast of statutory requirements relating to Corporate Governance and providing guidance when required in relation to Directors' roles and responsibilities. The Secretariat maintains the register and other records of the Company and generally acts as a liaison between the Board, the Shareholders and other stakeholders.

In addition to the assistance provided by the Company Secretary, the Board reserves the right to obtain advice and assistance from relevant independent external professional advisers and experts at the expense of the Company and as it may consider appropriate to assist it in carrying out its duties.

Anti-bribery and Corruption Policy

At Custodian and Allied Insurance Limited, we are committed to high ethical standards and integrity. The Company's Anti-Bribery & Corruption policy prohibits offering of or giving something valuable for the purpose of persuading an official or any person to misuse his office to benefit the Company or its employees. The Policy also prohibits receiving something valuable for the purpose of influencing an official action. The Company's Board of Directors and Senior Management are charged with the responsibility of ensuring that the Company complies with the Policy.

Remuneration Policy

Consistent with the Company's policy, remuneration of Directors is fixed by the Enterprise Risk Management and Governance Committee of the Board, which also has the responsibility of making recommendations to the Board on all payments made to Directors.

Non-Executive Directors are remunerated in line with the Company's policy of providing them with fixed annual fees and sitting allowances for their service on the Board and Committees.

Corporate Governance Contd

In accordance with the Company's strategy of continuous development, the Company has a Clawback Policy.

Employee Involvement and Training

Custodian encourages participation of employees in arriving at decisions in respect of matters affecting their well-being through various for a. Towards this end, employees are provided opportunities to deliberate on issues affecting the Company and employees' interests, with a view to making inputs to decisions thereon.

In accordance with the Company's policy of continuous development, employees of the Company are nominated to attend regular training programmes. These are complemented by on-the-job training.

Sustainability/ Environmental, Social and Governance (ESG) Policy

Consistent with the Company's policy on Sustainability and ESG, Custodian is committed to providing a safe and healthy work environment for the employees of the Company, promoting environmental awareness, and ensuring full compliance with all environmental legislations and regulations.

Shareholders Rights

The Board treats all the Company's shareholders equally, regardless of the magnitude of their shareholdings and social conditions. The Company ensures that all Shareholders receive notices of meetings and other relevant documents/information necessary for decision making.

External Auditors

Deloitte & Touché acted as the Company's External Auditors for the 2022 financial year. The firm ensures that its responsibilities to the Company are carried out in an independent manner.

Corporate Governance Contd

Internal Controls

Custodian's internal audit function provides oversight on significant compliance issues and guides strategies, policies and practices for assessing and managing risk across the Company. The head of the Department is a competent professional Accountant with high integrity.

Accounting Principles, Disclosure and Reporting

Custodian's accounting practices are fundamental to the information required by its investors, customers, regulators and other stakeholders to facilitate objective evaluation of the Company and its future prospects. The Company's accounting records are presented in a concise and transparent manner so that the Company's financial position at any given time is adequately disclosed.

Reporting and disclosure requirements are in accordance with International Financial Reporting Standards [IFRS]. The Company ensures prudent financial reporting and maximum disclosure in the Annual Reports & Accounts.

Diversity

Custodian acknowledges that a diverse workforce is of significant social and commercial value and important to being an inclusive employer. Custodian accepts the value that diversity can bring, which includes:

- Providing greater alignment to customer needs.
- Improving creativity and innovation.
- Broadening the skills and experience of the labour pool from which Custodian can draw and attract top talent to its businesses.

Corporate Governance Contd

The Company strives to create a work environment which is inclusive to all people regardless of gender, age, race, disability, sexual orientation, cultural background, religion, family responsibilities or any other area of potential difference. All areas of diversity are important and Custodian pays particular attention to gender diversity.

Code of Ethics

The Company prioritises high ethical standards and expects its Board, Executives and Employees to observe such standards in all their dealings. The Company's Code of Ethics Policy outlines the minimum standards of conduct expected in the management of its business. All stakeholders are expected to comply with these standards in the discharge of their duties.

Whistleblowing

Custodian has a whistleblowing policy which allows for reporting of suspected breaches of the Company's policies or other unethical practices. The policy also provides for protection against harassment or victimization of employees who report genuine concerns, malpractice or illegal acts or omissions by Directors and employees.

The Company's Whistleblowing Policy ensures that whistleblowing will assist in uncovering significant risks in line with best practices. Under the policy, a whistleblower who in good faith, reports suspected violations or attempted violation of the Policy or who reports a request or offer of a corrupt payment is protected. A form for this purpose is available on the Company's website.

Corporate Governance Contd

Statement of Compliance

Custodian and Allied Insurance Limited is a Limited Liability Company and is subject to the jurisdiction of the Nigerian Code of Corporate Governance. The Board of Directors charged with the responsibility of ensuring compliance has submitted that the Company was in compliance with the provisions of the Guidelines in the 2022 financial year.

The Company also complied with all the relevant laws of Nigeria.

CUSTODIAN TRUSTEES LTD

.....
AUTHORISED

ADEYINKA JAFORO
FRC/2013/NBA/00000002403
Custodian Trustees Limited
Company Secretary
Dated this February 10, 2023.

Board Evaluation Report

For the Board of Custodian And Allied Insurance Limited



EXECUTIVE SUMMARY

The Society for Corporate Governance Nigeria was engaged to conduct an independent evaluation/assessment of the performance of the Board of Custodian and Allied Insurance Ltd for 2022 as part of stipulated regulatory requirement.

SCOPE

The scope of the evaluation covered the following areas:

- Composition, commitment, and alignment of the skills/qualifications of directors to business requirement and performance
- Composition/effectiveness of the committees
- Compliance with existing regulatory requirement
- Effectiveness of directors in delivery of their fiduciary responsibilities
- Effective transparency and disclosure channels

Below is a summary of our findings:

Leadership:

The Board Chairman exhibits a leadership style that promotes an environment that encourages and supports the active participation and contribution of Board members at meetings. The position of the Chairman and Managing Director are held by separate individuals which shows clear separation of powers between both offices. The Chairman is a Non-Executive Director and not a member of any board committee in line with regulatory requirements.

Board Evaluation Report Contd

Board Meetings:

The Board met four (4) times with an aggregate attendance of 95% in the period under review. Meetings held were constructive, aligned to the agenda and directors gave meaningful contributions. Board packs were circulated to directors to better prepare for meetings. The Board adequately performed its oversight and other functions on the company.

Board Composition & Capacity:

The Board comprises of Nine (9) directors: Two (2) Female and Seven (7) Male. The board composition is as follows-Two (2) Executive Directors, Six (6) Non-Executive Directors and One (1) Independent Non-Executive Director. The Board is diverse in skill and experience.

1. Board Committees: The Board has three (3) committees namely: Board Finance, Investment and General-Purpose Committee, Board Audit and Compliance Committee, Board Enterprise Risk Management and Governance Committee, and these committees met regularly as required by regulators, with members in attendance. All committees have charter / articulate Terms of Reference. The Chairman of the Board is not a member of any Board Committee.

Board Oversight Functions: All policy documents were sighted and assessed for content and relevance and were found to be detailed, comprehensive, and articulate in efficiently guiding business processes and mitigating risk exposures.

Director Appointment & Development: Directors have shown commitment to regular trainings to update their knowledge and skill. Board members participated in relevant trainings beneficial to the quality of contributions during board meetings.

Risk Management & Compliance: The Board has established an adequate Risk Management framework for managing risk exposures and ensuring effective internal control systems. The Board has established processes and systems for assessing, monitoring, managing, and reporting regulatory compliance. The Board ensures an annual risk assessment duly evaluating all risk exposures of the Company's business.

Board Evaluation Report Contd

The risk management function is headed by a qualified management team that periodically reports to the risk management committee of the Board. Based on the analysis of the result, the Board of Directors have demonstrated its dedication and commitment to the growth and success of the Company. This is demonstrated by their contributions, individual performance, attendance at Board and Committee meetings and the depth of discussions and resolutions arrived at during these meetings. There is also an alignment between the competencies of directors and the requirements/needs of the Company. However, we have recommended that the Board considers a renewal of its membership to improve gender diversity.

In line with the Code of Good Corporate Governance for the Insurance Industry and the Nigerian Code of Corporate Governance (NCCG), we have found Custodian and Allied Insurance Limited to a large extent compliant with regulatory requirements and recommended best practices for the period under review (2022).

In all, we are happy to state that the Board of Custodian and Allied Insurance Limited conducted its affairs in an acceptable and satisfactory manner in 2022.

SOCIETY FOR CORPORATE GOVERNANCE NIGERIA



Chioma Mordi (Mrs.)
Chief Executive Officer
FRC/2014/NIM/00000007899

A dark, high-contrast photograph of a butterfly, likely a monarch, resting on a rough, textured surface. The butterfly's wings are spread, showing a dark pattern with lighter, possibly orange or yellow, markings. The background is a grainy, textured surface, possibly gravel or a rough wall, which is illuminated in a way that creates strong highlights and deep shadows. The overall mood is somber and artistic.

Independent Auditors' Report



Independent Auditors' Report To The Shareholders Of Custodian And Allied Insurance Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Custodian and Allied Insurance Limited set out on pages 60 to 271 which comprise the statements of financial position as at 31 December 2022, the statements of profit or loss and other comprehensive income, the statements of changes in equity and the statements of cash flows for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of financial position of Custodian and Allied Insurance Limited as at 31 December 2022, and its financial performance and statement of cash flows for the year then ended in accordance with the International Financial Reporting Standards, the Companies and Allied Matters Act (CAMA), the Insurance Act CAP I17 LFN 2004, circulars and guidelines issued by the National Insurance Commission (NAICOM) and the Financial Reporting Council of Nigeria Act.

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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the requirements of the International Ethics Standards Board for Accountants' (IESBA) International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA code) and other independence requirements applicable to performing audits of financial statements in Nigeria. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and other ethical requirements that are relevant to our audit of Financial Statements in Nigeria.

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

Independent Auditors' Report Contd

Key Audit Matter

Key audit matter is the matter that, in our professional judgment, was of most significance in our audit of the financial statements of the current year. The matter was addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on the matter.

Key Audit Matter	How the matter was addressed in the audit
<p>Under IFRS 4, the Company is required to perform adequacy test on its insurance contract liabilities to ensure the carrying value of the liabilities is adequate.</p> <p>As disclosed in note 12 to the financial statements, the insurance contract liabilities for the Company amounted to N14.979 billion [2021: N13.161 billion]. This represents about 52% of the of the Company's total liabilities as at 31 December, 2022.</p> <p>Determination of the fair value of the contracts is an area that involves exercise of significant judgement and use of key inputs and assumptions. Some of these include operating assumptions in relation to uncertain future outcomes like mortality, morbidity, lapse and surrender, etc., and also economic assumptions relating to interest rates, inflation rates, expenses, return on investments, discount rates, future growth rates etc. These are the key inputs used to estimate these long-term liabilities</p>	<p>Our procedures included the following among others:</p> <ul style="list-style-type: none">•We reviewed the methodology and processes adopted by management for making reserves in the books of the company.•We tested entity's control around reserving process and maintenance of data for valuation of insurance contract liabilities.•We considered the validity of management's liability adequacy testing which is a key test performed to check that the liabilities are adequate in the context of expected experience. Our work on the liability adequacy test includes assessing the reasonableness of the projected cash flows and challenging the assumptions adopted in the context of company and industry experience data and specific product features.•We validated the data used in the valuation of the insurance contract liabilities.•We involved Deloitte Actuary in the review of the ssumptions and estimates used by management and assessment of the adequacy of the insurance contract liabilities in line with Liability Adequacy Test ("LAT") based on requirement of IFRS 4.

Independent Auditors' Report Contd

Key Audit Matter	How the matter was addressed in the audit
<p>The Company has an in-house actuary who assesses, on periodic basis, an estimate of the insurance contract liabilities for the various portfolio managed by the company. At the end of each financial year, management employ the services of an external and independent actuary in the determination of its insurance contract liabilities after considering the accuracy and integrity of data used in the valuation. Necessary adjustments are made in the financial statements to reflect the liabilities determined by the actuary.</p>	<ul style="list-style-type: none">• We ensured the appropriateness of the journals posted, footed and agreed the figures disclosed in the financial statements to the figures stated in the actuarial valuation after thorough review of the basis and assumptions. <p>We found that the assumptions used by management were comparable with the market, accord with best practices, the key input data used in estimating the fair value of the insurance contracts liabilities were reasonable in the circumstances. We consider the disclosure of the liabilities to be adequate, relevant and useful.</p>

Independent Auditors' Report Contd

Other Information

The directors are responsible for the other information. The other information comprises the Directors' Report, Corporate Governance Report, Risk Management Report and the Management Discussion and Analysis, which we obtained prior to the date of this report. The other information does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, the requirements of the Companies and Allied Matters Act (CAMA), the Financial Reporting Council Act and the Insurance Act CAP 117 LFN 2004, circulars and guidance issued by the National Insurance Commission (NAICOM), and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company'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 Company or to cease operations, or have no realistic alternative but to do so.

Independent Auditors' Report Contd

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 financial statements.

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

- Identify and assess the risks of material misstatement of the 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 Company'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 the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company'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

Independent Auditors' Report Contd

disclosures in the 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 Company to cease to continue as a going concern.

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

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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the benefits derivable by the public from such communication.

Report on Other Legal and Regulatory Requirements

In accordance with the Fifth Schedule of the Companies and Allied Matters Act (CAMA), and section 28(2) of the Insurance Act 117 LFN 2004, we expressly state that:

Independent Auditors' Report Contd

- i) We have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purpose of our audit.
- ii) The Company has kept proper books of account, so far as appears from our examination of those books.
- iii) The Company's financial position and its statement of profit or loss and other comprehensive income are in agreement with the books of account and returns.

Contravention

The company contravened certain sections of the insurance Act during the year. The particulars thereof and penalties paid are as disclosed in Note 42 to the financial statements.

No evidence of non-compliance with laws and regulations (NOCLAR) came to our attention during our audit of the financial statements for the year.



For: Deloitte & Touché
Chartered Accountants
Lagos, Nigeria
13 March 2023

Engagement partner: Joshua Ojo
FRC/2013/ICAN/00000000849





Summary of Significant Accounting Policies

Summary of Significant Accounting Policies

1 Corporate information

Custodian and Allied Insurance Limited ("the Company") commenced operations in 2007. The principal objective of the Company is to render qualitative insurance & risks management services. The company is principally engaged in General Insurance activities. It is a provider of non-life insurance services like auto Insurance, travel Insurance, special risks and other non-life insurance services for both corporate and individual customers.

The Company pays claims arising from insurance contract liabilities and invests policy holders' funds in line with the provisions of Insurance Act, CAP 117, LFN 2004 and NAICOM guidelines.

Custodian and Allied Insurance Limited (RC 685235) was incorporated on 16 March, 2007 as a private limited liability company called "Crusader General Insurance Limited". The Company's name was changed to Custodian and Allied Insurance Limited in March 2013 following the successful scheme of merger between Crusader Nigeria Plc and Custodian Investment Plc (formerly Custodian and Allied Plc). The Company is a wholly owned subsidiary of Custodian Investment Plc.

Custodian and Allied Insurance Limited is regulated by the National Insurance Commission of Nigeria.

2 Summary of significant accounting policies

2.1 Introduction to summary of accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

2.2 Basis of presentation and compliance with IFRS

These Financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board and IFRS Interpretation Committee (IFRIC) interpretations applicable to companies reporting under

Summary of Significant Accounting Policies Contd

IFRS and in the manner required by Companies and Allied Matters Act of Nigeria, the Insurance Act of Nigeria, the Financial Reporting Council of Nigeria(FRC Act) and Nigerian Insurance Commission(NAICOM) guidelines and circulars. Additional information required by national regulations has been included where appropriate.

The preparation of these financial statements have been based on the historical cost basis except for investment properties and certain financial instruments that are measured at revalued amounts or fair values, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

In accordance with IFRS 4 Insurance Contracts, the Company has applied existing accounting policies for Non-life insurance contracts, modified as appropriate to comply with the IFRS framework.

The preparation of financial statements in conformity with IFRS requires the Company's Board of Directors to exercise its judgment in applying the Company's accounting policies. The areas involving a higher degree of judgments or complexity, or areas where assumptions or estimates are significant to the financial statements are as disclosed in Note 3.

The financial statements of Custodian and Allied Insurance Limited have been prepared on a going concern basis. The Directors of the Company have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future.

The principal accounting policies are set out on the next pages.

2.3 Changes in accounting policies and disclosures

New and amended standards and interpretations

The Company applied for the first time, certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2022. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

The Company has not early adopted any other standard, interpretation or amendment that has been issued but not yet effective.

Summary of Significant Accounting Policies Contd

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 a previous version of the IASB's Conceptual Framework (the 1989 Framework) with a reference to the current version issued in March 2018 (the Conceptual Framework) without significantly changing its requirements.

The amendments add 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 Provisions, Contingent Liabilities and Contingent Assets or IFRIC 21 Levies, if incurred separately. The exception requires entities to apply the criteria in IAS 37 or IFRIC 21, respectively, instead of the Conceptual Framework, to determine whether a present obligation exists at the acquisition date. The amendments also add a new paragraph to IFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

The amendments became effective for annual periods beginning on or after 1 January 2022. and will now to be applied prospectively for the preparation of the company's financial statements.

Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16

The amendment prohibits entities from deducting from the cost of an item of property, plant and equipment (PP&E), any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

The amendment must be applied retrospectively only to items of PP&E made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.

The standard became effective for annual periods beginning on or after 1 January 2022. The company has reviewed her property plant and equipments(PPE) as at 31 December 2022 and no PPE item was deemed to have generated any proceeds from sale of any item produced while bringing the asset to the location and condition necessary for its intended use on or after the beginning of the earliest period presented when the entity first applies the amendment.

Summary of Significant Accounting Policies Contd

2.3 Changes in accounting policies and disclosures

New and amended standards and interpretations

Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37

In May 2020, the IASB issued amendments to IAS 37 to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a 'directly related cost approach'. The costs that relate directly to a contract to provide goods or services include both incremental costs (e.g., the costs of direct labour and materials) and an allocation of costs directly related to contract activities (e.g., depreciation of equipment used to fulfil the contract as well as costs of contract management and supervision). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

Judgement will be required in determining which costs are 'directly related to contract activities'. The onerousness of all insurance contract held is being assessed as part of the company's transition processes to IFRS 17. The amendment was applied prospectively to contracts and contract for which an entity has not yet fulfilled all of its obligations at the beginning of the annual reporting period i.e. 1 January 2022.

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

The amendments address the conflict between IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognised when a transfer to an associate or joint venture involves a business as defined in IFRS 3. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognised only to the extent of unrelated investors' interests in the associate or joint venture.

In December 2015, the IASB decided to defer the effective date of the amendments until such time as it has finalised any amendments that result from its research project on the equity method. The company intends to apply this amendments, when its has an investee (Associate or Joint venture) which is being reported using the equity method as it currently does not have any of such investment or subsidiary.

Summary of Significant Accounting Policies Contd

2.3 Changes in accounting policies and disclosures New and amended standards and interpretations

AIP IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter

The amendment permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported in the parent's consolidated financial statements, based on the parent's date of transition to IFRS, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of IFRS 1.

The Company already adopted the International Financial Reporting Standards and was not impacted by this improvement to the standard.

AIP IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities

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.

The Company will be applying the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period beginning on or after 1 January 2022.

2.4 Presentation and functional currency

The financial statements are presented in Nigeria Naira (N) and are rounded to the nearest thousand ('000) unless otherwise stated.

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (the "functional currency"). The Company is incorporated in Nigeria and has adopted Naira as its functional currency.

Summary of Significant Accounting Policies Contd

2.5 Foreign currencies

Transactions and balances

In preparing the financial statements of the Company, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are translated at the rates prevailing at that date.

Exchange differences arising on the settlement of monetary item or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous financial statements are recognised in profit or loss in the period which they arise.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the date of transaction. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. When a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. Conversely, when a gain or loss on non-monetary is recognised on profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

2.6 Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks and other short term highly liquid investments with original maturities of three months or less. These assets are readily convertible into known amounts of cash.

2.7 Financial instruments

Initial recognition and measurement

Financial assets are classified, at initial recognition, as measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a

Summary of Significant Accounting Policies Contd

financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under IFRS 15. Refer to the accounting policies on Revenue from non-insurance contracts with customers.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

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 Company commits to purchase or sell the asset.

Business model assessment

There are three business models available under IFRS 9:

- Hold to collect Financial assets with objective to collect contractual cash flows.
- Hold to Collect and sell (Financial assets held with the objective of both collecting contractual cash flows and selling financial assets).
- Other Financial Assets held with trading intent or that do not meet the criteria of either "Hold to Collect" or "Hold to Collect and sell."

The Assessment of the business model requires judgment based on the facts and circumstances as at the date of the assessment. Custodian and Allied Insurance Limited has considered quantitative factors (e.g. expected frequency value, volume and timing of sales) and qualitative factors such as how the performance of the business model and financial assets held within the business model are evaluated and reported to management; the risk that affect the performance of the business, model and the financial assets held within the business model. In particular, the way in which those risks are managed; and how management received returns on the assets (i.e. whether the returns are based on fair value of the assets managed or on contractual cash flows collected).

Summary of Significant Accounting Policies Contd

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the original expectations, the Company does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

The Company determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective.

Solely Payments of Principal and Interest (SPPI)

If a financial asset is held in either a Hold to Collect or Hold to Collect and Sell model, then an assessment is determined whether contractual cash flows are solely payments of principal and interest on principal amount outstanding at initial recognition is required to determine the classification.

Contractual cash flows that are SPPI on the principal amount outstanding are considered as basic lending arrangement with interest as consideration for the time value of money and the credit risk associated with the principal amount outstanding during the tenor of the agreed arrangement. Other basic lending risks like Liquidity risk and cost of administration associated with holding the financial asset for the specified tenor and the profit margin that is consistent with a basic lending arrangement.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

Summary of Significant Accounting Policies Contd

Financial assets at amortised cost (debt instruments)

This category is the most relevant to the Company. The Company measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Company's financial assets at amortised cost includes debt instruments (bonds), loans to staff, fixed deposits with banks and other receivables.

Financial assets at fair value through OCI (debt instruments)

The Company measures debt instruments at fair value through OCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

During the year under consideration, the Company did not have any debt instruments at fair value through OCI.

Summary of Significant Accounting Policies Contd

Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in profit or loss when the right of payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment. The Company elected to classify irrevocably its non-listed equity investments under this category.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in profit or loss.

Summary of Significant Accounting Policies Contd

This category includes derivative instruments and listed equity investments which the Company had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are also recognised as other income in profit or loss when the right of payment has been established.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is primarily derecognised (i.e., removed from the Company's statement of financial position) when:

- The rights to receive cash flows from the asset have expired
Or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Summary of Significant Accounting Policies Contd

Impairment of financial assets

The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For debt instruments at amortised cost, the Company applies the low credit risk simplification. At every reporting date, the Company evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Company reassesses the credit rating of the debt instrument by international credit rating agencies like S&P, Moody's and Fitch as well as local ratings by Augusto and Co. It is the Company's policy to measure ECLs on such instruments on a 12-month basis. Where the credit risk of any bond deteriorates, the Company will sell the bond and purchase bonds meeting the required investment grade.

The Company's debt instruments at amortised cost comprise solely of quoted bonds that are graded in the top investment category and the credit ratings are tracked by the finance and investment teams via publications by International Credit Rating Agencies and trading exchange platforms.

The Company's fixed income investment portfolio consists of Investment grade and high speculative bonds and, therefore, are considered to be low credit risk investments. It is the Company's policy to measure ECLs on such instruments on a 12-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. The Company uses the ratings from the International Credit Rating Agencies both to determine whether the debt instrument has significantly increased in credit risk and to estimate ECLs.

Summary of Significant Accounting Policies Contd

The Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Further disclosures relating to impairment of financial assets are also provided in the following notes:

- Disclosures for significant estimates Judgements and assumptions - Note 3
- Financial assets at amortised cost - Notes 1.3, 2.3 and 2.4 to the financial statements
- Other receivables and prepayments - Note 6.4

Write off

Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the company. The Company categorises its receivables for write off when a debtor fails to make contractual payments greater than 360 days past due. Where financial assets have been written off, the company continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.

The gross carrying amount of an asset is written off (either fully or partially) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the counterparty does not have assets or sources of income that could generate sufficient cashflows to repay the amount subject to write off. However, the financial assets that are subjected to write off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amount due.

2.8 Financial liabilities and equity instruments

2.8.1 Classification as debt or equity

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Summary of Significant Accounting Policies Contd

2.8.2 Equity Instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised as the proceeds received, net of direct issue costs. Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

2.8.3 Compound instruments

The component parts of compound instruments (convertible notes) issued by the Company are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. Conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is an equity instrument.

At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is recorded as a liability on an amortized cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date. The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognised and included in equity, net of income tax effects, and is not subsequently re-measured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised, in which case, the balance recognised in equity will be transferred to other equity. When the conversion option remains unexercised at the maturity date of the convertible note, the balance recognised in equity will be transferred to retained profits. No gain or loss is recognised in profit or loss upon conversion or expiration of the conversion option.

Transaction costs that relate to the issue of the convertible notes are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognised directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component and are amortized over the lives of the convertible notes using the effective interest method. Once the convertible security is not convertible to fixed numbers of ordinary shares, it cannot be considered a compound instrument.

Summary of Significant Accounting Policies Contd

2.8.4 Financial liabilities

Financial liabilities are classified as either financial liabilities 'at fair value through profit or loss (FVTPL)' or 'other financial liabilities'.

The Company does not have any financial liability that is measured at fair value through profit or loss during the period under review.

2.8.4.1 Other financial liabilities

Other financial liabilities (including borrowings) are subsequently measured at amortized cost using the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

2.8.4.2 Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are extinguished- i.e. when the obligation specified in the contract is discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

An exchange between an existing borrower and lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability or a part of it (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

Summary of Significant Accounting Policies Contd

2.8.4 Financial liabilities

2.8.4.3 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

2.9 Other receivables and prepayments

These principally consists of prepayments, sundry debtors and staff loans (carried at amortised cost). Prepayment is not a financial asset. Thus, it is measured at amount initially paid less amortization to profit or loss.

2.10 Reinsurance contracts

The Company enters into reinsurance contracts in the normal course of business in order to limit the potential for losses arising from certain exposures. Outwards reinsurance premiums are accounted for in the same period as the related premiums for the direct or inwards reinsurance business being reinsured.

2.10.1 Reinsurance assets

Reinsurance assets include balances due from reinsurance companies for paid and unpaid losses and ceded policy claims. Reinsurance assets are measured consistently with the amounts associated with the underlying insurance contracts and in accordance with the terms of the reinsurance contract. Reinsurance is recorded as an asset unless a right of set-off exists, in which case the associated liabilities are reduced to take account of reinsurance.

Reinsurance assets are subject to impairment testing when and only when;

- (a) there is objective evidence, as a result of an event that occurred after initial recognition of the reinsurance asset, that the cedant may not receive all amounts due to it under the terms of the contract; and
- (b) that event has a reliably measurable impact on the amounts that the cedant will receive from the reinsurer.

Summary of Significant Accounting Policies Contd

The carrying amount is reduced to its recoverable amount when there is an impairment loss. The impairment loss is recognised as an expense in the profit or loss. The asset is impaired if objective evidence is available to suggest that it is probable that the Company will not be able to collect the amounts due from reinsurers.

Reinsurance liabilities are derecognised when, and only when, it is extinguished—i.e. when the obligation specified in the contract is discharged or cancelled or expires.

2.10.2 Reinsurance recoveries

Reinsurance recoveries in respect of Incurred but not reported (IBNR) claims are assumed to be consistent with the historical recoveries on paid and outstanding claims, adjusted to reflect changes in the nature and extent of the Company's reinsurance programmes. An assessment is made of the recoverability of reinsurance having regard to available data on the financial strength of the reinsurance companies.

Gains or losses on buying reinsurance are recognised in income at the date of purchase and are not amortised.

2.10.3 Reinsurance liabilities

Reinsurance liabilities comprise premiums payable for outwards reinsurance contracts and are recognised as an expense when due.

2.11 Deferred acquisition costs

The incremental costs directly attributable to the acquisition of new business are deferred by recognising an asset. For other insurance contracts, acquisition costs including both incremental acquisition costs and other indirect costs of acquiring and processing new business are deferred (deferred acquisition costs).

Where such business is reinsured, the reinsurer's share is carried forward as deferred income. Deferred acquisition costs and deferred origination costs are amortized systematically over the life of the contracts and tested for impairment at each reporting date. Any amount not recoverable is expensed. They are derecognised when the related contracts are settled or disposed.

Summary of Significant Accounting Policies Contd

Deferred income - Reinsurance commissions

The Company recognises commissions receivable on outwards reinsurance contracts as a deferred income and amortised over the average term of the expected premiums payable.

2.12 Investment properties

Recognition and measurement

Investment property comprises investment in land and buildings held primarily to earn rentals or capital appreciation or both. Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value. Gains and losses arising from changes in the fair value of investment properties are included in profit or loss in the period in which they arise. Fair values are determined based on an annual evaluation performed by an accredited independent external valuer applying a valuation model.

Derecognition

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (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 in which the property is derecognised. The amount of consideration to be included in the gain or loss arising from derecognition of investment property is determined in accordance with the requirements for determining the transaction prices in IFRS 15.

Transfers

Transfers are made to or from investment property only when there is a change in use. If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment, and its fair value at the date of reclassification becomes its cost for subsequent accounting purposes.

Summary of Significant Accounting Policies Contd

If a property initially classified as property, plant and equipment becomes an investment property because its use has changed, any difference arising between the carrying amount and the fair value of this item at the date of transfer is recognised in other comprehensive income as a revaluation of property, plant and equipment. However, if a fair value gain reverses a previous impairment loss, the gain is recognised in profit or loss. Upon the disposal of such investment property, any surplus previously recorded in equity is transferred to retained earnings; the transfer is not made through profit or loss.

2.13 Intangible assets

(a) Software

The amount initially recognised for intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred. Costs associated with maintaining computer software programmes are recognised as an expense as incurred.

Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of directly attributable overheads. Other development expenditures that do not meet these criteria are recognised as an expense as incurred.

Subsequent to initial recognition, intangible assets are reported at cost less accumulated amortization and accumulated impairment losses, on the same basis as intangible assets that are acquired separately. Its estimated useful life typically varies between 3 and 5 years. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and treated as changes in accounting estimates.

(b) Acquired Insurance Liabilities

On acquisition of a portfolio of insurance contracts the difference between the fair value and the carrying value of the insurance liabilities measured under the Company's accounting policies is recognised as an intangible asset. This is amortized on a systematic basis over the estimated life of the acquired contracts which typically varies between 1 and 10 years. The carrying value is assessed at each reporting date and

Summary of Significant Accounting Policies Contd

any reductions are recognised in profit or loss for the period in which they arise. The subsequent measurement of this asset is consistent with the measurement of the related insurance liability.

(c) **Impairment of intangible assets**

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

The Company tests an intangible asset with an indefinite useful life for impairment by comparing its recoverable amount with its carrying amount:

- (a) annually, and
- (b) whenever there is an indication that the intangible asset may be impaired.

If there is any indication that an asset may be impaired, recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the Company determines the recoverable amount of the cash-generating unit to which the asset belongs (the asset's cash-generating unit).

The Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the company's CGUs to which the individual assets are allocated.

Recoverable amount is the higher of fair value less cost of disposal and value in use. 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 for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Summary of Significant Accounting Policies Contd

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

2.14 Property, plant and equipment

Property, plant and equipment are those owned and used by the Company, and are stated in the statement of financial position at cost, less any accumulated depreciation and accumulated impairment loss (if any).

Properties, plant and equipment in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Company's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use.

Depreciation of these assets, on the same basis as other property assets, commences when the assets are available for their intended use.

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. Depreciation is calculated at the following annual rates:

Asset Description	Years
Motor Vehicles	4
Furniture and Fittings	5
Computer and Office Equipment	4
Plant and Machinery	5

Summary of Significant Accounting Policies Contd

Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Impairment of property, plant and equipment and right of use (ROU) asset

Assets that are subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Such circumstances include, though are not limited to, significant or sustained declines in revenues or earnings and material adverse changes in the economic environment.

Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or Companies of assets.

A Cash Generating Unit (CGU) is the smallest identifiable unit of asset that generates cash inflows that are largely independent of the cash inflows from other assets or Company of assets. An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The recoverable amount of an asset is the greater of its fair value less costs of disposal and value in use. To calculate value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market rates and the risks specific to the asset.

For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Fair value less costs of disposal is determined by taking recent market transactions into accounts. If no such transactions can be identified, an appropriate valuation model is used. Impairment losses, if any, are recognised in profit or loss and are only reversed to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had previously been recognised. For assets, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount.

Summary of Significant Accounting Policies Contd

A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised.

2.15 Leases

Initial recognition and measurement

The Company 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 in exchange for consideration.

Company as a lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). The cost of a right-of-use asset at inception of the lease includes an estimate of costs to be incurred by the Company in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease. The Company incurs the obligation for those costs at the commencement date or as a consequence of having used the underlying asset during a particular period.

Right-of-use assets are subsequently 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 (Real Estate 2 to 5 years)

Summary of Significant Accounting Policies Contd

If ownership of the leased asset transfers to the Company 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(s) Impairment of non-financial assets Property plant and equipment- (Note 2.16).

The Company's lease arrangements are majorly real estate leases which include leases of office spaces. These lease arrangements do not contain an obligation to dismantle and remove the underlying asset, restore the site on which it is located or restore the underlying asset to a specified condition.

ii) Lease liabilities

At the commencement date of the lease, the Company 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 Company and payments of penalties for terminating the lease, if the lease term reflects the Company 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 Company uses its incremental borrowing rate at the lease commencement date where the interest rate implicit in the lease is not clearly stated in the lease contract. 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.

Summary of Significant Accounting Policies Contd

iii) **Short-term leases and leases of low-value assets**

The Company applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

Company as a lessor

Leases in which the Company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

The Company enters into lease agreements as a lessor with respect to some of its investment properties. Leases for which the Company is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases. When the Company is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease. if the head lease is a short-term lease that the entity, as a lessee, has accounted for applying paragraph 6, the sublease shall be classified as an operating lease.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term. Amounts due from lessees under finance leases are recognised as receivables at the amount of the Company's net investment in the leases. Finance lease income is allocated to reporting periods so as to reflect a constant periodic rate of return on the Company's net investment outstanding in respect of the leases. When a contract includes lease and non-lease components, the Company applies IFRS 15 to allocate the consideration under the contract to each component.

Summary of Significant Accounting Policies Contd

Rent receivables

Rent receivables are recognised at their original invoiced value except where the time value of money is material, in which case rent receivables are recognised at fair value and subsequently measured at amortised cost. Refer to accounting policies on financial assets in this note 2.7.

Tenant deposits

Tenant deposits are initially recognised at fair value and subsequently measured at amortised cost. Any difference between the initial fair value and the nominal amount is included as a component of operating lease income and recognised on a straight-line basis over the lease term. Refer also to accounting policies on financial liabilities in note. 2.8.4.

2.16 Statutory deposit

Statutory deposit represents a deposit of 10% of the regulatory minimum share capital (N3bn) for a non-life insurance business kept with the Central Bank of Nigeria. The cash amount held is considered to be a restricted cash balance.

2.17 Insurance contract liabilities

An Insurance contract is agreement under which a customer (the policyholder) transfers significant insurance risk to the company. The Company underwrites risks that individuals, corporate and other entities wish to transfer to an insurer. These risks relate to property, personal accident, motor, liability, marine, aviation, oil and gas and other special perils which may arise from an insured event. The Company is therefore exposed to uncertainty surrounding the timing, frequency and severity of claims under insurance contracts. The major risk is that the frequency and severity of claims may be greater than estimated or expected. The Company is engaged in the general insurance business and most of the risks it underwrites are insurance which claims are settled within one year of the occurrence of the events giving rise to the claims.

Summary of Significant Accounting Policies Contd

The reserve for outstanding claims is maintained as the total amount of outstanding claims incurred plus claims incurred but not reported ("IBNR") as at the reporting date.

2.17.1 Provision for Outstanding claims and Incurred but not reported (IBNR) claims

Provision for liabilities of insurance contracts is made for outstanding claims and settlement expenses incurred at the reporting date including an estimate for the cost of claims incurred but not reported (IBNR) at that date. Included in the provision is an estimate of the internal and external costs of handling the outstanding claims.

Recognition & measurement

The outstanding claims provision is based on the estimated ultimate cost of all claims incurred but not settled at the reporting date, whether reported or not, together with related claims handling costs and a reduction for the expected value of salvage and other recoveries.

Significant delays are experienced in the notification and settlement of certain types of general insurance claims, particularly in respect of liability business, environmental and pollution exposures, the ultimate cost of which may vary from the original assessment. Adjustments to the amounts of claims provisions established in prior years are reflected in the financial statements for the period in which the adjustments are made and disclosed separately, if material. The liability for Incurred but not Reported (IBNR) claims is calculated at the end of the reporting period, using a range of standard actuarial claim projection techniques, based on empirical data and current assumptions that may include a margin for adverse deviation. The liability was discounted for time value of money; and no further provision was made for equalisation or catastrophe reserves (as prohibited by IFRS 4).

Derecognition

These liabilities are derecognised when the obligation to pay a claim is extinguished (i.e. expired, discharged or cancelled).

2.17.2 Provision for unearned premiums and unexpired risks

The provision for unearned premiums represents that part of written premiums, gross of commission payable to intermediaries that is estimated to be earned in subsequent periods. Unearned premiums are proportion of premiums written in the year that relate to years of risks after the reporting

Summary of Significant Accounting Policies Contd

date. It is computed separately for each insurance contract using a time proportionate basis, or another suitable basis for uneven risk contracts. Provision for unexpired risk is made using the 365th method which fully recognises the timing of premium receipts and delays recognition of unearned premium. Further more the nature of business is such that the renewals occur approximately around the same time as the last period due to the no premium no cover policy. Thus, the Unearned premium reserve is consistent year on year.

A provision for additional unexpired risk reserve (AURR) is recognised for an underwriting year where it is determined that the estimated cost of claims and expenses would exceed the unearned premium reserve. The change in the provision is recorded in the profit or loss to recognise revenue over the period of the risk.

2.17.3 Liability adequacy test

At each reporting date the Company performs a liability adequacy test on its insurance liabilities less related deferred acquisition costs and intangible assets to ensure that the carrying value is adequate, using current estimates of future cash flows, taking into account the relevant investment return.

If that assessment shows that the carrying amount of the liabilities is inadequate, any deficiency is recognised as an expense in the profit or loss initially by writing off the intangible assets and subsequently by recognising an additional liability for claims provisions or recognising a provision for unexpired risks.

The unexpired risks provision is assessed in aggregate for business classes which are managed together.

2.18 Trade payables

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. The fair value of a non-interest-bearing liability is its discounted repayment amount. If the due date is less than one year, discounting is omitted.

Summary of Significant Accounting Policies Contd

2.19 Other payables

2.19.1 Other payables and Provisions

Other payables are initially recognised at fair value, fair value represents transaction price and subsequently measured at amortised cost.

Provisions are recognised when: the Company has a present legal or constructive obligation as a result of past events; it is more likely that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

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Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2.20 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

2.20.1 Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in profit or loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible.

The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Summary of Significant Accounting Policies Contd

The current taxes include: Company Income Tax at 30% of taxable profit; Education Tax at 2% of assessable profit; Capital Gain Tax at 10% of chargeable gains; and Information Technology Development Levy at 1% of accounting profit. Minimum tax may be computed based on Company Income Tax Act(CITA).

2.20.2 Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax is provided and accounted for using liability method. Deferred tax assets are generally recognised for all deductible temporary difference, unutilised tax loss and unutilised tax credits.

Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets arising from deductible temporary differences are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement

Summary of Significant Accounting Policies Contd

of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

2.20.3 Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

The Company offsets deferred tax assets and deferred tax liabilities if, and only if:

- (a) the entity has a legally enforceable right to set off current tax assets against current tax liabilities; and
- (b) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:
 - (i) the same taxable entity; or
 - (ii) different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered

2.21 Employee benefit costs

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

This is done in line with the Pension Reform Act 2014, whereby the minimum rate of Pension Contribution is 18% of monthly emolument, where 8% will be contributed by employee and 10% by the employer.

Summary of Significant Accounting Policies Contd

Wages, salaries, paid annual leave and sick leave, bonuses and non-monetary benefits are recognised as employee benefit expense and accrued when the associated services are rendered by the employees of the Company.

A provision is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company 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.

2.22 Share capital

Shares are classified as equity when there is no obligation to transfer cash or other assets. Incremental external costs that are directly attributable to the issue of these shares are recognised in equity, net of tax.

2.23 Statutory contingency reserve

The Company maintains Statutory contingency reserve in accordance with the provision of Section 21(2) of the Insurance Act CAP 117, LFN 2004 to cover fluctuations in securities and variations in statistical estimates at a rate equal to greater of 3% of gross premium or 20% of net profits until the accumulated amount reaches the greater of the minimum paid-up capital or 50% of the net premium.

2.24 Dividends

Interim dividend paid to the shareholders of the Company is recognised in the period in which the interim dividend approved by the Board of Directors or a second interim dividend approved by the Company's shareholders at the Company's annual general meeting is paid.

The Company recognises a liability to pay a dividend when the distribution is authorised and the distribution is no longer at the discretion of the Company. A distribution is authorised when it is approved by the shareholders at the Annual General Meeting.

Summary of Significant Accounting Policies Contd

2.25 Revenue recognition

2.25.1 Gross written Premium

Written premiums comprise the premiums on contracts inception in the financial year. Written premiums are stated gross of commissions that are payable to intermediaries and exclusive of taxes and duties on premiums.

Unearned premiums are those proportions of the premium which relate to periods of risk after the reporting date.

Unearned premiums are calculated on a time apportionment basis.

2.25.2 Fees and commission income

Fees and commission income consist primarily of agency and brokerage commission, reinsurance and profit commissions, policyholder administration fees and other contract fees. Reinsurance commission receivables are deferred in the same way as acquisition costs. All other fees and commission income are recognised as the services are provided.

2.25.3 Investment income

Investment income consists of dividend, interest and rental income on investment properties, realized gains and losses, and unrealized gains and losses on fair value assets.

Interest income

Interest income comprises amount calculated using effective interest method.

The Company calculates interest income on financial assets, other than those considered credit-impaired, by applying the EIR to the gross carrying amount of the financial asset.

Interest income is recognised in profit or loss as it accrues and is calculated by using the effective interest method. Fees and commissions that are an integral part of the effective yield of the financial asset or liability are recognised as an adjustment to the effective interest rate of the instrument.

The effective interest rate method

If expectations of fixed rate financial asset's cash flows are revised for reasons other than credit risk, the changes to future contractual cash flows

Summary of Significant Accounting Policies Contd

are discounted at the original EIR with a consequential adjustment to the carrying amount. The difference to the previous carrying amount is booked as a positive or negative adjustment to the carrying amount of the financial asset in the statement of financial position with a corresponding increase or decrease in interest income.

For floating-rate financial instruments, periodic re-estimation of cash flows to reflect the movements in the market rates of interest also alters the effective interest rate but when instruments were initially recognised at an amount equal to the principal, re-estimating the future interest payments does not significantly affect the carrying amount of the asset or the liability.

When a financial asset becomes credit-impaired and is therefore regarded as 'Stage 3', the Company calculates interest income by applying the EIR to the net amortised cost of the financial asset. If the financial assets cures (and is no longer credit-impaired, the Company reverts to calculating interest income on a gross basis.

Dividend income

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established. Dividends are received from financial assets measured at fair value through profit or loss (FVPL) and at fair value through other comprehensive income (FVOCI). Dividend income is recognised in profit or even if they are paid out of pre-acquisition profits, unless the dividend clearly represents a recovery of part of the cost of an investment. In this case, the dividend is recognised in OCI if it relates to an investment measured at FVOCI.

Rental income

Rental income is recognised on an accrual basis.

Realized gains and losses

Gains and losses on the sale of investments are calculated as the difference between net sales proceeds and carrying amount and are recorded in profit or loss on occurrence of the sale transaction.

Summary of Significant Accounting Policies Contd

Unrealised gains and losses

Unrealized gains or losses represent the difference between the carrying value at the year end and the carrying value at the previous year end or purchase value during the year, less the reversal of previously recognised unrealised gains and losses in respect of disposals during the year.

2.26 Benefits, claims and expenses recognition

2.26.1 Insurance Benefits and claims

Insurance claims include all claims occurring during the year, whether reported or not, related internal and external claims handling costs that are directly related to the processing and settlement of claims, a reduction for the value of salvage and other recoveries, and any adjustments to claims outstanding from previous years.

Reinsurance claims

The Company recognises reinsurance claims when the related gross insurance claims are recognised according to the terms of the relevant contracts.

2.26.2 Underwriting expenses

Underwriting expenses refer to all expenses, inclusive of net commissions, that are applicable to the servicing of net premiums written. These expenses encompass all that are incurred by an insurance company.

Underwriting expenses for insurance contracts are recognised as expense when incurred, with the exception of acquisition costs which are recognised on a time apportionment basis in respect of risk.

Acquisition costs comprise all direct and indirect costs arising from the writing of insurance contracts. Other underwriting expenses are those incurred in servicing existing policies/contract. These expenses are charged in the accounting period in which they are incurred.

Summary of Significant Accounting Policies Contd

2.26.3 Other expenses

All other operating expenses are recognised directly in profit or loss when incurred.

2.27 Fair value measurement

IFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e. an exit price). 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 to the Company.

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

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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 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.

Summary of Significant Accounting Policies Contd

The fair value of financial instruments that are actively traded in organized financial markets is determined by reference to quoted market bid prices for assets and offer prices for liabilities, at the close of business on the reporting date, without any adjustment for transaction costs.

For other financial instruments other than investment in equity instruments not traded in an active market, the fair value is determined by using appropriate valuation techniques. Valuation techniques include the discounted cash flow method, comparison to similar instruments for which market observable prices exist and other relevant valuation models. Their fair value is determined using a valuation model that has been tested against prices or inputs to actual market transactions and using the Company's best estimate of the most appropriate model assumptions.

For discounted cash flow techniques, estimated future cash flows are based on management's best estimates and the discount rate used is a market-related rate for a similar instrument. The use of different pricing models and assumptions could produce materially different estimates of fair values.

The fair value of floating rate and overnight deposits with credit institutions is their carrying value. The carrying value is the cost of the deposit and accrued interest. The fair value of fixed interest-bearing deposits is estimated using discounted cash flow techniques. Expected cash flows are discounted at current market rates for similar instruments at the reporting date. All transaction costs directly attributable to the acquisition are also included in the cost of the investment.

In the application of the Company's accounting policies, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Summary of Significant Accounting Policies Contd

Critical judgments in applying the Company's accounting policies

The following are the critical judgments, apart from those involving estimations (which are dealt with separately below), that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

Going Concern

The financial statements have been prepared on the going concern basis and there is no intention to curtail business operations. Capital adequacy, profitability and liquidity ratios are continuously reviewed and appropriate action taken to ensure that there are no going concern threats to the operation of the Company.

The Directors have made assessment of the Company's ability to continue as a going concern and have no reason to believe that the Company will not remain a going concern in the next 12 months ahead.

Insurance product classification and contract liabilities

The Company's non-life insurance contracts are classified as insurance contracts. As permitted by IFRS 4, assets and liabilities of these contracts are accounted for under previously applied GAAP.

Insurance contracts are those contracts when the Company (the insurer) has accepted significant insurance risk from another party (the policyholders) by agreeing to compensate the policyholders if a specified uncertain future event (the insured event) adversely affects the policyholders. As a general guideline, the Company determines whether it has significant insurance risk, by comparing benefits paid with benefits payable if the insured event did not occur. Insurance contracts can also transfer financial risk. Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its lifetime, even if the insurance risk reduces significantly during this period, unless all rights and obligations are extinguished or expire. Investment contracts can, however, be reclassified as insurance contracts after inception if insurance risk becomes significant.

Summary of Significant Accounting Policies Contd

Determining the lease term of contracts with renewal and termination options – Company as lessee

The Company 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 Company has several lease contracts that include extension and termination options. The Company 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 Company 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 Company included the renewal period as part of the lease term for leases of office spaces and plant and machinery with shorter non-cancellable period (i.e., three to five years) where this is expressly stated in the lease contract or enforceable at law per the lease contract. The Company typically exercises its option to renew for these leases because there will be a significant negative effect on its operation if a replacement asset is not readily available. The renewal periods for leases of office spaces are not included as part of the lease term as these are not reasonably certain to be exercised.

Furthermore, the periods covered by termination options are included as part of the lease term only when they are reasonably certain not to be exercised.

Property lease classification – Company as lessor

The Company has entered into commercial property leases on its investment property portfolio. The Company has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economic life of the commercial property and the present value of the minimum lease payments not amounting to substantially all of the fair value of the commercial property, that it retains all the significant risks and rewards of ownership of these properties and accounts for the contracts as operating leases.

Summary of Significant Accounting Policies Contd

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below:

Estimates are made for both the expected ultimate cost of claims reported and claims incurred but not reported (IBNR) at the reporting date. The estimate of IBNR is generally subject to a greater degree of uncertainty than that for reported claims. The ultimate cost of outstanding claims is estimated by using a range of standard actuarial claims projection techniques, such as the Chain Ladder, Stochastic reserving (Bootstrap) and Bornheutter-Ferguson methods.

The main assumption underlying these techniques is that a Company's past claims development experience can be used to project future claims development and hence ultimate claims costs. As such, these methods extrapolate the development of paid and incurred losses, average costs per claim and claim numbers based on the observed development of earlier years and expected loss ratios. Historical claims development is mainly analysed by accident years, but can also be further analysed by geographical area, as well as by significant business lines and claim types. Large claims are usually separately addressed, either by being reserved at the face value of loss adjuster estimates or separately projected in order to reflect their future development.

Valuation of liabilities of non-life insurance contracts

Additional qualitative judgement is used to assess the extent to which past trends may not apply in future, (e.g., to reflect one-off occurrences, changes in external or market factors such as public attitudes to claiming, economic conditions, levels of claims inflation, judicial decisions and legislation, as well as internal factors such as portfolio mix, policy features and claims handling procedures) in order to arrive at the estimated ultimate cost of claims that present the likely outcome from the range of possible outcomes, taking account of all the uncertainties involved.

Similar judgements, estimates and assumptions are employed in the assessment of adequacy of provisions for unearned premium. Judgement is also required in determining whether the pattern of insurance service provided by a contract requires amortisation of unearned premium on a basis other than time apportionment.

Summary of Significant Accounting Policies Contd

The carrying amount for non-life insurance contract liabilities at the reporting date is N14.9 billion (2021: N13.2 billion).

Fair value of financial instruments using valuation techniques

The Directors use their judgment in selecting an appropriate valuation technique. Where possible, financial instruments are marked at prices quoted in active markets. In the current market environment, such price information is typically not available for all instruments and the company uses valuation techniques to measure such instruments. These techniques use “market observable inputs” where available, derived from similar assets in similar and active markets, from recent transaction prices for comparable items or from other observable market data. For positions where observable reference data are not available for some or all parameters the company estimates the non-market observable inputs used in its valuation models.

Other financial instruments are valued using a discounted cash flow analysis based on assumptions supported, where possible, by observable market prices or rates although some assumptions are not supported by observable market prices or rates.

The carrying amount of financial assets designated as at the report date is N30.5 billion (31 December 2021: N23.9 billion).

Impairment under IFRS 9

The impairment requirements of IFRS 9 apply to all debt instruments that are measured at amortised cost.

The determination of impairment loss and allowance moves from the incurred credit loss model whereby credit losses are recognised when a defined loss event occurs under IAS 39, to expected credit loss model under IFRS 9, where expected credit losses are recognised upon initial recognition of the financial asset based on expectation of potential credit losses at the time of initial recognition. Under IFRS 9, The Company first evaluates individually whether objective evidence of impairment exists.

Staged Approach to the Determination of Expected Credit Losses

IFRS 9 outlines a three-stage model for impairment based on changes in credit quality since initial recognition. These stages are as outlined below:

Stage 1: The Company recognises a credit loss allowance at an amount equal to the 12 month expected credit losses. This represents the portion of lifetime expected credit losses from default events that are expected within 12 months of the reporting date, assuming that credit risk has not increased significantly after the initial recognition.

Summary of Significant Accounting Policies Contd

Stage 2: The Company recognises a credit loss allowance at an amount equal to the lifetime expected credit losses (LTECL) for those financial assets that are considered to have experienced a significant increase in credit risk since initial recognition. This requires the computation of ECL based on Lifetime probabilities of default that represents the probability of a default occurring over the remaining lifetime of the financial assets. Allowance for credit losses is higher in this stage because of an increase in credit risk and the impact of a longer time horizon being considered compared to 12 months in stage 1.

Stage 3: The Company recognises a loss allowance at an amount equal to life-time expected credit losses, reflecting a probability of default (PD) of 100% via the recoverable cash flows for the asset. For those financial assets that are credit impaired. The Company's definition of default is aligned with the regulatory definition. The treatment of the loans and other receivables in stage 3 remains substantially the same as the treatment of impaired financial assets under IAS 39 except for the portfolios of assets purchased or originated as credit impaired

The Company does not originate or purchase credit impaired loans or receivables.

The determination of whether a financial asset is credit impaired focuses exclusively on default risk, without taking into consideration the effect of credit risk mitigants such as collateral or guarantees. Specifically, the financial asset is credit impaired and in stage 3 when the Company considers the obligor is unlikely to pay its credit obligations to the company. The termination may include forbearance actions, where a concession has been granted to the borrower or economic or legal reasons that a qualitative indicators of credit impairment; or contractual payments of either principal or interest by the obligor are pass due by more than 90 days.

For financial assets considered to be credit impaired, the ECL allowance covers the amount of loss the Company is expected to suffer. The estimation of ECLs is done on a case by case basis for non-homogenous portfolios, or by applying portfolio based parameters to individual financial assets in this portfolios by the Company's ECL model for homogenous portfolios.

Forecast of future economic conditions when calculating ECLs are considered. The lifetime expected losses are estimated based on the probability – weighted present value of the difference between:

- 1) The contractual cash flows that are due to the Company under the contract; and
- 2) The cash flows that the Company expects to receive.

Summary of Significant Accounting Policies Contd

Elements of ECL models that are considered accounting judgements and estimates include:

- The Company's criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a LTECL basis and the qualitative assessment
- The development of ECL models, including the various formulas and the choice of inputs
- Determination of associations between macroeconomic scenarios and, economic inputs, such as unemployment levels and collateral values, and the effect on PDs, EADs and LGDs
- Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models.

Assessment and calculation of ECL

The level of estimation uncertainty has increased since 31 December 2019 as a result of the economic disruption and consequential impact of the Covid-19 pandemic. This includes significant judgements relating to:

- The selection and weighting of macro-economic scenarios;
- The effect of government and other support measures put in place to mitigate the negative economic impact;
- The uncertainty over the duration and severity of the effect of the pandemic as well as the timing and duration of the recovery;
- Determination of the impact of the macro-economic scenarios on ECL and whether the required parameters can be modelled given the unavailability of historical information for a similar event;
- Identification and assessment of significant increases in credit risk and impairment especially for counterparties who have received support under the various government and bank support schemes and the inherent limitations in data availability to facilitate a reliable segmentation

Impact on modelled ECL allowance

The Company's models have been constructed and calibrated using historical trends and correlations as well as forward looking economic scenarios. The severity of the current macro-economic projections and the added complexity caused by the various support schemes and regulatory guidance affecting different counterparties in the Company's investment and treasury operations could not be reliably modelled for the time being.

Summary of Significant Accounting Policies Contd

As a consequence, the existing models may generate results that are either overly conservative or overly optimistic depending on the specific portfolio/segment. As a result, post-model adjustments are needed. Given model changes take a significant amount of time to develop and test and the data limitation issues noted above, the Company expects that post model adjustments which results from the use of the most recent crises adjusted probability of default as published by Moody's for emerging markets will be applied for the foreseeable future.

Expected lifetime:

The expected life time of a financial asset is a key factor in determining the life time expected credit losses. Lifetime expected credit losses represents default events over the expected life of a financial asset. The company measures expected credit losses considering the risk of default over the maximum contractual period (including any borrower's extension option) over which it is exposed to credit risk.

Re-assessment of useful lives and residual values

The Company carries its property, plant and equipment at cost in the statement of financial position. The annual review of the useful lives and residual value of property, plant and equipment result in the use of significant management judgements.

Leases - Estimating the incremental borrowing rate

The Company 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 Company 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 Company 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease. The Company estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the Company's stand-alone credit rating).

4 Standards issued but not yet effective

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

Summary of Significant Accounting Policies Contd

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) which 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.

At its March 2020 meeting, the IASB tentatively decided to defer the effective date of IFRS 17 by two years, such that entities would apply the amended Standard for annual periods beginning on or after January 1, 2023. The IASB also tentatively decided on a consequential amendment to IFRS 4 Insurance Contracts to defer the fixed expiry date for the temporary exemption from applying IFRS 9 Financial Instruments, so that entities would be required to apply IFRS 9 for annual periods beginning on or after January 1, 2023. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17.

In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies for measurement purposes, IFRS 17 provides a comprehensive model (the general model) for insurance contracts, supplemented by the variable fee approach for contracts with direct participation features that are substantially investment-related service contracts, and the premium allocation approach mainly for short- duration which typically applies to non-life insurance contracts.

The main features of the new accounting model for insurance contracts are, as follows:

- **Identification of contracts in scope of IFRS 17**

The standard establishes principles for the recognition, measurement , presentation and disclosure of insurance contracts, reinsurance contracts and investment contracts with discretionary participatory features(DPF).

Summary of Significant Accounting Policies Contd

The Company has assessed whether its portfolio of insurance contracts needs to be treated as a single contract and if there exist any embedded derivatives investment components and goods and services components exist, which would have to be separated and accounted for under another standard. For insurance contract and reinsurance contracts held, the Company would be recalibrating all insurance contracts into IFRS 17 Groups as well as assessing the new and future policies at inception to align with the standard's requirements.

- **Level of aggregation**

Under IFRS 17, insurance contracts and investment contracts with DPF are aggregated into groups for the purpose of measurement. Groups of contracts written by the company are determined first by identifying portfolios of contracts comprising contracts subject to similar risk and managed together. Contracts in different product lines or issued by different entities are expected to be in different portfolios. Each portfolio is then divided into annual cohorts (i.e. by the year of issue) and each cohort into three groups - onerous contracts on initial recognition, contracts that on initial recognition have no significant possibility of becoming onerous subsequently and any remaining contract in the annual cohort.

The Company is applying a full retrospective approach for transition to IFRS 17. The portfolios are further divided by year of issue and profitability for recognition and measurement purposes.

Contracts within a portfolio that would fall into different groups only because law or regulation specifically constrains the company's practical ability to set a different price or level of benefits for policyholders with different characteristics are included in the same group.

On initial recognition, all new contracts are either added to existing group of contracts or, forms a new group to which future contracts may be added where it does not qualify for inclusion in already existing groups. Reinsurance contracts held are grouped such that each group comprises a single contract.

Summary of Significant Accounting Policies Contd

The profitability of groups of contracts is assessed by actuarial valuation models that take into consideration existing and new business. The Company assumes that no contracts in the portfolio are onerous at initial recognition unless facts and circumstances indicate otherwise. For contracts that are not onerous, the Company assesses, at initial recognition, that there is no significant possibility of becoming onerous subsequently by assessing the likelihood of changes in applicable facts and circumstances. The Company considers facts and circumstances to identify whether a group of contracts are onerous based on:

- Pricing information
- Results of similar contracts it has recognised
- Environmental factors, e.g., a change in market experience or regulations

The level of aggregation requirements of IFRS 17 limit the offsetting of gains on groups of profitable contracts which generally deferred as a CSM against losses on groups of onerous contracts, which are recognised immediately. Compared with the level at which the liability adequacy test is performed under IFRS 4 (i.e. portfolio of contracts level), the level of aggregation under IFRS 17 is more granular and is expected to result in more contracts being identified as onerous and losses on onerous contract being recognised sooner.

The Company plans to divide portfolios of reinsurance contracts held applying the same principles set out above, except that the references to onerous contracts refer to contracts on which there is a net gain on initial recognition. For some groups of reinsurance contracts held, a group can comprise a single contract.

- **Contract Boundaries**

Under IFRS 17, the measurement of groups of contracts includes all of the future cashflows within the boundary of each contract in the group. Compared with the current accounting, the company expects that for certain contracts the IFRS 17 contract boundary requirements will change the scope of cash flows to be included in the measurement of existing recognised contracts, as opposed to future unrecognised contracts. The period covered by the premiums within the contract boundary is the "coverage period", which is relevant when applying a number of IFRS 17 requirement.

Summary of Significant Accounting Policies Contd

For Insurance contracts, cashflows are within the contract boundary if they arise from substantive rights and obligations that exist during the reporting period in which the group can compel the policyholder to pay premiums or has a substantive obligation to provide services (including insurance coverage and investment services). The substantive obligation to provide services ends when the company has the practical ability to reassess the risk of the particular policyholder or portfolio that contains the contract and can set a price or levels of benefit that fully reflects those reassessed risks and the pricing of the premiums up to the reassessment date does not take into consideration risks that relate to periods after the reassessment date in the case of a portfolio. On the grounds that company's portfolio of insurance contracts have annual terms and assessed as guaranteed to be renewable each year while the company does not have the practical ability to reassess the risks of the policyholders at individual contract or portfolio level, the company accounts for the contracts as annual contracts and cash flows related to future renewals will be within the contract boundary.

Cash flows for reinsurance contracts are within the contract boundary if they arise from substantive rights and obligations that exist during the reporting period in which the company is compelled to pay amounts to the reinsurer or has a substantive right to receive services from the reinsurer. A Substantive right to receive services from the reinsurer ends when the reinsurer has the practical ability to reassess the risk transfers to it and can set a price or level of benefits that fully reflects those reassessed risk or has a substantive right to terminate the coverage.

- **Measurement - Overview**

The New standard introduces a building block measurement model based on the estimation of present value of future cash flows that are expected to arise as the company fulfils the contract, an explicit risk adjustment for non financial risk and a Contractual Service Margin (CSM)- General Model. Contracts are subjected to different requirements depending on whether they are classified as direct participatory contracts or contracts without direct participatory features. Direct participatory contracts are contracts that are substantially investment related service contracts under which the insurer promises an investment return based on underlying terms. Such contracts are measured using the variant of the General model- variable fee model.

An optional simplified measurement model called Premium Allocation Approach (PAA) is available for insurance and reinsurance contracts that meet the eligibility criteria. The Company has chosen to apply the PAA to all contracts as a Non life business underwriting company whose portfolio meets the criteria stated below at inception of her respective insurance and reinsurance contracts.

Summary of Significant Accounting Policies Contd

- The coverage period of each contract in the company is one year or less.
- The resulting measurement of the asset for remaining coverage is not materially different from the result of applying the general model.

On initial recognition of each group of Non life insurance contracts, the carrying amount of the liability for remaining coverage is measure at the premium received on the initial recognition as the group elects to recognise acquisition cashflows as expenses when they are incurred.

Subsequently, the liability for remining coverage is increased by any further premiums received and decreased by amount recognised as insurance revenue for services provided. The Company expects that the time between providing each part of the services and the related premium due date will not be more that one year and there fore will not adjust the liability for remining coverage to reflect the time value of money and effect of financial risk.

If at any time before or during the coverage period, facts and circumstances indicates that the group of contracts is onerous, the Company will recognise a loss in the statement of profit or loss and increase the liability for remaining coverage to the extent that the current estimates of the fulfilling cash flows that relates to remaining coverage exceed the carrying amount of the liability for remaining coverage. The fulfilment cashflows will be discounted(at current rates) if the liability for insured claims is also discounted.

The company will recognise the liability for insured claims of a group of contracts at the amount of the fulfilment cash flows relating to insured claims. The fulfilment cash flows will be discounted (at current rates) unless they are expected to be paid in one year or less from the date the claims are incurred.

The company will apply the same accounting policies to measure a group of reinsurance contracts, adapted where necessary to reflect features that differ from those of insurance contracts.

Estimates of future cash flows

In estimating future cash flows, the Company will incorporate, in an unbiased way, all reasonable and supportable information that is available without undue cost or effort at the reporting date. This information includes both internal and external historical data about claims and other experience, updated to reflect current expectations of future events.

Summary of Significant Accounting Policies Contd

The estimates of future cash flows will reflect the Company's view of current conditions at the reporting date, as long as the estimates of any relevant market variables are consistent with observable market prices. When estimating future cash flows, the Company will take into account current expectations of future events that might affect those cash flows. However, expectations of future changes in legislation that would change or discharge a present obligation or create new obligations under existing contracts will not be taken into account until the change in legislation is substantively enacted.

Cash flows within the boundary of a contract are those that relate directly to the fulfilment of the contract, including those for which the Company has discretion over the amount or timing. These include payments to (or on behalf of) policyholders, insurance acquisition cash flows and other costs that are incurred in fulfilling contracts. Insurance acquisition cash flows and other costs that are incurred in fulfilling contracts comprise both direct costs and an allocation of fixed and variable overheads.

Cash flows will be attributed to acquisition activities, other fulfilment activities and other activities at local entity level using activity-based costing techniques. Cash flows attributable to acquisition and other fulfilment activities will be allocated to groups of contracts using methods that are systematic and rational and will be consistently applied to all costs that have similar characteristics. The company will generally allocate insurance acquisition cash flows to groups of contracts based on the total premiums for each group, claims handling costs based on the number of claims for each group, and maintenance and administration costs based on the number of in-force contracts in each group.

Discount rates

The Company will generally determine risk-free discount rates using the observed yield curves for bond rated banks (adjusted for the bank's credit risk) or government bond yields will be used. The yield curve will be interpolated between the last available market data point and an ultimate forward rate, which reflects long-term real interest rate and inflation expectations. Although the ultimate forward rate will be subject to revision, it is expected to be updated only on significant changes to long-term expectations. To reflect the liquidity characteristics of the contracts, the risk-free yield curves will be adjusted by an illiquidity premium. Illiquidity premiums will generally be determined by comparing the spreads on corporate bonds with the costs of credit default swaps with matching critical terms for the same issuer.

Under IFRS 17, the company will discount the future cash flows when measuring liabilities for incurred claims, unless they are expected to occur in one year or less from the date on which the claims are incurred. The company does not currently discount such future cash flows. This will have an increasing impact on equity on transition to the new standard.

Summary of Significant Accounting Policies Contd

Measurement - Premium Allocation Approach

The company have assessed all options and practical expedients available in IFRS 17 and is currently assessing it positions on the options below:

Alternatives	IFRS 17 Options	Adopted approach
Premium Allocation Approach (PAA) Eligibility	Subject to specified criteria, the PAA can be adopted as a simplified approach to the IFRS 17 general model	Coverage period for the non life business portfolios especially property insurance and liability reinsurance) are one year or less and so qualifies automatically for PAA. Though policies under Engineer class of business which include erection and contractor all risk insurance may have coverage period greater than one year. However, there is no material difference in the measurement of the liability for remaining coverage between PAA and the general model, therefore, these qualify for PAA.
Insurance acquisition cash flows for insurance contracts issued	Where the coverage period of all contracts within a group is not longer than one year, insurance acquisition cash flows can either be expensed as incurred, or allocated, using a systematic and rational method, to groups of insurance contracts (including future groups containing insurance contracts that are expected to arise from renewals) and then amortised over the coverage period of the related group. For groups containing contracts longer than one year, insurance acquisition cash flows must be allocated to related groups of insurance contracts and amortised over the coverage period of the related group.	For one-year property business, insurance acquisition cash flows are expensed as incurred. For all other business, insurance acquisition cash flows are allocated to related groups of insurance contracts and amortised over the coverage period of the related group

Summary of Significant Accounting Policies Contd

Alternatives	IFRS 17 Options	Adopted approach
Liability for Remaining Coverage (LFRC), adjusted for financial risk and time value of money	<p>Where there is no significant financing component in relation to the LFRC, or where the time between providing each part of the services and the related premium due date is no more than a year, an entity is not required to make an adjustment for accretion of interest on the LFRC.</p> <p>The company have assessed all options and practical expedients available in IFRS 17 and is currently assessing it positions on the options below:</p>	<p>For contactor all risk and erection insurance, an allowance is made for accretion of interest on the LFRC.</p> <p>For all other business, there is no allowance as the premiums are received within one year of the coverage period.</p>
Liability for Incurred Claims, (LFIC) adjusted for time value of money"	Where claims are expected to be paid within a year of the date that the claim is incurred, it is not required to adjust these amounts for the time value of money.	<p>For some claims within the property product line, the incurred claims are expected to be paid out in less than one year. Hence, no adjustment is made for the time value of money.</p> <p>For all other business, the LFIC is adjusted for the time value of money</p>
Insurance finance income and expense	There is an option to disaggregate part of the movement in LFIC resulting from changes in discount rates and present this in OCI.	For all non life business, the change in LFIC as a result of changes in discount rates will be captured within profit or loss.

Summary of Significant Accounting Policies Contd

Transition stage

The Company has formalized its IFRS 17 implementation road map in line with the regulatory guidance as issued by its industry regulator - National Insurance Commission (NAICOM). It has performed gap analysis, financial and operational impact assessment, and is in the process of deploying the required software solution in readiness for full implementation of IFRS 17.

Changes in accounting policies resulting from the adoption of IFRS 17 will be applied using a full retrospective approach to the extent practicable. Under the full retrospective approach, the company is presently in the process detailed below to arrive at a position as at 1 January 2023:

- Identify, recognise and measure each group of insurance contracts as if IFRS 17 had always applied
- Identify, recognise and measure assets for insurance acquisition cash flows as if IFRS 17 has always applied. At transition date, a recoverability assessment will be performed and impairment loss identified recognised
- Derecognised any existing balances that would not exist had IFRS 17 always applied
- Recognised any resulting net difference in equity

Impact assessment

Although the PAA is similar to the Company's current accounting treatment when measuring liabilities for remaining coverage, the following changes are expected in the accounting for the company's portfolio of insurance contracts: "

Under IFRS 17, the company will discount the future cash flows when measuring liabilities for incurred claims, unless they are expected to occur in one year or less from the date on which the claims are incurred. The company does not currently discount such future cash flows. This will have an increasing impact on equity on transition to the new standard.

The New standard also require that the fulfilment cash flows be adjusted for non financial risk (risk adjustment) to reflect the compensation that the company would require for bearing non financial risk and its degree of risk aversion which is different from current practice. The risk adjustment will be

Summary of Significant Accounting Policies Contd

determined using confidence level technique based on probability distribution of the expected present value of the future cashflows from the contracts at each reporting date and calculate a risk adjustment as an excess of the value at risk at the target confidence level over the expected present value of the future cash flows allowing for the associated risks over all future years. This is expected to have a decreasing impact on equity at transition.

Based on the Company's assessment undertaken to date, the Company estimates that the initial application of IFRS 17 will have the following impacts on its financial statements:

- The total adjustment (after tax) to the balance of the company's total equity is estimated to be a reduction of N1.3 billion at 1 January 2023 and N1.16 billion at 1 January 2022
- Profit after tax will reduce by N0.2 billion as a result. The Company will restate comparative information on adoption of IFRS 17.

The preliminary assessment above is based on transition work done so far. The actual impact of adopting the standard on 1 January 2023 and 2022 may change because the company is still refining the new accounting processes and internal controls required for the application of the standard, testing and assessing its controls over the new IT systems, changes in governance framework is still ongoing and the new accounting policies, assumptions and judgements and estimation techniques employed so far are subject to change until the company finalises its first financial statements that include the date of initial application.

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

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 only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification
- That classification is unaffected by the likelihood that an entity will exercise its deferral right

Summary of Significant Accounting Policies Contd

The Board decided that if an entity's right to defer settlement of a liability is subject to the entity complying with specified conditions, the entity has a right to defer settlement of the liability at the end of the reporting period if it complies with those conditions at that date. The amendments also clarify that the requirement for the right to exist at the end of the reporting period applies regardless of whether the lender tests for compliance at that date or at a later date.

The amendments also clarify that the requirement for the right to exist at the end of the reporting period applies regardless of whether the lender tests for compliance at that date or at a later date. In cases where a conversion option is classified as a liability or part of a liability, the transfer of equity instruments would constitute settlement of the liability for the purpose of classifying it as current or non-current. Only if the conversion option itself is classified as an equity instrument would settlement by way of own equity instruments be disregarded when determining whether the liability is current or noncurrent.

Unchanged from the current standard, a rollover of a borrowing is considered the extension of an existing liability and is therefore not considered to represent 'settlement'.

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

Definition of Accounting Estimates - Amendments to IAS 8

In February 2021, the Board issued amendments to IAS 8, in which it introduces a new definition of 'accounting estimates'. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

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.

Summary of Significant Accounting Policies Contd

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 is intended to provide preparers of financial statements with greater clarity as to the definition of accounting estimates, particularly in terms of the difference between accounting estimates and accounting policies. Although the amendments are not expected to have a material impact on Custodian and Allied Insurance Limited's financial statements, they should provide helpful guidance for entities in determining whether changes are to be treated as changes in estimates, changes in policies, or errors.

The amendments apply to changes in accounting policies and changes in accounting estimates that occur on or after 1 January 2023. Earlier application is permitted.

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

In May 2021, the Board issued amendments to IAS 12, which narrow the scope of the initial recognition exception under IAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences with effect from annual periods beginning on or after 1 January, 2023.

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

Under the amendments, the initial recognition exception does not apply to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. It only applies if the recognition of a lease asset and lease liability (or decommissioning liability and decommissioning asset component) give rise to taxable and deductible temporary differences that are not equal.

Summary of Significant Accounting Policies Contd

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

An entity is expected to apply the amendments to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period presented, it should also recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for all deductible and taxable temporary differences associated with leases and decommissioning obligations. This amendments will currently have no impact on the Company's financial statements, and it is effective for annual reporting periods beginning on or after 1 January 2023

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

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 disclosures

In the absence of a definition of the term 'significant' in IFRS, the Board decided to replace it with 'material' in the context of disclosing accounting policy information. 'Material' is a defined term in IFRS and is widely understood by the users of financial statements, according to the Board. In assessing the materiality of accounting policy information, entities need to consider both the size of the transactions, other events or conditions and the nature of them.

Summary of Significant Accounting Policies Contd

Earlier application of the amendments to IAS 1 is permitted as long as this fact is disclosed. Since the amendments to the PS provide non-mandatory guidance on the application of the definition of material to accounting policy information, the Board concluded that transition requirements and an effective date for these amendments were not necessary

The amendments are effective for annual periods beginning on or after 1 January 2023 and may impact the accounting policy disclosures of the Company. Determining whether accounting policies are material or not requires use of judgement. There is the need to carefully consider whether 'standardised information, or information that only duplicates or summarises the requirements of the IFRSs' is material information and, if not, whether it should be removed from the accounting policy disclosures to enhance the usefulness of the financial statements. Therefore, the Company will revisit their accounting policy information disclosures to ensure consistency with the amended standard.

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

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

After the commencement date in a sale and leaseback transaction, the seller-lessee applies paragraphs 29 to 35 of IFRS 16 to the right-of-use asset arising from the leaseback and paragraphs 36 to 46 of IFRS 16 to the lease liability arising from the leaseback. In applying paragraphs 36 to 46, the seller lessee determines 'lease payments' or 'revised lease payments' in such a way that the seller-lessee would not recognise any amount of the gain or loss that relates to the right of use retained by the seller-lessee. Applying these requirements does not prevent the seller-lessee from recognising, in profit or loss, any gain or loss relating to the partial or full termination of a lease, as required by paragraph 46(a) of IFRS 16.

Summary of Significant Accounting Policies Contd

The amendment does not prescribe specific measurement requirements for lease liabilities arising from a leaseback. The initial measurement of the lease liability arising from a leaseback may result in a seller-lessee determining 'lease payments' that are different from the general definition of lease payments in Appendix A of IFRS 16. The seller-lessee will need to develop and apply an accounting policy that results in information that is relevant and reliable in accordance with IAS 8.

The amendments are not expected to have significant impact on the financial statements of the company as the company is not a seller lessee on any of its lease agreements. Where it becomes a seller lessee in any lease agreement in annual reporting periods beginning on or after 1 January 2024, the amendments will be applied.

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- ✧ Financials
 - ✧ ERM Framework Report

Statement of Financial Position

As at 31 December, 2022

	Notes	2022 N'000	2021 N'000
Assets			
Cash and cash equivalents	1	8,793,947	8,808,248
Financial assets	2	30,489,808	23,947,860
Trade receivables	3	365,397	109,967
Reinsurance assets	4	8,764,226	7,826,349
Deferred acquisition costs	5	876,794	673,104
Other receivables and prepayments	6	398,317	297,262
Investment properties	7	3,676,770	3,676,770
Property, plant and equipment	8	232,664	303,954
Right of use assets	9	1,044	7,221
Intangible assets	10	946	3,427
Statutory deposits	11	300,000	300,000
Total assets		53,899,913	45,954,162
Liabilities			
Insurance contract liabilities	12	14,978,873	13,160,983
Trade payables	13	9,734,610	6,951,553
Other payables and accruals	14	1,576,551	1,493,142
Deferred income	15	439,170	325,955
Current income tax payable	16.2	1,361,495	836,792
Deferred tax liabilities	17	672,831	753,816
Total liabilities		28,763,530	23,522,241
Equity			
Share capital	18.2	10,000,000	7,000,000
Share premium	18.2	84,607	84,607
Statutory contingency reserve	19.1	10,000,000	10,000,000
Retained earnings	19.2	4,618,546	4,970,380
Fair value reserve	19.3	433,230	376,934
Total equity attributable to Owners		25,136,383	22,431,921
Total liabilities and equity		53,899,913	45,954,162

Total liabilities and equity

These financial statements were approved by the Board of Directors and authorized for issue on 15 February 2023 and signed on its behalf by:



Mr. Richard Asabia
Director
FRC/2013/CISN/00000004762



Edeki Isujeh
Managing Director
FRC/2020/003/00000022391



Friday Nwachukwu
Chief Financial Officer
FRC/2013/ICAN/00000002207

The accompanying summary of significant accounting policies and notes to the financial statements form an integral part of these financial statements.

Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December, 2022

	Notes	2022 N'000	2021 N'000
Gross premium written		37,982,979	34,437,522
(Increase)/Decrease in Unearned Premium Reserve		(1,453,061)	(682,342)
Gross premium income	20	36,529,918	33,755,180
Premiums ceded to reinsurers	4.1, 21	(25,499,140)	(23,328,860)
Net premium income		11,030,778	10,426,320
Fees and commission income	22	1,681,774	1,610,329
Net underwriting income		12,712,552	12,036,649
Claims expenses:			
Gross benefits and claims expenses	23.1	(6,448,295)	(6,309,938)
Claims expenses ceded to reinsurers	23.2	1,917,699	1,637,141
Net claims expenses		(4,530,596)	(4,672,797)
Underwriting expenses	24	(3,366,227)	(2,942,997)
Total underwriting expenses		(7,896,823)	(7,615,794)
Underwriting profit		4,815,729	4,420,855
Interest income	25	2,984,910	2,374,677
Other investment and sundry income	26	468,152	159,938
Net realised gain/(loss)	27	31,454	(211,808)
Fair value gain	28	5,955	31,028
Foreign exchange gain	29	2,433,292	2,287,869
Impairment loss charge	30	(495,121)	(27,928)
Management expenses	31	(4,123,207)	(4,011,947)
Profit before income tax expense		6,121,164	5,022,684
Income tax expense	16	(884,612)	(580,679)
Profit for the year		5,236,552	4,442,005
Other Comprehensive Income:			
Other comprehensive income not to be reclassified to profit or loss in subsequent periods(net of tax):			
Net gain on equity instruments designated at fair value through other comprehensive income	32	267,910	115,010
Other comprehensive profit for the year, net of tax		267,910	115,010
Total comprehensive income for the year, net of tax		5,504,462	4,557,015
Earnings per share:			
Basic (kobo)	34	33	32
Diluted (kobo)	34	33	32

The accompanying summary of significant accounting policies and notes to the financial statements form an integral part of these financial statements.

Statement of Changes In Equity

For the period ended 31 December, 2022

	Attributable to equity holders					
	Issued and paid -up share capital N'000	Share Premium N'000	Statutory Contingency Reserve N'000	Retained Earnings N'000	Fair value reserve N'000	Total Equity N'000
For the year ended 31 December 2022						
At 1 January 2022	7,000,000	84,607	10,000,000	4,970,380	376,934	22,431,921
Profit for the year	-	-	-	5,236,552	-	5,236,552
Other comprehensive income, net of tax (Note 32)	-	-	-	-	267,910	267,910
Total Comprehensive income	-	-	-	5,236,552	267,910	5,504,462
Issue of shares (Note 18.2)	3,000,000	-	-	(3,000,000)	-	-
Dividend for last financial result (2021) (Note 35)	-	-	-	(1,400,000)	-	(1,400,000)
Interim dividend (for current year) (Note 35)	-	-	-	(1,400,000)	-	(1,400,000)
Transfer of fair value reserve of equity instruments designated at FVOCI (Note 19.2)	-	-	-	211,614	(211,614)	-
At 31 December 2022	10,000,000	84,607	10,000,000	4,618,546	433,230	25,136,383
For the year ended 31 December 2021						
At 1 January 2021	7,000,000	84,607	9,394,735	3,793,640	261,924	20,534,906
Profit for the year	-	-	-	4,442,005	-	4,442,005
Other comprehensive income, net of tax (Note 32)	-	-	-	-	115,010	115,010
Total Comprehensive income	-	-	-	4,442,005	115,010	4,557,015
Issue of shares (Note 18.2)	-	-	-	-	-	-
Dividend for last financial result (2020) (Note 35)	-	-	-	(1,260,000)	-	(1,260,000)
Interim dividend (for current year) (Note 35)	-	-	-	(1,400,000)	-	(1,400,000)
Transfer of fair value reserve of equity instruments designated at FVOCI (Note 19.2)	-	-	-	-	-	-
Transfer between reserves (Note 19)	-	-	605,265	(605,265)	-	-
At 31 December 2021	7,000,000	84,607	10,000,000	4,970,380	376,934	22,431,921

The accompanying summary of significant accounting policies and notes to the financial statements form an integral part of these financial statements.

Statement of Cash Flows

For the year ended 31 December, 2022

		2022 N'000	2021 N'000
Cash flows from operating activities	Notes		
Premiums received from policyholders		33,361,501	33,887,187
Premiums received in respect of future policies	13	6,564,236	4,366,048
Reinsurance premium paid during the year		(26,276,514)	(23,867,595)
Minimum deposit on premium paid	4.5	(69,739)	(31,384)
Cash payments to and on behalf of employees	31.2	(830,768)	(843,034)
Staff loan disbursed during the year	6.1	(109,900)	(125,600)
Staff loan repayment during the period	6.1	73,791	77,993
Other operating cash paid		(1,229,254)	(2,768,884)
Commissions received	15	1,794,989	1,670,186
Commissions paid		(2,601,136)	(1,655,254)
Maintenance cost paid	24	(418,883)	(358,543)
Claims and benefits paid	12.2	(6,083,466)	(5,645,775)
Claims and benefit received	23.3	1,852,784	1,632,858
Cash flows generated from operating activities		6,027,641	6,338,203
Income tax paid	16.2	(335,858)	(437,140)
Net cash provided by operating activities	37	5,691,783	5,901,063
Cash flows from investing activities			
Purchase of property, plant and equipment	8	(58,471)	(215,356)
Purchase of intangible software	10	-	(328)
Addition to right of use asset	9	-	(6,354)
Addition to investment properties	7	(25,952)	(21,947)
Proceeds on disposal of property, plant and equipment		3,782	11,368
Interest income received		2,254,292	1,758,712
Rental income received	15	66,500	66,500
Dividend income received	26	260,144	77,351
Proceeds on disposal of investments	2.5	2,849,458	4,127,148
Purchase of investments	2.5	(8,756,059)	(10,883,865)
Proceed from redemption of financial assets measured at amortised costs	2.5	470,180	7,359,747
Net cash (used in) / providedby investing activities		(2,936,126)	2,272,976
Cash flows from financing activities			
Dividends paid to shareholders		(2,800,000)	(2,660,000)
Net cash used in financing activities		(2,800,000)	(2,660,000)
Net (decrease)/ increase in cash and cash equivalents		(44,343)	5,514,039
Net foreign exchange difference		30,042	(212,536)
Cash and cash equivalents at 1 January		8,808,248	3,506,745
Cash and cash equivalents at 31 December	1	8,793,947	8,808,248

The accompanying summary of significant accounting policies and notes to the financial statements form an integral part of these financial statements.

Notes To The Financial Statements

	Notes	31-Dec-2022 N'000	31-Dec-2021 N'000
1 Cash and cash equivalents			
Cash and bank balances	1.1	1,373,487	1,937,565
Short-term deposits	1.2	7,558,039	7,041,514
		<u>8,931,526</u>	<u>8,979,079</u>
Less: Allowance for credit losses	1.3	(137,579)	(170,831)
Cash and cash equivalents(per statement of cash flows)		<u>8,793,947</u>	<u>8,808,248</u>
1.1 Cash and banks is made up of the following:			
Cash on hand		56	57
Balances held with local banks		715,221	539,027
Balances held in domiciliary accounts		658,210	1,398,481
	1.3	<u>1,373,487</u>	<u>1,937,565</u>
Less: Allowance for credit losses	1.3	(22,708)	(34,364)
Total Cash and banks		<u>1,350,779</u>	<u>1,903,201</u>
Interest income on bank accounts held with banks amounted to N0.2m (2021: N0.2m). See note 25 to the financial statements.			
1.2 Short term deposit is made up of:			
Call deposits	1.3	6,747	4,570
Term deposits	1.3	7,551,292	7,036,944
		<u>7,558,039</u>	<u>7,041,514</u>
Less: Allowance for credit losses		(114,871)	(136,467)
		<u>7,443,168</u>	<u>6,905,047</u>

Interest income on calls and term deposits with banks amounted to N330.8m (2021: N234.9m). See note 25 to the financial statements.

Cash and cash equivalents comprise cash and short-term deposits with an original maturity of three months or less, net of outstanding bank overdrafts(if any).

The carrying amount of these assets is approximately equal to their fair value. Cash and cash equivalents at the end of the reporting period as shown in the statement of cash flows can be reconciled to the related items in the reporting position as shown above. Short-term deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Company. All deposits are subject to an average variable interest rate of 9% per annum (2021: 6%).

Notes To The Financial Statements Contd

1.3 Impairment loss on cash and cash equivalents

An analysis of the gross carrying amount and corresponding ECLs is as follows:

	31-Dec-22			
	Stage 1 Individual N'000	Stage 2 Individual N'000	Stage 3 Individual N'000	Total N'000
Gross carrying amount				
Cash on hand	56	-	-	56
Balances held with local banks and domiciliary accounts (Note 1.1)	1,373,431	-	-	1,373,431
Call deposits (Note 1.2)	6,747	-	-	6,747
Term deposits (Note 1.2)	7,551,292	-	-	7,551,292
	8,931,526	-	-	8,931,526
Expected credit losses				
Cash on hand	-	-	-	-
Balances held with local banks and domiciliary accounts (Note 1.1)	22,708	-	-	22,708
Call deposits (Note 1.2)	114	-	-	114
Term deposits (Note 1.2)	114,757	-	-	114,757
	137,579	-	-	137,579

Notes To The Financial Statements Contd

1.3 Impairment loss on cash and cash equivalents - continued

An analysis of the gross carrying amount and corresponding ECLs is as follows:

	31-Dec-21			
	Stage 1 Individual N'000	Stage 2 Individual N'000	Stage 3 Individual N'000	Total N'000
Gross carrying amount				
Cash on hand	57	-	-	57
Balances held with local banks and domiciliary accounts (Note 1.1)	1,937,508	-	-	1,937,508
Call deposits (Note 1.2)	4,570	-	-	4,570
Term deposits (Note 1.2)	7,036,944	-	-	7,036,944
	8,979,079	-	-	8,979,079
Expected credit losses				
Cash on hand	-	-	-	-
Balances held with local banks and domiciliary accounts (Note 1.1)	34,364	-	-	34,364
Call deposits (Note 1.2)	114	-	-	114
Term deposits (Note 1.2)	136,353	-	-	136,353
	170,831	-	-	170,831

1.3a Analysis of impairment allowance on cash and cash equivalents

	Notes	31-Dec-22 N'000	31-Dec-21 N'000
Gross carrying amount			
At 1 January		170,831	70,728
Writeback during the year	30	-	-
Charged for the year	30	(50,642)	100,658
Foreign exchange adjustments	29	17,390	(556)
At 31 December		137,579	170,831

Foreign exchange adjustments relating to impairment allowance on cash and cash equivalents above are reported in net unrealised loss on foreign bank balances and deposits in Note 28.2.

Notes To The Financial Statements Contd

1.3b An analysis of changes in the gross carrying amount and corresponding ECLs is as follows:

	2022							
	Stage 1		Stage 2		Stage 3		Total	
	Gross carrying amount N'000	ECL N'000	Gross carrying amount N'000	ECL N'000	Gross carrying amount N'000	ECL N'000	Gross carrying amount N'000	ECL N'000
Cash and cash equivalents								
As at 1 January 2022	8,979,079	170,831	-	-	-	-	8,979,079	170,831
New assets purchased	5,445,610	83,883	-	-	-	-	5,445,610	83,883
Assets derecognised or matured (excluding write-offs)	(6,622,116)	(102,005)	-	-	-	-	(6,622,116)	(102,005)
Amounts written off	-	-	-	-	-	-	-	-
Changes to models and inputs used for ECL calculations	-	2,261	-	-	-	-	-	2,261
Unrealised foreign exchange adjustments	1,128,953	(17,390)	-	-	-	-	1,128,953	(17,390)
At 31 December 2022 (Note 1)	8,931,526	137,579	-	-	-	-	8,931,526	137,579

	2021							
	Stage 1		Stage 2		Stage 3		Total	
	Gross carrying amount N'000	ECL N'000	Gross carrying amount N'000	ECL N'000	Gross carrying amount N'000	ECL N'000	Gross carrying amount N'000	ECL N'000
As at 1 January 2021	3,577,473	70,728	-	-	-	-	3,577,473	70,728
New assets purchased	7,015,948	138,708	-	-	-	-	7,015,948	138,708
Assets derecognised or matured (excluding write-offs)	(1,642,447)	(32,472)	-	-	-	-	(1,642,447)	(32,472)
Amounts written off	-	-	-	-	-	-	-	-
Changes to models and inputs used for ECL calculations	-	(5,578)	-	-	-	-	-	(5,578)
Unrealised foreign exchange adjustments	28,105	(556)	-	-	-	-	28,105	(556)
At 31 December 2021 (Note 1)	8,979,079	170,831	-	-	-	-	8,979,079	170,831

During the year, there were no transfers between stages (2021: nil). The total Income Statement (writeback)/charge for the allowance for ECL on cash and cash equivalents for the year was N50.6 million (2021: N100.6 million). Related foreign exchange adjustments are reported as part of net unrealised (loss)/gain on foreign exchange in note 29.

Notes To The Financial Statements Contd

2. Financial Assets

Below is an analysis of the Company's financial assets	Notes	31-Dec-2022 ₹'000	31-Dec-2021 ₹'000
Equity : Fair Value through profit or loss (FVTPL)	2.1	870,360	913,131
Equity : Fair Value through OCI (FVTOCI)	2.2	1,760,920	885,415
Debt instruments measured at amortised cost:			
Federal government bonds		13,987,908	10,731,363
State government bonds		643,271	708,195
Corporate bonds		13,296,687	10,720,821
Other debt securities - term deposits		259,361	264,587
Impairment losses on financial assets measured at amortised cost	2.4	(328,699)	(275,652)
Total debt instruments measured at amortised cost	2.3	27,858,528	22,149,314
		<u>30,489,808</u>	<u>23,947,860</u>

2.1 Equity : Fair Value through Profit or Loss (FVTPL)

The Company's fair value through profit or loss (FVTPL) financial assets consist of investment in quoted equities of entities whose stock are actively traded on the stock exchange. The investments are held primarily for trading purposes and are fair valued frequently. The Fair values of these equities are determined by reference to published price quotations in an active market. The resulting fair value adjustments are recorded in the profit or loss.

Notes To The Financial Statements Contd

2.1 Equity : Fair Value through Profit or Loss (FVTPL) contd

Listed Equities	31-Dec-2022 N'000	31-Dec-2021 N'000
Dangote Cement Plc	32,625	32,125
Dangote Sugar Refinery Plc	8,025	8,700
FBN Holdings Plc	117,175	122,550
Flour Mills Nig. Plc.	17,452	17,422
GTCO Plc	88,169	42,469
Stanbic Ibtc Holdings Plc	-	11,028
Tourist Company of Nigeria Plc.	8,988	8,987
United Bank for Africa Plc	-	20,125
Union Homes Savings and Loans Plc.	48	48
Zenith Bank Plc	208,140	303,435
	480,622	566,889
Managed Funds		
ARM Aggressive Fund	27,705	25,101
ARM Discovery Fund	12,103	10,881
Coral Growth Fund	85,483	77,494
FBN Heritage Fund	112,493	86,990
Stanbic IBTC Bond Fund	122,515	117,785
Zenith Equity Fund	29,439	27,991
	389,738	346,242
 Total FVTPL Financial assets	 Note 2.5	
	870,360	913,131

The reconciliation of movement in financial assets above is contained in Note 2.5.

Notes To The Financial Statements Contd

2.1 Analysis of fair value gains on FVTPL financial assets

	Notes	31-Dec-2022 N'000	31-Dec-2021 N'000
Unrealised gain on equities at FVTPL	28	31,907	13,383
Net realised gain on equities at FVTPL	27	1,412	728
		<u>33,319</u>	<u>14,111</u>

The Company received dividends of N31.9million on equity holdings reported as fair valued through profit or loss during the year(2021: N45.5million). See note 2.7.

2.2 Equity : Fair Value through Other Comprehensive Income (FVTOCI)

Equity instruments designated at fair value through other comprehensive income include investments in equity shares of non listed companies and other OTC traded equities. The Company holds non controlling interest (between 2% and 9%) in these companies. These investments were irrevocably designated at fair value through OCI as the Company considers these investments to be strategic in nature.

The fair values of the non listed equities are determined using either income or market approach (See Note 44.1- Valuation bases) while fair value of OTC listed equities are determined by reference to the published price quotation in the active market. The resulting fair value adjustments of all equities designated at fair value through other comprehensive income(FVTOCI) are recorded in other comprehensive income.

Notes To The Financial Statements Contd

2.2		31-Dec-2022 N'000	31-Dec-2021 N'000
	ARM Properties Plc.	8,800	8,800
	Friesland Wamco Nig. Plc.	3,183	5,596
	ARM Hospitality Fund	207,369	119,482
	African Reinsurance Corporation	263,060	241,473
	Energy and Allied Insurance Pool of Nigeria	293,171	285,065
	Interswitch Limited	923,000	-
	Mainstreet Technologies Limited	-	173,171
	WSTC Financial Services Limited	62,337	51,828
	Total FVTOCI Financial assets	1,760,920	885,415
	Note 2.5		

The reconciliation of movement in financial assets above is contained in Note 2.5.

The Company received dividends of N228.2million on equity shares designated as FVTOCI during the year(2021: N31.9million). See note 2.7.

Notes To The Financial Statements Contd

2.3 Debt instruments at amortised cost

	Credit Rating	31-Dec-2022 N'000	31-Dec-2021 N'000
Federal Government Debt Securities			
FGN Naira Bonds			
FGN Bond 14.5% July 2021	B3/Moody's	-	-
FGN Bond 12.75% Apr 2023	B3/Moody's	646,837	649,718
FGN Bond 12.5% 22 Jan 2026	B3/Moody's	601,096	601,934
FGN Bond 13.98% 23 Feb 2028	B3/Moody's	2,352,263	2,372,828
FGN Bond 12.15% 18 JUL 2034	B3/Moody's	225,075	225,674
FGN Bond 12.5% 27 MAR 2035	B3/Moody's	387,316	386,861
Impairment allowance of FGN NGN Bonds		(4,155)	(4,714)
a		4,208,432	4,232,301
FGN Eurobonds			
NIGERIA 7.625% 21-Nov-2025	B3/Moody's		2,391,454
NIGERIA 8.375% 21-Mar-2029	B3/Moody's	937,301	
NGERIA 7.143% 23-Feb-2030	B3/Moody's	1,395,989	1,309,735
NGERIA 8.747% 23-Feb-2031	B3/Moody's	7,442,031	2,793,158
Impairment allowance on FGN Euro Bonds		(119,019)	(89,224)
b		9,656,302	6,405,123
c=a+b		13,864,734	10,637,424
State Government Debt Securities			
ONDO 15.50% 14 FEB 2022	A-/ Augusto	-	3,667
ONDO 13% 30-JAN-2027	A-/ Augusto	392,321	453,577
LAGOS IIA 13.00% 20 DEC-2031	A+/Augusto	250,950	250,951
Impairment on State Bonds		(1,357)	(1,441)
d		641,914	706,754

Notes To The Financial Statements Contd

2.3

	Credit Rating	31-Dec-2022 N'000	31-Dec-2021 N'000
Corporate Debt Securities			
FCMB I 14.25% 20-NOV-2021	B2/Moody's	-	-
PRIMERO BRT-SPV 17.00%15-MAY-2026	Bbb-/Agusto	272,306	234,110
FLOURMILLS IIIB 11.10% 27-FEB-2025	A/Agusto	259,839	259,870
NOVAMBL SPV I 12.00% 23-JUL-2027	Bbb-/Agusto	37,030	37,032
LAPO MFB II 13.00% 30-MAR-2025	Bbb+/ Agusto	311,122	311,633
FBNQ SPV I 10.50% 5-FEB-2023	A/Agusto	41,818	41,832
CHDA/MTN 2020 TRANCH B	AAA/GCR	234,289	
Impairment on Corporate Bonds		(15,668)	(15,389)
e		<u>1,140,736</u>	<u>869,088</u>
Corporate Eurobonds			
UBA 7.75% 8-JUN-2022		-	-
FBNL 8.625% 27-OCT-2025	B2/Moody's	2,035,240	1,945,223
SEPLAT 9.25% 01- OCT-2026	B2/Moody's	2,304,527	2,182,272
ECOTRA 9.5% 18-APRIL-2024	B3/Moody's	3,583,618	2,299,239
ZENITN 7.375% 30-MAY-2022	B2/Moody's	-	1,253,331
ACCESS 10.50% 19-OCT-2021	B2/Moody's	4,216,898	2,156,279
Impairment on Corporate Euro Bonds		(181,046)	(159,451)
f		<u>11,959,237</u>	<u>9,676,893</u>
Other debt securities - term deposits	B2/Moody's	153,203	147,837
FCMB Euro deposit	Not rated	-	10,213
Interstate securities commercial papers	Not rated	101,598	103,884
Meristem Wealth Management deposits		4,561	2,654
Accrued interest on CBN deposit		(7,455)	(5,433)
Impairment on other debt securities		<u>251,907</u>	<u>259,155</u>
g			
Total Amortised Cost Financial assets(c+d+e+f+g)		<u>27,858,528</u>	<u>22,149,314</u>

The reconciliation of movement in the financial assets above is contained in Note 2.5.

Notes To The Financial Statements Contd

2.4 An analysis of changes in the gross carrying amount and corresponding ECLs is as follows:

	2022							
	Stage 1		Stage 2		Stage 3		Total	
	Gross carrying amount N'000	ECL N'000	Gross carrying amount N'000	ECL N'000	Gross carrying amount N'000	ECL N'000	Gross carrying amount N'000	ECL N'000
Ammortised cost								
As at 1 January 2022	22,424,966	275,652	-	-	-	-	22,424,966	275,652
New assets purchased	7,833,509	91,652	-	-	-	-	7,833,509	91,652
Assets derecognised or matured (excluding write-offs)	(2,880,456)	(33,701)	-	-	-	-	(2,880,456)	(33,701)
Amounts written off	-	-	-	-	-	-	-	-
Changes to models and inputs used for ECL calculations	-	4,564	-	-	-	-	-	4,564
Unrealised foreign exchange adjustments	809,208	(9,468)	-	-	-	-	809,208	(9,468)
At 31 December 2022	28,187,227	328,699	-	-	-	-	28,187,227	328,699

	2021							
	Stage 1		Stage 2		Stage 3		Total	
	Gross carrying amount N'000	ECL N'000	Gross carrying amount N'000	ECL N'000	Gross carrying amount N'000	ECL N'000	Gross carrying amount N'000	ECL N'000
As at 1 January 2021	20,819,770	316,007	-	-	-	-	20,819,770	316,007
New assets purchased	10,779,695	163,617	-	-	-	-	10,779,695	163,617
Assets derecognised or matured (excluding write-offs)	(11,482,094)	(174,278)	-	-	-	-	(11,482,094)	(174,278)
Amounts written off	-	-	-	-	-	-	-	-
Changes to models and inputs used for ECL calculations	-	(64,719)	-	-	-	-	-	(64,719)
Unrealised foreign exchange adjustments	2,307,595	35,025	-	-	-	-	2,307,595	35,025
At 31 December 2021	22,424,966	275,652	-	-	-	-	22,424,966	275,652

Notes To The Financial Statements Contd

2.5 Analysis of movement in financial assets

	Fair value through OCI N'000	Fair value through profit or loss N'000	Amortised Cost N'000	Total N'000
At 1 January 2021	770,405	799,650	20,503,763	22,073,819
Additions	-	104,170	10,779,695	10,883,865
Maturities and redemptions	-	-	(7,359,747)	(7,359,747)
Proceeds on disposals	-	(4,800)	(4,122,348)	(4,127,148)
Realised fair value gains recorded in profit or loss (Note 27)	-	728	-	728
Fair value gains recorded in OCI (Note 19.3, 32)	115,010	-	-	115,010
Unrealised fair value gains taken to profit or loss (Note 28.1)	-	13,383	-	13,383
Impairment charge during the year (Note 30)	-	-	75,380	75,380
Unrealised foreign exchange adjustments	-	-	2,307,595	2,307,595
Unrealised foreign exchange adjustments on ECL relating to Amortised cost financial assets	-	-	(35,025)	(35,025)
At 31 December 2021	885,415	913,131	22,149,314	23,947,861
Additions	838,000	84,550	7,833,509	8,756,059
Maturities and redemptions	-	-	(470,180)	(470,180)
Proceeds on disposals	(278,542)	(160,640)	(2,410,276)	(2,849,458)
Realised fair value gains recorded in profit or loss (Note 27)	-	1,412	-	1,412
Fair value gains recorded in OCI (Note 19.3, 32)	316,047	-	-	316,047
Unrealised fair value gains taken to profit or loss (Note 28.1)	-	31,907	-	31,907
Impairment charge during the year (Note 30)	-	-	(62,515)	(62,515)
Unrealised foreign exchange adjustments	-	-	809,208	809,208
Unrealised foreign exchange adjustments on ECL relating to Amortised cost financial assets	-	-	9,468	9,468
At 31 December 2022	1,760,920	870,360	27,858,528	30,489,808

Notes To The Financial Statements Contd

2.6 Maturity profile of debt instruments at amortised cost (gross):

	31-Dec-2022 N'000	31-Dec-2021 N'000
Within one year	940,012	3,210,480
More than one year	26,918,516	18,938,834
	<u>27,858,528</u>	<u>22,149,314</u>

The Company's "debt instrument measured at amortised costs" under IFRS 9 consist of investment in bonds and other securities that the Company holds within a business model of collecting the contractual cashflow till maturity. These investments are carried at their amortised cost and interest income is recognised using the effective interest rate.

The financial assets with the exception of those carried at fair value through profit or loss (FVTPL) and fair value through OCI (FVTOCI) are monitored and tested for impairment when applicable. Additional information and breakdown are listed above.

2.7 Investment Income from Financial Assets

Financial Assets	Notes	Carry amount	Income type N'000	31-Dec-2022 N'000	31-Dec-2021 N'000
Equity: Fair value through Profit or loss	2.1	870,360	Dividends	319,72	45,451
Equity: Fair value through Other Comprehensive Income	2.2	1,760,920	Dividends	228,172	31,900
Total dividend received	26			<u>260,144</u>	<u>77,351</u>
Debt instruments measured at amortised cost:					
Federal government Bond	2.3				
State government bonds	2.3	1,386,4734	Interest	1,442,419	913,045
Corporate bonds	2.3	641,914	Interest	73,822	14,140
Treasury bills		13,099,973	Interest	1,111,205	1,198,714
		-	Interest	-	1,983
	25			<u>2,627,446</u>	<u>2,127,882</u>
Other debt securities- Term deposits	2.3	251,907	Interest	9,980	13,964
Total interest received/receivables		<u>30,489,808</u>		<u>2,637,426</u>	<u>2,141,846</u>

Notes To The Financial Statements Contd

3.	Trade receivables	31-Dec-2022 N'000	31-Dec-2021 N'000
	Due from brokers	361,053	105,034
	Due from insurers	4,344	4,933
		<u>365,397</u>	<u>109,967</u>

3.1	Aging analysis of trade receivables:	No of Policies	Amount N'000	No of Policies	Amount N'000
	Within 14 days	366	274,681	155	81,620
	Within 15-30 days	233	90,716	69	28,347
	Within 31-90 days	-	-	-	-
	Within 91-180 days	-	-	-	-
	Above 180days	-	-	-	-
		<u>599</u>	<u>365,397</u>	<u>224</u>	<u>109,967</u>

All insurance receivables are designated as Trade receivables and their carrying values approximate fair value at the reporting date. A total amount of N365.4m (2021: N109.97m) was received after year end as at 31 January 2023.

4	Reinsurance assets	Notes	31-Dec-2022 N'000	31-Dec-2021 N'000
	Prepaid reinsurance	4.1	5,765,322	4,914,142
	Reinsurance share of outstanding claims	4.2	1,212,707	1,368,692
	Reinsurance share of IBNR	4.3	1,190,924	1,068,055
		12	8,168,953	7,350,889
	Due from reinsurance brokers	4.4	534,656	436,625
	Minimum deposit on premiums paid	4.5	60,617	38,835
			<u>8,764,226</u>	<u>7,826,349</u>
4.1	Reinsurance share of unearned premium reserve			
	At 1 January		4,914,142	
	Reinsurance ceded during the year	21	26,350,320	4,272,491
	Reinsurance expense during the year	21	(25,499,140)	23,970,511
	At 31 December		<u>5,765,322</u>	<u>(23,328,860)</u>

Notes To The Financial Statements Contd

	31-Dec-2022 N'000	31-Dec-2021 N'000
4.2 Reinsurer's share of outstanding claims		
At 1 January	1,368,692	1,388,408
Decrease charged to Profit or loss	(155,984)	(19,716)
At 31 December	<u>1,212,707</u>	<u>1,368,692</u>
4.3 Reinsurer's share of IBNR		
At 1 January	1,068,055	1,002,806
Increase credited to Profit or loss	122,869	65,249
At 31 December	<u>1,190,924</u>	<u>1,068,055</u>
4.4 Due from reinsurance brokers		
At 1 January	436,625	477,875
Increase/ (decrease) in receivables from brokers	580,324	(41,250)
	<u>1,016,949</u>	<u>436,625</u>
*Allowance for impairment on receivables from Reinsurance brokers	(482,293)	-
At 31 December	<u>534,656</u>	<u>436,625</u>

Amounts due from reinsurance brokers represent net claims recoverable from reinsurance. They are valued after an allowance for their recoverability, and the carrying amount is a reasonable approximation of fair value. Based on our aged analysis of amounts due from brokers as at year end, outstanding amount due from United Africa Insurance Broker (UAIB) which were above 90 days summed up to N482million (2021:Nil). This amount has been fully impaired while reconciliation and recovery drive are currently ongoing with the broker.

For cashflow purpose, the increase/decrease in receivables from brokers of N580million(2021:N41million) less impairment allowance during the year of N482million(2021: Nil) has been adjusted to arrive at claims and benefits received of N1.853billion(2021:N1.532billion). See note 23.3 for further details.

Notes To The Financial Statements Contd

	31-Dec-2022 N'000	31-Dec-2021 N'000
4.5 Minimum deposit on premiums paid		
At 1 January	38,835	55,408
Addition	69,739	31,384
Expensed during the year	(47,957)	(47,957)
	<u>60,617</u>	<u>38,835</u>

The amount expensed during the year is included in reinsurance expense while M&D premium paid during the year are reported separately in the statement of cashflow and adjusted against premium paid to reinsurers on the cash flows.

	Notes	31-Dec-2022 N'000	31-Dec-2021 N'000
5 Deferred Acquisition Costs (DAC)			
At 1 January		673,104	583,433
Acquisition cost during the year		3,151,034	2,674,123
Acquisition cost expensed during the year	24	(2,947,344)	(2,584,452)
At 31 December		<u>876,794</u>	<u>673,104</u>
5.1 Reconciliation of Acquisition cost expensed during the year			
Acquisition cost during the year		3,151,034	2,674,123
Decrease in deferred acquisition cost during the year		(203,690)	(89,671)
		<u>2,947,344</u>	<u>2,584,452</u>

Notes To The Financial Statements Contd

5.2 Breakdown of deferred acquisition cost per class

	Motor N'000	Accident N'000	Bond N'000	Marine N'000	Aviation N'000	Fire N'000	Engineering N'000	Oil & Energy N'000	Total N'000
At 1 January 2022	91,822	84,139	191	45,093	4,598	246,427	34,863	165,970	673,104
Acquisition cost during the year	454,319	582,150	2,413	231,037	25,223	1,092,641	118,424	644,828	3,151,034
Acquisition cost expensed during the year	(364,162)	(584,531)	(2,572)	(257,829)	(24,982)	(1,005,034)	(106,680)	(601,554)	(2,947,344)
At 31 December 2022	181,979	81,758	32	18,301	4,839	334,034	46,607	209,244	876,794
At 1 January 2021	73,571	46,056	105	42,723	3,620	201,272	52,605	163,481	583,433
Acquisition cost during the year	380,557	410,556	519	281,408	45,369	793,970	107,706	654,038	2,674,123
Acquisition cost expensed during the year	(362,307)	(372,473)	(433)	(279,038)	(44,391)	(748,815)	(125,448)	(651,548)	(2,584,452)
At 31 December 2021	91,822	84,139	191	45,093	4,598	246,427	34,863	165,970	673,104

6. Other receivables and prepayments	Notes	31-Dec-2022 N'000	31-Dec-2021 N'000
Staff loans	6.1	160,972	120,924
Prepayments and sundry debtors	6.2	308,704	258,026
Withholding tax credit notes	6.3	26,230	14,946
		495,906	393,896
*Allowance for impairment on Other receivables	6.4	(97,589)	(96,634)
		398,317	297,262

*Individual impairment of items were carried out to arrive at this value.

Notes To The Financial Statements Contd

6.1 Staff loans

	31-Dec-2022 N'000	31-Dec-2021 N'000
At 1 January	120,924	71,507
Addition during the period	109,900	125,600
Accrued Interest	3,939	1,810
Repayment during the period	(73,791)	(77,993)
	<u>160,972</u>	<u>120,924</u>
ECL impairment provision	(39,128)	(37,962)
At 31 December	<u>121,844</u>	<u>82,962</u>

Included in staff loans is an amount of N14.4m (2021: N12.3m) granted to key management staff. See note 39.3

6.2 Prepayment and sundry debtors

	Notes	31-Dec-2022 N'000	31-Dec-2021 N'000
Sundry debtors	6.2.1	75,759	51,003
Prepaid others	6.2.2	158,872	135,100
Deposit for property	6.2.3	25,337	25,337
Prepaid insurance on owned assets		40,100	33,000
		8,636	13,585
Prepaid rent		<u>308,704</u>	<u>258,025</u>

Notes To The Financial Statements Contd

- 6.2.1** Sundry debtors represents deposit for various services not yet received and recoverable from suppliers and service providers.
- 6.2.2** Prepaid others relates to the unamortised payments made to various third parties for IT services and IT maintenance contracts, including unamortised payments to Health Maintenance Organisations (HMO) and tracking fees. Also included in this balance is an amount of N57.8m(2021: N37.8m) paid to FIS capital Markets UK Limited for the deployment of IFRS 17 Software solution(consisting of various modules- Prophet professional, Insurance Data Repository and Enterprise Accounting System) for the ongoing IFRS 17 transition project.
- 6.2.3** This relates to a property development for which an initial deposit of N36.8million was made. The property development has been stalled and the developer has so far refunded the sum of N11.4million whilst the balance of N25.4million has been fully impaired.

6.3 Withholding tax credit notes

	31-Dec-2022 N'000	31-Dec-2021 N'000
Balance as at 1 Jan	14,946	6,650
Additional credit notes received	164,457	8,296
Utilised credit notes (Note 16.2)	(153,173)	-
Balance as at 31 December	<u>26,230</u>	<u>14,946</u>

Notes To The Financial Statements Contd

6.4 Impairment loss on other receivables

The impairment loss relates to staff loans, deposit for properties and sundry debtors. An analysis of changes in the gross carrying amount and corresponding ECLs is as follows:

2022								
Impairment loss on other receivables								
	Stage 1		Stage 2		Stage 3		Total	
	Gross carrying amount N'000	ECL N'000	Gross carrying amount N'000	ECL N'000	Gross carrying amount N'000	ECL N'000	Gross carrying amount N'000	ECL N'000
These items are not rated.								
As at 1 January 2022	100,909	279	-	-	96,355	96,355	197,265	96,634
New assets purchased	192,435	532	-	-	-	-	192,435	532
Assets derecognised or matured (excluding write-offs)	(127,631)	(353)	-	-	-	-	(127,630)	(353)
Amounts written off	-	-	-	-	-	-	-	-
Changes to models and inputs used for ECL calculations	-	777	-	-	-	-	-	777
Unrealised foreign exchange adjustments	-	-	-	-	-	-	-	-
At 31 December 2022	165,713	1,234	-	-	96,355	96,355	262,070	97,589

2021								
As at 1 January 2021	65,852	446	-	-	93,538	93,538	159,390	93,984
New assets purchased	130,366	883	-	-	-	-	130,366	883
Assets derecognised or matured (excluding write-offs)	(95,309)	(646)	-	-	(7,783)	(7,783)	(103,091)	(8,430)
Amounts written off	-	-	-	-	-	-	-	-
Changes to models and inputs used for ECL calculations	-	(403)	-	-	10,600	10,600	10,600	10,197
Unrealised foreign exchange adjustments	-	-	-	-	-	-	-	-
At 31 December 2021	100,909	279	-	-	96,355	96,355	197,265	96,634

Notes To The Financial Statements Contd

6.4 Impairment loss on other receivables- continues

Analysis of impact of impairment 2022

	Asset		Impairment		Asset
	Gross carrying amount as at 31 December N'000	Balance as at 1 January N'000	Increase/ (Write-back) during the year N'000	Balance as at 31 December N'000	Carrying amount as at 31 December N'000
Staff loans	160,972	37,962	1,166	39,128	121,844
Prepayments	207,608	-	-	-	207,608
Sundry debtors	75,759	33,335	(211)	33,124	42,635
Deposit for property	25,337	25,337	-	25,337	-
Withholding tax credit notes	26,230	-	-	-	26,230
Total	495,906	96,634	955	97,589	398,317

Analysis of impact of impairment 2021

Staff loans	120,924	37,952	10	37,962	82,962
Prepayments	181,685	-	-	-	181,685
Sundry debtors	51,004	22,912	10,423	33,335	17,669
Claims debtors	-	-	-	-	-
Deposit for property	25,337	33,120	(7,783)	25,337	-
Withholding tax credit notes	14,946	-	-	-	14,946
Total	393,896	93,984	2,650	96,634	297,262

Notes To The Financial Statements Contd

7.	Investment properties	Notes	31-Dec-2022	31-Dec-2021 N'000
	At 1 January		3,676,770	3,637,178
	Improvements during the year		25,952	21,947
	Net gain on fair value adjustments	28	(25,952)	17,645
	At 31 December		<u>3,676,770</u>	<u>3,676,770</u>

Further analysis and details of the investment properties including their location are stated below. These include the carrying amount and the corresponding fair value adjustments recognized in the profit or loss.

7.1	Description of properties and movement	1-Jan-2022 N'000	Additions during the year N'000	Fair value adjustments N'000	Disposals during the year N'000	31- Dec 2022 N'000
	88, Adetokunbo Ademola Street, Victoria Island, Lagos	230,000	-	-	-	230,000
	3, Aja Nwachukwu Close, Off Bourdillon Road, Ikoyi, Lagos*	2,850,000	-	-	-	2,850,000
	156 Awolowo Road, Ikoyi, Lagos	405,000	-	-	-	405,000
	Plot 3243, Block 71, Peace Prayer Estate, Amuwo Odofin, Lagos	41,770	-	-	-	41,770
	Plot 676 Cadastral Zone, Abuja	50,000	-	11,473	(11,473)	50,000
	5 Chapel Street, Yaba	100,000	-	14,479	(14,479)	100,000
		<u>3,676,770</u>	<u>-</u>	<u>25,952</u>	<u>(25,952)</u>	<u>3,676,770</u>

The Company did not acquire any new investment properties during the year. Improvements during the year represent directly attributable expenditure(e.g. survey cost, remodelling costs) incurred. There was no disposal of investment properties during the year(2021:Nil).

*The Investment property located at 3, Aja Nwachukwu Close, Off Bourdillon Road, Ikoyi, Lagos is jointly owned by Policyholders and Shareholders. A fixed portion of N1,513m is owned by policyholders while shareholder own any excess above the same value(i.e. N1,337m as at year end). Shareholders bear the full exposure to the related risk (Fair valuation gains and losses on the property) while rental income on the property is shared proportionally based on holdings.

Notes To The Financial Statements Contd

7.1 Description of properties and movement

	1-Jan-2021 N'000	Additions during the year N'000	Fair value adjustments N'000	Disposals during the year N'000	31 - Dec 2021 N'000
88, Adetokunbo Ademola Street, Victoria Island, Lagos	230,000	-	-	-	230,000
3, Aja Nwachukwu Close, Off Bourdillon Road, Ikoyi, Lagos*	2,850,000	-	-	-	2,850,000
156 Awolowo Road, Ikoyi, Lagos	405,000	-	-	-	405,000
Plot 3243, Block 71, Peace Prayer Estate, Amuwo Odofin, Lagos	41,770	-	-	-	41,770
Plot 676 Cadastral Zone, Abuja	30,000	-	-	20,000	50,000
5 Chapel Street, Yaba	80,408	-	21,947	(2,355)	100,000
	3,637,178	-	21,947	17,645	3,676,770

Valuation techniques used for fair valuation of Investment properties

This represents the Company's investment in building and landed property for the purpose of capital appreciation. The investment properties are stated at fair value, which has been determined based on valuations performed by a qualified estate surveyor. The investment properties were independently valued by Barin Epega & Company (a registered estate surveyor & valuer) as at 31 December 2022 and 31 December 2021 based on valuation model in accordance with that recommended by the International Valuation Standards Committee. The determination of fair value of the investment property was supported by market evidence. The rental income arising from these properties during the year is included in other investment and sundry income.

Details of the Valuer

The investment properties were independently valued as at 31 December 2022 and 31 December 2021 by Barin Epega & Co (an estate surveyor & chartered valuer firm) duly registered with the Financial Reporting Council of Nigeria with number FRC/2020/00000013769, with office located at No. 98, Norman Williams Street Ikoyi, Lagos. The valuation report was signed by Sir Obarinsola Epega KJW who is a qualified member of the Nigerian Institution of Estate Surveyors and Valuers with FRC No. FRC/2012/NIESV/00000000597.

The rental income arising during the year amounted to N66.5million (2021: N77.8million) which is included in other investment and sundry income. Direct operating expenses arising in respect of such properties during the year are included within management expenses.

Notes To The Financial Statements Contd

7. Investment properties	Notes	31-Dec-2022 N'000	31-Dec-2021
Rental income derived from investment properties	26	66,500	77,750
Direct operating expenses in generating rental income		(8,948)	(2,796)
Profit from investment properties carried at fair value		<u>57,552</u>	<u>74,954</u>

There are no restrictions on the realisability of investment property or the remittance of income and proceeds of disposal. The Company has no contractual obligations to purchase, construct or develop investment property or for repairs or enhancement.

Valuation techniques used for fair valuation of investment properties - 31 December 2022

Location of Investment properties	Status of Title	Valuation technique	Significant unobservable inputs
88, Adetokunbo Ademola Street, Victoria Island, Lagos	Title is covered by the Lagos State Land certificate Title No LO8556 which was registered and perfected on 1 September 2011	Depreciated replacement cost approach.	- Construction cost/M2 : N180,000 for Main Building of 300.3m2, N150,000 for Domestic Staff Quarters of 47.4m2 and N100,000 for Gate house of 8.48m2 Depreciation rate of 70%
3, Aja Nwachukwu Close, Off Bourdillon Road, Ikoyi, Lagos	Title is covered by the Lagos State Land certificate Title No LO8707 which was registered and perfected on 7 September 2011.	Income approach (DCF Method)	- Estimated unit rental per annum N18,000,000 – N21,040,000 - Rent growth p.a 5% - Long-term vacancy rate less 10% - Discount rate 10%
156 Awolowo Road, Ikoyi, Lagos	Title is covered by the Lagos State Land certificate Title No LO5032 which was registered and perfected on 29 June 1994.	Income approach (DCF Method).	- Estimated rental per annum N22,500,000 - Rent growth p.a 5% - Long-term vacancy rate 2% - Discount rate 10%

Notes To The Financial Statements Contd

Location of Investment properties	Status of Title	Valuation technique	Significant unobservable inputs
Plot 3243, Block 71, Peace Prayer Estate, Amuwo Odofin, Lagos	Title is evidenced by the D160 Deed of Assignment dated 1995. Title perfection is ongoing with the Lagos State Government since April, 2017	Market comparison approach.	- Estimated price per square metre N35,000 - N45,000
Plot 676 Cadastral Zone, Abuja	Title is evidenced by the Federal Government Certificate of Occupancy No 149123 and registered as No 11488 in Volume 58 of the Certificate of Occupancy register in Land registry office Abuja. Title was perfected and obtained on 1 September 2011.	Market comparison approach.	- Estimated price per square meter N8,000 - N12,000
5 Chapel Street, Yaba, Lagos	Title perfection is ongoing with the Lagos State Government since acquisition in September 2019.	Depreciated replacement cost approach was adopted in arriving at the market value.	-Construction cost per square meter : N110,000 - N175,000, - Land cost/M2: N100,000- N145,000/m2 Depreciation rate of building), 45% (Fence)
Valuation techniques used for fair valuation of investment properties - 31 December 2021			
88, Adetokunbo Ademola Street, Victoria Island, Lagos	Title is covered by the Lagos State Land certificate Title No LO8556 which was registered and perfected on 1 September 2011	Depreciated replacement cost approach.	-Construction cost/M2 : N180,000 for Main Building of 300.3m2, N150,000 for Domestic Staff Quarters of 47.4m2 and N100,000 for Gate house of 8.48m2 Depreciation rate of 70%

Notes To The Financial Statements Contd

Location of Investment properties	Status of Title	Valuation technique	Significant unobservable inputs
3, Aja Nwachukwu Close, Off Bourdillon Road, Ikoyi, Lagos	Title is covered by the Lagos State Land certificate Title No LO8707 which was registered and perfected on 7 September 2011.	Income approach (DCF Method)	<ul style="list-style-type: none"> - Estimated unit rental per annum N18,000,000 – N21,040,000 - Rent growth p.a 5% - Long-term vacancy rate less 10% - Discount rate 10%
156 Awolowo Road, Ikoyi, Lagos	Title is covered by the Lagos State Land certificate Title No LO5032 which was registered and perfected on 29 June 1994.	Income approach (DCF Method).	<ul style="list-style-type: none"> - Estimated rental per annum N22,500,000 - Rent growth p.a 5% - Long-term vacancy rate 2% - Discount rate 10%
Plot 3243, Block 71, Peace Prayer Estate, Amuwo Odofin, Lagos	Title is evidenced by the Deed of Assignment dated 1995. Title perfection is ongoing with the Lagos State Government since April 2017.	Market comparison approach.	<ul style="list-style-type: none"> - Estimated price per square metre N35,000 - N45,000
Plot 676 Cadastral Zone, Abuja	Title is evidenced by the Federal Government Certificate of Occupancy No 149123 and registered as No 11488 in Volume 58 of the Certificate of Occupancy register in Land registry office Abuja. Title was perfected and obtained on 1 September 2011.	Market comparison approach.	<ul style="list-style-type: none"> - Estimated price per square meter N8,000 - N12,000
5 Chapel Street, Yaba, Lagos	Title perfection is ongoing with the Lagos State Government since acquisition in September 2019.	Depreciated replacement cost approach was adopted in arriving at the market value.	<ul style="list-style-type: none"> -Construction cost per square meter : N110,000 - N175,000, - Land cost/M2: N100,000- N145,000/m2 Depreciation rate of building), 45% (Fence)

Notes To The Financial Statements Contd

Investment Properties carried at fair value

All Investment properties are carried at fair value as determined by an independent valuer. Valuation under the market approach is based on open market capital valuation using the market comparison approach through analysis of recent transactions of sale of comparable properties in the neighbourhood to arrive at the value of the property. The income approach using discounted cashflows method is also used in arriving at the fair value of income yielding investment properties. The Depreciated replacement cost approach was used in arriving at the fair value of dilapidated structures due to the specialised nature of the property. Investment properties are categorised as Level 3 assets based on the methodology adopted in determining the fair value.

Investment Properties carried at fair value using income approach

Using the DCF method, fair value is estimated using assumptions regarding the benefits and liabilities of ownership over the asset's life including an exit or terminal value. This method involves the projection of a series of cash flows on a real property interest. To this projected cash flow series, a market-derived discount rate is applied to establish the present value of the income stream associated with the asset. The exit yield is normally separately determined and differs from the discount rate.

The duration of the cash flows and the specific timing of inflows and outflows are determined by events such as rent reviews, lease renewal and related re-letting, redevelopment, or refurbishment. The appropriate duration is typically driven by market behaviour that is a characteristic of the class of real property. Periodic cash flow is typically estimated as gross income less vacancy, non-recoverable expenses, collection losses, lease incentives, maintenance cost, agent and commission costs and other operating and management expenses. The series of periodic net operating income, along with an estimate of the terminal value anticipated at the end of the projection period, is then discounted.

Significant increases/(decreases) in estimated rental value and rent growth per annum in isolation would result in a significantly higher (lower)/fair value of the properties. Significant increases (decreases) in the long-term vacancy rate and discount rate (and exit yield) in isolation would result in a significantly lower/(higher) fair value. Generally, a change in the assumption made for the estimated rental value is accompanied by a directionally similar change in the rent growth per annum and discount rate (and exit yield), and an opposite change in the long term vacancy rate.

Notes To The Financial Statements Contd

Investment Properties carried at fair value using market approach

Market comparable method is used when there exist a good volume of transactions involving comparable properties in the area during the year. Under the market comparable approach, a property's fair value is estimated based on comparable transactions. This approach is based on the principle of substitution under which a potential buyer will not pay more for the property than it will cost to buy a comparable substitute property. The unit of comparism applied by the Company is the price per square meter(sqm). The valuations have been performed by the valuer and are based on proprietary databases of prices of transactions for properties of similar nature, location and condition.

Investment Properties carried at depreciated replacement cost approach

Depreciated replacement cost (DRC) method of valuation is used where there is no active market for the asset being valued – that is, where there is no useful or relevant evidence of recent sales transactions due to the specialised nature of the asset. The cost of a modern equivalent asset is estimated and then adjusted to reflect the subject asset's physical condition and utility together with obsolescence and relative disabilities affecting the actual asset.

	Fair value hierarchy of Investment Properties			
	Level 1 N'000	Level 2 N'000	Level 3 N'000	Total N'000
At 31 December 2022				
Investment properties	-	-	3,676,770	3,676,770
At 31 December 2021				
Investment properties	-	-	3,676,770	3,676,770

Notes To The Financial Statements Contd

8	Property, plant and equipment	Computer and				Total
		Motor Vehicles	Furniture and	Office	Plant and	
	Cost	N'000	Fittings	Equipment	Machinery	N'000
		N'000	N'000	N'000	N'000	N'000
	At 1 January 2021	427,099	79,594	180,362	9,919	696,975
	Additions	194,740	1,593	14,728	4,295	215,356
	Disposals	(98,125)	-	-	-	(98,125)
	At 31 December 2021	523,714	81,187	195,090	14,214	814,206
	Additions	27,500	929	23,421	6,621	58,471
	Disposals	(21,400)	-	(811)	-	(22,211)
	At 31 December 2022	529,814	82,116	217,700	20,835	850,466
Accumulated depreciation:						
	At 1 January 2021	271,551	73,106	134,118	6,256	485,031
	Charge for the year	88,037	2,834	23,941	2,003	116,815
	Disposals	(91,594)	-	-	-	(91,594)
	At 31 December 2021	267,994	75,941	158,059	8,259	510,252
	Charge for the year	104,371	2,755	18,903	3,232	129,261
	Disposals	(20,900)	-	(811)	-	(21,711)
	At 31 December 2022	351,465	78,695	176,151	11,491	617,802
	Carrying Amount					
	At 31 December 2022	178,349	3,421	41,549	9,344	232,664
	At 31 December 2021	255,720	5,247	37,031	5,955	303,954

8.1 The Company had no capital commitment as at the end of the period (2021: Nil).

8.2 Impairment assessment was carried out during the period and there was no indication of impairment of any of the assets in use by the Company, hence no impairment test was performed during the period.

8.3 None of the property, plant and equipment of the Company has been pledged as security for borrowings or otherwise, as at the end of the year (2021: Nil).

Notes To The Financial Statements Contd

9 Right of use assets

	31-Dec-2022 N'000	31-Dec-2021 N'000
At 1 January	7,221	6,250
Additions during the year	-	6,354
Depreciation expense	(6,177)	(5,383)
At 31 December	<u>1,044</u>	<u>7,221</u>

The Company leases buildings used as office premises and land spaces used for storing accidented vehicles. The total lease term for the office spaces are 12 month or less which are treated as short term lease (See prepaid rent in note 6.2). In many of the lease contracts, there are no extension options and where there exist in other contracts, the company is not reasonably certain that extension options will be exercised and termination options are exercisable by both leasee and lessor without penalty.

In 2021, the company leased a property located in Abuja from UPDC Plc (REITS) for a term of 2 years and the remaining lease term is 3months . The unutilised leased term amounts to N0.794million. See note 39.3 .

In 2020, the company leased a vacant land for storing its salvage vehicles. The lease term for the land space is three (3) years and the remaining lease term for the leased land space as at 31 December 2022 is 1(one) months. The lease payments were made in advance for the entire period of lease and depreciation is computed on straight-line basis; hence, no lease liability has been recognised as at 31 December, 2022. The depreciation expense computed represents 12months out of 24 months lease period for the Abuja property (See note 39, transactions with related parties for further details) and 12 months out of 36-month lease period for the rented salvage park.

Notes To The Financial Statements Contd

10. Intangible assets

Cost:	Software costs ₦'000	Total ₦'000
At 1 January 2021	128,214	128,214
Additions	328	328
At 31 December 2021	128,542	128,542
Additions	-	-
At 31 December 2022	128,542	128,542
Accumulated amortisation and impairment:		
At 1 January 2021	121,940	121,940
Charge for the year	3,175	3,175
At 31 December 2021	125,115	125,115
Charge for the year	2,481	2,481
At 31 December 2022	127,596	127,596
Carrying amount:		
At 31 December 2022	946	946
At 31 December 2021	3,427	3,427

11. Statutory deposits

	31-Dec-2022 ₦'000	31-Dec-2021 ₦'000
Deposits with CBN	300,000	300,000

In line with Section 10 (3) of the Insurance Act of Nigeria, a deposit of 10% of the regulatory share capital required for non-life insurance business (N3billion) is kept with the Central Bank of Nigeria(CBN). The cash amount held is considered to be a restricted cash balance.

Notes To The Financial Statements Contd

12 Insurance contract liabilities

12.1 Carrying amount

	Note	Gross		Reinsurers' Assets		Net	
		2022	2021	2022	2021	2022	2021
		N'000	N'000	N'000	N'000	N'000	N'000
Non-life:							
Outstanding claims	12.3	3,008,577	3,266,597	1,212,707	1,368,692	1,795,870	1,897,905
IBNR		2,838,249	2,215,400	1,190,924	1,068,055	1,647,325	1,147,345
	12.2a	5,846,826	5,481,997	2,403,631	2,436,747	3,443,195	3,045,250
Unearned premiums	12.2b	9,132,047	7,678,986	5,765,322	4,914,142	3,366,725	2,764,844
Total non-life	12.2	14,978,873	13,160,983	8,168,953	7,350,889	6,809,920	5,810,094
Within one year		10,601,318	7,320,288	5,781,588	4,816,878	4,819,730	2,503,411
More than one year		4,377,555	5,840,695	2,387,365	2,534,011	1,990,190	3,306,683
		14,978,873	13,160,983	8,168,953	7,350,889	6,809,920	5,810,094
12.2 Movement							
At 1 January		13,160,983	11,814,478	7,350,889	6,663,705	5,810,094	5,150,773
Change in unearned premium	21	1,453,061	682,342	851,180	641,651	601,881	40,691
Claims charged during the period		6,448,295	6,309,938	1,917,699	1,637,141	4,530,596	4,672,797
Claims paid during the period		(6,083,466)	(5,645,775)	(1,950,815)	(1,591,608)	(4,132,651)	(4,054,167)
At 31 December		14,978,873	13,160,983	8,168,953	7,350,889	6,809,920	5,810,094

Notes To The Financial Statements Contd

Note	Gross		Reinsurers' Assets		Net	
	2022 N'000	2021 N'000	2022 N'000	2021 N'000	2022 N'000	2021 N'000
12.2a Movement in outstanding claims						
At 1 January	5,481,997	4,817,835	2,436,747	2,391,214	3,045,250	2,426,621
Claims charged during the year	6,448,295	6,309,938	1,917,699	1,637,141	4,530,596	4,672,797
Claims paid during the year	(6,083,466)	(5,645,775)	(1,950,815)	(1,591,608)	(4,132,651)	(4,054,167)
At 31 December	5,846,826	5,481,997	2,403,631	2,436,747	3,443,195	3,045,251

12.2b Movement in unearned premiums

At 1 January	7,678,986	6,996,644	4,914,142	4,272,491	2,764,842	2,724,151
Premium written during the year	37,982,979	34,437,522	26,350,320	23,970,511	11,632,659	10,467,011
Premium earned during the year	(36,529,918)	(33,755,180)	(25,499,140)	(23,328,860)	(11,030,778)	(10,426,320)
At 31 December	9,132,047	7,678,986	5,765,322	4,914,142	3,366,725	2,764,842

12.3 Age analysis of outstanding claims

12.3a Age analysis number of claims

2022 claims status

	2022		2021	
	Number of claimants	Amounts N'000	Number of claims	Amounts N'000
0 - 90 days	692	664,451	1,107	850,794
91- 180 days	323	247,417	503	350,426
181-270 days	301	232,155	412	155,101
271-365 days	342	487,677	547	277,483
365 days and above	2,786	1,376,877	2,676	1,632,793
	4,444	3,008,577	5,245	3,266,597

Notes To The Financial Statements Contd

12.3b Age analysis of outstanding claims by reason of being outstanding:

2022 claims status- reason

	0- 90 days		91- 180 days		181-270 days		271-365 days		365 days and above		Total	
	Qty	N'000	Qty	N'000	Qty	N'000	Qty	N'000	Qty	N'000	Qty	N'000
Discharged vouchers signed and returned to policyholders	110	55,207	-	-	-	-	-	-	-	-	110	55,207
Discharge vouchers not yet signed	3	440	-	-	-	-	-	-	-	-	3	440
Claims reported but incomplete documentation	497	514,881	323	247,417	301	232,215	342	487,677	2786	1,376,877	4,231	2,89,007
Claims reported but being adjusted	100	93,928	-	-	-	-	-	-	-	-	100	93,923
Claims repudiated	-	-	-	-	-	-	-	-	-	-	-	-
Awaiting Adjusters final report	-	-	-	-	-	-	-	-	-	-	-	-
Litigation awarded	-	-	-	-	-	-	-	-	-	-	-	-
Awaiting Lead Insurer's instruction	-	-	-	-	-	-	-	-	-	-	-	-
Third party liability outstanding	-	-	-	-	-	-	-	-	-	-	-	-
Adjusters fee payable	-	-	-	-	-	-	-	-	-	-	-	-
Total	692	664,451	323	247,417	301	232,155	342	487,677	2,786	1,376,877	4,444	3,008,577

2021 claims status-reason

	0- 90 days		91- 180 days		181-270 days		271-365 days		365 days and above		Total	
	Qty	N'000	Qty	N'000	Qty	N'000	Qty	N'000	Qty	N'000	Qty	N'000
Discharged vouchers signed and returned to policyholders	250	343,149	-	-	-	-	-	-	-	-	250	343,149
Discharge vouchers not yet signed	9	8,820	-	-	-	-	-	-	-	-	9	8,820
Claims reported but incomplete documentation	759	339,129	503	350,426	412	155,101	547	277,483	2,676	1,632,793	4,897	2,754,932
Claims reported but being adjusted	89	159,696	-	-	-	-	-	-	-	-	89	159,696
Claims repudiated	-	-	-	-	-	-	-	-	-	-	-	-
Awaiting Adjusters final report	-	-	-	-	-	-	-	-	-	-	-	-
Litigation awarded	-	-	-	-	-	-	-	-	-	-	-	-
Awaiting Lead Insurer's instruction	-	-	-	-	-	-	-	-	-	-	-	-
Third party liability outstanding	-	-	-	-	-	-	-	-	-	-	-	-
Adjusters fee payable	-	-	-	-	-	-	-	-	-	-	-	-
Total	1,107	850,794	503	350,426	412	155,101	547	277,483	2,676	1,632,793	5,245	3,266,597

Notes To The Financial Statements Contd

12.3b Age analysis of outstanding claims by class of business

2022 outstanding claims	0 - 90 days N'000	91- 180 days N'000	181-270 days N'000	271-365 days N'000	365 days and above N'000	Total
Motor	215,216	42,435	36,821	28,406	120,650	443,528
Accident	81,352	127,530	93,027	38,048	360,303	700,261
Bond	107	-	-	-	-	107
Fire	226,926	23,190	75,045	357,222	467,027	1,149,410
Marine	80,757	29,090	5,468	26,666	80,422	222,403
Aviation	-	600	1,405	5,354	3,781	11,140
Engineering	9,500	10,526	9,476	25,838	78,309	133,648
Oil & Energy	50,593	14,046	10,913	6,143	266,386	348,080
Total	664,451	247,417	232,155	487,677	1,376,877	3,008,577

Age analysis of outstanding claims
by class of business

2021 outstanding claims

Motor	161,735	61,861	31,562	32,597	53,325	341,080
Accident	137,352	142,184	48,003	74,694	291,639	693,872
Bond	-	-	-	-	54	54
Fire	464,366	75,969	47,500	119,971	1,005,811	1,713,617
Marine	32,571	19,481	11,829	27,904	52,151	143,936
Aviation	2,947	1,057	-	-	3,555	7,559
Engineering	28,483	42,510	11,161	8,360	44,576	135,090
Oil & Energy	23,340	7,364	5,046	13,957	181,682	231,389
Total	850,794	350,426	155,101	277,483	1,632,793	3,266,597

Notes To The Financial Statements Contd

12.3c Age analysis of outstanding claims by class of business and number of claimants

	0 - 90 days N'000	91- 180 days N'000	181-270 days N'000	271-365 days N'000	365 days and above N'000	Total
2022 outstanding claims	Number of Claimants					
Motor	111	373	151	103	442	1,180
Accident	94	102	51	96	879	1,222
Bond	-	4	-	-	-	4
Fire	32	59	61	73	814	1,039
Marine	72	142	22	46	194	476
Aviation	1		2	4	6	13
Engineering	8	3	11	17	171	210
Oil and Gas	5	9	3	3	280	300
Total	323	692	301	342	2,786	4,444

	0 - 90 days N'000	91- 180 days N'000	181-270 days N'000	271-365 days N'000	365 days and above N'000	Total
2021 outstanding claims	Number of Claimants					
Motor	521	190	125	132	400	1,368
Accident	155	106	95	105	820	1,281
Bond	-	-	-	-	1	1
Fire	239	133	116	205	734	1,427
Marine	89	34	49	78	368	618
Aviation	5	1	-	-	8	14
Engineering	88	35	18	14	87	242
Oil and Gas	10	4	9	13	258	294
Grand Total	1,107	503	412	547	2,676	5,245

Notes To The Financial Statements Contd

12.4 Changes in historical reserves for loss and loss adjustment expenses (LAE)

The analysis of loss and LAE reserves by actuaries and management is conducted by line of business and separately for specific claim type e.g. motor claims or fire claims.

The origin year of losses is taken into consideration by analysing each line of business also by accident year. While this determines the estimates of reserves for loss and LAE by accident year as recorded in the statement of financial position, the effect in the profit or loss in the respective calendar year combines the accident year loss ratio for the current year with the favourable or adverse development from prior years (run-off). The tables below first show the loss development by accident year followed by the resulting change for the most recent calendar years.

The technical reserves were independently valued as at 31 December 2022 by Ernst and Young Nigeria duly registered with the Financial Reporting Council of Nigeria. The actuary, Wise Chigudu, whose office is located at 10 Floor, UBA House, 57 Marina, Lagos, Nigeria is an associate of the Society of Actuaries, USA and Fellow of the Institute of Actuaries, England with FRC No. FRC/2012/NAS/00000000738.

12.5 Actuarial assumptions

Chain-ladder techniques are applied to premiums, paid claims and incurred claims (i.e. paid claims plus case estimates). The basic technique involves the analysis of historical claims development factors and the selection of estimated development factors based on historical patterns. The selected development factors are then applied to cumulative claims data for each underwriting year that is not yet fully developed to produce an estimated ultimate claims cost for each underwriting year.

Chain-ladder techniques are most appropriate for classes of business that have a relatively stable development pattern. Chain-ladder techniques are less suitable in cases in which the insurer does not have a developed claims history for a particular class of business or for underwriting years that are still at immature stages of development where there is a higher level of assumption volatility.

Notes To The Financial Statements Contd

The Bornhuetter-Ferguson method uses a combination of a benchmark/market-based estimate and an estimate based on claims experience. The former is based on a measure of exposure such as premiums; the latter is based on the paid or incurred claims observed to date. The two estimates are combined using a formula that gives more weight to the experience-based estimate as time passes. This technique has been used in situations where developed claims experience was not available for the projection (i.e. recent underwriting years or new classes of business).

The expected loss ratio method uses a benchmark/market-based estimate applied to the expected premium and is used for classes with little or no relevant historical data.

The choice of selected results for each underwriting year of each class of business depends on an assessment of the technique that has been most appropriate to observed historical developments. In certain instances, this has meant that different techniques or combinations of techniques have been selected for individual underwriting years or groups of underwriting years within the same class of business. As such, there are many assumptions used to estimate general insurance liabilities.

The valuation approach/methodology is similar to those adopted in the last valuation cycle. See table below for valuation methodology and the large loss cut off level assumed for each class of business. The large loss for 2022 are the same as 2021 due to stable claims distribution experience during the year

Notes To The Financial Statements Contd

The valuation approach/methodology is similar to those adopted in the last valuation cycle. See table below for valuation methodology and the large loss cut off level assumed for each class of business. The large loss for 2022 are the same as 2021 due to stable claims distribution experience during the year

Class of Business	Valuation Methodology	Large Loss	Comment on Derivation
Motor	Undiscounted IABCL	7,000,000	7m assumed
General Accident	Undiscounted IABCL	20,000,000	N20m Assumed
Bond	Undiscounted IABCL	N/A	Not Applicable
Fire	Undiscounted IABCL	50,000,000	N50m Assumed
Marine	Undiscounted IABCL	16,093,882	Mean + 3SD
Aviation	Expected Loss ratio	N/A	Not Applicable
Engineering	Undiscounted IABCL	19,764,423	Mean + 3SD
Oil & Gas	Expected Loss ratio	N/A	Not Applicable

Notes To The Financial Statements Contd

12 Insurance contract liabilities - continued

To illustrate the robustness of the reserves, the loss development tables below provide information about historical claims development by eight classes of business – accident, aviation, bond, engineering, fire, marine, motor and oil & energy. The tables are by underwriting year which in view provides the most transparent reserving basis.

Gross claim reserving - Fire

Incremental Chain ladder-Yearly Projections (N'000) (Table of claims paid excluding large claims (Attritional Table))

Accident year	1	2	3	4	5	6	7	8	9	10	11	12
2008	110,128	105,252	46,861	5,562	412	-	-	-	-	-	1,535	-
2009	126,838	95,969	25,312	12,116	668	58	-	-	-	120	-	-
2010	80,509	111,961	37,658	20,129	2,892	1,679	-	-	-	-	-	-
2011	145,673	375,819	72,612	44,635	28,323	603	-	284	-	-	-	-
2012	172,376	225,242	81,969	16,442	160	140	-	295	-	-	9,507	-
2013	206,698	272,940	73,266	12,904	4,237	2,173	-	-	-	-	-	-
2014	285,229	230,783	43,717	32,190	4,139	606	239	477	655	-	-	-
2015	332,516	279,154	22,671	20,630	12,137	1,303	-	1,711	-	-	-	-
2016	273,934	353,278	50,066	20,397	1,281	15,994	4,908	-	-	-	-	-
2017	273,077	235,134	31,616	36,678	36,461	9,115	-	-	-	-	-	-
2018	325,889	292,644	30,557	1,674	9,495	-	-	-	-	-	-	-
2019	490,517	373,530	78,878	37,379	-	-	-	-	-	-	-	-
2020	444,751	520,004	105,205	-	-	-	-	-	-	-	-	-
2021	409,450	388,135	-	-	-	-	-	-	-	-	-	-
2022	410,024	-	-	-	-	-	-	-	-	-	-	-

Notes To The Financial Statements Contd

12 Insurance contract liabilities - continued

Gross claim reserving - Fire

Cumulative Chain Ladder - Annual projections (N'000)

Accident year	1	2	3	4	5	6	7	8	9	10	11	12
2008	556,575	1,018,725	1,199,377	1,218,554	1,219,842	1,219,842	1,219,842	1,219,842	1,219,842	1,219,842	1,222,722	1,222,722
2009	556,930	926,895	1,014,175	1,052,052	1,053,916	1,054,091	1,054,091	1,054,091	1,054,091	1,054,316	1,054,316	1,054,316
2010	310,365	696,422	814,146	870,331	879,135	883,855	883,855	883,855	883,855	883,855	883,855	883,855
2011	502,301	1,677,171	1,879,847	2,015,737	2,095,358	2,096,904	2,096,904	2,097,436	2,097,436	2,097,436	2,097,436	2,097,436
2012	538,874	1,167,573	1,417,126	1,463,347	1,463,758	1,464,061	1,464,061	1,464,558	1,464,558	1,464,558	1,474,065	
2013	576,937	1,407,901	1,613,863	1,646,962	1,656,134	1,660,212	1,660,212	1,660,212	1,660,212	1,660,212		
2014	868,376	1,517,144	1,629,275	1,698,962	1,706,729	1,707,751	1,708,112	1,708,751	1,709,406			
2015	934,757	1,650,766	1,699,845	1,738,556	1,759,022	1,760,984	1,760,984	1,762,696				
2016	702,621	1,467,420	1,561,366	1,595,761	1,597,690	1,619,145	1,624,053					
2017	591,175	1,032,392	1,085,705	1,140,936	1,189,845	1,198,959						
2018	611,515	1,104,983	1,150,997	1,153,243	1,162,738							
2019	827,130	1,389,608	1,495,414	1,532,793								
2020	669,726	1,367,253	1,472,458									
2021	549,232	937,367										
2022	410,024											
Loss Dev Factors (LDF)		1.974	1.098	1.034	1.012	1.003	1.000	1.000	1.000	1.000	1.000	1.000

Notes To The Financial Statements Contd

12 Insurance contract liabilities - continued

Projected Inflation Adjusted Chain ladder (discounted results -Annual projections (N'000))

Accident year	1	2	3	4	5	6	7	8	9	10	11	12
2008	556,575	1,018,725	1,199,377	1,218,554	1,219,842	1,219,842	1,219,842	1,219,842	1,219,842	1,219,842	1,219,842	1,219,842
2009	556,930	926,895	1,014,175	1,052,052	1,053,916	1,054,091	1,054,091	1,054,091	1,054,091	1,054,316	1,054,316	1,054,316
2010	310,365	696,422	814,146	870,331	879,135	883,855	883,855	883,855	883,855	883,855	883,855	883,855
2011	502,301	1,677,171	1,879,847	2,015,737	2,095,358	2,096,904	2,096,904	2,097,436	2,097,436	2,097,436	2,097,436	2,097,493
2012	538,874	1,167,573	1,417,126	1,463,347	1,463,758	1,464,061	1,464,061	1,464,558	1,464,558	1,464,558	1,464,558	1,464,558
2013	576,937	1,407,901	1,613,863	1,646,962	1,656,134	1,660,212	1,660,212	1,660,212	1,660,212	1,660,212	1,660,212	1,660,212
2014	868,376	1,517,144	1,629,275	1,698,962	1,706,729	1,707,751	1,708,112	1,708,751	1,709,406	1,709,406	1,709,406	1,709,406
2015	934,757	1,650,766	1,699,845	1,738,556	1,759,022	1,760,984	1,760,984	1,762,696	1,763,270	1,763,270	1,763,270	1,763,270
2016	702,621	1,467,420	1,561,366	1,595,761	1,597,690	1,619,145	1,624,053	1,624,925	1,624,925	1,624,925	1,624,925	1,624,925
2017	591,175	1,032,392	1,085,705	1,140,936	1,189,845	1,198,959	1,199,964	1,199,964	1,199,964	1,199,964	1,199,964	1,199,964
2018	611,515	1,104,983	1,150,997	1,153,243	1,162,738	1,176,072	1,176,072	1,176,072	1,176,072	1,176,072	1,176,072	1,176,072
2019	827,130	1,389,608	1,495,414	1,532,793	1,616,555	1,622,015	1,622,015	1,622,015	1,622,015	1,622,015	1,622,015	1,622,015
2020	669,726	1,367,253	1,472,458	1,656,341	1,678,650	1,684,406	1,684,406	1,684,406	1,684,406	1,684,406	1,684,406	1,684,406
2021	549,232	937,367	1,270,207	1,317,646	1,335,488	1,340,092	1,340,092	1,340,092	1,340,092	1,340,092	1,340,092	1,340,092
2022	410,024	1,130,997	1,248,089	1,293,918	1,311,155	1,315,602	1,315,602	1,315,602	1,315,602	1,315,602	1,315,602	1,315,602

Notes To The Financial Statements Contd

12 Insurance contract liabilities - continued

Gross claim reserving - Fire

Summary of results / Total expected payment for each future year

Accident year	Exposure/ Earned Premium (N'000)	Total Paid Amounts (N'000)	O/S Reported LG Reserve	No. of Large Losses	Claim Frequency (%)	Average Paid Cost (N'000)	Ult Avg Cost	Ultimate Freq (%)	Ultimate Paid Amounts (N'000)	Large Loss Reserves (N'000)
2008	849525	238,941	-	3	0	79,647	79,647	-	238,941	-
2009	849525	-	-	-	-	-	-	-	-	-
2010	849525	-	-	-	-	-	-	-	-	-
2011	849525	355,878	-	4	0	88,969	88,969	-	355,878	-
2012	1425419	341,378	-	8	0	42,672	42,672	-	341,378	-
2013	1643663	104,511	-	3	0	34,837	34,837	-	104,511	-
2014	2662425	160,326	-	5	0	32,065	32,065	-	160,326	-
2015	2732559	474,109	-	6	0	79,018	79,018	-	474,109	-
2016	3363252	51,649	-	2	0	25,825	25,825	-	51,649	-
2017	4731622	1,392,131	-	4	0	348,033	348,033	-	1,392,131	-
2018	4713463	507,064	-	6	0	84,511	84,511	-	507,064	-
2019	4989617	1,112,312	67,271	11	0	98,299	98,299	-	1,112,312	67,271
2020	6092960	2,596,835	80,673	27	0	95,625	95,625	-	2,596,835	80,673
2021	7526883	164,046	-	2	0	82,023	82,023	-	164,046	-
2022	9158499	509,706	287,000	2	0	265,569	265,569	-	627,747	405,041
Total			434,944							552,985
									Discounted	497,866

Notes To The Financial Statements Contd

12 Insurance contract liabilities - continued

Incremental Chain ladder-Yearly Projections (N'000) (Table of claims paid excluding large claims (Attritional Table))

Accident year	1	2	3	4	5	6	7	8	9	10	11	12	13	14
2008	93,564	117,991	43,719	29,067	24,068	14,124	2,169	-	350	-	1,535	-	-	-
2009	142,888	178,819	32,999	22,321	34,515	14,792	-	119	1,244	1,481	-	-	-	-
2010	103,424	161,672	91,990	24,421	23,990	3,897	2,065	-	2,347	28,330	-	-	13	-
2011	114,804	214,937	46,760	60,251	7,607	12,678	2	1,840	94	-	-	-	-	-
2012	119,637	150,849	106,089	14,296	3,287	3,480	8,660	248	1,664	312	9,507	-	-	-
2013	70,883	161,350	61,683	25,878	6,697	4,154	839	-	2,942	251	-	-	-	-
2014	103,234	100,861	30,956	4,530	11,375	2,150	1,723	7	-	-	-	-	-	-
2015	153,854	91,909	17,555	48,723	3,803	422	237	674	-	-	-	-	-	-
2016	126,331	145,759	45,263	5,878	4,323	1,307	5,950	-	-	-	-	-	-	-
2017	100,401	128,739	29,242	12,128	5,599	1,403	-	-	-	-	-	-	-	-
2018	93,463	148,735	18,867	14,409	4,536	-	-	-	-	-	-	-	-	-
2019	148,155	124,156	14,165	7,769	-	-	-	-	-	-	-	-	-	-
2020	145,055	200,102	31,523	-	-	-	-	-	-	-	-	-	-	-
2021	166,071	199,103	-	-	-	-	-	-	-	-	-	-	-	-
2022	242,510	-	-	-	-	-	-	-	-	-	-	-	-	-

Notes To The Financial Statements Contd

12 Insurance contract liabilities - continued

Gross claim reserving - General Accident

Cumulative Chain Ladder - Annual projections (N'000)

Accident year	1	2	3	4	5	6	7	8	9	10	11	12	13	14
2008	472,864	990,947	1,159,487	1,259,715	1,334,954	1,374,377	1,379,981	1,379,981	1,380,744	1,380,744	1,383,623	1,383,623	1,383,623	1,383,623
2009	627,405	1,316,759	1,430,545	1,500,322	1,596,660	1,634,889	1,634,889	1,635,148	1,637,840	1,640,619	1,640,619	1,640,619	1,640,619	1,640,619
2010	398,704	956,174	1,243,750	1,311,914	1,373,915	1,383,216	1,387,713	1,387,713	1,392,116	1,439,886	1,439,886	1,439,886	1,439,899	1,439,899
2011	395,863	1,067,789	1,198,306	1,354,022	1,372,174	1,399,778	1,399,782	1,403,234	1,403,392	1,403,392	1,403,392	1,403,392	1,403,392	1,403,392
2012	374,004	795,056	1,069,239	1,103,354	1,110,510	1,118,045	1,134,296	1,134,714	1,137,220	1,137,639	1,147,146	1,147,146	1,147,146	1,147,146
2013	197,849	614,851	762,050	818,396	832,893	840,689	842,104	842,104	846,051	846,302	847,575	847,575	847,575	847,575
2014	266,805	507,498	574,901	584,708	606,053	609,678	612,272	612,282	612,282	615,340	615,340	615,340	615,340	615,340
2015	367,154	567,273	605,277	696,703	703,116	703,752	704,069	704,744	707,930	707,930	707,930	707,930	707,930	707,930
2016	275,067	590,614	675,547	685,459	691,968	693,721	699,671	705,989	705,989	705,989	705,989	705,989	705,989	705,989
2017	217,354	458,926	508,234	526,498	534,009	535,412	549,302	549,700	549,700	549,700	549,700	549,700	549,700	549,700
2018	175,379	426,182	454,594	473,922	478,459	502,870	505,441	505,867	505,867	505,867	505,867	505,867	505,867	505,867
2019	249,826	436,785	455,786	463,555	495,875	504,980	507,981	508,478	508,478	508,478	508,478	508,478	508,478	508,478
2020	218,429	486,844	518,367	606,722	631,958	645,248	649,628	650,354	650,354	650,354	650,354	650,354	650,354	650,354
2021	222,766	421,869	536,820	581,841	609,354	623,844	628,619	629,410	629,410	629,410	629,410	629,410	629,410	629,410
2022	242,510	655,809	783,067	852,840	895,481	917,937	925,337	926,564	926,564	926,564	926,564	926,564	926,564	926,564

Notes To The Financial Statements Contd

12 Insurance contract liabilities - continued

Projected Inflation Adjusted Chain ladder (discounted results -Annual projections (N'000))

Accident year	1	2	3	4	5	6	7	8	9	10	11	12	13	14
2008	472,864	990,947	1,159,487	1,259,715	1,334,954	1,374,377	1,379,981	1,379,981	1,380,744	1,380,744	1,383,623	1,383,623	1383623.297	1,383,623
2009	627,405	1,316,759	1,430,545	1,500,322	1,596,660	1,634,889	1,634,889	1,635,148	1,637,840	1,640,619	1,640,619	1,640,619	1640619.338	1,640,619
2010	398,704	956,174	1,243,750	1,311,914	1,373,915	1,383,216	1,387,713	1,387,713	1,392,116	1,439,886	1,439,886	1,439,886	1439898.745	1,439,899
2011	395,863	1,067,789	1,198,306	1,354,022	1,372,174	1,399,778	1,399,782	1,403,234	1,403,392	1,403,392	1,403,392	1,403,392	1403392.342	1,403,392
2012	374,004	795,056	1,069,239	1,103,354	1,110,510	1,118,045	1,134,296	1,134,714	1,137,220	1,137,639	1,147,146	1,147,146	1147146.216	1,147,146
2013	197,849	614,851	762,050	818,396	832,893	840,689	842,104	842,104	846,051	846,302	847,491	847,491	847491.1643	847,491
2014	266,805	507,498	574,901	584,708	606,053	609,678	612,272	612,282	612,282	615,139	615,139	615,139	615139.0004	615,139
2015	367,154	567,273	605,277	696,703	703,116	703,752	704,069	704,744	707,720	707,720	707,720	707,720	707720.2377	707,720
2016	275,067	590,614	675,547	685,459	691,968	693,721	699,671	705,572	705,572	705,572	705,572	705,572	705572.3921	705,572
2017	217354	458,926	508,234	526,498	534,009	535,412	548,388	548,711	548,711	548,711	548,711	548,711	548711.2701	548,711
2018	175379	426,182	454,594	473,922	478,459	501,262	503,357	503,660	503,660	503,660	503,660	503,660	503660.4337	503,660
2019	249826	436,785	455,786	463,555	493,746	501,168	503,302	503,611	503,611	503,611	503,611	503,611	503610.8837	503,611
2020	218429	486,844	518,367	600,902	621,473	630,926	633,644	634,037	634,037	634,037	634,037	634,037	634037.2571	634,037
2021	222766	421,869	529,248	565,946	585,515	594,508	597,095	597,469	597,469	597,469	597,469	597,469	597468.6518	597,469
2022	242,510	628,585	732,316	781,944	808,409	820,571	824,069	824,575	824,575	824,575	824,575	824,575	824574.5022	824,575

Notes To The Financial Statements Contd

12 Insurance contract liabilities - continued

Gross claim reserving - General Accident

Accident year	Exposure/ Earned Premium (N'000)	Total Paid Amounts (N'000)	O/S Reported LG Reserve	No. of Large Losses	Claim Frequency (%)	Average Paid Cost (N'000)	Ult Avg Cost	Ultimate Freq (%)	Ultimate Paid Amounts (N'000)	Large Loss Reserves (N'000)
2008	954,044	23,903	-	1	0.00010%	23,903	23,903	0.00000%	23,903	-
2009	954,044	0	-	0	0.00000%	0	0	0.00000%	0	0
2010	954,044	57,572	-	2	0.00021%	28,786	28,786	0.00000%	57,572	-
2011	954,044	95,337	-	9	0.00094%	10,593	10,593	0.00000%	95,337	-
2012	835,123	100,449	-	2	0.00024%	50,225	50,225	0.00000%	100,449	-
2013	1,201,245	26,574	-	1	0.00008%	26,574	26,574	0.00000%	26,574	-
2014	1,159,496	119,330	-	13	0.00112%	9,179	9,179	0.00000%	119,330	-
2015	1,418,197	31,497	-	3	0.00021%	10,499	10,499	0.00000%	31,497	-
2016	1,733,251	474,367	-	5	0.00029%	94,873	94,873	0.00000%	474,367	-
2017	1,381,811	75,042	-	3	0.00022%	25,014	25,014	0.00000%	75,042	-
2018	1,362,222	81,109	-	5	0.00037%	16,222	16,222	0.00000%	81,109	-
2019	1,837,363	160,228	0	4	0.00022%	40,057	40,057	0.00000%	160,228	0
2020	2,051,688	21,846	20,000	1	0.00010%	21,846	21,846	0.00000%	21,846	20,000
2021	2,264,054	140,992	55,606	5	0.00031%	28,198	28,198	0.00000%	140,992	55,606
2022	3,803,268	42,830	86,780	2	0.00013%	21,415	21,415	0.00000%	261,038	304,988
Total			162,386							380,593

Notes To The Financial Statements Contd

12 Insurance contract liabilities - continued

Gross claim reserving - Engineering

Incremental Chain ladder-Yearly Projections (N'000) (Table of claims paid excluding large claims (Attritional Table))

Accident year	1	2	3	4	5	6	7	8	9	10	11	12
2008	10,320	18,812	3,234	40	-	-	-	-	-	-	-	-
2009	10,588	21,981	685	566	8	669	-	-	-	15	-	-
2010	25,334	27,088	13,545	1,316	916	-	52	-	-	-	-	-
2011	41,121	37,530	6,827	786	2,160	4	1,272	-	-	-	-	-
2012	39,982	32,423	11,309	10,862	2,189	9,516	-	1,786	2,159	-	-	-
2013	34,179	16,546	5,025	771	5,958	-	-	-	-	-	-	-
2014	32,268	21,790	16,105	67	-	-	-	-	-	-	-	-
2015	16,793	46,258	8,567	2,154	15	-	-	-	-	-	-	-
2016	24,725	38,213	6,751	17,357	1,888	1,248	-	-	-	-	-	-
2017	17,448	48,920	26,757	3,724	6	23	-	-	-	-	-	-
2018	37,865	56,824	5,676	2,213	89	-	-	-	-	-	-	-
2019	65,344	34,062	11,868	5,994	-	-	-	-	-	-	-	-
2020	34,516	69,094	9,524	-	-	-	-	-	-	-	-	-
2021	34,412	82,979	-	-	-	-	-	-	-	-	-	-
2022	43,816	-	-	-	-	-	-	-	-	-	-	-

Notes To The Financial Statements Contd

11 Insurance contract liabilities - continued

Gross claim reserving - Engineering

Cumulative Chain ladder-Annual Projections (N'000)

Accident year	1	2	3	4	5	6	7	8	9	10	11	12
2008	52,156	134,756	147,223	147,361	147,361	147,361	147,361	147,361	147,361	147,361	147,361	147,361
2009	46,490	131,225	133,586	135,355	135,377	137,104	137,104	137,104	137,104	137,132	137,132	137,132
2010	97,664	191,068	233,412	237,087	239,455	239,455	239,569	239,569	239,569	239,569	239,569	239,569
2011	141,793	259,117	278,171	280,204	285,357	285,367	288,121	288,121	288,121	288,121	288,121	288,121
2012	124,989	215,487	244,716	270,635	275,402	296,003	296,003	299,015	302,265	302,265	302,265	302,265
2013	95,401	138,163	150,154	151,832	164,731	164,731	164,731	164,731	164,731	164,731	165,533	165,533
2014	83,394	135,394	170,461	170,605	170,605	170,605	170,605	170,605	170,605	170,605	170,605	170,605
2015	40,075	140,794	159,340	163,383	163,409	163,409	163,409	163,409	163,409	163,409	163,409	163,409
2016	53,836	136,562	149,230	178,499	181,342	183,016	183,016	183,016	183,016	183,016	183,016	183,016
2017	37,772	129,569	174,687	180,294	180,303	180,326	181,718	181,718	181,718	181,718	181,718	181,718
2018	71,051	166,871	175,417	178,386	178,475	180,054	180,054	180,054	180,054	180,054	180,054	180,054
2019	110,187	161,479	177,399	183,392	192,039	195,274	195,274	195,274	195,274	195,274	195,274	195,274
2020	51,976	144,658	154,182	173,102	176,245	179,673	179,673	179,673	179,673	179,673	179,673	179,673
2021	46,159	129,139	190,027	199,451	203,513	207,945	207,945	207,945	207,945	207,945	207,945	207,945
2022	43,816	125,505	145,136	152,928	156,287	159,951	159,951	159,951	159,951	159,951	159,951	159,951

Notes To The Financial Statements Contd

12 Insurance contract liabilities - continued

Reserve for Large losses

Accident year	Exposure/ Earned Premium (N'000)	Total Paid Amounts (N'000)	O/S Reported LG Reserve	No. of Large Losses	Claim Frequency (%)	Average Paid Cost (N'000)	Ult Avg Cost	Ultimate Freq (%)	Ultimate Paid Amounts (N'000)	Large Loss Reserves (N'000)
2009	328,030	-	-	-	0.00000%	-	-	0.00000%	-	-
2010	328,030	52,140	-	2	0.00000%	26,070	26,070	0.00000%	52,140	-
2011	328,030	1,699	-	2	0.00000%	850	850	0.00000%	1,699	-
2012	385,887	77,690	-	4	0.00000%	19,422	19,422	0.00000%	77,690	-
2013	283,277	-	-	-	0.00000%	-	-	0.00000%	-	-
2014	394,657	322,650	-	7	0.00000%	46,093	46,093	0.00000%	322,650	-
2015	533,391	65,410	-	5	0.00000%	13,082	13,082	0.00000%	65,410	-
2016	488,027	92,779	-	1	0.00000%	92,779	92,779	0.00000%	92,779	-
2017	411,656	-	-	-	0.00000%	-	-	0.00000%	-	-
2018	520,219	-	-	-	0.00000%	-	-	0.00000%	-	-
2019	568,295	41,901	-	1	0.00000%	41,901	41,901	0.00000%	41,901	-
2020	626,574	-	20,727	-	0.00000%	-	-	0.00000%	-	20,727
2021	653,647	-	-	-	0.00000%	-	-	0.00000%	-	-
2022	596,440	209781.7484	-	1	0.00%	209,782	209,782	0.00%	239,998	30,216
Total			20,727							50,944
									Discounted*	45,382

Notes To The Financial Statements Contd

11 Insurance contract liabilities - continued

Gross claim reserving - Engineering

Gross Result Exhibit

UW Yr	Gross Earned Premiums	Gross Paid Claims	O/S Claims	Gross Incurred Claims	Paid Loss Ratio	Incurred Loss Ratio	Gross Earned Premium	IBNR	Gross Ultimate Claims	Claims Reserve	IBNR Loss Ratio	Reserve Loss Ratio	Ultimate Loss Ratio
2011	328,030	91,400	0	91,400	0	28%	328,030	-	91,400	-	0.00	-	0.278632612
2012	385,887	187,915	0	187,915	0	49%	385,887	-	187,915	-	0.00	-	0.486969369
2013	283,277	62,478	750	63,228	0	22%	283,277	-	63,228	750	0.00	-	0.223203882
2014	394,657	392,880	0	392,880	1	100%	394,657	-	392,880	-	0.00	-	0.995496851
2015	533,391	139,198	0	139,198	0	26%	533,391	-	139,198	-	0.00	-	0.260967572
2016	488,027	182,962	0	182,962	0	37%	488,027	-	182,962	-	0.00	-	0.374901748
2017	411,656	96,878	900	97,778	0	24%	411,656	400	98,178	1,300	0.00	-	0.238495675
2018	520,219	102,667	1,016	103,682	0	20%	520,219	460	104,142	1,475	0.00	-	0.200188306
2019	568,295	159,170	8,787	167,956	0	30%	568,295	1,927	169,884	10,714	0.00	0.02	0.298935769
2020	626,574	113,134	39,012	152,146	0	24%	626,574	2,127	154,273	41,139	0.00	0.07	0.24621621
2021	653,647	117,391	30,473	147,864	0	23%	653,647	39,726	187,590	70,199	0.06	0.11	0.286989959
2022	596,440	253,597	52,711	306,308	0	51%	596,440	76,129	382,437	128,839	0.13	0.22	0.64119861
Total	5,790,100	1,899,670	133,648	2,033,318			5,790,100	120,769	2,154,086	254,416	0.02	0.04	0.372029205

Notes To The Financial Statements Contd

12 Insurance contract liabilities - continued

Net Result Exhibit

UW Yr	Net Earned Premiums	Net Paid Claims	Net O/S Claims	Net Incurred Claims	Net Paid Loss Ratio	Net Incurred Loss Ratio	Net Earned Premium	Net IBNR	Net Ultimate Claims	Net Claims Reserve	Net IBNR Loss Ratio	Net Reserve Loss Ratio	Net Ultimate Loss Ratio
2011	221,308	54,464	-	54,464	0.2461	0.2461	221,308	-	54,464	-	-	-	0.246102
2012	242,477	113,391	(522)	112,868	0.4676	0.4655	242,477	(0)	112,868	(522)	(0)	(0)	0.465480
2013	112,321	41,258	750	42,008	0.3673	0.3740	112,321	0	42,008	750	0	0	0.374004
2014	217,347	275,554	(44)	275,510	1.2678	1.2676	217,347	(0)	275,510	(44)	(0)	(0)	1.267604
2015	297,731	40,248	(98)	40,150	0.1352	0.1349	297,731	0	40,150	(98)	0	(0)	0.134852
2016	224,771	133,760	(1,515)	132,245	0.5951	0.5884	224,771	0	132,245	(1,515)	0	(0)	0.588355
2017	210,490	(206,815)	(283)	(207,099)	-0.9825	-0.9839	210,490	400	(206,698)	117	0	0	-0.981986
2018	234,697	101,543	(95)	101,448	0.4327	0.4322	234,697	343	101,791	248	0	0	0.433712
2019	212,606	135,788	4,453	140,241	0.6387	0.6596	212,606	1,473	141,714	5,926	0	0	0.666555
2020	254,868	75,963	9,437	85,399	0.2980	0.3351	254,868	(104)	85,295	9,333	(0)	0	0.334665
2021	238,040	57,948	9,834	67,782	0.2434	0.2847	238,040	6,387	74,169	16,221	0	0	0.311581
2022	248,620	23,792	40,715	64,507	0.0957	0.2595	248,620	29,732	94,238	70,446	0	0	0.379046
Total	2,715,277	846,894	62,629	909,523			2,715,277	38,232	947,755	100,861	0	0	0.349045

Notes To The Financial Statements Contd

12 Insurance contract liabilities - continued

Gross claim reserving - Motor

Incremental Chain ladder-Yearly Projections (N'000) (Table of claims paid excluding large claims (Attritional Table))

Accident year	1	2	3	4	5	6	7	8	9	10	11	12
2008	507,461	204,505	22,153	22,657	1,761	4,242	863	-	-	-	-	-
2009	569,042	238,715	38,021	18,622	5,096	3,554	-	-	-	-	-	-
2010	473,569	307,040	53,176	12,395	2,877	-	-	-	40	-	-	-
2011	609,346	278,893	33,978	7,180	-	-	-	-	-	-	450	-
2012	560,502	218,623	21,106	331	1,564	-	-	40	-	-	-	-
2013	654,322	206,000	11,291	795	868	20	25	-	-	-	-	-
2014	753,530	129,455	3,290	321	242	-	1,087	-	-	-	-	-
2015	813,262	202,678	6,740	3,496	-	-	-	-	-	-	-	-
2016	883,565	215,311	9,241	1,333	-	2,422	-	-	-	-	-	-
2017	911,733	197,368	10,083	-	1,402	533	-	-	-	-	-	-
2018	816,536	142,904	5,824	-	38	-	-	-	-	-	-	-
2019	873,149	172,568	11,762	1,073	-	-	-	-	-	-	-	-
2020	869,945	221,553	11,382	-	-	-	-	-	-	-	-	-
2021	1,063,066	257,272	-	-	-	-	-	-	-	-	-	-
2022	1384139.32	-	-	-	-	-	-	-	-	-	-	-

Notes To The Financial Statements Contd

12 Insurance contract liabilities - continued

Cumulative Chain Ladder-Annual Projections (N'000)

Accident year	1	2	3	4	5	6	7	8	9	10	11	12
2008	2,564,658	3,462,615	3,548,015	3,626,139	3,631,646	3,643,485	3,645,714	3,645,714	3,645,714	3,645,714	3,645,714	3,645,714
2009	2,498,598	3,418,852	3,549,954	3,608,170	3,622,393	3,631,577	3,631,577	3,631,577	3,631,577	3,631,577	3,631,577	3,631,577
2010	1,825,622	2,884,341	3,050,578	3,085,175	3,092,610	3,092,610	3,092,610	3,092,610	3,092,685	3,092,685	3,092,685	3,092,685
2011	2,101,118	2,972,980	3,067,821	3,086,377	3,086,377	3,086,377	3,086,377	3,086,377	3,086,377	3,086,377	3,086,981	3,086,981
2012	1,752,215	2,362,438	2,416,984	2,417,774	2,421,179	2,421,179	2,421,179	2,421,246	2,421,246	2,421,246	2,421,246	2,421,268
2013	1,826,350	2,358,748	2,385,693	2,387,424	2,389,303	2,389,340	2,389,383	2,389,383	2,389,383	2,389,383	2,389,404	2,389,404
2014	1,947,465	2,256,394	2,263,558	2,264,253	2,264,707	2,264,707	2,266,344	2,266,344	2,266,344	2,266,344	2,266,344	2,266,344
2015	1,940,757	2,382,060	2,396,651	2,403,212	2,403,212	2,403,212	2,403,212	2,403,212	2,403,212	2,403,212	2,403,212	2,403,212
2016	1,923,836	2,389,955	2,407,296	2,409,545	2,409,545	2,412,793	2,412,793	2,412,793	2,412,793	2,412,793	2,412,793	2,412,793
2017	1,973,775	2,344,128	2,361,130	2,361,130	2,363,010	2,363,543	2,361,857	2,364,759	2,364,759	2,364,759	2,364,759	2,364,759
2018	1,532,189	1,773,160	1,781,930	1,781,930	1,781,968	1,780,810	1,780,810	1,783,372	1,783,372	1,783,372	1,783,372	1,783,372
2019	1,472,340	1,732,200	1,747,977	1,749,050	1,756,430	1,758,590	1,758,590	1,761,549	1,761,549	1,761,549	1,761,549	1,761,549
2020	1,310,001	1,607,190	1,618,572	1,633,002	1,635,648	1,638,000	1,638,000	1,641,223	1,641,223	1,641,223	1,641,223	1,641,223
2021	1,425,984	1,683,256	1,795,569	1,811,524	1,814,927	1,817,952	1,817,952	1,822,096	1,822,096	1,822,096	1,822,096	1,822,096
2022	1384139.3231	1727024.549	1773892.629	1791861.8	1795693.57	1799100.52	1799100.525	1,803,768	1,803,768	1,803,768	1,803,768	1,803,768

Notes To The Financial Statements Contd

12 Insurance contract liabilities - continued

Gross claim reserving - Motor

Reserve For Large Losses

Accident year	Exposure/ Earned Premium (N'000)	Total Paid Amounts (N'000)	O/S Reported LG Reserve	No. of Large Losses	Claim Frequency (%)	Average Paid Cost (N'000)	Ult Avg Cost	Ultimate Freq (%)	Ultimate Paid Amounts (N'000)	Large Loss Reserves (N'000)
2009	1,414,954	53,897	-	5.00	0.00%	10,779	10,779	0	53,897	-
2010	1,414,954	45,122	-	3.00	0.00%	15,041	15,041	0	45,122	-
2011	1,414,954	73,332	-	5.00	0.00%	14,666	14,666	0	73,332	-
2012	1,693,838	34,079	-	4.00	0.00%	8,520	8,520	0	34,079	-
2013	2,061,524	64,637	-	6.00	0.00%	10,773	10,773	0	64,637	-
2014	2,534,137	10,083	-	1.00	0.00%	10,083	10,083	0	10,083	-
2015	2,369,361	98,820	-	18.00	0.00%	5,490	5,490	0	98,820	-
2016	2,451,788	86,841	-	13.00	0.00%	6,680	6,680	0	86,841	-
2017	2,458,016	103,799	-	11.00	0.00%	9,436	9,436	0	103,799	-
2018	2,453,988	81,828	-	8.00	0.00%	10,229	10,229	0	81,828	-
2019	2,733,523	156,250	-	23.00	0.00%	6,793	6,793	0	156,250	-
2020	3,182,841	210,472	-	23.00	0.00%	9,151	9,151	0	210,472	-
2021	3,428,551	246,065	37,208	28.00	0.00%	8,788	8,788	0	246,065	37,208
2022	3,479,003	145,175	82,804	13.00	0.00%	11,167	11,167	0	185,006	122,635
Total			120,012							159,843
									Discounted*	143,891

Notes To The Financial Statements Contd

12 Insurance contract liabilities - continued

Gross Result Exhibit

UW Yr	Gross Earned Premiums	Gross Paid Claims	O/S Claims	Gross Incurred Claims	Paid Loss Ratio	Incurred Loss Ratio	Gross Earned Premium	IBNR	Gross Ultimate Claims	Claims Reserve	IBNR Loss Ratio	Reserve Loss Ratio	Ultimate Loss Ratio
2011	1,414,954	1,003,179	8	1,003,179	0.71	0.71	1,414,954	-	1,003,179	-	-	-	0.71
2012	1,693,838	836,243		836,263	0.49	0.49	1,693,838	0	836,263	20	-	-	0.49
2013	2,061,524	937,958	-	937,978	0.45	0.45	2,061,524	(0)	937,978	20	-	-	0.45
2014	2,534,137	898,009	20	898,009	0.35	0.35	2,534,137	-	898,009	-	-	-	0.35
2015	2,369,361	1,124,997	20	1,124,997	0.47	0.47	2,369,361	-	1,124,997	-	-	-	0.47
2016	2,451,788	1,198,714	-	1,198,714	0.49	0.49	2,451,788	0	1,198,714	0	-	-	0.49
2017	2,458,016	1,224,917	-	1,225,594	0.50	0.50	2,458,016	114	1,225,708	790	-	-	0.50
2018	2,453,988	1,047,130	-	1,047,736	0.43	0.43	2,453,988	134	1,047,870	740	-	-	0.43
2019	2,733,523	1,214,801	676	1,220,565	0.44	0.45	2,733,523	4,727	1,225,291	10,491	-	-	0.45
2020	3,182,841	1,313,353	606	1,319,959	0.41	0.41	3,182,841	12,448	1,332,408	19,055	-	-	0.42
2021	3,428,551	1,566,402	5,764	1,686,896	0.46	0.49	3,428,551	40,891	1,727,787	161,385	-	-	0.50
2022	3,479,003	1,529,315	6,606	1,838,655	0.44	0.53	3,479,003	190,727	2,029,382	500,067	-	-	0.58
Total	30,261,52	13,895,01	120,494	14,338,546			30,261,52	249,040	14,587,58	692,568	-	-	0.48

Notes To The Financial Statements Contd

12 Insurance contract liabilities - continued

Gross claim reserving - Motor

Net Result Exhibit

UW Yr	Net Earned Premiums	Net Paid Claims	Net O/S Claims	Net Incurred Claims	Net Paid Loss Ratio	Net Incurred Loss Ratio	Net Earned Premium	Net IBNR	Net Ultimate Claims	Net Claims Reserve	Net IBNR Loss Ratio	Net Reserve Loss Ratio	Net Ultimate Loss Ratio
2011	1,389,924	885,939	-	885,939	0.64	0.64	1,389,924	-	885,939	-	-	-	0.64
2012	1,680,067	741,490	20	741,510	0.44	0.44	1,680,067	-	741,510	20	-	-	0.44
2013	1,979,082	918,205	20	918,225	0.46	0.46	1,979,082	(0)	918,225	20	-	-	0.46
2014	2,485,790	864,788	-	864,788	0.35	0.35	2,485,790	-	864,788	-	-	-	0.35
2015	2,291,075	1,023,640	-	1,023,640	0.45	0.45	2,291,075	-	1,023,640	-	-	-	0.45
2016	2,318,052	1,129,708	-	1,129,708	0.49	0.49	2,318,052	-	1,129,708	0	-	-	0.49
2017	2,298,398	1,143,922	676	1,144,598	0.50	0.50	2,298,398	114	1,144,712	790	-	-	0.50
2018	2,316,895	941,169	606	941,775	0.41	0.41	2,316,895	134	941,909	740	-	-	0.41
2019	2,544,138	1,153,146	5,764	1,158,910	0.45	0.46	2,544,138	4,565	1,163,475	10,329	-	-	0.46
2020	3,017,472	1,241,424	6,606	1,248,030	0.41	0.41	3,017,472	10,951	1,258,981	17,557	-	-	0.42
2021	3,340,527	1,474,865	120,494	1,595,360	0.44	0.48	3,340,527	34,435	1,629,795	154,929	-	-	0.49
2022	3,364,947	1,462,571	308,841	1,771,412	0.43	0.53	3,364,947	177,312	1,948,723	486,152	-	-	0.58
Total	29,026,366	12,980,867	443,028	13,423,89			29,026,366	227,511	13,651,405	670,539	-	-	0.47

Notes To The Financial Statements Contd

12 Insurance contract liabilities - continued

Gross claim reserving - Marine

Incremental Chain ladder-Yearly Projections (N'000) (Table of claims paid excluding large claims (Attritional Table))

Accident year	1	2	3	4	5	6	7	8	9	10	11	12
2008	60,705	38,216	8,058		66	-	3,640	-	-	-	-	-
2009	42,659	60,540	14,796	3,728	65	-	-	-	-	-	-	-
2010	61,564	49,384	3,763	330	-	-	-	-	-	-	-	-
2011	130,414	115,549	20,498	3,519	-	-	-	-	-	-	-	-
2012	115,319	106,445	14,829	3,831	-	-	-	-	-	-	-	-
2013	73,632	73,428	14,419	-	2,880	14	-	-	-	-	-	-
2014	116,891	47,890	16,292	-	16	-	-	256	-	-	-	-
2015	109,572	95,168	11,946	5,333	145	-	-	-	-	-	-	-
2016	64,212	67,377	6,801	1,178	-	-	-	-	-	-	-	-
2017	67,681	64,828	9,275	-	-	-	-	-	-	-	-	-
2018	64,869	91,951	20,200	1,308	794	-	-	-	-	-	-	-
2019	106,440	82,996	19,927	3,515	-	-	-	-	-	-	-	-
2020	39,237	68,163	22,573	2,506	-	-	-	-	-	-	-	-
2021	56,970	78,227	-	-	-	-	-	-	-	-	-	-
2022	69,425	-	-	-	-	-	-	-	-	-	-	-

Notes To The Financial Statements Contd

12 Insurance contract liabilities - continued

Gross claim reserving - Marine

Projected Inflation Adjusted Chain ladder (discounted results -Annual projections (N'000))

Accident year	1	2	3	4	5	6	7	8	9	10	11	12	13	14
2008	306,798	474,600	505,664	518,517	518,722	518,722	528,130	528,130	528,130	528,130	528,130	528,130	528,130	528,130
2009	187,310	420,695	471,713	472,745	472,928	472,928	472,928	472,928	472,928	472,928	472,928	472,928	472,928	472,928
2010	237,332	407,616	419,379	429,200	429,200	429,200	429,200	429,200	429,200	429,200	429,200	429,200	429,200	429,200
2011	449,686	810,910	868,124	878,025	878,025	878,025	878,025	878,025	878,025	878,025	878,025	878,025	878,025	878,025
2012	360,504	657,614	695,939	695,939	695,939	695,939	695,939	695,939	695,939	695,939	695,939	695,939	695,939	695,939
2013	205,523	395,294	429,703	429,703	434,996	435,018	435,018	435,018	435,018	435,018	435,018	435,018	435,018	435,018
2014	302,101	416,386	451,858	461,658	461,683	461,683	461,683	462,027	462,027	462,027	462,027	462,027	462,027	462,027
2015	261,482	468,697	490,651	492,527	492,734	492,734	492,734	492,734	492,734	492,734	492,734	492,734	492,734	492,734
2016	139,812	263,634	274,468	274,468	274,468	274,468	274,468	274,468	274,468	274,468	274,468	274,468	274,468	274,468
2017	124,380	227,645	240,922	242,892	242,892	242,892	242,892	242,892	242,892	242,892	242,892	242,892	242,892	242,892
2018	103,331	234,954	265,372	270,087	270,881	274,278	274,278	274,278	274,278	274,278	274,278	274,278	274,278	274,278
2019	152,364	277,342	304,072	306,578	321,226	321,226	321,226	321,226	321,226	321,226	321,226	321,226	321,226	321,226
2020	59,085	150,517	173,090	210,186	210,551	210,551	210,551	210,551	210,551	210,551	210,551	210,551	210,551	210,551
2021	76,420	154,647	310,793	314,705	315,311	315,311	315,311	315,311	315,311	315,311	315,311	315,311	315,311	315,311
2022	69425	310615	338547	343252	343981	343981	343981	343981	343981	343981	343981	343,981	343,981	343,981

Notes To The Financial Statements Contd

12 Insurance contract liabilities - continued

Reserve for Large Losses

Accident year	Exposure/ Earned Premium (N'000)	Total Paid Amounts (N'000)	O/S Reported LG Reserve	No. of Large Losses	Claim Frequency (%)	Average Paid Cost (N'000)	Ult Avg Cost	Ultimate Freq (%)	Ultimate Paid Amounts (N'000)	Large Loss Reserves (N'000)
2009	829,549	23,045	-	1	0.00000%	23,045	23,045	0.00000%	23,045	-
2010	829,549	-	-	-	0.00000%	0	0	0.00000%	-	-
2011	829,549	51,007	-	2	0.00000%	25,504	25,504	0.00000%	51,007	-
2012	460,425	572,475	-	6	0.00000%	95,413	95,413	0.00000%	572,475	-
2013	1,169,328	20,064	-	1	0.00000%	20,064	20,064	0.00000%	20,064	-
2014	1,012,106	393,583	-	6	0.00000%	65,597	65,597	0.00000%	393,583	-
2015	995,999	46,673	-	4	0.00000%	11,668	11,668	0.00000%	46,673	-
2016	765,664	-	-	-	0.00000%	-	-	0.00000%	-	-
2017	990,821	100,870	-	3	0.00000%	33,623	33,623	0.00000%	100,870	-
2018	793,735	81,383	-	4	0.00000%	20,346	20,346	0.00000%	81,383	-
2019	982,526	36,853	-	1	0.00000%	36,853	36,853	0.00000%	36,853	-
2020	1,103,865	49,854	-	2	0.00000%	24,927	24,927	0.00000%	49,854	-
2021	1,400,937	17,960	-	1	0.00000%	17,960	17,960	0.00000%	17,960	-
2022	1,398,986	0	30,000	0	0.00%	0	0	0.00%	29,811	59,811
Total			30000							59,811
									Discounted*	55,232

Notes To The Financial Statements Contd

12 Insurance contract liabilities - continued

Gross claim reserving - Marine

Gross Result Exhibit

UW Yr	Gross Earned Premiums	Gross Paid Claims	O/S Claims	Gross Incurred Claims	Paid Loss Ratio	Incurred Loss Ratio	Gross Earned Premium	IBNR	Gross Ultimate Claims	Claims Reserve	IBNR Loss Ratio	Reserve Loss Ratio	Ultimate Loss Ratio
2011	829,549	321,299	-	321,299	0	39%	829,549	-	321,299	-	-	-	0.387
2012	460,425	809,068	-	809,068	2	176%	460,425	-	809,068	-	-	-	1.757
2013	1,169,328	184,437	-	184,437	0	16%	1,169,328	-	184,437	-	-	-	0.158
2014	1,012,106	580,261	-	580,261	1	57%	1,012,106	-	580,261	-	-	-	0.573
2015	995,999	264,682	-	264,682	0	27%	995,999	-	264,682	-	-	-	0.266
2016	765,664	138,390	-	138,390	0	18%	765,664	-	138,390	-	-	-	0.181
2017	990,821	243,962	-	243,962	0	25%	990,821	-	243,962	-	-	-	0.246
2018	793,735	262,712	2,752	265,464	0	33%	793,735	421	265,885	3,173	0.00	0.00	0.335
2019	982,526	248,722	12,334	261,056	0	27%	982,526	1,350	262,405	13,683	0.00	0.01	0.267
2020	1,103,865	179,827	31,417	211,244	0	19%	1,103,865	3,532	214,776	34,949	0.00	0.03	0.195
2021	1,400,937	153,158	46,858	200,016	0	14%	1,400,937	102,623	302,639	149,481	0.07	0.11	0.216
2022	1,398,986	69,425	129,042	198,467	0	14%	1,398,986	178,060	376,528	307,103	0.13	0.22	0.269
Total	11,903,941	3,455,943	222,404	3,678,346	0	0%	11,903,941	285,985	3,964,332	508,389	0.02	0.04	0.333

Notes To The Financial Statements Contd

12 Insurance contract liabilities - continued

Net Result Exhibit

UW Yr	Net Earned Premiums	Net Paid Claims	Net O/S Claims	Net Incurred Claims	Net Paid Loss Ratio	Net Incurred Loss Ratio	Net Earned Premium	Net IBNR	Net Ultimate Claims	Net Claims Reserve	Net IBNR Loss Ratio	Net Reserve Loss Ratio	Net Ultimate Loss Ratio
2011	535,364	179,171	-	179,171	0	0	535,364	-	179,171	-	-	-	0.33
2012	142,782	562,040	-	562,040	4	4	142,782	-	562,040	-	-	-	3.94
2013	907,102	112,825	-	112,825	0	0	907,102	-	112,825	-	-	-	0.12
2014	732,149	385,242	-	385,242	1	1	732,149	-	385,242	-	-	-	0.53
2015	699,754	(48,158)	-	(48,158)	(0)	(0)	699,754	(0)	(48,158)	(0)	(0.00)	(0.00)	(0.07)
2016	493,838	(101,691)	-	(101,691)	(0)	(0)	493,838	-	(101,691)	-	-	-	(0.21)
2017	658,405	(187,194)	-	(187,194)	(0)	(0)	658,405	-	(187,194)	-	-	-	(0.28)
2018	475,175	174,383	465	174,848	0	0	475,175	181	175,029	646	0.00	0.00	0.37
2019	666,461	236,926	(11,533)	225,393	0	0	666,461	685	226,078	(10,848)	0.00	(0.02)	0.34
2020	718,840	122,987	(6,754)	116,233	0	0	718,840	744	116,977	(6,010)	0.00	(0.01)	0.16
2021	861,376	51,650	8,557	60,206	0	0	861,376	90,281	150,488	98,838	0.10	0.11	0.17
2022	931,282	39,693	102,840	142,532	0	0	931,282	112,535	255,067	215,375	0.12	0.23	0.27
Total	7,822,528	1,527,873	93,575	1,621,448	0	0	7,822,528	204,426	1,825,874	298,001	0.03	0.04	0.23

Notes To The Financial Statements Contd

12 Insurance contract liabilities - continued

Gross claim reserving - Oil and Gas

Expected Loss Ratio Method Table

Accident year	Gross Earned Premium (N'000)	Claims Paid till date (N'000)	Total O/S as at 31 Dec 2020 (N'000)	Current Incurred (N'000)	Current Loss Ratio	Ultimate Loss Ratio	Ultimate Losses (N'000)	O/S Claim Reserves (N'000)
2008	684,534	3,592	-	3,592	1%	1%	3,592	-
2009	1,984,218	135,019	-	135,019	7%	7%	135,019	-
2010	10,031,505	280,612	-	280,612	3%	3%	280,612	-
2011	5,498,418	1,358,826	401	1,359,227	25%	25%	1,359,227	401
2012	7,231,193	1,899,027	6,637	1,905,664	26%	26%	1,905,664	6,637
2013	13,276,573	922,978	-	922,978	7%	7%	922,978	-
2014	8,213,427	170,568	-	170,568	2%	2%	170,568	-
2015	8,414,832	661,559	1,306	662,865	8%	8%	662,865	1,306
2016	7,490,611	863,565	83,856	947,422	13%	13%	947,422	83,856
2017	9,612,977	4,618,895	6,575	4,625,469	48%	48%	4,625,469	6,575
2018	12,553,206	408,846	30,370	439,216	3%	3%	439,216	30,370
2019	13,888,032	222,009	40,943	262,952	2%	2%	262,952	40,943
2020	18,826,148	24,032	48,623	72,655	0%	2%	345,083	321,051
2021	18,187,552	30,929	53,077	84,005	0%	2%	363,751	332,822
2022	17873479.9	13982.17	76,292	90274.3652	0.0050507	0.02418	432180.744	418,199
Total			348,080.48					1,242,161
							Discounted	980,593

Notes To The Financial Statements Contd

12 Insurance contract liabilities - continued

Gross Result Exhibit

UW Yr	Gross Earned Premiums	Gross Paid Claims	O/S Claims	Gross Incurred Claims	Paid Loss Ratio	Incurred Loss Ratio	Gross Earned Premium	IBNR	Gross Ultimate Claims	Claims Reserve	IBNR Loss Ratio	Reserve Loss Ratio	Ultimate Loss Ratio
2011	5,498,418	1,358,826	401	1,359,227	0.25	0.25	5,498,418	-	1,359,227	401	-	-	0.25
2012	7,231,193	1,899,027	6,637	1,905,664	0.26	0.26	7,231,193	-	1,905,664	6,637	-	-	0.26
2013	13,276,573	922,978	-	922,978	0.07	0.07	13,276,573	-	922,978	-	-	-	0.07
2014	8,213,427	170,568	-	170,568	0.02	0.02	8,213,427	-	-	-	-	-	0.02
2015	8,414,832	661,559	1,306	662,865	0.08	0.08	8,414,832	-	662,865	1,306	-	-	0.08
2016	7,490,611	863,565	83,856	947,422	0.12	0.13	7,490,611	-	947,422	83,856	-	0.01	0.13
2017	9,612,977	4,618,895	6,575	4,625,469	0.48	0.48	9,612,977	-	4,625,469	6,575	-	0.00	0.48
2018	12,553,206	408,846	30,370	439,216	0.03	0.03	12,553,206	-	439,216	30,370	-	0.00	0.03
2019	13,888,032	222,009	40,943	262,952	0.02	0.02	13,888,032	-	262,952	40,943	-	0.00	0.02
2020	18,826,148	24,032	48,623	72,655	0.00	0.00	18,826,148	272,428	345,083	321,051	0.01	0.02	0.02
2021	18,187,552	30,929	53,077	84,005	0.00	0.00	18,187,552	279,746	363,751	332,822	0.02	0.02	0.02
2022	17,873,480	13,982	76,292	90,274	0.00	0.01	17,873,480	341,906	432,181	418,199	0.02	0.02	0.02
Total	141,066,449	11,195,21	348,080	11,543,296	-	-	141,066,449	894,080	12,437,376	1,242,1	0.01	0.01	0.09

Notes To The Financial Statements Contd

12 Insurance contract liabilities - continued

Gross claim reserving - Oil and Gas

Net Result Exhibit

UW Yr	Net Earned Premiums	Net Paid Claims	Net O/S Claims	Net Incurred Claims	Net Paid Loss Ratio	Net Incurred Loss Ratio	Net Earned Premium	Net IBNR	Net Ultimate Claims	Net Claims Reserve	Net IBNR Loss Ratio	Net Reserve Loss Ratio	Net Ultimate Loss Ratio
2011	989,639	1,123,012	401	1,123,413	1.13	1.14	989,639	-	1,123,413	401	-	0.00	1.14
2012	2,876,376	981,889	6,637	988,526	0.34	0.34	2,876,376	-	988,526	6,637	-	0.00	0.34
2013	5,504,366	533,261	-	533,261	0.10	0.10	5,504,366	-	533,261	-	-	-	0.10
2014	1,587,798	161,356	-	161,356	0.10	0.10	1,587,798	-	161,356	-	-	-	0.10
2015	3,408,548	658,672	89	658,761	0.19	0.19	3,408,548	-	658,761	89	-	0.00	0.19
2016	1,936,938	846,992	8,668	855,660	0.44	0.44	1,936,938	-	855,660	8,668	-	0.00	0.44
2017	1,954,847	2,023,879	3,898	2,027,777	1.04	1.04	1,954,847	-	2,027,777	3,898	-	0.00	1.04
2018	2,074,137	391,414	27,422	418,836	0.19	0.20	2,074,137	-	418,836	27,422	-	0.01	0.20
2019	1,541,913	220,499	12,539	233,038	0.14	0.15	1,541,913	-	233,038	12,539	-	0.01	0.15
2020	2,355,073	20,481	12,782	33,263	0.01	0.01	2,355,073	201,653	234,916	214,435	0.09	0.09	0.10
2021	2,585,941	20,181	19,084	39,264	0.01	0.02	2,585,941	117,594	156,858	136,678	0.05	0.05	0.06
2022	2,151,761	13,982	76,292	90,274	0.01	0.04	2,151,761	48,397	138,672	124,689	0.02	0.06	0.06
Total	28,967,336	6,995,618	167,812	7,163,430			28,967,336	367,644	7,531,074	535,456	0.01	0.02	0.26

Notes To The Financial Statements Contd

12 Insurance contract liabilities - continued

Gross claim reserving - Bond

Expected Loss Ratio Method Table

Accident year	Gross Earned Premium (N'000)	Claims Paid till date (N'000)	Total O/S as at 31 Dec 2020 (N'000)	Current Incurred (N'000)	Current Loss Ratio	Ultimate Loss Ratio	Ultimate Losses (N'000)	O/S Claim Reserves (N'000)
2008	-	-	-	-	0%	0%	-	-
2009	-	-	-	-	0%	0%	-	-
2010	-	-	-	-	0%	0%	-	-
2011	53,249.4	-	-	-	0%	0%	-	-
2012	53,249.4	-	-	-	0%	0%	-	-
2013	53,249.4	-	-	-	0%	0%	-	-
2014	5,937.8	-	-	-	0%	0%	-	-
2015	5,089.6	-	-	-	0%	0%	-	-
2016	5,946.4	52.9	-	52.9	1%	1%	52.9	-
2017	6,449.8	602.0	-	602.0	9%	9%	602.0	-
2018	6,016.2	556.6	-	556.6	9%	9%	556.6	-
2019	5,834.6	727.6	-	727.6	12%	13%	785.9	58.4
2020	5,321.2	249.0	-	249.0	5%	6%	312.9	63.9
2021	13,037.9	-	-	-	0%	6%	846.2	846.2
2022	31,163.0	-	107.0	107.0	0%	5%	1,558.2	1,558.2
Total			107.0					2,526.6

Notes To The Financial Statements Contd

12 Insurance contract liabilities - continued

Gross claim reserving - Bond

Gross Result Exhibit

UW Yr	Gross Earned Premiums	Gross Paid Claims	O/S Claims	Gross Incurred Claims	Paid Loss Ratio	Incurred Loss Ratio	Gross Earned Premium	IBNR	Gross Ultimate Claims	Claims Reserve	IBNR Loss Ratio	Reserve Loss Ratio	Ultimate Loss Ratio
2011	53,249.43	-	-	-	-	-	53,249.43	-	-	-	-	-	-
2012	53,249.43	-	-	-	-	-	53,249.43	-	-	-	-	-	-
2013	53,249.43	-	-	-	-	-	53,249.43	-	-	-	-	-	-
2014	5,937.85	-	-	-	-	-	5,937.85	-	-	-	-	-	-
2015	5,089.60	-	-	-	-	-	5,089.60	-	-	-	-	-	-
2016	5,946.41	52.94	-	52.94	0.01	0.01	5,946.41	-	52.94	-	-	-	0.01
2017	6,449.76	601.96	-	601.96	0.09	0.09	6,449.76	-	601.96	-	-	-	0.09
2018	6,016.22	556.59	-	556.59	0.09	0.09	6,016.22	-	556.59	-	-	-	0.09
2019	5,834.64	727.56	-	727.56	0.12	0.12	5,834.64	58.36	785.93	58.36	0.01	0.01	0.13
2020	5,321.17	248.97	-	248.97	0.05	0.05	5,321.17	63.92	312.88	63.92	0.01	0.01	0.06
2021	13,037.88	-	-	-	-	-	13,037.88	846.16	846.16	846.16	0.06	0.06	0.06
2022	31,163.04	-	107.01	107.01	-	0.00	31,163.04	1,451.14	1,558.15	1,558.15	0.05	0.05	0.05
Total	244,544.86	2,188.03	107.01	2,295.04	-	-	244,544.86	2,419.58	4,714.62	2,526.59	0.01	0.01	0.02

Notes To The Financial Statements Contd

12 Insurance contract liabilities - continued

Net Result Exhibit

UW Yr	Net Earned Premiums	Net Paid Claims	Net O/S Claims	Net Incurred Claims	Net Paid Loss Ratio	Net Incurred Loss Ratio	Net Earned Premium	Net IBNR	Net Ultimate Claims	Net Claims Reserve	Net IBNR Loss Ratio	Net Reserve Loss Ratio	Net Ultimate Loss Ratio
2011	53,249.43	-	-	-	-	-	53,249.43	-	-	-	-	-	-
2012	53,249.43	-	-	-	-	-	53,249.43	-	-	-	-	-	-
2013	53,249.43	(0.00)	-	(0.00)	(0.00)	(0.00)	53,249.43	0.00	-	0.00	0.00	0.00	-
2014	5,937.85	(8,019.43)	-	(8,019.43)	(1.35)	(1.35)	5,937.85	8,019.43	-	8,019.43	1.35	1.35	-
2015	5,089.60	-	-	-	-	-	5,089.60	-	-	-	-	-	-
2016	3,254.75	(0.00)	-	(0.00)	(0.00)	(0.00)	3,254.75	-	(0.00)	-	-	-	(0.00)
2017	2,387.44	360.36	-	360.36	0.15	0.15	2,387.44	-	360.36	-	-	-	0.15
2018	3,988.56	295.50	-	295.50	0.07	0.07	3,988.56	-	295.50	-	-	-	0.07
2019	4,636.41	683.89	-	683.89	0.15	0.15	4,636.41	58.36	742.25	58.36	0.01	0.01	0.16
2020	3,828.73	(114.66)	-	(114.66)	(0.03)	(0.03)	3,828.73	56.46	(58.20)	56.46	0.01	0.01	(0.02)
2021	10,681.89	(32.50)	-	(32.50)	(0.00)	(0.00)	10,681.89	787.88	755.38	787.88	0.07	0.07	0.07
2022	28,065.19	(34.88)	107.01	72.13	(0.00)	0.00	28,065.19	1,310.75	1,382.88	1,417.76	0.05	0.05	0.05
Total	227,618.71	(6,861.72)	107.01	(6,754.72)	(0.03)	(0.03)	227,618.71	10,232.8	3,478.16	10,339.8	0.04	0.05	0.02

Notes To The Financial Statements Contd

12 Insurance contract liabilities - continued

Gross claim reserving - Aviation

Expected Loss Ratio Method Table

Accident year	Gross Earned Premium (N'000)	Claims Paid till date (N'000)	Total O/S as at 31 Dec 2020 (N'000)	Current Incurred (N'000)	Current Loss Ratio	Ultimate Loss Ratio	Ultimate Losses (N'000)	O/S Claim Reserves (N'000)
2008	-	-	-	-	0%	0%	-	-
2009	-	-	-	-	0%	0%	-	-
2010	-	-	-	-	0%	0%	-	-
2011	20,868.91	-	-	-	0%	0%	-	-
2012	20,868.91	-	-	-	0%	0%	-	-
2013	20,868.91	36,658.60	-	36,658.60	176%	176%	36,659	-
2014	20,868.91	53,774.34	-	53,774.34	258%	258%	53,774	-
2015	20,868.91	3,653.18	-	3,653.18	18%	18%	3,653	0
2016	20,868.91	6.31	-	6.31	0%	0%	6	-
2017	63,968.44	-	-	-	0%	0%	-	-
2018	349,344.43	67.59	-	67.59	0%	0%	68	-
2019	172,951.75	97,499.40	1,666.69	99,166.09	57%	57%	99,166	1,667
2020	193,934.43	5,634.21	-	5,634.21	3%	4%	7,574	1,939
2021	280,518.72	-	2,114.22	2,114.22	1%	2%	6,322	6,322
2022	189,078.85	45,373.73	7,359.12	52,732.85	0.2788934	0.303893438	57,460	12,086
Total			11,140.02					22,014.12

Notes To The Financial Statements Contd

12 Insurance contract liabilities - continued

Gross Result Exhibit

UW Yr	Gross Earned Premiums	Gross Paid Claims	O/S Claims	Gross Incurred Claims	Paid Loss Ratio	Incurred Loss Ratio	Gross Earned Premium	IBNR	Gross Ultimate Claims	Claims Reserve	IBNR Loss Ratio	Reserve Loss Ratio	Ultimate Loss Ratio
2011	20,869	-	-	-	-	-	20,869	-	-	-	-	-	-
2012	20,869	-	-	-	-	-	20,869	-	-	-	-	-	-
2013	20,869	36,659	-	36,659	1.76	1.76	20,869	-	36,658.60	-	-	-	1.76
2014	20,869	53,774	-	53,774	2.58	2.58	20,869	-	53,774.34	-	-	-	2.58
2015	20,869	3,653	-	3,653	0.18	0.18	20,869	-	3,653.18	-	-	-	0.18
2016	20,869	6	-	6	0.00	0.00	20,869	-	6.31	-	-	-	0.00
2017	63,968	-	-	-	-	-	63,968	-	-	-	-	-	-
2018	349,344	68	-	68	0.00	0.00	349,344	-	67.59	-	-	-	0.00
2019	172,952	97,499	1,667	99,166	0.56	0.57	172,952	-	99,166.09	1,666.69	-	0.01	0.57
2020	193,934	5,634	-	5,634	0.03	0.03	193,934	1,939.34	7,573.56	1,939.34	0.01	0.01	0.04
2021	280,519	-	2,114	2,114	-	0.01	280,519	4,207.78	6,322.00	6,322.00	0.02	0.02	0.02
2022	189,079	45,374	7,359	52,733	0.24	0.28	189,079	4,726.97	57,459.82	12,086.09	0.03	0.06	0.30
Total	1,375,010	242,667	11,140	253,807	-	-	1,375,010	10,874.1	264,681.49	22,014.12	0.01	0.02	0.19

Notes To The Financial Statements Contd

12 Insurance contract liabilities - continued

Gross claim reserving - Aviation

Net Result Exhibit

UW Yr	Net Earned Premiums	Net Paid Claims	Net O/S Claims	Net Incurred Claims	Net Paid Loss Ratio	Net Incurred Loss Ratio	Net Earned Premium	Net IBNR	Net Ultimate Claims	Net Claims Reserve	Net IBNR Loss Ratio	Net Reserve Loss Ratio	Net Ultimate Loss Ratio
2011	20,869	-	-	-	-	-	20,869	-	-	-	-	-	-
2012	20,869	-	-	-	-	-	20,869	-	-	-	-	-	-
2013	20,869	36,659	-	36,659	1.76	1.76	20,869	-	36,658.60	-	-	-	1.76
2014	20,869	53,774	-	53,774	2.58	2.58	20,869	-	53,774.34	-	-	-	2.58
2015	20,869	3,653	-	3,653	0.18	0.18	20,869	-	3,653.18	-	-	-	0.18
2016	20,869	6	-	6	0.00	0.00	20,869	-	6.31	-	-	-	0.00
2017	25,915	-	-	-	-	-	25,915	-	-	-	-	-	-
2018	67,870	68	-	68	0.00	0.00	67,870	-	67.59	-	-	-	0.00
2019	144,358	97,499	1,667	99,166	0.68	0.69	144,358	-	99,166.09	1,666.69	-	0.01	0.69
2020	134,844	5,634	-	5,634	0.04	0.04	134,844	1,939.34	7,573.56	1,939.34	0.01	0.01	0.06
2021	237,659	-	2,114	2,114	-	0.01	237,659	4,207.78	6,322.00	6,322.00	0.02	0.03	0.03
2022	176,194	45,374	7,359	52,733	0.26	0.30	176,194	4,726.97	57,459.82	12,086.09	0.03	0.07	0.33
Total	912,053	242,667	11,140	253,807	0.27	0.28	912,053	10,874.1	264,681.49	22,014.12	0.01	0.02	0.29

Notes To The Financial Statements Contd

13 Trade payables

	31-Dec-2022 N'000	31-Dec-2021 N'000
Reinsurance payable	542,916	507,945
Commission payable (Note 13.1)	2,627,458	2,077,560
Premium deposit (Note 13.2)	6,564,236	4,366,048
	<u>9,734,610</u>	<u>6,951,553</u>

All amounts are payable within one year.

13.1 Commission payable

Due to agents	49,599	33,458
Due to brokers	1,642,392	1,625,111
Due to insurance companies	935,467	418,991
	<u>2,627,458</u>	<u>2,077,560</u>

13.2 Premium deposit

For cashflow purpose, premium deposit received in any reporting year is taken into consideration when determining the cash flow for the premium received from policyholders for the subsequent year.

Notes To The Financial Statements Contd

14	Other payables and accruals	Notes	31-Dec-2022 N'000	31-Dec-2021 N'000
	Accrued expenses	14.1	545,221	573,208
	Intercompany payables	39.3	-	59,369
	Statutory payables	14.2	537,814	467,899
	Survey fees payables	14.3	400,682	320,809
	Other payables	14.4	92,834	71,857
			<u>1,576,551</u>	<u>1,493,142</u>
14.1	Accrued expenses			
	Audit fee		7,740	7,095
	Fees and subscriptions		22,934	19,780
	NAICOM levy		274,735	293,486
	Corporate branding expenses		4,310	24,218
	Performance bonus		199,263	185,039
	General welfare and entertainment		27,348	33,772
	Other accruals		8,891	9,818
			<u>545,221</u>	<u>573,208</u>
14.2	Statutory payables			
	Withholding tax due to Federal government		37,620	87,139
	Value added tax payables		5,604	4,444
	Nigerian content development levy		493,317	374,515
	Withholding tax due to State government		1,273	1,801
			<u>537,814</u>	<u>467,899</u>

14.3 Survey fees payable are fees payable to external consultants for inspection and survey services rendered in the course of underwriting engineering, oil and gas and other special risk policies.

14.4 Other payables relates to amounts due to suppliers and service providers in respect of services rendered.

Notes To The Financial Statements Contd

15 Deferred Income

	Rent N'000	Deferred commission N'000	Total N'000
At 1 January 2021	44,500	232,848	277,348
Additions during the year	66,500	1,670,186	1,736,686
Credit to profit or loss (Note 26 and 22)	(77,750)	(1,610,329)	(1,688,079)
At 31 December 2021	33,250	292,705	325,955
Additions during the year	66,500	1,794,989	1,861,489
Credit to profit or loss (Note 26 and 22)	(66,500)	(1,681,774)	(1,748,274)
At 31 December 2022	33,250	405,920	439,170

Deferred income consists of rental income received in advance on investment properties leased by the Company to third parties, and commissions received in advance. These are released to income in-line with the terms of the individual contract that it relates to.

16 Income taxes

16.1 Per Statement of profit or loss and other comprehensive income:

	31-Dec-2022 N'000	31-Dec-2021 N'000
- Recognised in profit or loss:		
Income tax	1,229,231	299,058
Tertiary Education tax	71,528	45,876
Information technology development levy (NITDA)	60,435	50,229
Adjustment of current tax of prior periods	(347,460)	-
Current tax charge for the year	1,013,734	395,163
Deferred tax (credit)/charge	(129,121)	185,516
Income tax expense	884,612	580,679

Notes To The Financial Statements Contd

16.2 Current income tax payable as per statement of financial position:

	31-Dec-2022 N'000	31-Dec-2021 N'000
At 1 January	836,792	878,769
Charge for the year	1,361,193	395,163
Withholding tax credit Note 6.3	(153,173)	-
Adjustment of current tax of prior periods	(347,460)	-
Payment during the year	(335,858)	(437,140)
At 31 December	<u>1,361,495</u>	<u>836,792</u>

The charge for income tax in these financial statements is based on the provisions of the Finance Act 2021 which amended some sections of the Companies Income Tax Act, CAP C21 LFN 2004 as amended and Education Tax Act, CAP E4 LFN 2004.

Notes To The Financial Statements Contd

16.3 Reconciliation of income tax expense

	31-Dec-2022 ₦'000	31-Dec-2021 ₦'000
The income tax expense of the Company for the year can be reconciled to the accounting profits as follows:		
Profit before income tax expense	6,121,164	5,022,684
Income tax expense calculated at 30%	1,836,349	1,506,805
Effect of income that is exempt from taxation	(1,023,610)	(1,528,506)
Effect of expenses not tax deductible	287,370	276,763
Effect of minimum tax	-	227,748
Education tax	71,528	45,876
Information technology development levy (NITDA)	60,435	50,229
Adjustment of current tax of prior periods	(347,460)	-
Tax rate differential on fair value gains on investment properties	-	1,765
Company income tax	884,612	580,679
Effective tax rate	14%	12%

The tax rate applied for the 2022 and 2021 reconciliations above is the corporate tax rate of 30% and payable by the Company. Education tax of 2.5% (2021:2.5%) is applied on the assessable profits.

Notes To The Financial Statements Contd

17. Deferred Tax Liabilities

	31-Dec-2022 N'000	31-Dec-2021 N'000
Deferred tax related to items recognised in profit or loss		
Fair value gains on investment properties	134,870	137,466
Unrealised exchange gains on financial assets at amortised costs	732,364	696,702
Accelerated depreciation for tax purposes	43,229	54,505
Impairment of financial assets:		
Impairment of cash and cash equivalents	(41,273)	(51,249)
Impairment of debt instruments at amortised cost	(98,610)	(82,696)
Impairment of other receivables	(1,198)	(911)
Impairment on balance due from reinsurance broker	(144,688)	-
	<u>624,695</u>	<u>753,816</u>
Deferred tax related to items recognised in OCI		
Net (gain)/Loss on equity instruments designated at fair value through OCI	48,137	-
Deferred tax liabilities	<u>672,831</u>	<u>753,816</u>
Reconciliation of deferred tax liabilities is as shown:		
At 1 January	753,816	568,300
Amounts recorded in profit or loss (Note 16)	(129,122)	185,516
Deferred tax related to items recognised in OCI	48,137	-
At 31 December	<u>672,831</u>	<u>753,816</u>
Per Statement of profit or loss:		
Fair value gains on investment properties	(2,596)	1,765
On unrealised exchange (loss)/gains	35,662	183,548
Accelerated depreciation for tax purposes	(11,276)	14,863
Write-back/impairment of financial assets	(6,223)	(14,659)
Impairment on balance due from reinsurance broker	(144,688)	-
	<u>(129,121)</u>	<u>185,516</u>

Notes To The Financial Statements Contd

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

18	Share capital and premium	31-Dec-2022 N'000	31-Dec-2021 N'000
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18.1 Authorised share capital

20,000,000,000 (2021: 24,000,000,000) ordinary shares at 50 kobo each	10,000,000	12,000,000
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In pursuant to sections 124, 127 and 289(2) of the Companies and Allied Matters Act 2020 and regulation 13 of the Companies Regulation 2021, the company reduced the authorised share capital from N12million to N10 million by cancelling 4 billion units unissued ordinary shares of 50k per units of the company.

18.2 Issued and paid up capital comprises:

20,000,000,000(2021: 14,000,000,000) fully paid ordinary shares at 50 Kobo each

	2022		2021	
	Share Capital N'000	Share Premium N'000	Share Capital N'000	Share Premium N'000
Balance at 1 January	7,000,000	84,607	7,000,000	84,607
Issue of shares during the year	3,000,000	-	-	-
Balance at 31 December	10,000,000	84,607	7,000,000	84,607

In October 2022, the company issued bonus shares of three new shares for every existing seven shares held at 50kobo (fifty kobo) ranking in all respect pari passu with the existing shares of the company through the capitalisation of retained earnings.

Notes To The Financial Statements Contd

19. Reserves

The nature and purpose of the reserves in equity are as follows:

19.1 Statutory contingency reserve:

The solvency regulations in Nigeria require the Company to establish a contingency reserve to be utilised against abnormal future losses arising in certain classes of business. The regulations prescribed that the reserve is increased every year by an amount that is calculated as a percentage of higher of: 3% of the total premium and 20% of net profits for the year until it reaches the amount of the minimum paid-up capital or 50 per centum of the net premiums (whichever is greater)" in accordance with Section 21 (2) of the Insurance Act 2003.

	31-Dec-2022 N'000	31-Dec-2021 N'000
Required annual transfers:	37,982,979	34,437,522
Total premium	6,121,164	5,022,684
Net profit		
The higher of the below:		
3% of total gross premium	1,139,489	1,033,126
20% of net profit	1,224,233	1,004,537
Transfer to contingency reserves	<u>1,224,233</u>	<u>1,033,126</u>
Maximum limit:		
50% of Net premium	5,515,389	5,213,160
Minimum paid up capital	3,000,000	3,000,000
Movement in contingency reserve:		
As at 1 January	10,000,000	9,394,735
Transfer from retained earnings	-	605,265
As at 31 December	<u>10,000,000</u>	<u>10,000,000</u>

In 2021, transfer from retained earnings to statutory contingency reserve was limited to N605million given that the company had exceeded the statutory limit of 50% of net premium. The company had been appropriating retained earnings to its statutory contingency reserve over the years in view of the proposed recapitalization plan which was eventually put on hold.

Notes To The Financial Statements Contd

19.2 Retained earnings:

Retained earnings comprise the undistributed profits from previous years, which have not been reclassified to the other reserves noted below.

	31-Dec-2022 N'000	31-Dec-2021 N'000
As at 1 January	4,970,380	3,793,640
Profit for the year	5,236,552	4,442,005
Distributions made and proposed	(2,800,000)	(2,660,000)
Transfer to contingency reserves (Note 19.1)	-	(605,265)
Issue of bonus shares (Note 18)	(3,000,000)	-
Transfer from fair value reserves (Note 19.2)	211,614	-
As at 31 December	<u>4,618,546</u>	<u>4,970,380</u>

19.3 Fair value reserve:

The fair value reserve comprise the net cumulative change in the fair value of financial assets measured at fair value through other comprehensive income.

	31-Dec-2022 N'000	31-Dec-2021 N'000
As at 1 January	376,934	261,924
Net gain on equity instruments designated at fair value through other comprehensive income (Note 32)	267,910	115,010
Transfer to retained earnings (Note 19.2)	(211,614)	-
As at 31 December	<u>433,230</u>	<u>376,934</u>

Notes To The Financial Statements Contd

19.3a Reconciliation of fair value gain reclassified to retained earnings

In 2022 financial year, equity investment in Mainstreet Technologies Limited was disposed as part of the acquisition deal between the investee and Equinox Incorporated US. The acquisition was closed in the first quarter of the financial year with subsequent settlement made to the respective former investors which included Custodian and Allied Insurance Limited. Below is the detail of the derecognition of the equity investments.

	2022 N'000	2021 N'000
Cost at initial recognition of Financial assets at FVOCI	66,928	-
Accumulated fair value gain as at 1/1/2022	106,243	-
Carrying amount of financial assets at FVOCI at 1/1/2022	173,171	-
Accumulated fair value gain for 2022 prior to derecognition on 1/3/2022	105,371	-
Carrying amount of financial assets at FVOCI at derecognition date on 31/3/2022	278,542	-
Profit on disposal of financial asset at FVOCI	-	-
Proceeds from disposal of financial assets at FVOCI	278,542	-
Accumulated fair value gain prior to derecognition on 31/3/2022	211,614	-
Profit on disposal of financial asset at FVOCI	-	-
Fair value gains reclassified to retained earnings	211,614	-

Notes To The Financial Statements Contd

Revenue account	Motor N'000	Accident N'000	Bond N'000	Marine N'000	Aviation N'000	Fire N'000	Engineering N'000	Oil & Energy N'000	2022 Total N'000
Gross premium written	4,219,991	3,971,721	32,310	1,265,018	186,086	9,527,626	707,840	18,072,387	37,982,979
Decrease/(Increase) in unearned premium reserve	(740,988)	(168,453)	(1,147)	133,968	2,993	(369,127)	(111,400)	(198,907)	(1,453,061)
Premium written:									
Insurance premium revenue	3,479,003	3,803,268	31,163	1,398,986	189,079	9,158,499	596,440	17,873,480	36,529,918
Reinsurance cost									
Local reinsurance cost	114,056	2,144,411	3,098	467,704	12,885	6,687,448	347,820	13,619,223	23,396,645
Foreign reinsurance cost	-	-	-	-	-	-	-	2,102,495	2,102,495
Total reinsurance cost	114,056	2,144,411	3,098	467,704	12,885	6,687,448	347,820	15,721,718	25,499,140
Net insurance premium revenue	3,364,947	1,658,857	28,065	931,282	176,194	2,471,051	248,620	2,151,762	11,030,778
Fee and commission income	11,915	201,706	-818	89,911	2,222	662,704	75,146	638,988	1,681,774
Net Underwriting Income	3,376,862	1,860,563	27,247	1,021,193	178,416	3,133,755	323,766	2,790,750	12,712,552
Insurance claims and claims expenses	1,988,863	1,403,910	1,278	381,233	49,566	2,026,824	321,288	275,333	6,448,295
Insurance claims and claims expenses recovered and recoverable from reinsurers	(74,814)	(257,788)	(182)	(142,509)	-	(1,005,374)	(278,492)	(158,540)	(1,917,699)
Net insurance benefits and claims	1,914,049	1,146,122	1,096	238,724	49,566	1,021,450	42,796	116,793	4,530,596
Underwriting Expenses:									
Acquisition	364,162	584,531	2,572	257,829	24,982	1,005,034	106,680	601,554	2,947,344
Maintenance	66,908	21,242	157	37,489	644	117,792	16,679	157,972	418,883
Total underwriting expenses	2,345,119	1,751,895	3,825	534,042	75,192	2,144,276	166,155	876,319	7,896,823
Underwriting Profit	1,031,743	108,668	23,422	487,151	103,224	989,479	157,611	1,914,431	4,815,729

Notes To The Financial Statements Contd

Revenue account	Motor N'000	Accident N'000	Bond N'000	Marine N'000	Aviation N'000	Fire N'000	Engineering N'000	Oil & Energy N'000	2021 Total N'000
Gross Premiums written	3,538,297	2,373,088	20,019	1,415,811	268,457	8,150,471	563,993	18,107,386	34,437,522
Decrease/(Increase) in unearned premium reserve	(109,746)	(109,034)	(6,981)	(14,874)	12,062	(623,588)	89,654	80,165	(682,342)
Premium Written:									
Insurance Premium Revenue	3,428,551	2,264,054	13,038	1,400,937	280,519	7,526,883	653,647	18,187,551	33,755,180
Reinsurance costs									
Local reinsurance cost	88,024	994,612	2,356	539,561	42,860	5,644,231	415,606	13,926,950	21,654,200
Foreign reinsurance cost	-	-	-	-	-	-	-	1,674,660	1,674,660
Total reinsurance cost	88,024	994,612	2,356	539,561	42,860	5,644,231	415,606	15,601,610	23,328,860
Net insurance premium revenue	3,340,527	1,269,442	10,682	861,376	237,659	1,882,652	238,041	2,585,941	10,426,320
Fee and commission income	9,524	115,469	641	99,680	0	473,918	93,739	817,358	1,610,329
Net Underwriting Income	3,350,051	1,384,911	11,323	961,056	237,659	2,356,570	331,780	3,403,299	12,036,649
Insurance claims and claims expenses	1,644,484	654,529	370	269,828	(5,316)	3,119,089	148,876	478,078	6,309,938
Insurance claims and claims expenses recovered and recoverable from reinsurers	(111,856)	(16,680)	(41)	(138,330)	-	(1,356,944)	(83,347)	70,057	(1,637,141)
Net insurance benefits and claims	1,532,628	637,849	329	131,498	(5,316)	1,762,145	65,529	548,135	4,672,797
Underwriting Expenses:									
Acquisition	362,307	372,473	433	279,038	44,391	748,815	125,448	651,549	2,584,454
Maintenance	71,744	18,187	61	44,773	826	73,585	4,141	145,226	358,543
Total underwriting expenses	1,966,679	1,028,509	823	455,309	39,901	2,584,545	195,118	1,344,910	7,615,794
Underwriting Profit	1,383,372	356,402	10,500	505,747	197,758	(227,975)	136,662	2,058,389	4,420,855

Notes To The Financial Statements Contd

20. Net insurance premium income	31-Dec-2022	31-Dec-2021
	N'000	N'000
Insurance premium Income		
Gross premium written	37,982,979	34,437,522
Change in unearned premiums (Note 12.2)	(1,453,061)	(682,342)
Gross earned premiums	<u>36,529,918</u>	<u>33,755,180</u>
21. Reinsurance expenses		
Gross written reinsurance premiums (Note 4.1)	26,350,320	23,970,511
Change in reinsurance unearned premiums (Note 12.2)	(851,180)	(641,651)
Reinsurers' share of gross earned premiums	<u>25,499,140</u>	<u>23,328,860</u>
Net insurance premium income	<u>11,030,778</u>	<u>10,426,320</u>
22. Fees and commission income		
Reinsurance commissions and profit commissions		
Fire	662,704	473,918
Accident	201,706	115,469
Engineering	75,146	93,739
Marine	89,911	99,680
Oil & Energy	638,988	817,358
Motor	11,915	9,524
Aviation	2,222	-
Bond	(818)	641
	<u>1,681,774</u>	<u>1,610,329</u>

Notes To The Financial Statements Contd

23 Insurance claims and benefit paid

Analysis of Net Claims Expenses

	2022			2021		
	Gross claims incurred N'000	Reinsurance recoverable N'000	Net N'000	Gross claims incurred N'000	Reinsurance recoverable N'000	Net N'000
Motor	1,988,863	(74,814)	1,914,049	1,644,484	(111,856)	1,532,628
Accident	1,403,910	(257,788)	1,146,122	654,529	(16,680)	637,849
Bond	1,278	(182)	1,096	370	(41)	329
Fire	2,026,824	(1,005,374)	1,021,450	3,119,089	(1,356,944)	1,762,145
Marine	381,233	(142,509)	238,724	269,828	(138,330)	131,498
Aviation	49,566	-	49,566	(5,316)	-	(5,316)
Engineering	321,288	(278,492)	42,796	148,876	(83,347)	65,529
Oil & Energy	275,333	(158,540)	116,793	478,078	70,057	548,135
	<u>6,448,295</u>	<u>(1,917,699)</u>	<u>4,530,596</u>	<u>6,309,938</u>	<u>(1,637,141)</u>	<u>4,672,797</u>

The insurance claims comprise of claims paid, claims expenses paid including loss adjuster fees and the movement in the insurance fund liability. The insurance fund liability is adjusted to reflect the movement in the estimated claims liabilities as determined by the actuary. The effect of the adjustment is reflected in the profit or loss. The effect of the movement in the insurance fund on the claims expenses is stated in the following Note 23.1.

Notes To The Financial Statements Contd

23.1 Analysis of gross benefit and claims expenses

The effect of the movement in the insurance fund on the claims expenses is stated below:

	2022			2021		
	Gross		Net			Net
	Gross claims and benefit paid N'000	Changes in outstanding claims and IBNR N'000	Total claims incurred N'000	Gross claims and benefit paid N'000	Changes in outstanding claims and IBNR N'000	Total claims incurred N'000
Motor	1,865,329	123,534	1,988,863	1,578,925	65,559	1,644,484
Accident	1,041,017	362,893	1,403,910	472,782	181,747	654,529
Bond	-	1,278	1,278	33	337	370
Fire	2,484,300	(457,476)	2,026,824	2,735,684	383,405	3,119,089
Marine	173,744	207,489	381,233	263,066	6,762	269,828
Aviation	45,513	4,053	49,566	-	(5,316)	(5,316)
Engineering	352,206	(30,918)	321,288	117,730	31,146	148,876
Oil & Energy	121,357	153,976	275,333	477,555	523	478,078
	6,083,466	364,829	6,448,295	5,645,775	664,163	6,309,938

Insurance recovered and recoverable consists of actual amount recovered from the reinsurers and also the effect of the movement in the reinsurance assets. The reinsurance asset is adjusted to reflect the movement in the estimated amount recoverable from the reinsurers based on the estimate computed by the actuary.

Notes To The Financial Statements Contd

23.2 Analysis of claims expenses ceded to reinsurers

The effect of the movement in the reinsurance assets on the amount insurance claims and claims expenses recovered and recoverable from reinsurers.

	2022			2021		
	Recoveries N'000	Changes in reinsurance share of claims and IBNR N'000	Total claims incurred N'000	Recoveries N'000	Changes in reinsurance share of claims and IBNR N'000	Total claims incurred N'000
Motor	(106,460)	31,646	(74,814)	(97,701)	(14,155)	(111,856)
Accident	(152,517)	(105,271)	(257,788)	(27,303)	10,623	(16,680)
Bond	(179)	(3)	(182)	(39)	(2)	(41)
Fire	(1,321,311)	315,937	(1,005,374)	(1,129,840)	(227,104)	(1,356,944)
Marine	(88,098)	(54,411)	(142,509)	(155,910)	17,580	(138,330)
Aviation	-	-	-	-	-	-
Engineering	(267,199)	(11,293)	(278,492)	(63,775)	(19,572)	(83,347)
Oil & Energy	(15,051)	(143,489)	(158,540)	(117,040)	187,097	70,057
	(1,950,815)	33,116	(1,917,699)	(1,591,608)	(45,533)	(1,637,141)

Notes To The Financial Statements Contd

23.3 Reconciliation of claim and benefit received for cash flow purpose

	31-Dec-2022 N'000	31-Dec-2021 N'000
Net claims recoverable from reinsurance Jan 1	436,625	477,875
Claim recoverable recognised in profit and loss	1,950,815	1,591,608
Net claims recoverable from reinsurance at 31 Dec.	(534,656)	(436,625)
Claims and benefit received	<u>(1,852,784)</u>	<u>(1,632,858)</u>

Notes To The Financial Statements Contd

24 Underwriting expense

This is made up of both acquisition and maintenance costs incurred in the normal course of the insurance contracts.

	2022 ₹'000	2021 ₹'000
Acquisition expense		
Marine	257,829	279,038
Aviation	24,982	44,391
Fire	1,005,034	748,815
Motor	364,162	362,307
General accident	584,531	372,473
Bond	2,572	433
Oil & Energy	601,554	651,549
Engineering	106,680	125,448
	2,947,344	2,584,454
Maintenance cost		
Marine	37,489	44,773
Aviation	644	826
Fire	117,792	73,585
Motor	66,908	71,744
General accident	21,242	18,187
Bond	157	61
Oil & Energy	157,972	145,226
Engineering	16,679	4,141
	418,883	358,543
Total	3,366,227	2,942,997

Notes To The Financial Statements Contd

25 Interest income based on effective interest rate

	Notes	2022 N'000	2021 N'000
Interest income on bonds	Note 2.7	2,627,446	2,127,882
interest income on other debt securities- Term deposits	Note 2.7	9,980	13,964
interest on current accounts with banks	Note 1.1	220	209
Interest income on calls and term deposits with banks	Note 1.2	330,774	234,901
Interest income on statutory deposits		12,551	(4,089)
Interest income on staff loans	Note 6.1	3,939	1,810
	a	<u>2,984,910</u>	<u>2,374,677</u>
26. Other investment and sundry income			
Rental income	Note 15	66,500	77,750
Dividend income	Note 2.7	260,144	77,351
Sundry income	Note 26.1	141,508	4,837
	b	<u>468,152</u>	<u>159,938</u>
26.1 Sundry income			
Gain on disposal of property, plant and equipment		3,282	4,837
Withholding tax credit notes received*		138,226	-
		<u>141,508</u>	<u>4,837</u>

*These are withholding tax credit notes relating to prior years which were previously not accrued for (due to doubt in respect of their recoverability) but recovered during the year. This is part of the N164.5million received during the year(See note 6.3).

Investment and sundry income is attributable to:

Policy holders' funds		811,577	623,591
Shareholders' funds		2,641,485	1,911,024
	a + b	<u>3,453,062</u>	<u>2,534,615</u>

Notes To The Financial Statements Contd

27	Net realised gain/(loss)	Notes	2022 ₹'000	2021 ₹'000
	Realised on:			
	Net realised gain on equities at fair value through profit or loss	2.5	1,412	728
	Net realised (loss)/gain on foreign exchange		30,042	(212,536)
			<u>31,454</u>	<u>(211,808)</u>
	Net realised gain on foreign exchange is based on the sale of foreign currency.			
28	Fair value gain/ (loss)			
	Unrealised gain on fair value of FVTPL equities	2.5	31,907	13,383
	Net fair value (loss)/ gains on investment properties	7	(25,952)	17,645
		a	<u>5,955</u>	<u>31,028</u>
29	Foreign exchange gain			
	Net unrealised gain on foreign exchange on the gross amount of cash and cash equivalents		1,128,953	28,105
	Foreign exchange adjustments on the ECL relating to cash and cash equivalents	1.3a	(17,390)	(556)
	Foreign exchange adjustments on financial assets (AC)		809,208	2,307,595
	Foreign exchange adjustments on the ECL relating to financial assets (AC)		9,468	35,025
	Unrealised foreign exchange gain/(loss) on other receivables and payables		<u>503,053</u>	<u>(82,301)</u>
		b	<u>2,433,292</u>	<u>2,287,869</u>
	Net unrealised loss) on reinsurance receivables/payables			
		a+b	<u>2,439,247</u>	<u>2,318,897</u>
30	Impairment loss (charge)/ write back			
	Write back/(Charge) on cash and cash equivalents	1.3a	50,642	(100,658)
	(Charge)/Writeback on financial assets at amortised costs	2.5	(62,515)	75,380
	Charge on other receivables	6.4	(955)	(2,650)
	Charge on Due from Reinsurance Brokers	4.4	(482,293)	
			<u>(495,121)</u>	<u>(27,928)</u>

Notes To The Financial Statements Contd

Analysis of Impairment loss (charge)/ write back

	Cash and cash equivalent N'000	Financial asset at amortised cost N'000	Other receivables N'000	Due from reinsurance brokers N'000	Total N'000
At 1 January 2022	170,831	275,652	96,634	-	543,117
Increase/(write-back) during the year	(50,642)	62,515	955	482,293	495,121
Foreign exchange adjustments	17,390	(9,468)	-	-	7,922
Total movement during the year	(33,252)	53,047	955	482,293	503,043
At 31 December 2022	137,579	328,699	97,589	482,293	1,046,160
At 1 January 2021	70,728	316,007	93,984	-	480,719
Increase/(write-back) during the year	100,658	(75,380)	2,650	-	27,928
Foreign exchange adjustments	(556)	35,025	-	-	34,470
Total movement during the year	100,102	(40,355)	2,650	-	62,398
At 31 December 2021	170,831	275,652	96,634	-	543,117

Notes To The Financial Statements Contd

31. Management expenses

	Notes	2022 N'000	2021 N'000
Employee benefit expenses	31.2	830,768	843,034
Administrative expenses	31.1	859,249	698,011
Shared costs*	39.2	751,018	795,384
Adverts and publicity		552,838	751,601
Repairs and maintenance		303,396	191,507
NAICOM insurance levy		379,829	344,375
Professional fees		208,418	153,672
Depreciation on property, plant and equipment	8	129,261	116,815
Depreciation on right of use asset	9	6,177	5,383
Rent and rates		22,924	29,581
Directors' fees		34,860	30,534
Audit fees		24,000	22,000
Subscriptions		17,479	26,875
Amortization of intangible assets - software	10	2,481	3,175
AGM expenses		9	-
Penalties and fines	42	500	-
		<u>4,123,207</u>	<u>4,011,947</u>

*Shared service cost represents amount incurred by Custodian Investment Plc(CIP) on behalf of the Company for all marketing, administrative and IT infrastructure support for the year. Effective 30 September 2022, CIP ceased to provide such services to Custodian and Allied Insurance Limited.

The auditors did not provide any non-audit service to the Company during the year (2021: Nil).

Notes To The Financial Statements Contd

31.1 Administrative expenses

	2022 ₹'000	2021 ₹'000
Printing and stationary	19,479	16,832
General entertainment	48,882	26,640
General welfare	507,767	380,878
Investment management expenses	13,696	12,110
Business promotion expenses	209,044	184,620
Other general expenses	60,381	76,931
	<u>859,249</u>	<u>698,011</u>

31.2 Employee benefit expenses

Wages and salaries	378,229	383,940
Defined contribution pension costs	38,424	40,008
Other staff allowances	414,115	419,086
	<u>830,768</u>	<u>843,034</u>

Other staff allowances includes dressing allowance, furniture allowance and bonuses to employee.

32. Net gain on equity instruments designated at fair value through OCI	2022 ₹'000	2021 ₹'000
Gain during the year	316,047	115,010
Deferred tax on gains accumulated on equity instruments designated at FCTOCI	(48,137)	-
	<u>267,910</u>	<u>115,010</u>

Notes To The Financial Statements Contd

33. Profit for the year

	2022 N'000	2021 N'000
Profit for the year has been arrived at after:		
Net foreign exchange gain	2,463,334	2,075,333
Depreciation of property and equipment	(129,261)	(116,815)
Amortisation of intangible assets	(2,481)	(3,175)
Staff costs and other expenses	(830,768)	(843,034)
Auditors' remuneration	(24,000)	(22,000)
Gain/(loss) on disposal of property plant and equipment	3,282	4,837
Credit loss/(write back) on financial assets	(495,121)	27,831
Change in fair value of investment properties	(25,952)	17,645

34 Earnings per share

Basic EPS amounts are calculated by dividing the profit for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the year. The diluted earnings per share is the same as the basic earnings per share because there are no potential ordinary shares outstanding during the year.

	2022 N'000	2021 N'000
Profit for the year attributable to owners of the Company (N'000)	5,236,552	4,442,005
Weighted average number of ordinary shares('000)	15,666,667	14,000,000
Basic and diluted earnings per share (kobo)	33	32

35 Dividends paid and declared

Final dividend 2021: 10kobo (2020:9kobo) (Note 14.1)	1,400,000	1,260,000
Interim dividend 2022:10kobo (2021:10kobo) (Note 14.1)	1,400,000	1,400,000
	2,800,000	2,660,000

During the year, in the month of July, the Board of Directors declared an interim dividend of N1.4 billion (2021:N1.4 billion). This was fully paid in August 2022.

Notes To The Financial Statements Contd

36. Hypothecation of Investment

		Insurance Funds N'000	Shareholder's Funds N'000	Total N'000
Assets 2022	Notes			
Cash and cash equivalents	1	908,119	7,885,828	8,793,947
Financial assets	2			
-Fair Value through Profit or Loss (FVTPL)		97,599	772,761	870,360
-Fair Value through OCI (FVOCI)		-	1,760,920	1,760,920
- FGN Bonds at AC*		4,208,431	9,656,303	13,864,734
- State Government Bonds at AC*		391,535	250,379	641,914
- Corporate Bonds at AC*		616,895	12,483,078	13,099,973
- Other debt instruments at AC*		-	251,907	251,907
Statutory deposits	11	-	300,000	300,000
Investment properties	7.1	1,513,600	2,163,170	3,676,770
Trade receivables	3	-	365,397	365,397
Other receivables and prepayments	6	-	398,317	398,317
Reinsurance assets	4	8,168,953	595,273	8,764,226
Deferred acquisition costs	5	-	876,794	876,794
Right of use assets	9		1,044	1,044
Intangible assets	10	-	946	946
Property, plant and equipment	8	-	232,664	232,664
Total Assets		15,905,132	37,994,781	53,899,913
The Funds				
Insurance funds	12	14,978,873	-	14,978,873
Shareholders' and other Funds		-	38,921,040	38,921,040
Total Funds		14,978,873	38,921,040	53,899,913
Surplus/(Deficit)		926,259	(926,259)	-

*AC - Amortised Cost

Investments representing insurance funds are not co-mingled with shareholders' investments. All assets representing policyholders' fund (excluding reinsurance assets) have been transferred to a Custodian, Stanbic Nominees Limited. Notations of proprietary and preferential interests of the policyholders have been made in the mandate given to the Custodian of the assets.

Notes To The Financial Statements Contd

36. Hypothecation of Investment

Assets 2021	Notes	Insurance Funds N'000	Shareholder's Funds N'000	Total N'000
Cash and cash equivalents	1	627,851	8,180,397	8,808,248
Financial assets	2			
-Fair Value through Profit or Loss (FVTPL)		102,204	810,927	913,131
-Fair Value through OCI (FVOCI)		-	885,415	885,415
- FGN Bonds at AC*		4,232,301	6,405,123	10,637,424
- State Government Bonds at AC*		456,372	250,382	706,754
- Corporate Bonds at AC*		577,557	9,968,424	10,545,981
- Other debt instruments at AC*		-	259,155	259,155
Statutory deposits	11	-	300,000	300,000
Investment properties	7	1,513,600	2,163,170	3,676,770
Trade receivables	3	-	109,967	109,967
Other receivables and prepayments	6	-	297,262	297,262
Reinsurance assets	4	7,350,889	475,460	7,826,349
Deferred acquisition costs	5	-	673,104	673,104
Right of use assets	9		7,221	7,221
Intangible assets	10	-	3,427	3,427
Property, plant and equipment	8	-	303,954	303,954
Total Assets		14,860,774	31,093,388	45,954,162
The Funds				
Insurance funds	12	13,160,983	-	13,160,983
Shareholders' and other Funds		-	32,793,179	32,793,179
Total Funds		13,160,983	32,793,179	45,954,162
Surplus/(Deficit)		1,699,791	(1,699,791)	-

*AC - Amortised Cost

Investments representing insurance funds are not co-mingled with shareholders' investments. All assets representing policyholders' fund (excluding reinsurance assets) have been transferred to a Custodian, Stanbic Nominees Limited. Notations of proprietary and preferential interests of the policyholders have been made in the mandate given to the Custodian of the assets.

Notes To The Financial Statements Contd

37. Notes to the statement of cash flows	Notes	2022 N'000	2021 N'000
Profit before income tax expense		6,121,164	5,022,684
Fair value gains on financial assets at fair value through profit or loss	28	(31,907)	(13,383)
Depreciation and impairment of property, plant and equipment and right-of-use assets	8 & 9	135,438	122,198
Gain on disposal of investments		(1,412)	(728)
Amortisation of intangible assets	10	2,481	3,175
Fair value gain on investment property	7.1, 7.2	25,952	(17,645)
Gain on disposal of property, plant and equipment		(3,282)	(4,837)
Impairment loss charge	29	495,121	27,928
Net foreign currency exchange gain		(568,548)	(1,530,320)
Interest income	25	(2,984,910)	(2,374,677)
Other investment and sundry income	26	(468,152)	(159,938)
Operating cash flows before movements in working capital		2,721,945	1,074,457
(Increase)/decrease in reinsurance assets		(937,877)	(629,361)
Increase in deferred acquisition costs		(203,690)	(89,671)
Increase/(decrease) in insurance contract liabilities		1,817,890	1,346,505
Increase/(decrease) in trade receivables		(255,430)	22,636
(Increase)/decrease in other receivables		(101,055)	(133,272)
Increase in trade payables		2,783,057	4,859,454
Decrease/(increase) in right of use assets		6,177	(971)
Increase/(decrease) in deferred income		113,215	48,607
Increase/(decrease) in other payables		83,409	(160,181)
Cash generated by operations		6,027,641	6,338,203
Income tax paid	16	(335,858)	(437,140)
Net cash (used in)/ from operating activities		<u>5,691,783</u>	<u>5,901,063</u>

Notes To The Financial Statements Contd

38 Contingencies and commitments

The Company, in its ordinary course of business, is presently involved in 5 cases as a defendant (31 December 2021: 5).

The Company has been advised by its legal counsel of total legal claims of N716.4million (2021: N707.8million). However, the Management is of the opinion that the claims are only possible but not probable to materialise. Accordingly, no provision was made for this liability in the financial statements for the year ended 31 December 2022.

The litigations indicating defendants, status of each case and the contingent liability are listed below:

Suit 1

Mr. Chinenye Gerald Onwuachu V Nigerian Breweries Plc (Adeboye Badejo & Co.)

Facts and contingent liability

The Product Liability case is being held at the High Court of the Federal Capital Territory, Abuja Judicial Division.

Claim is for the sum of N111,002,720 as damages, purportedly caused by the claimant ingesting the contents of a contaminated Heineken beer bottle.

Update/status

Cross examination of the claimant's counsel commenced on 31st October 2022 and the matter was adjourned for continuation of cross examination on 24th January 2023

Suit 2

Asha Ayotunde David (suing under the name & style Ashatemi Concepts Nig. Limited)] V Custodian and Allied Insurance Limited & NISRAL Microfinance Limited (Adeboye Badejo & Co.)

Facts and contingent liability

The Defendant claims to have a comprehensive insurance cover over his poultry farm which was destroyed by flood killing all the birds. He claims the sum of N8,950,000.

Update/status

Preliminary objections to the proper service of the writ of summons were moved in court on 20th October 2022 and the Claimant counsel equally adopted the counter processes. The service of the writ of summons was struck out, while the court ordered the claimant to serve the writ-of-summons afresh on 3rd November 2022. The matter was adjourned to 11th January 2023.

Notes To The Financial Statements Contd

Suit 3

Gray and Savoy V Custodian and Allied Insurance Plc (Sofunde, Osakwe, Ogundipe & Belgore)

Facts and contingent liability

Purported theft case reported prior to payment of premium and inspection of vehicle. The case commenced in 2011 and has been through mediation with no settlement. Claim is for the value of the Jeep – : N6.8m and interest at 28% from 2008 until final settlement by court. Presently this amounts to N33,456,000.

Update/status

The claimant is experiencing difficulties bringing his witness to court and has made oral application craving the indulgence of the court to allow his witness to virtually testify via means of a teleconference. The court adjourned the matter for definite trial while stating that the Claimant must find a way around it, either the virtual hearing is provided for, or the witnesses come down to Nigeria for the trial and/or the Claimant puts in the necessary application to substitute its witnesses. The matter was adjourned for definite trial to May 4, 2021. The definite trial could not hold since the 4th of May 2021 as the witness is not available. The matter is ongoing and the next adjourned date is yet to be communicated.

Suit 4

Soddell Company Nig. Ltd. & ANOR. V Custodian and Allied Insurance Limited: (LEXX & SOPHY Barristers, Solicitors & Intellectual Property Attorneys).

Facts and contingent liability

The dispute on alleged refusal of the Company to release the Claimant's original land title document following the completion of their Performance Bond. The sum of N35m is being claimed for general and aggravated damages

Update/status

The claimant's witness was cross-examined during the hearing of the case on 20th January 2022 and custodian has filed its statement of defence and other accompanying processes, and pleadings have been concluded. The matter was adjourned to 20th January 2023 for continuation of trial.

Notes To The Financial Statements Contd

Suit 5

Abubakar Alli v. West African Seasoning Company Limited & Ors: (JB Majiyagbe & Co.)

Facts and contingent liability

Custodian and Allied Insurance issued a Group and Personal Accident (GPA) cover to West African Seasoning, (upon the payment of premium), for the benefits of the latter's staff, of which the Claimant was described as one. Upon a ghastly accident involving the Claimant, a referral letter, issued and signed by a Chief Medical Officer of a Government Hospital, was required by Custodian before an overseas treatment abroad could be processed. Upon failure to produce this letter, and further demand by West African Seasoning Cube, Custodian paid the Permanent Disability benefit to the Company for the sake of the Claimant. Following from the above, The Claimant in this suit seeks, inter alia, the sum of N500,000,000 (Five hundred million) to be paid, severally or jointly, between parties for his permanent disability state.

Update/status

The matter is ongoing and the next adjourned date is yet to be communicated.

There were no capital commitments as at 31st December 2022 (2021: Nil).

39 Related parties

Details of transactions and balances between the Company and other related parties are disclosed below.

39.1 Transactions with related parties

The Company enters into transactions with parent, affiliates and its key management personnel in the normal course of business.

The transactions with related parties are made at normal market prices and conducted at arm's length.

Companies	Status of relationship	Interest (%)
Interstate Securities Limited	Associate of the parent company	Nil
Custodian Investments Plc	Parent Company	Nil
Custodian Life Assurance Limited	Fellow subsidiary of the parent company	Nil
Custodian Trustees Limited	Fellow subsidiary of the parent company	Nil
Crusader Sterling Pensions Limited	Fellow subsidiary of the parent company	Nil
UPDC Plc	Fellow subsidiary of the parent company	Nil

Notes To The Financial Statements Contd

39.2 Transactions with related parties

Detail of transactions carried out during the year with related parties are as follows:

	Nature of transaction	2022 N'000	2021 N'000
Interstate Securities Limited	Investment income	477	1,826
UPDC Plc(REITS)	Lease expense	2,384	2,384
Key management personnel	Loan	1,116	606
Custodian Investment Plc	Shared cost	751,018	795,384
	Dividend	2,800,000	2,660,000
	Refundable funds*	-	550,000

*During 2021 financial year, refundable funds of \$1m due to Custodian Investment Plc since 2020 was refunded at the rate of N550 per dollar. This resulted in a foreign exchange loss of N169m which accounts for the material part of the realised FX loss of N212.5m reported for the 2021 financial year.

39.3 Balances with related parties

The following balances were outstanding at the end of the reporting period

Receivables from and payables to related parties are as follows:

Due from related parties:	Nature of transaction	2022 N'000	2021 N'000
Interstate Securities Limited	Investment	-	10,826
UPDC Plc(REITS)	Right of use	794	3,969
Key management personnel	Loan	14,383	12,320
		<u>15,177</u>	<u>27,115</u>
Due to related parties:			
Custodian Investment Plc	Shared cost	-	59,369
	Refundable funds	-	-
		<u>-</u>	<u>59,369</u>

Shared cost relates to expenses incurred by the parent Company on behalf the Company which includes rents and salaries of management staffs.

The outstanding balances of the payables at the reporting date are unsecured and non-interest bearing. The settlements will involve physical delivery of cash.

The terms and conditions of the loan granted to Key management personnel complied with the requirements of Section 77(1) of the Insurance Act 2003.

The loan granted to key management personnel is fully collateralised and no impairment charge for the year (2021 : Nil).

Notes To The Financial Statements Contd

40. Directors and employees

40.1 Chairman and Directors' emoluments

	2022 N'000	2021 N'000
Emoluments:		
Chairman	10,750	8,831
Other Directors	24,110	21,703
	<u>34,860</u>	<u>30,534</u>
As Directors' fees	9,000	4,700
Other emoluments	25,860	25,834
	<u>34,860</u>	<u>30,534</u>

40.2 Employees remuneration

- a. The number of employees whose emoluments, excluding allowances within the following ranges were:

	2022 Number	2021 Number
N - 999,999	2	3
1,000,000 - 1,999,999	22	8
2,000,000 - 2,999,999	17	25
3,000,000 - 3,999,999	13	26
4,000,000 - 4,999,999	8	11
5,000,000 - 5,999,999	10	10
6,000,000 and above	35	37
	<u>107</u>	<u>120</u>

Notes To The Financial Statements Contd

b. Staff	2022 Number	2021 Number
Average number of persons employed during the year were:		
Management staff	10	11
Non-management staff	97	109
	<u>107</u>	<u>120</u>
	N'000	N'000
Staff cost excluding the Directors relating to the above		
Wages and salaries	383,940	383,940
Defined contribution pension costs	40,008	40,008
Other staff allowances	406,820	419,086
	<u>830,768</u>	<u>843,034</u>

40.3. Compensation of key management personnel

Key management personnel of the Company includes all directors, executive and non- executive, and senior management. The summary of compensation of key management personnel for the year is as follows:

	2022 N'000	2021 N'000
Short-term employee benefits	194,186	185,385
Post employment benefit	21,098	18,818
	<u>215,284</u>	<u>204,203</u>
Fees and other emolument disclosed above includes amount paid to:		
Chairman	<u>10,750</u>	<u>8,831</u>
Highest paid director	<u>10,750</u>	<u>8,831</u>

Notes To The Financial Statements Contd

41 **Events after the reporting period**

No significant event has occurred since the reporting date which requires adjustment of, or further disclosure in the financial statements.

42 **Contraventions**

The Company incurred and paid the sum of N500,000(2021:Nil) as a penalty for a contravention during the year.

	2022 N'000	2021 N'000
Violation of Section 49(3)(a) of the NAICOM Act 1997.	500	-

43 **Impact of COVID 19 on the Company’s performance**

The global Coronavirus (COVID-19) pandemic continues to create economic and social uncertainty throughout the world. Following unprecedented commitments to fiscal and monetary stimulus by governments and central banks and industry regulators locally and globally in 2020, we witnessed a strong recovery in asset values which continued through the end of the year 2021. The emergence of further waves, particularly in developing economies, and more virulent strains remains a risk despite the roll out of vaccines globally as well as the efforts to get it distributed worldwide. Whilst volatility generally subsided during the year 2022, the ultimate impact of the pandemic still remains difficult to predict. Economic uncertainties, which may materially affect the valuation of portfolio investments and business operations remain prevalent as economies move tentatively to ease restrictions. The long-term effect of the aforementioned fiscal and monetary intervention remains unpredictable. The local environment have remained resilient and stability is relatively back in Nigeria with respect to COVID -19 and related endemics.

Custodian has continuously assessed the impact of the COVID -19 pandemic on the Company's assets and liabilities which is reflected in the financial statements. Having adapted to the “new normal” that is continuously unfolding and the evolving structural changes in the market (such as changes in customer behaviour), management performed an assessment to determine how this impacts its going concern and liquidity, impairment assessment, contract modifications, fair value measurement, government assistance and tax, and the results are summarized below. These assessments are carried out on an on-going basis and covers our short, medium, and long-term horizon.

Notes To The Financial Statements Contd

Going concern and Liquidity

Custodian and Allied Insurance Limited adopted the going concern basis in the preparation of its financial statements. The Company continues to test its business continuity plan to mitigate the risk of business disruptions that may result from any shutdown or partial lockdown instituted by the Federal and State government. The Company was able to carry out uninterrupted service delivery and continuous operations as it continues to reaped the dividend of its past investments in information technology.

The Company's ability to access traditional funding based on internally generated funds and shareholders' funds was not impacted by the pandemic as the Company had no debt funding obligations or financing arrangements containing terms that limit the company's ability to obtain additional funding and neither were its asset pledged in any form.

The Company continues to assess its financial position for any impending recapitalisation requirement in the insurance industry. In view of this, the Company already has enough retained earnings to meet up with the last minimum paid-up capital requirement which was put on hold.

Based on the above, the company concluded that there are no material uncertainties that might cast significant doubt on the ability of the company to continue to operate as a going concern even into the foreseeable future.

Expected credit loss assessment

Following the onset of the COVID 19 pandemic, the Company generated a baseline scenario that reflected the recent economic forecast. The Forward-looking adjustments were arrived at based on external consensus forecast assembled from key sources including the National Bureau of Statistics (NBS) and Trading economies web site, alongside updated month on month scenario-based Probability of Defaults (PDs) obtained from Moody's inventory for emerging market. The range of future economic conditions was described by using a statistical and balance score card approach which was used to reassess the impact of the pandemic crisis. Considering internal stress test assessment together with the internal control mechanism within the Company's investment management framework, the adverse scenarios were calibrated to reflect the IFRS 9 sensitivities and non-linearity of benchmarked downside effects. The scenarios assumed strong contraction in GDP and sharp rise in unemployment in 2021 as experienced in Nigeria.

Notes To The Financial Statements Contd

The resulting 2021 COVID 19 baseline scenarios and post model adjustments which are financial instrument specific modifications to reflect the significant range of uncertainty conditions surrounding the post COVID-19 pandemic year . Current year model considered expected credit loss in light of the Covid-19 uncertainty that has now significantly reduced. Therefore, lower to no increase is considered reasonably possible scenario for 2022

The economic environment remain uncertain and future impairment charges may be subject to further volatilities depending on the longevity of the pandemic and related containment measure as well as the longer-term effectiveness of the Central bank of Nigeria and government and other support measures.

Contract modifications

There was no major contract modification which would have significantly affected the Company's cash flows and projections other than a few requests for shorter periods insurance cover and a request to pay for the annual rent of one of our investment properties in two instalments. In addition to its cost optimization strategy aimed at reducing costs, the company was able to renegotiate with some of its service providers (to ensure their services conforms with the requirement for remote working) to further drive down costs. Nevertheless, the Company did not lay-off any staff nor slashed the salaries of its staff during the year. The company as a lessee did not have any lease modification in the form of rent concessions arising as a direct consequence of the Covid-19 pandemic.

No onerous contracts or additional provisions have been recognised as a direct impact of the COVID 19 pandemic.

Fair value measurement

Some of the company's financial assets designated at fair value through other Comprehensive Income (FVTOCI) are measured through a level 3(significant unobservable inputs) approach under IFRS 13. This methodology involves using the issue prices in most recent round of equity raising conducted by each company assuming this was within the last 12 months and the comparism of issue prices movements and price multiples to listed peers over the same period.

Notes To The Financial Statements Contd

In the second half of the year 2021, the COVID 19 variants emerged and with it was the fear of impending changes market conditions, possibilities of a government-imposed lockdowns, and uncertainty on the impact to company's earnings. This whole impact of the pandemic eased out as both the Government and the private sector was able to better manage the cases. This led management to also ease the COVID 19 adjusted inputs used in analysing the investees and to support the current fair value methodology. In the absence of recent pricing activity, additional criteria included the review of performance of investments against targets/budgets in the period before COVID-19 and following onset of COVID-19 related lockdowns and restrictions, cost reductions and cash flow measures put in place to limit COVID -19 impacts, review of the trajectory of the business through the recovery period following the COVID 19 lockdown period and impact on long term revenue generation potential.

Valuation of Insurance contract was based on actuarial best estimates and judgement. Risk and uncertainties have been considered in the measurement of the liabilities and are reflected in the key inputs and judgements. The key risk associated with the estimation of the provisions is the under /over estimation of the claims rate and to a lesser extent the under/over estimation of the claims savings (net of risk equalization) impact.

The revised procedures and ongoing COVID 19 impact did not lead to a significant change in the fair value of the unlisted equity financial assets in the financial year.

Government assistance and income tax

In the attempt to mitigate the COVID 19 pandemic, the government introduced measures to aid entities. The palliatives were targeted at Small and medium scaled enterprises while large and listed entities had waivers on late filing penalties and extension of filing deadlines. Recent government responses also included income tax concessions and other forms of rebates.

Custodian did not receive any grant or rebate from government and have therefore not recognized any grants or rebates in the financial statements due to the impact of COVID -19.

The Company along with other well-meaning Insurance companies provided donations and free Life Insurance cover for both Lagos state Government and Federal Government frontline health workers. This was our own way of encouraging the otherwise stretched and exhausted health workers to be rest assured that should they fall ill or lose their lives their families will be taken care of. This donation is considered an allowable expense and has been factored in the computation of company income tax for the year.

Notes To The Financial Statements Contd

Notwithstanding the positive progress made on the medical front, the impact of the COVID-19 pandemic will continue to cast its shadow over the global economy for some time to come, and therefore continue to be the defining force affecting businesses. The Company's diversified model has proved its value, and it continue to pursue its business priorities going forward. The Company remains determined to shape its future and seeks to leverage pioneering vision and mission to serve its customers, clients and the communities to the best of its abilities

44 **Capital management**

The Company manages its capital to ensure that the Company will be able to continue as going concern and comply with the regulators' capital requirements of the markets in which the Company operates while maximising the return to stakeholders through the optimisation of the debt and equity balance. The capital structure of the Company consists of equity attributable to equity holders of the company, comprising issued capital, reserves and retained earnings. Reinsurance is also used as part of capital management.

Finance Act 2021 – Part IX – Insurance Act

The Federal Government of Nigeria, by Federal Republic of Nigeria Official Gazette, dated 18th January, 2022, amended the Finance Act, 2021. The Finance Act 2021 (Part IX – Insurance Act) in Sections 33, 34, and 35 contains provisions which amended Sections 9, 10 and 102 of Insurance Act, 2003, as previously related to paid-up share capital. The Sections of the Act amended the Insurance Act by substituting the words "paid-up share capital", with the words "Capital requirement" and wherever they appear in Insurance Act 2003. The words "Capital requirement" was introduced and inserted in Section 102 of the Insurance Act. By the provision of section 35, "Capital Requirement" means -

- (a) in the case of existing company -
 - (i) the excess of admissible assets over liabilities, less the amount of own shares held by the company,
 - (ii) subordinated liabilities subject to approval by the Commission, and
 - (iii) any other financial instrument as prescribed by the Commission.

For this purpose, Admissible Assets are defined as:

Share Capital, Share Premium, Retained Earnings, Contingency Reserves, and any other admissible assets subject to the approval of the Commission

- (b) in the case of a new company -
 - (i) Government Bonds and Treasury Bills,
 - (ii) Cash and Bank balances, and
 - (iii) Cash and cash equivalent"

Notes To The Financial Statements Contd

44 Capital management - continued

As an existing company, our capital requirement is as shown below:

	2022 N'000	2021 N'000
Share capital	10,000,000	7,000,000
Share premium	84,607	84,607
Statutory contingency reserve	10,000,000	10,000,000
Retained earnings	4,618,546	4,970,380
Excess of admissible assets over liabilities	24,703,153	22,054,987
Less the amount of own shares held(Treasury shares)	-	-
	24,703,153	22,054,987
Subordinated liabilities subject to approval by the Commission	-	-
Any other financial instrument as prescribed by the Commission	-	-
Capital requirement	24,703,153	22,054,987

The solvency margin requirement

The regulatory capital (as required under Section 24 of the Insurance Act 2003 and NAICOM Guideline) within the Company have been maintained and preserved over the reporting periods. The Section defines Solvency Margin of a Non-Life Insurer as the difference between the admissible assets and liabilities and this shall not be less than 15% of Net Premium Income (Gross Premium Income less Re-insurance premium paid) or the minimum capital base of N3 billion, whichever is higher. The regulatory capital within the Insurance Industry in Nigeria, in which the entity has its major operations is as follows:

	2022 N'000	2021 N'000
Minimum capital requirement		
** Non-life business	3,000,000	3,000,000

Notes To The Financial Statements Contd

43. Capital management - continued

The Solvency Margin for the Company as at 31 December 2022 is as follows:

	Total N'000	Admissible N'000	Inadmissible N'000
Assets:			
Cash and cash equivalents	8,793,947	8,774,537	19,410
Financial assets:			
-Fair Value through Profit or Loss (FVTPL)	870,360	870,360	-
-Fair Value through OCI (FVOCI)	1,760,920	1,553,551	207,369
-Amortised Cost	27,858,528	27,146,514	712,014
Trade receivables	365,397	365,397	
Reinsurance assets	8,764,226	8,229,570	534,656
Deferred acquisition costs	876,794	876,794	-
Other receivables and prepayments	398,317	121,844	276,473
Right of use assets	1,044	-	1,044
Investment properties	3,676,770	2,513,600	1,163,170
Intangible assets	946	946	-
Property, plant and equipment	232,664	232,664	-
Statutory deposits	300,000	300,000	-
Total assets	53,899,913	50,985,777	2,914,136
Liabilities:			
Insurance contract liabilities	14,978,873	14,978,873	-
Trade payables	9,734,610	9,734,610	-
Other payables and accruals	1,576,551	1,576,551	-
Deferred income	439,170	439,170	-
Current income tax payable	1,361,495	1,361,495	-
Deferred tax liabilities	672,831	-	672,831
Total liabilities	28,763,530	28,090,699	672,831
Solvency margin		22,895,078	
Subject to the higher of:			
A. Minimum capital requirement	<u>3,000,000</u>		
B. 15% of net premium (Premium less reinsurance)	<u>1,654,617</u>		
C. Higher of A and B		<u>(3,000,000)</u>	
D. Surplus achieved		<u>19,895,078</u>	

Notes To The Financial Statements Contd

The Solvency Margin for the Company as at 31 December 2021 is as follows:

	Total N'000	Admissible N'000	Inadmissible N'000
Assets:			
Cash and cash equivalents	8,808,248	8,492,468	315,780
Financial assets:			
-Fair Value through Profit or Loss (FVTPL)	913,131	913,131	-
-Fair Value through OCI (FVOCI)	885,415	765,933	119,482
-Amortised Cost	22,149,314	21,464,571	684,743
Trade receivables	109,967	109,967	-
Reinsurance assets	7,826,349	7,389,724	436,625
Deferred acquisition costs	673,104	673,104	-
Other receivables and prepayments	297,262	82,961	214,301
Right of use assets	7,221	7,221	-
Investment properties	3,676,770	2,513,600	1,163,170
Intangible assets	3,427	3,427	-
Property, plant and equipment	303,954	303,954	-
Statutory deposits	300,000	300,000	-
Total assets	45,954,162	43,020,061	2,934,101
Liabilities:			
Insurance contract liabilities	13,160,983	13,160,983	-
Trade payables	6,951,553	6,951,553	-
Other payables and accruals	1,493,142	1,493,142	-
Deferred income	325,955	325,955	-
Current income tax payable	836,792	836,792.00	-
Deferred tax liabilities	751,622	-	751,622
Total liabilities	23,520,047	22,768,425	751,622
Solvency margin		20,251,636	
Subject to the higher of:			
A. Minimum capital requirement	<u>3,000,000</u>		
B. 15% of net premium (Premium less reinsurance)	<u>1,563,948</u>		
C. Higher of A and B		<u>(3,000,000)</u>	
D. Surplus achieved		<u>17,251,636</u>	

Notes To The Financial Statements Contd

45 Financial risk management framework

The Company monitors and manages the financial risks relating to the operations of the Company through internal risk reports which analyse exposures by degree and magnitude of risks. These risks include market risk (currency risk, interest rate risk and price risk), credit risk and liquidity risk.

The Company may seek to minimise the effects of these risks by using derivative financial instruments to hedge risk exposures.

The Company does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

45.1 Valuation bases

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

Fair values are determined at prices quoted in active markets. In the current environment, such price information is typically not available for all instruments and the Company applies valuation techniques to measure such instruments. These valuation techniques make maximum use of market observable data but in some cases management estimate other than observable market inputs within the valuation model. There is no standard model and different assumptions would generate different results.

Fair values are subject to a control framework designed to ensure that input variables and output are assessed independent of the risk taker. These inputs and outputs are reviewed and approved by a valuation committee. The Company has minimal exposure to financial assets which are valued at other than quoted prices in an active market.

Notes To The Financial Statements Contd

The table below shows financial assets carried at fair value.

	Notes	Fair value through profit or loss N'000	Fair value through OCI N'000	Fair value N'000
31 December 2022				
Quoted equities at FVTPL	2	870,360	-	870,360
Fair value through OCI - quoted		-	11,983	11,983
Fair value through OCI - unquoted	2	-	1,748,937	1,748,937
		870,360	1,760,920	2,631,280
31 December 2021				
Quoted equities at FVTPL	2	913,131	-	913,131
Fair value through OCI - quoted		-	14,396	14,396
Fair value through OCI - unquoted	2	-	871,019	871,019
		913,131	885,415	1,798,546

The management assessed that the fair values of cash and cash equivalents, trade receivables, trade payables, other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

The following methods and assumptions were used to estimate the fair value of unquoted equity measured at fair value and other debt securities whose fair values are disclosed.

i. Unquoted equity

The fair values of the unquoted ordinary shares have been estimated using either of Income approach or Market approach.

Under the income approach, the valuation requires management to make certain assumptions about the model inputs, including forecast cash flows, the discount rate, credit risk and volatility. The probabilities of the various estimates within the range can be reasonably assessed and are used in management's estimate of fair value for these unquoted equity investments.

Notes To The Financial Statements Contd

Under the market approach, the Company determines comparable public companies (Peers) based on industry, size, leverage and strategy and calculates an appropriate trading multiple for each comparable company identified. The multiple is calculated by dividing the enterprise value of the comparable company by an earnings measure. The trading multiple is then discounted for considerations such as illiquidity and size differences between the comparable companies based on company-specific facts and circumstances. The discounted multiple is applied to the corresponding earnings measure of the investee company to measure the fair value.

The Company classifies the fair value of these investments as Level 3.

ii **Unlisted managed funds**

The Company invests in managed funds, including private equity funds, which are not quoted in an active market and which may be subject to restrictions on redemptions such as lock up periods, redemption gates and side pockets.

The Company's investment manager considers the valuation techniques and inputs used in valuing these funds as part of its due diligence prior to investing, to ensure they are reasonable and appropriate. Therefore, the NAV of these funds may be used as an input into measuring their fair value. In measuring this fair value, the NAV of the funds is adjusted, as necessary, to reflect restrictions on redemptions, future commitments, and other specific factors of the fund and fund manager. In measuring fair value, consideration is also paid to any transactions in the shares of the fund. Depending on the nature and level of adjustments needed to the NAV and the level of trading in the fund, the Company classifies these funds as Level 3.

iii **Listed debt securities - bonds**

Fair values of publicly traded debt securities are based on quoted market prices in an active market for identical assets with adjustments for accrued interest on the instrument after the last interest/coupon payment date. The Company values these investments at closing bid price.

iv **Money market funds and similar securities (treasury bills)**

The estimated fair value of money market funds is based on discounted cash flows using prevailing quoted Money-market interest rates for debts with similar credit risk and maturity.

Notes To The Financial Statements Contd

45. Financial risk management framework - continued

Quantitative information of significant observable inputs - unquoted equity instruments

Investment	Valuation technique (Significant unobservable valuation input)	Range* (weighted average)	Sensitivity used*	Effect on fair value (N'000)
African Reinsurance Corporation	Market Approach	Average EBITDA multiple of peers Discount to average multiple (10%)	2022: 5% 2021: 5% 2022: 1% 2021: 1%	2022: N261 2021: N230 2022: N6,705 2021: N10,484
Interswitch Limited	Market Approach	Market value adjustment	2022: 1% 2021: 1%	2022: N8,531 2021: N Nil
WSTC Financial Services Limited	Income approach	Cost of capital (10.9%/16.78%) Dividend growth rate (2.51/7.62)	2022: 5% 2021: 5% 2022: 5% 2021: 5%	2022: N1,863 2021: N4,887 2022: N501 2021: N3,175
Energy and Allied Insurance Pool of Nigeria	Adjusted NAV	Discount for lack of liquidity	Unappropriated-ed reserves	2022: N20,381 2021: N17,025

Notes To The Financial Statements Contd

45. Financial risk management framework - continued Financial Assets measured at Fair Value

	2022 N'000	2021 N'000
Quoted prices in active markets (level 1)	882,343	927,527
Valuation technique:		
Market observable data (level 2)	-	-
Other than observable market data (level 3)	1,748,937	871,019
	<u>2,631,280</u>	<u>1,798,546</u>
Financial Assets measured at Amortised Cost:		
Amortised cost	27,858,528	22,149,314
	<u>27,858,528</u>	<u>22,149,314</u>

45.1.1 Fair value and fair value hierarchy

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, into Levels 1 to 3 based on the degree to which the fair value is observable. The categorisation also includes items not measured at fair value but whose fair value is disclosed.

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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45.1.1 Financial instruments in level 1

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. 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 company is the current bid price. These instruments are included in Level 1. Instruments included in Level 1 comprise primarily Nigerian Stock Exchange equity investments classified as trading securities.

Financial instruments in level 2

Inputs other than quoted prices included within Level 1 that are observable 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 in which all significant inputs are directly or indirectly observable from market data.

Financial instruments in level 3

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

Notes To The Financial Statements Contd

Items measured at fair value	2022			
	Level 1	Level 2	Level 3	Total
Financial assets	₹'000	₹'000	₹'000	₹'000
Financial assets at FVTPL:				
Equity shares	870,360	-	-	870,360
	870,360	-	-	870,360
Financial assets at FVOCI:				
Equity shares	11,983	-	1,748,937	1,760,920
	882,343	-	1,748,937	2,631,280
Items whose fair values are disclosed				
Debt instruments	-	-	23,503,728	23,503,728
	-	-	23,503,728	23,503,728
Total financial assets	882,343	-	25,252,665	26,135,008
	2021			
	Level 1	Level 2	Level 3	Total
	₹'000	₹'000	₹'000	₹'000
Equity shares	913,131	-	-	913,131
	913,131	-	-	913,131
Financial assets at FVOCI:				
Equity shares	14,396	-	871,019	885,415
	927,527	-	871,019	1,798,546
Items whose fair values are disclosed				
Debt instruments	-	-	22,865,068	22,865,068
	-	-	22,865,068	22,865,068
Total financial assets	927,527	-	23,736,087	24,663,614

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There were no transfers between level 1 and 2 or in and out of level 3 in 2022 and 2021.

Fair value of financial assets and liabilities

	31-Dec-2022		31-Dec-2021	
	Carrying value ₹'000	Fair value ₹'000	Carrying value ₹'000	Fair value ₹'000
Financial assets				
Cash and cash equivalents:				
Cash and bank balances	1,350,779	1,350,779	1,903,201	1,903,201
Short-term deposits	7,558,039	7,558,039	7,041,514	7,041,514
Debt instruments:				
Federal Government bonds	13,987,908	12,411,567	10,731,363	10,730,762
State Government bonds	643,271	763,325	708,195	713,003
Corporate bonds	13,296,687	10,062,057	10,720,821	11,149,148
Short term deposits	259,361	266,779	264,587	272,154

Notes To The Financial Statements Contd

45.2 Market risk

Market risk is the risk of adverse financial impact as a consequence of market movements such as currency exchange rates, interest rates and other price changes. Market risk arises due to fluctuations in both the value of assets held and the value of liabilities.

The Company's market risk policy sets out the assessment and determination of what constitutes market risk for the Company. Compliance with the policy is monitored and exposures and breaches are reported to the Company's Investment committee. The policy is reviewed regularly for pertinence and for changes in the risk environment.

Guidelines are set for asset allocation and portfolio limit structure, to ensure that assets back specific policyholders' liabilities and that assets are held to deliver income and gains for policyholders which are in line with all stakeholder's expectations.

Foreign currency risk management

The Company undertakes certain transactions denominated in foreign currencies. Hence, exposures to exchange rate fluctuations arise.

The Company has minimal exposure to currency risk as the Company's financial assets are primarily matched to the same currencies as its insurance contract liabilities.

Carrying amounts of the Company's foreign currency denominated assets and liabilities:

Notes To The Financial Statements Contd

45.2. Market risk - continued

Carrying amounts of the Company's foreign currency denominated assets and liabilities:

	2022			
Assets	Pounds Sterling N'000	Euro N'000	US dollars N'000	Total N'000
Cash and cash equivalents	735	11,314	5,327,239	5,339,288
Financial assets	-	153,071	23,394,834	23,547,905
Reinsurance assets	-	-	4,204,990	4,204,990
	735	164,385	32,927,062	33,092,183
Liabilities				
Insurance contract liabilities	-	-	4,349,981	4,349,981
	-	-	4,349,981	4,349,981
Net assets	735	164,385	28,577,081	28,742,202
	2021			
Assets	Pounds Sterling N'000	Euro N'000	US dollars N'000	Total N'000
Cash and cash equivalents	843	3,278	6,528,744	6,532,865
Financial assets	-	147,591	16,857,229	17,004,820
Reinsurance assets	-	-	3,015,912	3,015,912
	843	150,869	26,401,885	26,553,597
Liabilities				
Insurance contract liabilities	-	-	4,349,981	4,349,981
	-	-	4,349,981	4,349,981
Net assets	843	150,869	22,051,904	22,203,616

Notes To The Financial Statements Contd

45.2. Market risk - continued

	Changes in variables ₹'000	31-Dec-22		31-Dec-21	
		Impact on Profit before tax ₹'000	Impact on Equity ₹'000	Impact on Profit before tax ₹'000	Impact on Equity ₹'000
Cash and cash equivalents					
Sterling	+10%	74	-	84	-
	-10%	(74)	-	(84)	-
Euro	+10%	16,439	-	15,087	-
	-10%	(16,439)	-	(15,087)	-
USD	+10%	2,857,708	2,969	2,205,190	6,700
	-10%	(2,857,708)	(2,969)	(2,205,190)	(6,700)

45.3. Interest rate risk management

Interest rate risk is the risk that the value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company has no significant concentration of interest rate risk because:

- It invests in fixed income securities carried at fixed and not floating rates
- Its fixed income securities are measured at amortised cost and not at fair value.

Price risk management

The Company is exposed to equity price risks arising from equity investments primarily from investments not held for unit-linked business. The shares included in financial assets represent investments in listed and unlisted securities that present the Company with opportunity for return through dividend income and capital appreciation. Equity investments designated as fair value through OCI are held for strategic rather than trading purposes.

The analysis below is performed for reasonably possible movements in market indices with all other variables held constant, showing the impact on profit before tax (due to changes in fair value of financial assets whose fair values are recorded in the statement of profit or loss).

Notes To The Financial Statements Contd

		31-Dec-22		31-Dec-21	
	Changes in variables N'000	Impact on Profit before tax N'000	Impact on Equity N'000	Impact on Profit before tax N'000	Impact on Equity N'000
Cash and cash equivalents					
Fair value through profit or loss	+1%	8,704	-	9,131	-
	-1%	(8,704)	-	(9,131)	-
Fair value through OCI	+1%	-	17,609	-	8,854
	-1%	-	(17,609)	-	(8,854)

45.4. Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The key areas of exposure to credit risk for the Company are in relation to its investment portfolio, loan receivables, cash and cash equivalents reinsurance programme and to a lesser extent amounts due from policyholders and intermediaries.

The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company only transacts with entities that are rated the equivalent to investment grade and above.

This information is supplied by independent rating agencies where available and if not available the Company uses other publicly available financial information and its own trading records to rate its major policyholders and reinsurers.

The Company's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the risk management committee annually.

Receivables consist of a large number of policyholders, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable.

Notes To The Financial Statements Contd

45.4. Credit risk - continued

Industry analysis	Financial services N'000	Government N'000	Consumers N'000	Retail and Wholesale N'000	Construction and Materials N'000	Manufacturing and Petroleum N'000	Others N'000	Total N'000
31 December 2022								
Cash and cash equivalents	8,793,947	-	-	-	-	-	-	8,793,947
Debt instruments at amortised costs	10,326,144	14,506,648	256,224	-	-	-	2,769,512	27,858,528
Staff loans and advances	-	-	-	-	-	-	160,972	160,972
Sundry debtors	-	-	-	-	-	-	75,759	75,759
Deposit for properties	-	-	-	-	-	-	25,337	25,337
Trade receivables	42,452	23,335	19,489	65,748	4,798	200,421	9,154	365,397
Reinsurance assets	-	-	-	-	-	-	534,656	534,656
Statutory deposits	-	300,000	-	-	-	-	-	300,000
	19,162,543	14,829,983	275,713	65,748	4,798	200,421	3,575,390	38,114,596
31 December 2021								
Cash and cash equivalents	8,808,248	-	-	-	-	-	-	8,808,248
Debt instruments at amortised costs	10,545,239	11,344,178	-	-	-	-	259,897	22,149,314
Staff loans and advances	-	-	-	-	-	-	120,924	120,924
Sundry debtors	-	-	-	-	-	-	51,003	51,003
Deposit for properties	-	-	-	-	-	-	25,337	25,337
Trade receivables	10,178	1,966	14,434	16,561	7,775	58,716	337	109,967
Reinsurance assets	-	-	-	-	-	-	436,625	436,625
Statutory deposits	-	300,000	-	-	-	-	-	300,000
	19,363,665	11,646,144	14,434	16,561	7,775	58,716	894,123	32,001,418

Notes To The Financial Statements Contd

45.4. Credit risk - continued

The table below provides information regarding the credit risk exposure of the Company by classifying assets according to the Company's credit ratings of counter parties:

	Investment Grade	Non Investment Grade: Satisfactory	Non Investment Grade: Unsatisfactory	Total
	₹'000	₹'000	₹'000	₹'000
31 December 2022				
Debt instruments at amortised costs	-	27,756,930	101,598	27,858,528
Cash and cash equivalents	-	8,931,526	-	8,931,526
Staff loans and advances	-	-	160,972	160,972
Sundry debtors	-	-	75,759	75,759
Deposit for properties	-	-	25,337	25,337
Trade receivables	-	-	365,397	365,397
	-	36,688,456	729,063	37,417,519
31 December 2021				
Debt instruments at amortised costs	-	22,037,425	111,889	22,149,314
Cash and cash equivalents	-	8,979,079	-	8,979,079
Staff loans and advances	-	-	120,924	120,924
Sundry debtors	-	-	51,003	51,003
Deposit for properties	-	-	25,337	25,337
Trade receivables	-	-	109,967	109,967
	-	31,016,504	419,120	31,435,624

The Company actively manages its product mix to ensure that there is no significant concentration of credit risk.

Notes To The Financial Statements Contd

45.4. Credit risk - continued

Impairment assessment

The Company's ECL assessment and measurement method is set out below.

Significant increase in credit risk, default and cure

The Company continuously monitors all assets subject to ECLs. In order to determine whether an instrument or a portfolio of instruments is subject to 12mECL or LTECL, the Company assesses whether there has been a significant increase in credit risk since initial recognition. The Company considers that there has been a significant increase in credit risk when any contractual payments are more than 30 days past due, In addition, the Company also considers a variety of instances that may indicate unlikeliness to pay by assessing whether there has been a significant increase in credit risk. Such events include:

- The counterparty having past due liabilities to public creditors or employees
- The counterparty (or any legal entity within the debtor's group) filing for bankruptcy application/protection
- Counterparty's listed debt or equity suspended at the primary exchange because of rumours or facts about financial difficulties"

The Company considers a financial instrument defaulted and, therefore, credit-impaired for ECL calculations in all cases when the counterparty becomes 90 days past due on its contractual payments. The Company may also consider an instrument to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full. In such cases, the Company recognises a lifetime ECL.

There has been no significant increase in credit risk or default for financial assets during the year.

Notes To The Financial Statements Contd

Expected credit loss

The Company assesses the possible default events within 12 months for the calculation of the 12mECL. Given the investment policy, the probability of default for new instruments acquired is generally determined to be minimal and the expected loss given default ratio varies for different instruments. In rare cases where a lifetime ECL is required to be calculated, the probability of default is estimated based on economic scenarios.

	2022			2021		
Moody's rating						
Performing	12mECL	LTECL	Total	12mECL	LTECL	Total
Cash and cash equivalents	N'000	N'000	N'000	N'000	N'000	N'000
AAA-A+	-	-	-	-	-	-
BBB-B+	8,931,526	-	8,931,526	8,979,079	-	8,979,079
C-CCC	-	-	-	-	-	-
Not rated						
Total Gross Amount	8,931,526	-	8,931,526	8,979,079	-	8,979,079
ECL	(137,579)		(137,579)	(170,831)		(170,831)
Total Net Amount	8,793,947	-	8,793,947	8,808,248	-	8,808,248
Financial assets - amortised cost						
AAA-A+	-	-	-	-	-	-
BBB-B+	28,085,629	-	28,085,629	22,313,077	-	22,313,077
C-CCC	-	-	-	-	-	-
Note rated	101,598	-	101,598	111,889	-	111,889
Total Gross Amount	28,187,227	-	28,187,227	22,424,966	-	22,424,966
ECL	(328,699)	-	(328,699)	(275,652)	-	(275,652)
Total Net Amount	27,858,528	-	27,858,528	22,149,314	-	22,149,314

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Debt instruments measured at amortised cost

	2022			2021		
	12mECL N'000	LTECL N'000	Total N'000	12mECL N'000	LTECL N'000	Total N'000
Unrated						
Other receivables	262,068	96,355	358,423	197,264	96,355	293,619
Total Gross Amount	262,068	96,355	358,423	197,264	96,355	293,619
ECL	(1,234)	(96,355)	(97,589)	(279)	(96,355)	(96,634)
Total Net Amount	260,834	-	260,834	196,985	-	196,985

Collateral for other receivables

Some of the Company's receivables (e.g. mortgage loans and car loans) are collateralised with assets including properties and cars. As at 31 December 2022, the value of assets accepted as collateral that the Company is permitted to repossess or sell in the absence of default in respect of the staff loans was N201million (2021: N165million) against the receivables balances of N161million (2021:N121million).

As at 31 December 2022, the Company had no asset repossessed as security against asset. The group policy is to pursue timely realisation of collateral in an orderly manner in the case of default. The Company does not generally use the non cash collateral for its own operations.

As at 31 December 2022, the Company has not pledged any of its assets as collateral for any liability or payable balance (2021: nil)

Notes To The Financial Statements Contd

Amounts arising from ECL

Inputs, assumptions and techniques used for estimating impairment

When determining whether the credit risk(i.e. Risk of default) on a financial instrument has increased significantly since initial recognition, the Company considers reasonable and supportable information that is relevant and available without undue cost of effort, This includes both qualitative and quantitative information analysis based on the Company's experience, expert credit assessment and forward looking information. The Company primarily identifies whether a significant increase in credit risk has occurred for an exposure by using days past due and assessing other information obtained externally.

Whenever available, the Company monitors changes in credit risk by tracking published external credit ratings. To determine whether published ratings remain up to date and to assess whether there has been a significant increase in credit risk at the reporting date that has not been reflected in the published rating, the group also reviews changes in Bond yields together with available press and regulatory information about issuers.

Where external credit ratings are not available, the Company allocates each exposure to a credit risk grade based on data that is determined to be predictive of the risk of default(including but not limited to the audited financial statement, management accounts and cashflow projections, available regulatory and press information about the borrowers and apply experienced credit judgement. Credit risk grades are defined by using qualitative and quantitative factors that are indicative of the risk of default and are aligned with the external credit rating definition from Moody's and standards and Poor.

The Company has assumed that the credit risk of a financial asset has not increased significantly since the initial recognition if the financial asset has low credit risk at reporting date. The company considers a financial asset to have low credit risk when its credit risk rating is equivalent to the globally understood definition of "investment grade". The Company considers this to be Baa3 or higher based on the Moody rating.

Amounts arising from ECL

As a back-stop, the Company considers that a significant increase in credit risk occurs no later than when the asset is more than 30 days past due. Days past due are determined by counting the numbers of days since the earliest elapsed due date in respect of which full payments has not been received. Due dates are

Notes To The Financial Statements Contd

determined without considering any grace period that might be available to the borrower. The Company monitors the effectiveness of the criteria used to identify significant increase in credit risk by regular reviews to confirm that:

- The criteria are capable of identifying significant increase in credit risk before an exposure is in default;
- The average time between The identification of a significant increase in credit risk and default appears reasonable
- The criteria do no align with the point in time when the asset becomes 30 days past due;
- Exposures are not generally transferred from 12- month ECL measurement to credit impaired and
- There is no unwarranted volatility in loss allowance from transfers between 12-month ECL and Lifetime ECL measurement.

Modified financial assets

The contractual terms of a financial asset may be modified for a number of reasons, including changing market conditions and other factors not related to a current or potential credit deterioration of the borrower. An existing financial asset whose terms have been modified may be derecognized and the renegotiated asset recognized as a new financial asset at fair value in accordance with the accounting policies. When the terms of a financial asset are modified and the modification does not result in derecognition, the determination of whether the asset's credit risk has increased significantly reflects a comparison of:

- Its risk of default occurring at the reporting date based on the modified term; with
- The risk of default occurring estimated based on data on initial recognition and the original contractual terms.

Definition of default

The Company considers 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 financial asset is more than 90 days past due.

In assessing whether a borrower is in default, the Company considers indicators that are:

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- qualitative: e.g. breaches of covenant and the other indicators of financial distress;
- quantitative: e.g. overdue status and non-payment of another obligation of the same issuer to the Group; and
- based on data developed internally and obtained from external sources.

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

Incorporation of forward looking information

The Company incorporates forward-looking information into its measurement of ECL. It formulates a 'base case' view of the future direction of relevant economic variables and a representative range of other possible forecast scenarios based on advice from the Company's Investment and Risk committee, economic experts and consideration of a variety of external actual and forecast information. This process involves developing two additional economic scenarios and considering the relative probabilities of each outcome. External information includes economic data and forecasts published by governmental bodies and monetary authorities in the Nigeria, supranational organizations such as the Organisation for Economic Cooperation and Development and the International Monetary Fund, and selected private-sector and academic forecasters.

The base case represents a best estimate and is aligned with information used by the Company for other purposes such as strategic planning and budgeting. The other scenarios represent more optimistic and pessimistic outcomes.

Measurement of ECL

The calculation of the expected credit loss is based on the key risk parameters of Probability of default(PD), Loss given default(LGD) and Exposure at default (EAD)

To determine the Lifetime and 12-month PDs, the Company uses the PD tables supplied by Moody's based on the default history of sovereign and corporate obligors with the same credit rating. The Company adopts the same approach for unrated investments by mapping its internal risk grades to the equivalent external credit ratings. The PDs are recalibrated and adjusted to reflect forward looking information as described below. changes in the rating for counterparties and exposure lead to a change in estimate of the associated PD.

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Loss Given Default is the magnitude of the likely loss if there is a default. The Company estimates LGD parameters based on the history of recovery rates of claims against the defaulted counterparties. The LGD for sovereign fixed income exposures are based on publications by Moody's and the models consider the structure, collateral, seniority of claims and recovery of any collateral that is integral to the financial asset. For loans secured with properties or asset, loan to value ratios are key parameter in determining LGD. LGDs are calculated on discounted cash flow basis using effective interest rate as the discounting factor.

Measurement of ECL

EAD represents the expected exposure in the event of a default. The Company derives the EAD from the current exposure to the counterparty and potential changes to the current amount allowed under the contract, including amortisation, and prepayments. The EAD of a financial asset is its gross carrying amount. As described in the accounting policy, and subject to using a maximum of a 12-month PD for financial assets for which credit risk has not significantly increased, the Company measures ECL considering the risk of default over the maximum contractual period (including any borrower's extension options over which it is exposed to credit risk, even if, for risk management purposes, the Company considers a longer period. The modelling of parameter is carried out on an individual basis.

An overview of the approach to estimating ECLs is set out in Note 2 Summary of significant accounting policies and in Note 3 critical accounting judgements and key sources of estimation uncertainty. To ensure completeness and accuracy, the Company obtains the data used from third party sources (Moody's, Standards and Poor, Economist associate etc.) and its investment team verifies the accuracy of inputs to the Company's ECL models including determining the weights attributable to the multiple scenarios. The following tables set out the key drivers of expected loss and the assumptions used for the Company's base case estimate, ECLs based on the base case, plus the effect of the use of multiple economic scenarios for Nigeria, as at 31 December 2022 and 31 December 2021.

The Company has identified and documented key drivers of credit risk and ECL for each portfolio of financial instruments and using an analysis of historical data, has estimated relationships between macro economic variables and credit risk and credit losses. The tables show the values of the key forward looking

Notes To The Financial Statements Contd

economic variables/assumptions used in each of the economic scenarios for the ECL calculations. The figures for “Subsequent years” represent a long-term average and so are the same for each scenario.

The inputs and models used for calculating ECL may not always capture all characteristics of the market at the date of the financial statements. To reflect this, qualitative adjustments or overlays are occasionally made as temporary adjustments when such differences are significantly material. Detailed information about these inputs and sensitivity analysis are provided on the next page.

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45.4. Credit risk - continued

Analysis of inputs to the ECL model under multiple economic scenarios 31 December 2022

Key drivers	ECL Scenario	Assigned Weightings/ Probabilities	2022	2023	2024	2025	2026
Macroeconomic variable							
GDP Growth rate (%)							
	Upside	13%	2.29	3.24	3.54	3.74	3.94
	Base case	79%	2.25	3.20	3.50	3.70	3.90
	Downside	8%	2.21	3.16	3.46	3.66	3.86
Inflation rates (%)							
	Upside	13%	15.04	13.10	11.64	11.54	11.54
	Base case	79%	0.21	15.00	13.06	11.60	11.50
	Downside	8%	14.96	13.02	11.56	11.46	11.46
Oil Prices "USD" (price per barrel)							
	Upside	13%	120.20	105.33	102.79	98.24	97.15
	Base case	79%	79.35	64.48	61.94	57.39	56.30
	Downside	8%	54.42	39.55	37.01	32.46	31.37
Unemployment rates (%)							
	Upside	13%	25.66	30.66	34.66	29.66	25.66
	Base case	79%	35.00	40.00	44.00	39.00	35.00
	Downside	8%	51.10	56.10	60.10	55.10	51.10

Since the beginning of the year, as the Company has reassessed the key economic indicators used in its ECL models, the expected GDP growth rate over the next few years has been revised downwards, given the slowdown of Nigeria's economy which is majorly due to the unstable political outlook of the country. Unemployment and oil price assumptions follow a similar trend. Central Bank base rates have been revised downward while inflation rate is on the rise with the expected minimum wage legislation as part of governmental response. Long-term expectations remain unchanged.

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44.4. Credit risk - continued

Analysis of inputs to the ECL model under multiple economic scenarios 31 December 2021

Key drivers	ECL Scenario	Assigned	2021	2022	2023	2024	2025
Macroeconomic variable							
GDP Growth rate (%)							
	Upside	12%	4.08	2.71	2.69	2.60	2.68
	Base case	79%	4.04	2.67	2.65	2.56	2.64
	Downside	9%	4.00	2.63	2.61	2.52	2.60
Inflation rates (%)							
	Upside	12%	14.44	13.29	11.81	11.54	11.54
	Base case	79%	14.40	13.25	11.77	11.50	11.50
	Downside	9%	14.36	13.21	11.73	11.46	11.46
Oil Prices "USD"							
(price per barrel)							
	Upside	12%	112.39	100.85	101.81	102.79	103.79
	Base case	79%	71.54	60.00	60.96	61.94	62.94
	Downside	9%	46.61	35.07	36.03	37.01	38.01
Unemployment rates (%)							
	Upside	12%	23.36	23.16	22.46	22.16	21.96
	Base case	79%	32.70	32.50	31.80	31.50	31.30
	Downside	9%	48.80	48.60	47.90	47.60	47.40

Since the beginning of the year, as the Company has reassessed the key economic indicators used in its ECL models, the expected GDP growth rate over the next few years has been revised downwards, given the slowdown of Nigeria's economy which is majorly due to the unstable political outlook of the country. Unemployment and oil price assumptions follow a similar trend. Central Bank base rates have been stable while inflation rate is on the rise with the expected minimum wage legislation. Long-term expectations remain unchanged.

Notes To The Financial Statements Contd

45.4. Credit risk - continued

The following tables outline the impact of multiple scenarios on the allowance

31 December 2022		Cash and cash equivalents	Financial assets - amortised cost	Other receivables	Total
Upside	13%	18,192	43,464	12,904	74,561
Base case	79%	108,017	258,069	76,619	442,705
Downside	8%	11,371	27,165	8,065	46,600
		137,579	328,699	97,589	563,868
31 December 2021					
Upside	11%	21,183	34,181	11,983	67,346
Base case	80%	134,119	216,414	75,867	426,401
Downside	8%	15,529	25,057	8,784	49,369
		170,831	275,652	96,634	543,117

45.5. Liquidity risk

Liquidity risk is the risk that the Company cannot meet its obligations associated with financial liabilities as they fall due.

The Company has adopted an appropriate liquidity risk management framework for the management of the Company's liquidity requirements. The Company manages liquidity risk by maintaining banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of assets and liabilities. The Company is exposed to liquidity risk arising from clients on its insurance contracts. In respect of catastrophic events there is liquidity risk from a difference in timing between claim payments and recoveries thereon from reinsurers.

Notes To The Financial Statements Contd

45.5. Liquid risk - continued

Liquidity management ensures that the Company has sufficient access to funds necessary to cover insurance claims. In practice, most of the Company's assets are marketable securities which could be converted to cash when required.

The following table shows details of the expected maturity profile of the Company's undiscounted obligations with respect to its financial liabilities and estimated cash flows of recognised insurance contract liabilities. Unearned premiums are excluded from this analysis. The table includes both interest and principal cash flows. Cash and cash equivalents including insurance receivables which are used to manage liquidity risk are included in this table.

	< 1 month N'000	1 - 3 months N'000	3 - 12 months N'000	1 - 5 years N'000	> 5 years N'000	Total N'000
31 December 2022						
Cash and cash equivalents	3,790,067	5,141,103	356	-	-	8,931,526
Financial assets (debt securities at amortised cost)	7,269,000	307,222	2,688,655	5,213,481	12,025,729	27,504,087
Trade receivables	365,397	-	-	-	-	365,397
	11,424,464	5,448,325	2,689,011	5,213,481	12,025,729	36,801,010
Insurance contract liabilities	547,083	1,364,451	247,417	544,845	304,781	3,008,577
Trade payables	6,564,236	542,916	2,627,458	-	-	9,734,610
Other payables	1,083,035	493,516	-	-	-	1,576,551
	8,194,354	2,400,883	2,874,875	544,845	304,781	14,319,738
Liquidity Gap	3,230,110	3,047,442	(185,864)	4,668,636	11,720,948	22,481,272
31 December 2021						
Cash and cash equivalents	5,467,838	3,511,241	-	-	-	8,979,079
Financial assets (debt securities at amortised cost)	1,010,212	255,387	1,944,881	8,417,103	10,566,118	22,193,700
Trade receivables	109,967	-	-	-	-	109,967
	6,588,017	3,766,628	1,944,881	8,417,103	10,566,118	31,282,746
Insurance contract liabilities	511,802	1,850,794	350,426	544,845	8,730	3,266,597
Trade payables	4,366,048	507,945	858,250	1,219,310	-	6,951,553
Other payables	1,100,476	392,666	-	-	-	1,493,142
	5,978,326	2,751,405	1,208,676	1,764,155	8,730	11,711,292
Liquidity Gap	609,691	1,015,223	736,205	6,652,948	10,557,388	19,571,454

Notes To The Financial Statements Contd

45.6. Maturity analysis of the amounts in the statement of financial position

Maturity analysis on expected maturity bases

The table below summarises the expected maturity of assets and liabilities.

31 December 2022

Asset	Current N'000	Non- current N'000	Total N'000
Cash and cash equivalents	8,793,947		8,793,947
Financial assets	940,012	29,549,796	30,489,808
Trade receivables	365,397		365,397
Reinsurance assets	8,764,226		8,764,226
Deferred acquisition costs	876,794		876,794
Other receivables and prepayments	398,317		398,317
Right of use assets	1,044	-	1,044
Investment properties		3,676,770	3,676,770
Property, plant and equipment		232,664	232,664
Intangible assets		946	946
Statutory deposit		300,000	300,000
Total assets	20,139,737	33,760,176	53,899,913
Liabilities			
Insurance contracts liabilities	4,377,555	10,601,318	14,978,873
Trade payables	9,734,610		9,734,610
Other liabilities	1,576,551		1,576,551
Deferred income	439,170		439,170
Current income tax payable	1,361,495		1,361,495
Deferred tax liabilities	-	672,831	672,831
Total liabilities	17,489,381	11,274,149	28,763,530

Notes To The Financial Statements Contd

45.6. Maturity analysis of the amounts in the statement of financial position

Maturity analysis on expected maturity bases

The table below summarises the expected maturity of assets and liabilities.

31 December 2021

Asset	Current N'000	Non- current N'000	Total N'000
Cash and cash equivalents	8,808,248		8,808,248
Financial assets	3,210,480	20,737,380	23,947,860
Trade receivables	109,967		109,967
Reinsurance assets	7,826,349		7,826,349
Deferred acquisition costs	673,104		673,104
Other receivables and prepayments	297,262		297,262
Right of use assets	6,117	1,104	7,221
Investment properties		3,676,770	3,676,770
Property, plant and equipment		303,954	303,954
Intangible assets		3,427	3,427
Statutory deposit		300,000	300,000
Total assets	20,931,527	25,022,635	45,954,162
Liabilities			
Insurance contracts liabilities	5,840,695	7,320,288	13,160,983
Trade payables	6,951,553		6,951,553
Other liabilities	1,493,142		1,493,142
Deferred income	325,955		325,955
Current income tax payable	836,792		836,792
Deferred tax liabilities	-	753,816	753,816
Total liabilities	15,448,137	8,074,105	23,522,241

Notes To The Financial Statements Contd

46. Insurance risk management

The Company accepts insurance risk through its insurance contracts where it assumes the risk of loss from persons or organisations that are directly subject to the underlying loss. The Company is exposed to the uncertainty surrounding the timing, frequency and severity of claims under these contracts. The Company manages its risk via its underwriting and reinsurance strategy within an overall risk management framework.

Pricing is based on assumptions which have regard to trends and past experience. Exposures are managed by having documented underwriting limits and criteria.

Reinsurance is purchased to mitigate the effect of potential loss to the Company from individual large or catastrophic events and also to provide access to specialist risks and to assist in managing capital. Reinsurance policies are written with approved reinsurers on either a proportional or excess of loss treaty basis.

Regulatory capital is also managed (though not exclusively) by reference to the insurance risk to which the Company is exposed.

The Company writes property, liability and motor risks primarily over a twelve month duration. The most significant risks arise from natural disasters, climate change and other catastrophes (i.e. high severity, low frequency events). A concentration of risk may also arise from a single insurance contract issued to a particular demographic type of policyholder, within a geographical location or to types of commercial business. The relative variability of the outcome is mitigated if there is a large portfolio of similar risks.

The concentration of non-life insurance by the location of the underlying risk is summarised below by reference to liabilities.

	Gross premium		Reinsurance premium		Net	
	2022 N'000	2021 N'000	2022 N'000	2021 N'000	2022 N'000	2021 N'000
Within Nigeria	36,529,918	33,755,180	23,396,645	21,654,200	13,133,273	12,100,980
Outside Nigeria	-	-	2,102,495	1,674,660	(2,102,495)	(1,674,660)
	36,529,918	33,755,180	25,499,140	23,328,860	11,030,778	10,426,320

Notes To The Financial Statements Contd

46. Insurance risk management - continues

The concentration of non-life insurance by type of contract is summarised below by reference gross premium and premium ceded to reinsurers.

	Gross premium		Reinsurance premium		Net	
	2022 N'000	2021 N'000	2022 N'000	2021 N'000	2022 N'000	2021 N'000
Accident	3,803,268	2,264,054	2,144,411	994,612	1,658,857	1,269,442
Aviation	189,079	280,519	12,885	42,860	176,194	237,659
Bond	31,163	13,038	3,098	2,356	28,065	10,682
Engineering	596,440	653,647	347,820	415,606	248,620	238,041
Fire	9,158,499	7,526,883	6,687,448	5,644,231	2,471,051	1,882,652
Marine	1,398,986	1,400,937	467,704	539,561	931,282	861,376
Motor	3,479,003	3,428,551	114,056	88,024	3,364,947	3,340,527
Oil and Energy	17,873,480	18,187,551	15,721,718	15,601,610	2,151,762	2,585,941
	36,529,918	33,755,180	25,499,140	23,328,860	11,030,778	10,426,320

Notes To The Financial Statements Contd

46.1 Assumptions and sensitivities

The risks associated with the non-life insurance contracts are complex and subject to a number of variables which complicate quantitative sensitivity analysis. The Company uses several statistical and actuarial techniques based on past claims development experience. This includes indications such as average claims cost, ultimate claims numbers and expected loss ratios. The Company considers that the liability for non-life insurance claims recognised in the statement of financial position is adequate. However, actual experience will differ from the expected outcome.

Discounted IABCL Class of business 2022	N'000 Base	N'000 5% Loss ratio	N'000 (-5%) Loss ratio	N'000 1% Inflation rate	N'000 (-1) %Inflation rate	N'000 1% Discount rate	N'000 (-1)% Discount rate
General Accident	1,291,177	1,303,566	1,279,479	1,290,446	1,291,908	1,279,519	1,303,137
Engineering	252,432	254,554	250,182	245,621	259,239	250,657	254,245
Fire	2,118,676	2,139,787	2,096,424	2,127,612	2,109,740	2,105,039	2,132,579
Marine	508,389	515,320	501,526	509,156	507,622	505,846	510,971
Motor	672,733	687,069	658,132	671,756	673,710	668,425	677,128
Agric	20,564	29,395	11,733	20,564	20,564	20,475	20,654
Bond	2,260	3,654	866	2,260	2,260	2,245	2,276
Oil & Gas	980,593	1,686,082	275,104	980,593	980,593	966,754	994,852
Total	5,846,825	6,619,427	5,073,447	5,848,008	5,845,637	5,798,959	5,895,843
Outstanding claims	3,008,577	3,008,577	3,008,577	3,008,577	3,008,577	3,008,577	3,008,577
IBNR	2,838,248	3,610,850	2,064,870	2,839,431	2,837,060	2,790,382	2,887,266
Percentage change		13.20%	-13.20%	0.02%	-0.02%	-0.80%	0.80%

Notes To The Financial Statements Contd

46.1 Assumptions and sensitivities

Discounted IABCL Class of business 2021	N'000 Base	N'000 5% Loss ratio	N'000 (-5%) Loss ratio	N'000 1% Inflation rate	N'000 (-1) %Inflation rate	N'000 1% Discount rate	N'000 (-1)% Discount rate
Accident	928,284	1,032,083	793,157	932,207	924,361	919,522	937,280
Engineering	283,350	304,274	262,424	284,360	282,341	281,276	285,472
Fire	2,576,152	2,826,204	2,324,575	2,577,201	2,575,112	2,556,482	2,596,254
Marine	300,900	338,129	263,671	302,728	299,073	299,271	302,556
Motor	549,198	596,078	502,256	549,752	548,644	545,765	552,696
Oil & Gas	16,512	30,538	2,486	16,512	16,512	16,512	16,512
Bond	982	1,634	330	982	982	982	982
Aviation	826,618	1,578,189	75,048	826,618	826,618	813,995	839,626
Total	5,481,996	6,707,127	4,223,946	5,490,359	5,473,643	5,433,803	5,531,378
Outstanding claims	3,266,597	3,266,597	3,266,597	3,266,597	3,266,597	3,266,597	3,266,597
IBNR	2,215,400	3,440,530	957,350	2,223,762	2,207,046	2,167,207	2,264,782
Percentage change		22%	-23%	0%	0%	-1%	1%

The Company's method for sensitivity testing has not changed significantly from the prior year.

Notes To The Financial Statements Contd

45.2 Claims development tables

The following tables show the development of claims over a period of time on both a gross and net of reinsurance basis. In 2012, in the year of adoption of IFRS, only 5 years were required to be disclosed. This will be increased in each succeeding year, until 8 - 10 years of information is presented. The top half of the table shows how the estimates of total claims for each accident year develop over time. The lower half of the table reconciles the cumulative claims to the amount appearing in the Statement of Financial Position.

Analysis of claims development – Gross

Estimate of ultimates: End of accident year	Before 2013 N'000	2014 N'000	2015 N'000	2016 N'000	2017 N'000	2018 N'000	2019 N'000	2020 N'000	2021 N'000	2022 N'000	Total N'000
1 year later	6,081,643	6,559,766	6,770,286	6,852,525	6,903,787	6,921,028	6,921,028	6,921,791	6,921,791	7,166,546	-
2 years later	6,214,426	6,599,973	6,768,644	6,881,274	6,930,563	6,930,563	6,930,822	6,933,108	5,194,631	-	-
3 years later	5,135,621	5,761,265	5,933,707	6,012,985	6,026,293	6,030,904	6,030,904	7,510,466	-	-	-
4 years later	6,787,967	7,292,269	7,593,831	7,684,726	7,713,653	7,715,994	6,256,381	-	-	-	-
5 years later	5,198,168	5,806,296	5,906,357	5,922,033	5,946,174	5,079,794	-	-	-	-	-
6 years later	4,789,395	5,184,780	5,272,632	5,310,563	10,824,754	-	-	-	-	-	-
7 years later	4,603,570	4,843,864	4,921,858	6,806,514	-	-	-	-	-	-	-
8 years later	4,960,154	5,084,164	6,910,585	-	-	-	-	-	-	-	-
9 years later	4,960,154	6,452,065	-	-	-	-	-	-	-	-	-
10 years later	6,672,641	-	-	-	-	-	-	-	-	-	-
Current estimate of ultimate claims	6,672,641	6,452,065	6,910,585	6,806,514	10,824,754	5,079,794	6,256,381	7,510,466	5,194,631	7,166,546	68,874,376
Cummulative payments	6,671,068	6,450,979	6,908,516	6,763,262	10,812,470	5,033,375	6,063,148	6,845,592	3,926,269	3,552,871	63,027,550
Outstanding claims provision at 31 December 2022	1,573	1,086	2,069	43,252	12,284	46,419	193,233	664,874	1,268,362	3,613,674	5,846,826

Statement Of Value Added

For The Year Ended 31 December 2022

	2022 ₦'000	%	2021 ₦'000	%
Net premium income	11,030,778		10,426,320	
Fees and commission income	1,681,774		1,610,329	
Interest income	2,984,910		2,374,677	
Other investment and sundry income	468,152		159,938	
	16,165,614		14,571,264	
Claims incurred, commission paid and other operating expenses - Local	(8,197,327)		(8,004,877)	
Value added	7,968,287	100	6,566,387	100
Applied as follows:				
Insurance contract liabilities				
Salaries, wages and benefits	830,768	10	843,034	13
To pay Government:				
Taxes	1,013,734	13	395,163	6
Retained for asset replacement and future expansion of business:				
- Deferred taxation	(129,121)	(2)	185,516	3
- Depreciation and amortization	131,742	2	119,990	2
- Profit for the year	6,121,164	77	5,022,684	76
	7,968,287	100	6,566,387	100

Value added is the wealth created by the efforts of the Company and its employees and the allocation between employees, shareholders, government and that retained in the future for the creation of more wealth.

Five-Year Financial Summary

As at 31 December 2022

	31 December				
	2022	2021	2020	2019	2018
	N'000	N'000	N'000	N'000	N'000
Assets					
Cash and cash equivalents	8,793,947	8,808,248	3,506,745	4,517,560	9,070,412
Financial assets	30,489,808	23,947,860	22,073,818	18,174,307	15,818,595
Trade receivables	365,397	109,967	132,603	107,318	350,091
Reinsurance assets	8,764,226	7,826,349	7,196,988	8,291,969	8,413,518
Deferred acquisition costs	876,794	673,104	583,433	543,304	666,147
Other receivables and prepayments	398,317	297,262	163,990	268,397	267,986
Investment properties	3,676,770	3,676,770	3,637,178	3,637,178	3,555,000
Right of use assets	1,044	7,221	6,250.00	-	-
Property, plant and equipment	232,664	303,954	211,944	194,005	167,564
Intangible assets	946	3,427	6,274	9,265	8,467
Statutory deposits	300,000	300,000	300,000	300,000	300,000
Total assets	53,899,913	45,954,162	37,819,223	36,043,303	38,617,780
Liabilities and equity					
Insurance contract liabilities	14,978,873	13,160,983	11,814,478	11,957,745	12,826,281
Trade payables	9,734,610	6,951,553	2,092,099	2,035,944	5,383,622
Other payables and accruals	1,576,551	1,493,142	1,653,323	1,473,465	725,825
Deferred income	439,170	325,955	277,348	382,167	442,480
Current income tax payable	1,361,495	836,792	878,769	898,023	847,743
Deferred tax liabilities	672,831	751,622	568,300	429,024	443,854
Total liabilities	28,763,530	23,520,047	17,284,317	17,176,368	20,669,805
Equity					
Issued and paid-up share capital	10,000,000	7,000,000	7,000,000	3,500,000	3,500,000
Share premium	84,607	84,607	84,607	84,607	84,607
Statutory contingency reserve	10,000,000	10,000,000	10,000,000	8,447,097	7,677,566
Retained earnings	4,618,546	6,754,579	4,970,380	6,642,715	6,218,660
Fair value reserve	433,230	115,010	376,934	192,516	467,142.00
Available for sale reserve	-	-	-	-	-
Total equity	25,136,383	23,954,196	22,431,921	18,866,935	17,947,975
Total liabilities and equity	53,899,913	47,474,243	39,716,238	36,043,303	38,617,780

Five-Year Financial Summary Contd

For the year ended 31 December 2022

	2022 N'000	2021 N'000	2020 N'000	2019 N'000	2018 N'000
Gross premium written	37,982,979	34,437,522	31,587,929	25,651,020	23,811,985
Net premium income	11,030,778	10,426,320	9,214,365	7,377,618	7,571,024
Profit before income tax expense	6,121,164	5,022,684	4,255,453	3,440,531	4,669,492
Income tax expense	(884,612)	(578,485)	(578,367)	(461,240)	(844,736)
Profit for the year	5,236,552	4,444,199	3,677,086	2,979,291	3,824,756
Transfer to retained earnings	5,236,552	4,444,199	3,677,086	2,979,291	3,824,756
Basic earnings:					
per share (kobo)	33	32	45	43	55
Diluted earnings:					
per share (kobo)	33	32	45	43	55

ERM Framework

1.0 Introduction and Overview

The Board of Directors appreciates that risks are inherent in all aspects of the Company's operations and that it cannot totally eliminate risks. It therefore acknowledges the critical role of risk management in the achievement of the objectives of the Company in order to meet the varied expectations of its stakeholders.

The Enterprise Risk Management Framework establishes the criteria within which enterprise risks are managed. The intent of the framework is to ensure the effective communication and management of risk categories across all business units. The scope of the Framework is enterprise-wide and is applicable to Board, Management and employees of the Company.

Enterprise risk management is a process, applied by our organization in a strategic setting, which enables management to identify potential risk events that may affect the entity; and provides a framework to manage risk within the organization's risk appetite in order to provide reasonable assurance regarding the achievement of the organization's objectives.

The Board is committed to managing risk in accordance with established risk management standards and has overall responsibility for the establishment and oversight of the enterprise risk management framework. There is an established Board Risk Committee, which is responsible for developing and monitoring the enterprise risk management policies. It meets quarterly to receive reports from the Management Risk Committee. The Management Risk Committee in turn meets every two months to review risk reports from the Chief Risk Officer.

The enterprise risk management policies are established to give broad guidance on how strategic objectives are to be set, and cascaded through to operational, reporting and compliance objectives. To identify and analyze the risks faced by the Company, risks are attached to objectives, core processes and key dependencies. The Company's risk policies set appropriate risk limits and appetites that form the basis for prioritizing identified risks. Risk controls are set and reviewed continually to monitor adherence to risk appetite and limits.

ERM Framework Contd

The Company has a policy to review the risk management policies and systems annually in order to reflect changes associated with its activities and the global economy generally. The Company, through regular risks workshops, trainings and design of standard operating procedures, aims to embed a risk culture in which all employees are aware of the risks in their respective roles and obligations.

The Company's risk management framework functions on three lines of risk defense. Core Process owners function as the first line of risk defense and they have responsibility for risk prevention. The risk management unit assumes the second line of risk defense and is assigned responsibility to holistically coordinate the risk control functions, enterprise-wide. The internal audit function, as the last line of risk defense, functions to secure assurance that risk controls are effective and efficient.

1.1 Objectives

The Company is committed to the management of inherent risks. The Company's enterprise risk management framework aims to:

- Promote proactive recognition of external factors and anticipate uncertainties that may affect the achievement of strategy.
- Protect the interests of the Company's shareholders.
- Provide assurance to counterparts, customers, employees and the community.
- Recognize that risk is embedded in all our activities and that the underlying risk appetite is key to effective decision making.
- Provide appropriate, consistent and transparent ownership and accountability around risk mitigation.
- Enable the design and implementation of controls
- Improve performance measurement; the Company's improved understanding of its risk profile enables appropriate allocation of risk and economic capital to individual lines of business, which allows improved performance measurement and evaluation of activities
- Ensure better control of operations; the Company expects that increased understanding of risk activities within various business units, the Board and senior management will lead to improvements in the control of operations and the emergence of a more proactive enterprise risk management culture

ERM Framework Contd

2.0 Philosophy and Principles

The continued successful safeguarding, maintenance and expansion of the Company's businesses requires a comprehensive approach to risk management.

It is the policy of the Company to identify, assess, control and monitor all risks that the business may incur to ensure that the risks are appropriate in relation to the scale and benefit of the associated project, business or practice and to ensure that no individual risk or combination of risks result in a likely material impact to the financial performance, brand or reputation of the Company.

By acknowledging that risk and control are part of everyone's job, and by incorporating risk management into the Company's daily business practices the Company will be better equipped to achieve its strategic objectives, whilst maintaining the highest ethical standards.

The Company adopts a risk philosophy aimed at maximizing business opportunities and minimizing adverse outcomes, thereby enhancing shareholder value by effectively balancing risk and reward.

The Board of Directors is responsible for setting the enterprise risk management strategy of the Company and its implementation. All staff are expected to demonstrate the highest ethical standards of behaviour in development of strategy and pursuit of objectives.

The following philosophy and principles govern the management of enterprise risk in the Company:

- The Board approves and periodically reviews the enterprise risk management framework.
- Ownership, management and accountability for risk is decentralised with business and functional units.
- There are consistent standards for defining, evaluating, measuring, monitoring and reporting risks.
- The Company's enterprise risk management practices are subject to regular independent review internally and externally.

ERM Framework Contd

- Enterprise risk management is governed by well-defined policies and procedures which are clearly communicated across the Company.
- Enterprise risk-related issues are taken into consideration in business decisions including new product and process designs.
- Various risk and loss events are reported openly and fully to the appropriate levels once they are identified.
- Adequate processes and systems for identifying, measuring, monitoring, reporting and controlling risks are being implemented by the Company.

2.1 Strategy

Failure to manage risk effectively often results in significant financial losses, regulatory fines or censure, reputational damage, brand erosion or even the loss of insurance licence, all of which directly impact shareholder value. Accordingly, the Company's enterprise risk strategy aims to minimise the impact of various risks on its shareholders' value. In more specific terms, the Company's strategy is to:

- reduce the likelihood of occurrence of unexpected events and related cost by managing the risk factors and implementing loss prevention or reduction techniques to reduce variation in earnings;
- minimise the impact of unexpected and catastrophic events including related costs through risk financing strategies that support the Company's long-term growth, cash flow management and balance sheet protection; and
- make all managers responsible for the management of risk and thus minimise actual or potential losses. The Company recognises that some losses, such as operational errors, are inevitable and are normal business cost but will ensure these costs are kept within acceptable levels and potential losses are minimised.

In implementing this strategy, the Company:

- has put in place best-practice enterprise risk management policies and procedures. These include procedures to help identify, assess, control, manage and report various risks within the Company;
- ensures that roles and responsibilities are agreed and clearly understood by employees at all levels;

ERM Framework Contd

- ensures that all staff in business and support functions are aware of their responsibilities for risk management; • considers the potential risk impact of its activities and products at the outset with a view to minimising these as far as possible;
- has put in place structures and processes for reporting control failures to designated individuals and escalating material issues to the Board Audit & Risk Committees respectively;
- ensures that staff are provided with appropriate enterprise risk management training that is commensurate to their roles;
- establishes a workable business continuity plan (including disaster recovery and crisis management procedures) that minimises the impact of unexpected and catastrophic events on business operations and customer service;
- minimises the financial impact of losses, through management of risk factors and utilisation of insurance and other risk transfer strategies; and
- ensures that staff responsibility with respect to enterprise risk management is communicated through on-going risk awareness workshops and management action.

3.0 Governance and Culture

The overall responsibility for enterprise risk management in the Company resides with the Board. The responsibility of the day-to-day management has been delegated as described in this section. On a regular basis, the Board receives reports on Company's risk profile through the Board Risk Management Committee.

To ensure consistency and prudent management of risks, the responsibility for managing risk has been split as follows:

- the overall governance owned by the Board and Board Committees (Board Audit & Risk Committees) and Management Risk Committee;
- the approval of enterprise risk management policies and standards for risk identification, measurement, assessment, monitoring and reporting is the responsibility of the Board Risk Management Committee;
- the enterprise risk management framework implementation and review is owned by the Risk Management department;
- the implementation of the enterprise risk management framework within the branches, departments/business units and the day-to-day management of risks is owned by respective core processes and executed through management structure.

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- The assurance role that risk management controls are effective and efficient is owned by the internal audit function.
- Legal and Compliance unit ensures that the Company adheres to laws, regulations, guidelines and specifications relevant to its business

3.1 The Board and Board Committees

The Board of Directors, Board Risk Committees and the Management Risk Committee shall have overall oversight function for enterprise risk management. It shall be their responsibility to ensure effective management of risks and adherence to the approved enterprise risk policies.

3.1.1 Board of Directors

The Board of Directors:

- sets the Company's enterprise risk strategy and direction in line with the Company's corporate strategy;
- gives final approval for the Company's enterprise risk management framework, policies and procedures;
- periodically reviews the framework to ensure its relevance and effectiveness; and ensures that senior management is performing its risk management responsibilities; and
- Sets risk appetite levels

3.1.2 Board Risk Committee

The Board Committees:

- ensures that the enterprise risk management framework is comprehensive and in line with the Company's strategy;
- approves the enterprise risk management framework and oversees its implementation;

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- establishes a management structure capable of implementing the framework with clear lines of responsibility, accountability and reporting; and
- reports significant risk issues to the Board of Directors.

3.1.3 Management Risk Committee

The Company's Management Risk Committee:

- ensures that the framework is implemented consistently across the Company;
- ensures policies and procedures are developed for managing risk in the Company's products, activities, systems and processes;
- ensures that all levels of staff understand their responsibilities with respect to enterprise risk management;
- reviews the Company's risk dashboard and assesses potential impact on the activities of the Company or business unit;
- ensures the Company's risk profile is within established risk parameters;
- ensures that staff are adequately trained and have access to the necessary resources;
- obtains and reviews periodic reports on loss events, risk profiling, control failures enterprise-wide and monitors that corrective measures are being implemented;
- ensures that the outputs from the enterprise risk management process are factored into the day-to-day management decisions of the Company; and
- ensures that the Company's enterprise risk management policies and procedures promote the desired risk culture.

3.2 Chief Risk Officer

The Chief Risk Officer:

- Leads the development and implementation of enterprise risk management across the Company.
- Develops enterprise risk management strategy, principles, framework and policy.
- Implements appropriate enterprise risk management processes and methodologies.

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- Advises and coaches management and business units on risk management.
- Coordinates the appropriate and timely delivery of risk management information.
- Approves all reports, risk policy proposals, recommendations and other documents prepared for presentation to the Management Risk Committee, and Board Audit & Risk Committees.

The Enterprise Risk Management seeks to build a strong risk management and control culture by setting the appropriate tone at the top, promoting awareness, ownership and proactive management of key risks, and promoting accountability. In short, we seek to promote a risk-conscious workforce across the enterprise.

The Company's risk culture is based on the following:

- Ownership of Risk Management by top executives and senior management with appropriate delegation down the line.
- Integration of risk management into all business units of the company.
- Compliance with company's culture and value system
- Proactive risk management process
- Risk Management training, education and awareness
- Effective risk management and controls
- Constant monitoring of risk environment and risk management process and system
- Compliance with all relevant statutory, regulatory and supervisory rules, regulations, pronouncements and requirements
- Ensuring risk management owners are responsible and accountable relative to their function and position
- Ensure crises free management of risk issue when and if it occurs

4.0 Risk Identification and Prioritization

Risk identification is a deliberate and systematic effort to identify and document the enterprise's key risks. Risks emanate from internal or external sources which affects implementation of strategy or achievement of objectives.

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The objective of risk identification is to understand what is at risk within the context of the enterprise explicit and implicit objectives and to generate a comprehensive inventory of risks based on the threats and events that might prevent, degrade or delay the achievement of the objectives. The Company adopts a rigorous and ongoing process of risk identification that also includes mechanisms to identify new and emerging risks timely. These risks form the basis of the overall risk profile for the enterprise.

The following broad categories of risk are used to enable appropriate aggregation and to assist with the identification of inherent risks across the Company:

- Business Strategy Risk
- Credit Risk
- Compliance Risk
- Insurance Risk
- Legal/Regulatory Risk
- Liquidity Risk
- Market Risk
- Operational Risk
- Reputation/Brand Risk

The risks identified are then assessed in order to prioritize the most important risks. Risk assessment is a process to quantify or qualify the level of risk associated with a specific threat or event, to enrich the risk intelligence available to the enterprise.

Risks are prioritized, considering likelihood and impact of a given outcome, to determine how they should be managed. The purpose of prioritizing the risk is to determine the level of action needed for the identified and assessed risks. The objectives at this step are to separate the minor risks from major ones. The level of risk is determined by measuring the likelihood of each event arising and the associated consequences.

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Risk Identification Methods:

The following are the methods adopted in identifying risks faced by the enterprise:

Brainstorming: Risk identification through brainstorming sessions on risk areas, vulnerabilities and threats.

Questionnaire: Risk identification by issuing questionnaires to members of various units in order to identify risks peculiar to them

5.0 Risk Appetite/Risk Tolerance

It is not always efficient to manage risks to zero residual risk or very low residual threshold because of the time, cost and effort that will be required. However, it is also poor risk management practice to accept risks which create unnecessary exposure for the enterprise.

As a result, the enterprise will not accept risks which could expose her to:

- Unacceptable levels of financial loss relative to strategic and operational targets
- Breaches of legislation or regulatory non-compliance
- Damage to its reputation
- Unacceptable interruption to the provision of services to customers
- Damage to relationships with its customers and key stakeholders

The Company's risk tolerance statement is defined below which guides strategic decision making;

The Company shall hold capital at the 99.6% Value-at-risk level. No risk driver for example, line of business or asset class must consume more than 5% of shareholder's equity when looking at the 95% Value at Risk. No extreme scenario with a probability of higher or equal to a 1 in 250 years must result in a loss which exceeds 15% of the shareholder's equity.

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6.0 Risk Reporting And Communication

Information is needed at all levels to identify, assess and respond to risks. Like any other process, the success of risk management depends on the availability of reliable information and effective communication at various levels. Pertinent information has been identified, captured and communicated in a form and time frame that enables members of staff to carry out their responsibilities.

A reporting system is designed to provide assurance that the enterprise risks are adequately managed. Information is provided on risk management status and actions taken for continuous improvement. The report provides information on the effectiveness of achieving corporate objectives; a forward looking report that anticipates emerging risks.

Information and communication channels are in place to make various business units aware of risks that fall into their area of responsibility and the expected behavior to mitigate negative outcomes.

Relevant information, properly and timely communicated is essential to equip the relevant officials to identify, assess and respond to risks. The Enterprise's risk communication and reporting process supports enhanced decision making and accountability through; dissemination of relevant, timely, accurate and complete information.

7.0 Risk Management and Controls

In the management and control of risks, the information gained during risk assessments is used to develop control measures that would be applied to ensure appropriate management of risks. It involves the implementation of new policies and standards, physical changes and procedural changes that can reduce or eliminate certain risks within the various business units.

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The following are the risk control measures the enterprise employs to mitigate risk:

- **Risk Avoidance:** this involves committing to stop executing the activities that give rise to the risk. Risk avoidance is usually a function of consolidating business processes and implementing preventative controls to halt deviations from acceptable norms.
- **Risk Reduction:** The risk reduction strategy involves reorganizing business processes to reduce the risk exposure inherent in them. Risk reduction involves reducing the severity of the loss or the likelihood of the loss occurring.
- **Risk Transfer:** A risk transfer strategy involves reducing risk likelihood or impact by transferring or otherwise sharing a portion of the risk. Common risk transfer techniques used includes purchasing insurance products, pooling risks and engaging in hedging transactions.
- **Risk Acceptance:** A risk acceptance strategy is a well-informed decision to accept loss, or benefit of gain, from a risk when it occurs. This involves making resources available internally to mitigate or accommodate such risks. An acceptance strategy is an effective way of addressing emerging risks which are those risks that are anticipated to arise in the future.

Control activities are also established to ensure that risk management decisions are carried out effectively and consistently throughout the Company. This involves formalizing risk management decisions in the Company's policies, ensuring clear accountability, utilizing self-assessment and monitoring tools and designing controls into the systems and critical business processes.

8.0 Risk Factors and Types

8.1 Insurance Risk

The risk under any one insurance contract is the possibility that the insured event occurs and the uncertainty of the amount of the resulting claim. By the very nature of an insurance contract, this risk is random and therefore unpredictable.

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For a portfolio of insurance contracts where the theory of probability is applied to pricing and provisioning, the principal risk that the Company faces under its insurance contracts is that the actual claims and benefit payments exceed the carrying amount of the insurance liabilities. This could occur because the frequency or severity of claims and benefits are greater than estimated. Insurance events are random, and the actual number and amount of claims and benefits will vary from year to year from the level established using statistical techniques.

Experience shows that the larger the portfolio of similar insurance contracts, the smaller the relative variability of the expected outcome will be. In addition, a more diversified portfolio is less likely to be affected by a change in any subset of the portfolio. The Company has developed its insurance underwriting strategy to diversify the type of insurance risks accepted and within each of these categories to achieve a sufficiently large population of risks to reduce the variability of the expected outcome.

Factors that aggravate insurance risk include lack of risk diversification in terms of type and amount of risk, geographical location and type of industry covered.

8.1.1 General Accident insurance risks

8.1.1.1 Frequency and severity of claims

The frequency and severity of claims can be affected by several factors. The most significant is the long tailed nature of occupational hazards and employers liability. Estimated inflation is also a significant factor due to the long period typically required to settle these cases.

The Company manages these risks through prudent underwriting, adequate reinsurance arrangements and proactive claims handling.

Prudent underwriting attempts to ensure that bad risks are rejected and the underwritten pool of risks are well diversified in terms of type and amount of risk, industry and geography.

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Underwriting policies are in place to enforce proper risk selection. For example, the Company does not write or renew individual policies with established moral hazards. It also imposes excesses and deductibles to make the insured bear a proportion of a loss and thus check negligent or indulgent tendencies. The Company undertakes loss investigation that most times results in downward adjustments of reported claims. The Company rejects payment of fraudulent claims that are thrown up by its investigation search light. Insurance contracts also entitle the Company to pursue third parties for payment of some or all costs through its subrogation rights. Any contract in which a branch office of the Company is committed to cover risks in excess of its prescribed limits requires head office approval.

The reinsurance arrangements include excess of loss and catastrophe covers that are used to protect the Company's net account. The effect of such reinsurance arrangements is that the Company should not suffer total net insurance losses of more than N70 million in any one event.

8.1.1.2 Sources of uncertainty in the estimation of future claim payments

Claims on long-tail general accident insurance contracts are payable on a claims-occurrence basis. Coverage applies to bodily injury or property damage that occurs during the policy period, regardless of when claims for damages are made. As a result, liability claims are settled over a long period of time (long-tail), and a larger element of the claims provision relates to incurred but not reported claims (IBNR). There are several variables that affect the amount and timing of cash flows from these contracts. These mainly relate to the inherent risks of the business activities carried out by individual contract holders and the risk management procedures they adopted. The compensation paid on these contracts is the monetary awards granted for bodily injury suffered by employees (for employer's liability covers) or members of the public (for public liability covers). Such awards are lump-sum payments that are calculated as the present value of the lost earnings and rehabilitation expenses that the injured party will incur as a result of the accident.

The estimated cost of claims includes direct expenses to be incurred in settling claims, net of the expected subrogation value and other recoveries. The Company takes all reasonable steps to ensure that it has appropriate information regarding its claims exposures. However, given the uncertainty in establishing claims provisions, it is likely that the final outcome will prove to be different from the original liability established. The liability for these contracts comprises a provision for IBNR, a provision for reported claims not yet paid and a provision for unexpired risks at the end of the reporting period.

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The amount of casualty claims is particularly sensitive to the level of court awards and to the development of legal precedent on matters of contract and tort. Casualty contracts are also subject to the emergence of new types of latent claims, but no allowance is included for this at the end of the reporting period.

The estimation of IBNR is generally subject to a greater degree of uncertainty than the estimation of the cost of settling claims already notified to the Company, where information about the claim event is available. IBNR claims may not be apparent to the insured until many years after the event that gave rise to the claims. For general accident insurance contracts, the IBNR proportion of the total liability is high and will typically display greater variations between initial estimates and final outcomes because of the greater degree of difficulty of estimating these liabilities.

In estimating the liability for the cost of reported claims not yet paid, the Company considers any information available from loss adjusters and information on the cost of settling claims with similar characteristics in previous periods. Large claims are assessed on a case-by-case basis or projected separately in order to allow for the possible distortive effect of their development and incidence on the rest of the portfolio.

8.1.1.3 Process used to decide on assumptions

The risks associated with these insurance contracts are complex and subject to a number of variables that complicate quantitative sensitivity analysis. However, the Nigerian market has not had severe losses from asbestos-related diseases which is usually material and is therefore not too complicated to come up with reasonable assumptions.

The Company uses assumptions based on a mixture of internal and market data. Internal data is derived mostly from the Company's quarterly claims reports and screening of the actual insurance contracts carried out at year-end 2017 to derive data for the contracts held. The Company has reviewed the individual contracts and in particular the industries in which the insured companies operate and the actual exposure years of claims. This information is used to develop scenarios related to the latency of claims

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8.1.1.4 Change in assumptions and sensitivity analysis

There were no additional net insurance reserves (outstanding claims) arising in respect of prior years that has arisen due to changes in the assumptions used to estimate the ultimate cost of claims, including public liability claims.

Because the assumptions used to estimate these liabilities require judgment, they are subject to great uncertainty.

8.1.2 Property insurance contracts

8.1.2.1 Frequency and severity of claims

For property insurance contracts, climatic changes give rise to more frequent and severe extreme weather events (for example, flooding) and their consequences (for example, flood claims). For certain contracts, the Company has also limited the number of claims that can be paid in any policy year or introduced a maximum amount payable for claims in any policy year.

The Company has the right to impose deductibles and reject fraudulent claims. These contracts are underwritten by reference to the commercial replacement value of the properties and contents insured, and claim payment limits are always included to cap the amount payable on occurrence of the insured event. Cost of rebuilding properties, of replacement or indemnity for contents and time taken to restart operations for business interruption are the key factors that influence the level of claims under these policies. The greatest likelihood of significant losses on these contracts arises from storm or flood damage. The Company has reinsurance cover for such damage to limit losses to N300 million in any one catastrophe event.

Property insurance contracts are subdivided into the following risk Companies: fire, business interruption, and theft. The insurance risk arising from these contracts is not concentrated in any of the territories in which the Company operates, and there is a balance between commercial and personal properties in the overall portfolio of insured buildings. The Company does not underwrite property insurance contracts outside Nigeria.

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8.1.2.2 Sources of uncertainty in the estimation of future claim payments

The shorter settlement period for these claims allow the Company to achieve a higher degree of certainty about the estimated cost of claims, and relatively little IBNR is held at year-end. However, the longer time needed to assess the emergence of a flood claim make the estimation process more uncertain for these claims.

The uncertain nature of the costs of this type of claim causes greater uncertainty in the estimates than in previous years. The Company has been monitoring numbers of reported claims on a weekly basis and reflected such information in its assessment of the adequacy of the unearned premium provision held at year end. The effect of this unexpected weather may affect prior year claims, due to the re-opening of old claims and higher settlement costs for flood claims in the current market. At year-end 2017, the Company believes that its liabilities for fire claims are adequate. However, more permanent changes in the climate may produce a higher frequency and severity of claims than currently expected.

8.1.2.3 Process used to decide on assumptions

For non-subsidence-related property risks, the Company uses similar statistical methods used for general accident insurance risks that incorporate the various assumptions made in order to estimate the ultimate cost of claims.

Similar to the approach for the assumptions underlying the casualty insurance liabilities, the choice of selected results for each accident year of each class of business depends on an assessment of the technique that has been most appropriate to observed historical developments. In certain instances, this has meant that different techniques or combination of techniques have been selected for individual accident years or Companies of accident years within the same class of business.

8.1.2.4 Changes in assumptions

The Company did not change its assumptions for the insurance contracts disclosed in this note other than updating the costs of rebuilding properties, replacement or indemnity for contents for time value of money.

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8.2 Credit Risks

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company. The key areas of exposure to credit risk for the Company are in relation to its investment portfolio, reinsurance programme and to a lesser extent amounts due from policyholders and intermediaries. Key areas where the Company is exposed to credit risk are:

Principal Credit Risks

- Reinsurers' share of insurance liabilities;
- Amounts due from reinsurers in respect of claims already paid;
- Amounts due from insurance contract holders;
- Amounts due from insurance intermediaries;
- Amounts due from loans and receivables;
- Amounts due from debt securities; and
- Amounts due from money market and cash positions.

The Company structures the levels of credit risk it accepts by placing limits on its exposure to a single counterparty, or Companies of counterparties, and to geographical and industry segments. Such risks are subject to an annual or more frequent review. Limits on the level of credit risk by category and territory are approved quarterly by the Board of Directors.

The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company only transacts with entities that are rated the equivalent to investment grade and above.

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This information is supplied by independent rating agencies where available and if not available the Company uses other publicly available financial information and its own trading records to rate its major policyholders and reinsurers.

The Company's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the risk management committee annually.

Receivables consist of a large number of policyholders, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable.

8.2.1 Credit Risk Measurement, Control and Mitigation

i. Premium and Reinsurance Receivables

Reinsurance is used to manage insurance risk. This does not, however, discharge the Company's liability as primary insurer. If a reinsurer fails to pay a claim for any reason, the Company remains liable for the payment to the policyholder. The creditworthiness of reinsurers is considered on an annual basis by reviewing their financial strength prior to finalization of any contract.

The Credit Control Committee works closely with the Underwriting and Reinsurance departments to assess the creditworthiness of all reinsurers and intermediaries by setting and reviewing regularly the credit rating of each reinsurer using internal records and other publicly available financial information.

Individual operating units maintain records of the payment history for significant contract holders with whom they conduct regular business. The exposure to individual counterparties is also managed by other mechanisms, such as the right of offset where counterparties are both debtors

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and creditors of the Company. Management information reported to the Company includes details of provisions for impairment on loans and receivables and subsequent write-offs. Internal audit makes regular reviews to assess the degree of compliance with the Company procedures on credit. Exposures to individual policyholders and Companies of policyholders are collected within the ongoing monitoring of the controls associated with regulatory solvency.

Where there exists significant exposure to individual policyholders, or homogenous Companies of policyholders, a financial analysis equivalent to that conducted for reinsurers is carried out by the Company's risk department.

The Company establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables and investments. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for Companies of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets.

ii. Investments

The Company limits its exposure to credit risk by investing only in liquid securities and only with counterparties that have a credit rating of at least BBB- from rating agencies. Management actively monitors credit ratings and given that the Company only has invested in securities with high credit ratings, management does not expect any counterparty to fail to meet its obligations.

8.3 Liquidity Risks

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

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Typically the Company ensures that it has sufficient cash on demand to meet expected operational expenses for a period of over 90 days, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. The Company does not maintain any lines of credit as it does not envisage any liquidity stress that would stretch its liquidity position.

8.4 Market Risks

Market risk is the risk that changes in market prices, such as; foreign exchange rates, interest rates and equity prices which will affect the Company's income or the value of its holdings of financial instruments.

Market risk arises due to fluctuations in both the value of assets held and the value of liabilities.

The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return. The Company has established policies and procedures in order to manage market risk.

8.5 Operational Risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people, systems and external events. The Company recognises the significance of operational risk, which is inherent in all areas of our business. Operational risk is managed within acceptable levels through an appropriate level of management focus and resources.

The Company is committed to the management of operational risks. The Company's operational risk management strategy aims to:

- reduce losses arising from operational risk – a key role of operational risk management in the Company is to reduce losses from operational failure and in particular avoid potentially large or catastrophic risk losses;

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- provide early warning signals of deterioration in the Company's internal control system; and
- raise awareness of operational risk in the Company from top to bottom through the implementation of an enterprise-wide risk approach.

One of the foremost operational risks faced by the Company are financial crimes (internal fraud, external fraud and money laundering). Each incident is analysed, control failures identified and new controls designed. The Company is also investing in enhanced loss control. Key counter-measures put in place include:

- enhanced staff training;
- enhanced Know Your Policyholder (KYP) drive and background checks on employees;
- issuance of appropriate and deterrent circulars;
- job rotation and segregation;
- dissemination of email and SMS alerts to the Company's customers for each activity on their accounts;
- imposition of stiff disciplinary measures including prosecution of fraudulent staff, agents and brokers; and
- Installation of panic alarm system, CCTV.

8.5.1 Outsourcing Risk

Outsourcing risk is the risk inherent in the usage of vendors. The Company's extensive use of vendors enables the enterprise to deliver products and services to consumers and benefits to our employees. Risks inherent with using vendors includes: vendor performance, financial risks, reputation/brand, business continuity, information security, and legal/regulatory.

The Key counter-measures put in place includes:

- Maintain Enterprise policies to ensure appropriate management review, approval, and oversight of vendor risks.
- Hold vendors accountable for performance and utilize Management of Service Level Objectives.

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- Monitor whether the value of the services provided by a vendor are commensurate with the vendor expense.
- Through the Vendor Management Community, train associates responsible for vendor management on compliance processes, managing vendor risks, and sharing best practices.
- Review critical vendors and corporate department vendor oversight through the Internal Audit program.
- Conduct vendor vulnerability assessments on critical vendors to validate logical and physical controls protecting Custodian information and business processes.
- Manage vendor relationships and risk through Vendor Management Units.
- Identify Enterprise relationship owners for vendors that span multiple departments at Custodian.
- Use shared information repositories for contracts and vendor relationship management.

9.0 Future Outlook

The Company has succeeded in establishing a robust Enterprise Risk Management Framework, practice, culture and environment beyond complying with regulatory requirements. However, this is a continuous and on-going process which is been improved upon consistently.

The ultimate goal is to make risk management a value driver that enhances and contributes to stakeholders' value and the long-term existence and survival of the institution.

Some of the key initiatives and projects to be embarked upon to ensure a better and more efficient risk management framework are;

- Sourcing of a risk solution that has capacity to support the management of insurance risks, operational risk, credit risk and market risk in line with best practices and ultimately complying with risk-based capital regulation in anticipation.
- Structuring a business continuity management framework and infrastructure.
- On-going aggressive Company-wide risk awareness campaign to increase employees' risk-awareness level, competence and involvement in managing risks.

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- ✧ Corporate Social Responsibility/
Sustainability Report
 - ✧ HSE Report

Corporate Social Responsibility/Sustainability Report

In 2022, the impact of the COVID pandemic which entered the world in 2019 continued to be felt globally and to a lesser extent locally. Whilst many countries had almost overcome the devastating effects, a few countries especially in the Asian region still suffered consequences as the Corona virus kept replicating, bringing up new variants which did not necessarily respond to existing vaccines, increasing the fatalities from the disease. In Nigeria, thankfully, though the number of infections increased marginally, the rate of infection continued to reduce, and the fatality rate was minimized.

The biggest issue in Nigeria last year was the issue of displacement of our population, especially in the northern region. Climate change in Nigeria has brought about not only droughts, but also decreased air quality, loss of habitat but has also been responsible for unusually heavy rainfall. The latter problem was compounded by the release of water from the Lagdo Dam in neighboring Cameroon, which affected not only Nigeria but also other countries like Chad, Niger, and surrounding region.

Consequently, devastating social and economic effects were experienced. The flooding brought about food insecurity as almost 350,000 hectares of land including farms were swept away, all of which led to scarcity of food crops and supply-chain issues. Stagnant water brought about health issues and disease. About 1.4 million people were displaced from their homes, whilst over 603 people died, over 2,400 people were injured and about 200,000 houses were partially or completely damaged. Farmers had their sources of income eroded as many had obtained loans to plant food crops and were unable to service the loans. The economic implication of this is not just for banking sector but also for the insurance sector particularly by insurance companies who insure the bigger farms and had to pay huge claims.

According to the World Bank, the protracted conflict in Ukraine has made post-pandemic economic recovery slow for emerging and developing countries. This is evident as more Nigerians have either fallen below the poverty line or are on the verge of falling into poverty as a result of the pandemic and high inflation, low economic growth, escalating cost of staple food and energy prices caused by the war in Europe. In addition, the continued insurgency in the northeastern part of the country and general insecurity in other parts of the country have all contributed to the slow recovery and growth. The consequences of these factors have negatively impacted the country and the business environment.

Other than Insurance, we are also involved in Pensions, Trustees and Real Estate businesses. Whilst the Pensions business relates to the quality of life of individuals after retirement, the Trustees business involves the growth, protection, and transfer of assets of not just corporate organizations but also

Corporate Social Responsibility/Sustainability Report Contd

individuals, while real estate relates to provision of housing for people, meaning all these businesses directly impact the wellbeing of individuals which has an impact on Economic and Social sustainability.

We are committed to contributing our quota to the building of a sustainable future for the planet. We also make it a priority to run our operations responsibly from an economic, social, and environmental standpoint. We are mindful of the harsh realities of the world's economy, including the escalating global inflation brought on by the covid epidemic and the conflict between Russia and Ukraine. The resulting supply chain and trade disruptions that have led to uncertainty, which has impacted not only Europe but the entire world.

We consider our roles in the various aspects of our business serious as the different subsidiaries jointly own and fund the Custodian Social Responsibility Foundation, (CSRF) which is the Corporate Social Responsibility arm of the company. Through CSRF, we invest in our host communities to alleviate hardship and increase environmental and social progress, whilst the company makes sound business decisions around risk management, underwriting, sustenance through pensions, housing needs, investments, and other general operations.

At Custodian, a sizeable amount of our business as a group is insurance-based and premium collected and insurance investment both contribute to the GDP growth of the country, which impacts on economic sustainability. Insurance is a contract represented by a policy in which an individual or entity receives financial protection or reimbursement against losses from an Insurer. Insurance companies therefore provide a guarantee of compensation in the event of specified losses varying from life, burglary, household, motor vehicles and others in exchange for the payment of specified premium by the Insured. Insurance therefore directly impacts the economic, social, environmental, and cultural aspects of a community.

Section 1: Custodian Group

Custodian Investment Plc (CIP) is a diversified group, recently re-classified as a conglomerate by the Nigeria Exchange, NGX. The group has significant holding in companies and brands which offer services including general insurance, life insurance, pensions fund administration, Trustees and real estate.

Corporate Social Responsibility/Sustainability Report Contd

Custodian and Allied Insurance Limited

Custodian and Allied Insurance Limited (CAIL): CAIL provides general insurance services such as Motor, Home, Travel, Personal Accident insurance, Special Risks and so on to individuals and corporate entities. The company is registered with National Insurance Commission (NAICOM) and is a member of the Nigerian Insurers Association (NIA)

The company contributes one percent of its Profit Before Tax (PBT) to fund the Custodian Social Responsibility Foundation (CSRF), thereby ensuring the success of the Foundation and the incorporation of sustainability in the Group as a whole.

Section 2: CSRF activities year 2022

The Custodian Group believes in investing in not only the local community, but also its Employees, Shareholders, the local community, and the nation. This is achieved through CSRF, the Corporate Social Responsibility arm of the Group.

In 2022, CSRF continued to provide interventions in projects around the following four pillars: Community Development, Education, Health and Sustainability, each of which will be discussed in detail in the following chapter.

Corporate Social Responsibility/Sustainability Report Contd

Highlights of year 2022 activities are shown below and detailed within the following frameworks which are discussed in the next chapter:

1. The United Nations Environment Programme – Finance Initiative (UNEP-FI) Principles for Sustainable Insurance (PSI).

2. The Nigerian Stock Exchange (NSE) Sustainability Disclosure Guidelines.

3. The Sustainable Development Goals (SDG)

Pillars	Activity highlights	Page Reference	Key PSI Reference	NGX Disclosure Guidelines	Direct SDG Reference
Community Development	<ul style="list-style-type: none"> As a CSRF project, the Custodian Graduate Trainees year 2022, Batch A took on the refurbishment of 2 blocks of toilets at Wesley Girls Secondary School, Yaba The Custodian Graduate Trainees year 2022, Batch B took on the renovation and painting of a block of 2 classrooms at Our Lady of Apostle Nur & Pry School, Yaba Lagos. As our custom, we decorated the Sabo roundabout during the festive season 	Page 306	Not Applicable	<p>Principle 8: Businesses should support inclusive growth and equitable development</p> <p>Principle 9: Businesses should respect, protect, and make efforts to restore the environment</p>	<p>Goal 4: Quality Education – Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.</p> <p>Goal 9: Industry, Innovation and infrastructure – Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation.</p>

Corporate Social Responsibility/Sustainability Report Contd

Pillars	Activity highlights	Page Reference	Key PSI Reference	NGX Disclosure Guidelines	Direct SDG Reference
Education	<ul style="list-style-type: none"> We had the fourth edition of the Mentor's Conference in August 2022 Over four hundred books covering various subjects were donated to the Ilupeju library for public access by CSRF . We continued to maintain equipment earlier donated to facilities such as the Ilupeju library and the Lagos Senior Secondary School computer centre. 	Page 305	Principle 3: We will work together with governments, regulators and other stakeholders to promote widespread action across society on environment, social and governance issues	Principle 6: Businesses should respect the interest of and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized	Goal 4: Quality Education – Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all. Goal 8: Good jobs and economic growth – Promote sustained inclusive and sustainable economic growth, full and productive employment and decent work for all. Goal 17: Strengthen the means of implementation and revitalize the global partnership for sustainable development

Corporate Social Responsibility/Sustainability Report Contd

Pillars	Activity highlights	Page Reference	Key PSI Reference	NGX Disclosure Guidelines	Direct SDG Reference
Health	<ul style="list-style-type: none"> Our major health goal remains the building of a facility to cater for accident victims that need to be stabilized before transfer to hospitals. We notified the Lagos State Government of our intention to donate an equipped Accident and Emergency Center to the state and the proposal has been accepted. Preliminary works have commenced, and we hope to move to site during the first quarter of 2023. 	Page 307	N/A	Principle 7: Businesses should respect and promote human rights	Goal 3: Good health and wellbeing-Ensure healthy lives and promote wellbeing for all at all ages.

Corporate Social Responsibility/Sustainability Report Contd

Pillars	Activity highlights	Page Reference	Key PSI Reference	NGX Disclosure Guidelines	Direct SDG Reference
Sustainability	<ul style="list-style-type: none"> We remain committed to the Digitization Project as a company, and we continue to make remarkable progress as we have digitized some of our critical processes to positively impact the environment, economy and society at large. Digitized claims and complaints management processes. Our Custodian Life Assurance self-service portal enables clients to personally manage their policies, with features including downloading of their policy statements, claims processes etc. We upgraded our application stack to make for a better User experience such as quicker response to reconciliation issues 	Page 308	<p>Principle 1: We will embed in our decision-making environmental, social and governance issues relevant to our insurance business.</p> <p>Principle 2: We will work together with our clients and business partners to raise awareness of environmental, social and governance issues, manage risk and develop solutions.</p>	<p>Principle 1: Businesses should conduct and govern themselves with ethics, transparency, and accountability</p> <p>Principle 2: Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner.</p> <p>Principle 3: Businesses should provide products or services that are safe and contribute to sustainability throughout their life cycle</p>	<p>Goal 7: Ensure access to affordable, reliable, sustainable and modern energy for all.</p> <p>Goal 12: Ensure responsible consumption and production patterns</p> <p>Goal 13: Take urgent action to combat climate change and its impact</p>

Corporate Social Responsibility/Sustainability Report Contd

Pillars	Activity highlights	Page Reference	Key PSI Reference	NGX Disclosure Guidelines	Direct SDG Reference
Sustainability continues	<ul style="list-style-type: none"> Our collection of digital channels with financial institutions including GT Bank and Stanbic IBTC bank and United Bank for Africa are still been maintained. We have in place an anti-bribery and corruption policy as well as a Code of Ethics for all employees Due to the group-wide digital transformation, we continued to make progress with the reduction of paper usage and waste, thereby saving natural resource usage leading to protection of Clients data. We have continued with waste separation and all our plastic wastes are selected for recycling. We provide sustainable solutions in form of micro-insurance products including Esusu, Personal Accident (Safety Plus), Home Shield and Term Assurance. 	Page 308		<p>Principle 4: Businesses should engage with and provide value to their customers and consumers in a responsible manner</p> <p>Principle 5: Businesses should promote the wellbeing of all employees.</p> <p>Principle 6: Businesses should respect the interest of and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized</p>	<p>Goal 15: Protect, restore, and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification and halt and reverse land degradation and biodiversity loss.</p>

Corporate Social Responsibility/Sustainability Report Contd

Pillars	Activity highlights	Page Reference	Key PSI Reference	NGX Disclosure Guidelines	Direct SDG Reference
Sustainability continues	<ul style="list-style-type: none"> We have a fair representation of women on the Board of companies and will continue to improve on it We promote Employee diversity with a mix of religion, States of origin and age. Our Head Office building complies with the HSE requirements. It is accessible to all citizens as it is equipped with ramps and special toilets for the use of the physically challenged. Employee wellbeing is ensured at Custodian with the provision of a Group Life Assurance and Personal Accident Policies, mandatory training hours, creche etc 	Page 308		Principle 7: Businesses should respect and promote human rights	

Corporate Social Responsibility/Sustainability Report Contd

Section 3: CSRF Strategy

The CSRF believes these four pillars are material to our future and that of our immediate community and have chosen them based on our general understanding of the barriers hindering sustainable development in Nigeria.

The support initiatives are related to the following activities which represent the pillars of the Foundation:

- Education
- Community Development
- Health
- Sustainability

Education

We aim to help with human capital development in terms of skills by supporting formal and informal education, required to better the life of present and future generation. The affordability and accessibility of formal education up to tertiary institutions remains a challenge to a large portion of the population in the developing world, not everybody can embark on the quest for it. There are gaps in the economy because of a dearth in skilled people who ordinarily require informal training in vocational schools to learn trades that would equip them with life-long skills to live independently which will not only lead to a reduction in unemployment, but also ensure development in the economy. On the other hand, formal education needs to be supported by the private sector even as Government is not always able to meet the needs of running educational facilities.

We will therefore continue to work on interventions that will enhance skill levels of Nigerians through knowledge sharing, donation of educational facilities to disadvantaged schools, sponsorships etc. Of utmost concern is the fact that we have low literacy levels in the country which directly implies many live in poverty, given that illiterate populations are associated with low-income jobs and high unemployment levels. This translates to low standard of living for many, increased crime rates, use of drugs, engagement in illegal activities and so on.

Corporate Social Responsibility/Sustainability Report Contd

Justification for supporting Education

- About 7 million children were out of school
- 62 million adults, representing 31% of the estimated 200 million population of Nigeria cannot read and write (published in Sept. 2022)
- Nigeria contributes approximately 20% of the total global out-of-school population
- There are 11,000 newborns every day in Nigeria, which overburdens the system capacity to deliver quality education

(Source: UNESCO, Federal Ministry of Education, Global Partnership for Education (Published in 2019))

Our plan for Education

- We will enhance knowledge of up to 100 students especially on the subject of Insurance on an annual basis.
- We will continue to monitor the progress of the Vocational and Professional Development Academy (VPDA) to ensure the training of youths in the community in the acquisition of skills
- We will continue to mentor youths across the country through our Conferences specifically geared towards this
- We remain committed to the maintenance of equipment previously donated to educational facilities

Community Development

We aim for opportunities to contribute to improving the standard of living of community members directly or indirectly. Our focus is to help the local communities we operate from to ensure they thrive. We understand that our contribution will translate to progress to the development of the communities within which we operate. This is done by providing or improving infrastructure, utilities, and other resources, depending on the community needs with the intention of creating a better life for current and future generations, positively impacting the environment and creating economic growth. Across the country, communities are not adequately provided essential resources to live meaningful lives that will in addition enhance the wellbeing of their members. Most communities lack basic amenities such as good and clean water supply, power, good sanitation, and good roads. Many have problems with adequate waste management, good roads and standard health and education facilities.

Corporate Social Responsibility/Sustainability Report Contd

Justification for supporting Community Development:

- Rural to urban migration on the high, thereby causing population growth in the cities without compensating infrastructural growth. Rural population to total population decreased from about 65% in 1961 to about 48% in 2020
- High level of illiteracy amongst Nigerian children in rural areas could neither read nor write, significant percentage of children in rural areas cannot read at all.
- The COVID-19 pandemic has caused kids in rural and under-served communities in Lagos State, Nigeria to be left behind as they are not equipped to adapt or transition to the new methods of learning.

(Source: UNICEF, World Bank, Global Partnership for Education, World Economic Forum), Federal Government of Nigeria, UNICEF (WASH NORM REPORT 2019)

Our plan for Community Development:

- To contribute as much as possible to the enhancement of local communities, especially around where we operate by providing solutions focused on critical development of such communities
- Help to provide or improve the much-needed infrastructure critical to development of the areas

Health

We aim to preserving lives and support good health, wellbeing and ultimately, we are focused on providing a durable institution that can address situations around disaster management. Our intervention in the quality of healthcare service cannot be overemphasized in a society where lives are lost needlessly. Our interest around healthcare is focused on bridging major healthcare gaps in the society. The aim is to intervene directly and provide service to the needy whose lives might have been lost but for our intervention.

Our major health goal remains the building of a facility to cater for accident victims that need to be stabilized before transfer to hospitals. We have notified the Lagos State Government of our intention to donate an equipped Accident And Emergency Center to the state and the proposal has been accepted. Preliminary works have commenced, and we hope to move to site in the first quarter of 2023.

Corporate Social Responsibility/Sustainability Report Contd

We are devoted to preserving lives and promoting good health and wellbeing of Nigerians, thereby helping to save lives proactively, through donation of blood and other resources and facilitating quick and effective response to health emergencies. Our goal in this regard remains the provision of a standard facility to cater to accident emergency responses which will no doubt enable a more efficient health care system in Nigeria, especially for disadvantaged citizens.

As a country, Nigeria's health care situation generally is below standard, with grossly inadequate financial and human resources to cater to the needs of the populace especially the poor. The global economic crisis has put a strain on Government's ability to provide quality public health systems in place, let alone good emergency service.

Why Health?

- We have too few health facilities for the use of the whole population of 200 million
- Mortality rate is still high
- High emigration of Nigerian Doctors to Europe, America, and the Middle East due to the lack of conducive and equipped facilities which can be attributed to poor practice experience. This contributes to the low ratio of working Doctors to Nigeria's population
- Most Nigerians do not have health insurance of any kind, whilst the poorest have limited access to quality health care.

(Source: Global Citizen, NBS, FRSC, Pharma Access Foundation)

Our plan for Health

- Building of an accident and emergency center in a suitable area outside the main city to cater to accident victims to be operational by 2023
- Continue to donate blood internally to save up to 75 lives annually
- Direct interventions that would result in the saving of lives as need be.

Sustainability

We value the importance of ensuring that our daily business activities are carried out in a responsible and forward-looking manner. We are committed to the deployment of natural resources during business operations responsibly while practicing sustainable insurance. We promote responsible and ethical business behavior when making crucial business decisions through our underwriting, pensions, risk management and investment decisions.

Corporate Social Responsibility/Sustainability Report Contd

We appreciate that a healthy environment is important to preserve resources like clean air, water and human life. The implications of not maintaining the environment are far reaching and they include famine due to land pollution, changing and extreme weather condition due to increase in Greenhouse Gas emission and inadequate access to natural resources like water. Businesses are also affected as natural resources required for manufacturing or production will become increasingly scarce thereby causing disruptions. Manufacturers have been forced to sink boreholes where there is no provision of good clean water by the Authorities to enable them produce.

Why Sustainability?

- Nigeria is in the top 10 countries with the highest number of fatalities from air pollution
- According to World Bank reports, Nigeria generates about 32 million tons of solid waste annually
- According to WEF 2022 report, flood displaced over 1 million Nigerians from their homes and caused over 600 deaths
- Water and land pollution are still common especially in the riverine areas due to oil spills
- Rapid population growth and economic activities including farming, logging and hunting have continued to put pressure on land including forest reserve in rural Nigeria with annual deforestation rate of about 44%, of primary forest cover in two decades.

(Source: IAMAT, UNICEF, Every Breath Counts Coalition, World Economic Forum (WEF), International Federation of Red Cross and Red Crescent Society (IFRC) Report, Food and Agricultural Organization (FAO)

Our plan for Sustainability

- We will continue to improve every year on incorporating Environment, Social and Governance (ESG) issues in our products and services, including Underwriting, Investments, risk management and vendors management
- Endeavor to reduce carbon emissions every year
- Ensure we incorporate ESG issues into how Employees are treated

Corporate Social Responsibility/Sustainability Report Contd

Section 4: The Community Development Pillar

At Custodian, we recognize we have a role to play in the development of our local communities within which we operate. We recognize that the community is an integral part of a nation, and the success of any nation largely depends on the success of the communities. We have continued to facilitate sustainable developmental projects within our host community to enhance the development.

Highlights

- As a CSRF project, the Custodian Graduate Trainees year 2022, Batch A took on the refurbishment of 2 blocks of toilets at Wesley Girls Secondary School
- The Custodian Graduate Trainees year 2022, Batch B took on the renovation and painting of a block of 2 classrooms at Our Lady of Apostle Nur & Pry School.
- As we have done in recent years, we decorated the Sabo roundabout during the year end festive season.

Major challenges

We are committed to preserving lives and promoting good health and wellbeing of Nigerians. We have shown commitment to our goal with the annual blood donation program in conjunction with the Lagos State Blood Transfusion Centre. Custodian through the CSRF encourages staff of the company to donate blood annually as a proactive means of saving lives of patients and accident victims who are in need.

Our major focus remains the donation of an Accident And Emergency Centre to the state government, this is to cater for accident victims that need to be stabilized before transfer to hospitals.

The major challenge envisaged in the implementation of the capital-intensive project will be the inflationary pressure on costs associated with the construction of the facility and the procurement of equipment.

Corporate Social Responsibility/Sustainability Report Contd

Renovation of toilets at Wesley Girls Secondary School, Yaba

As part of our commitment to developing of our immediate community, the CGTP Batch A of 2022, through the CSRF renovated 2 blocks of the school toilets. The intervention which included the replacement of worn-out sanitary wares, taps, tiles, doors, painting and restoration of water supply to both toilet blocks brought improved hygiene and was greatly appreciated by both learners and staff members of the institution.



Before



After

Corporate Social Responsibility/Sustainability Report Contd

Renovation of a block of two classrooms at Our Lady of Apostle Nursery and Primary School, Yaba

The CGTP Batch B of 2022 embarked on a CSR project of renovating and painting a block of 2 classrooms at the school. Prior to this renovation, the classrooms had been left in their dilapidated state in which the roof was worn out and damaged, the walls were and dirty and the classes abandoned. This gesture was greatly appreciated by the school and the classrooms commissioned for use with the CGTP class.



Before



After

Corporate Social Responsibility/Sustainability Report Contd

Christmas Decoration of Sabo roundabout

Every Christmas, we decorate the environment during the end of year festivities. Residents in our local community have come to expect this, which increases the ambience of the environment. Children in the local community flock around the roundabout to take pictures.



Corporate Social Responsibility/Sustainability Report Contd

Other initiatives

The Foundation was also involved in another Community Development initiative under the Education pillar, which is described below.

Section 5: The Education Pillar

We are always on the lookout for opportunities that present themselves where we can help to meet basic education needs which in turn lead to the empowerment of the masses. It is our desire to support initiatives in education, as we have realized a huge gaps in education sector in Nigeria, hence our desire to support the sector. We will use our resources, influence, and expertise in the core areas of our business, including Insurance and risk management to support education in the Insurance industry as well as our local communities.

Highlights

- We had the fourth edition of the Custodian Mentor's Conference
- Donation of over four hundred books covering various subjects to the Ilupeju library for public access.

Major challenges

Challenges we have faced in this area have to do with bureaucracies when dealing with public institutions. Often, there are specific requirements and approvals to be given before projects can be embarked upon. This affects plans made as well as timelines. We aim to work around these issues by incorporating the risks caused by bureaucracy in our timelines.

Corporate Social Responsibility/Sustainability Report Contd

Custodian Mentors Conference

We appreciate that the youths are the future of the nation, and the Custodian Mentors Conference has always been another avenue for the company to give back to the society by encouraging the youths. Since the inception of the conference in 2018, the annual event has continued to attract individuals across different age groups. The 2022 conference being the fourth edition, had over 650 people register but 90 people were shortlisted to attend the event physically whilst 40 people viewed live via YouTube.



The Mentors at the event included Mr. Fela Durotoye, the Founder and CEO Gemstone Group, Mr. Kola Oyeneyin, Founder of Venia Group/Director Volition Capital and Ms Kate Henshaw, an Award Winning Actress and Social Media Influencer. The Mentees were able to ask questions and engage the Mentors after the conference for advice that would impact them hopefully for life. Our plan is to follow up with each of the Mentees of the 2022 class as well as previous editions and assign each to Mentors for continuous guidance.

Corporate Social Responsibility/Sustainability Report Contd

Ilupeju Library

During the year, a director at Custodian, through the CSRF donated 412 volumes of different books covering a variety of subjects, which would be beneficial to many users of the library. The gesture was formally acknowledged by the office of the Lagos State Director of Library Services.

We continued to maintain the 14 terminals and a desktop provided for the e-library at Ilupeju, Lagos. During the year, there was need to replace the inverter we originally provided with a new one. We also continued to provide internet services to enable the Users log on and paid for the subscription to the world class Questia on-line e-library. The number of library users continue to grow.

Section 6: The Health Pillar

As a major goal of the CSRF almost from the on-set, our plan for the health pillar is aimed at closing existing gaps in the healthcare system of the country by providing a facility to stabilize accident victims before being taken to hospitals.

We have made significant progress with the allocation of a suitable suite by the Lagos State Government at the Epe General Hospital. We have also engaged consultants in the areas of architecture, soil test investigation, electrical and mechanical, as well as structural engineers for the design and conceptualization stage.

Highlights

- The Project Implementation unit of the state government visited the project site along with the team from CSRF
- A provisional survey plan been generated by the office of the Surveyor General of the state to aid the design process

Major challenges

Though we are aware that the cost of putting up a facility that would cater to the needs of accident victims would be much, our internally generated resources cannot be enough to build and maintain the facility. We would require potential partners both locally and internationally. We intend to build partnerships with relevant organizations to achieve this objective.

Corporate Social Responsibility/Sustainability Report Contd

Section 7: The Sustainability Pillar

Sustainability is the ability to meet present needs whilst ensuring future generations can meet their needs. For this to happen, the current generation must avoid the depletion of resources and maintain an ecological balance. Sustainability happens when there is a balance of economic, environmental social and governance issues. Our sustainability initiatives are therefore hinged on these concepts. We recognize that operating as ethical and responsible members of society is not restricted to our social impact on communities but also includes our activities around environmental stewardship, ethical contributions, social responsibility to our employees and good governance. That is the reason why we made one of our last pillars Sustainability.

Our sustainability activities are guided by the four UNEP-FI Principles of Sustainability (PSI) and how these relate to our internal operations in Insurance, such as relationships with external clients, partnerships in the Insurance industry, underwriting and risk management processes and other players. We also carry out our internal operations and relationships with clients according to the guidelines set out by the Nigerian Stock Exchange which mandate transparency, accountability, ethics and responsibility in all decisions relating to products and services, employees, community, environment and the general public.

Ours contributions

- All our employees were trained at least once
- We maintained our partnership with a recycling company to carry away our plastic waste used to manufacture other things
- Our Executive Management use Solar energy-powered generating sets instead of diesel.

Our role as a Sustainable Insurer

As a member of the UNEP-FI and a signatory to its Principles of Sustainable Insurance, we continue to demonstrate our support for incorporating the ESG principles into our operations and business decisions in an accountable manner.

Corporate Social Responsibility/Sustainability Report Contd

Good governance

We will continue to work on our ESG commitment and ensure that the company's rating according to the Society for Corporate Governance in Nigeria continues to meet standards. The Board of Directors is still responsible for ESG issues at Custodian.

Anti-bribery and anti-corruption

The anti-bribery and anti-corruption policy of Custodian prohibits offering of anything of value for influencing an official or any person to misuse his office to benefit Custodian or any employee. The policy prohibits any employee, including Board members from receiving anything of value for swaying an official action. Our Board of Directors and Senior Management are responsible for ensuring that all employees comply with the policy. Every employee of Custodian attended the two mandatory anti-money laundry trainings in 2022.

Code of Ethics

Ethical standards are of priority for all personnel from the Board of Directors to the employees in their official interaction/dealings within the company. Our policy on this is widely known and outlines the minimum standard of conduct expected in the management of all our businesses across the Group. All stakeholders are expected to comply with the stipulated standards

Responsible Claims process

Our policy is to settle claims within 48 working hours on receipt of executed Discharge Voucher. Our claims processes are automated which makes it possible for clients to easily make claims on-line from start to finish without having to visit the office at all. This has increased accessibility and reduced paper resources and time. Our claims processes are simple, clear, and transparent.

Responsible Supplier/Vendor assessments

Our procurement practices based on transparency and fairness, as outlined in our procedural manual. Vendors are evaluated before being on-boarded and are closely monitored, with bad ones quickly released. The Internal Control/Auditors regularly review the assessments to ensure procurement processes are ethical.

Corporate Social Responsibility/Sustainability Report Contd

We plan in the near future to include a mandate that would require Suppliers to disclose the state of ESG in their companies as part of the on-boarding process. This will pertain to tools used and processes.

Sustainable solutions

Several of our retail products have been designed to accommodate the needs of those who ordinarily would have been excluded from the insurance pool. Policies such as our Term Assurance product attracts only N1,000 premium for a life cover of up to N100,000, whilst other products like Esusu Shield plan – a savings and investment product requires payment as low as N2,000 monthly and in the event of death, a sum assured is payable to the named beneficiary.

We recognize that the masses do not have the economic capacity to access basic insurance, given barriers caused by poverty and low standards of living. We believe that no population should be excluded from accessing insurance and so, we introduced our micro-insurance products characterized by low barriers of entry, to foster inclusion.

Waste management/reduction

We have continued to make progress regarding waste disposal. Apart from the designated bins used to sort and separate plastic material from other waste, we engaged a recycling company to pick up the plastic waste from our premises. We cyclers a recycling company in existence for over 9 years now collect plastic waste from our premises which is bailed and shipped to Alkem and Lexis companies, which grind them and use as raw materials for pillow stuffing, clothing material, paper cartons, notebooks etc. Polyethylene Terephthalate (P E T) bottle covers recovered from waste are ground and used to manufacture slippers and similar products.

The general practice in Custodian is to recycle wastepaper. Following recycling, wastepaper generated within the company are shredded and given out for stuffing of fragile products by retailers.

Corporate Social Responsibility/Sustainability Report Contd

We have a sewage treatment plant at the Head office basement which treats human waste. The Lagos State Wastewater Management Office certify the system on an annual basis.

Diversity in the workplace

We recognize that a diverse workplace is an asset, as it acknowledges the individual strength of each employee and the potential they bring. We are therefore committed to being an inclusive employer, convinced that a diversified office improves creativity and innovation. This in turn translates to greater alignment to client needs, ability to come up with new products and services and identify new markets which all allow us to create higher economic value, which equally enables us to attract the best talent in the industries we are in.

We ensure we maintain a work environment that is inclusive and considerate to all people regardless of gender, age, race, disability, tribe, culture, religion, or any other area of potential difference.

We use several strategies to encourage diversity including the following:

- We operate a non-discriminatory policy regarding applications for employment
- Our Head office where we have the highest concentration of staff is accessible to the physically challenged
- We hire based on qualification, competence, and experience for job roles
- There are avenues for discourse, feedback, issue resolution and transparent information in an equitable manner, such as during Annual General Meetings and other suitable fora.

Employee wellbeing

Our people are our greatest assets; hence we care about their wellbeing as we recognize that a healthy workforce is essential for greater productivity. We encourage employees to take their health seriously in terms of getting enough exercise and eating healthy food. On our part, we encourage employees at the Head office to travel through the staircase in the morning as against using the elevator as a form of exercise, this is in addition to the Custodian Fitfam sessions which gives employees the opportunity to exercise on Thursdays under the supervision of fitness instructors engaged by the company.

Corporate Social Responsibility/Sustainability Report Contd

As part of our employee welfare, there is a functional canteen available for management and staff use and food is served by appointed caterers for benefits of members of staff.

The creche facility has continued to operate as a way of the company supporting staff with babies. The use of the facilities is available to both male and female employees of the company. With the operation of the creche, fathers and mothers have easy access to their babies during office hours. We believe this has enabled them concentrate better, have a peace of mind and promoted productivity knowing their babies are well taken care of. This promotes social sustainability which will lead to economic sustainability, since productivity level of concerned staff will expectedly rise.

The safety of our employees, partners, visitors and contractors remains paramount to us. We work to provide our employees and other visitors to our premises with a comfortable and conducive environment for work and business. Our offices are well ventilated, with adequate light, spacious office spaces and well furnished.

We offer competitive salaries to employees and provide them with benefits such as Housing allowance, leave allowance, dressing allowance, maternity leave etc. The human rights of all employees are upheld.

Our employee training starts from the point of entry as an employee of Custodian. As an annual event, we conduct the Custodian Graduate Trainee Programme (CGTP) which is aimed at attracting brilliant young graduates across different disciplines to be engaged in a highly educative programme in the Insurance practicing subsidiaries. The company therefore uses this to build a strong workforce of home-grown talent for the company and by extension, the Insurance industry.

The company has continued to invest in the training of employees both internally and externally as a means of improving the personnel and continuously raising the corporate standards.

Conclusion

We are dedicated and continually making deliberate actions towards the reduction of negative effects of our operations and investments on host communities, business environment and the economy at large. We have therefore chosen to focus on Community Development, Education, Health and Sustainability in order to achieve our aim. We will continue to strategically work to refine our processes and re-evaluate the objectives from time to time. We hope to achieve success which will be reported as we make progress, with the mindset of continuous improvement.

HSE Report

At Custodian, we believe that everyone has the right to work and all workers have the right to a safe and healthy work environment.

We have maintained that our people remain our greatest assets and we continue to take their wellbeing very seriously.

The HSE Policy of Custodian has the safety and wellbeing of the employees, visitors and vendors in the front burner and seeks to protect and encourage them to take measures beneficial to the preservation of their lives both within the business and at home.

The company understands that a healthy workforce is a productive one and has always maintained deliberate stance in the following areas to improve the physical and mental wellbeing of the employees.

Protect everyone in the workplace

An average worker spends about 8 hours daily at the workplace, hence it is important to ensure that work environment is safe and protected from visible and preventable hazards. At Custodian, we have consistently continued to make our offices conducive for the preservation of mental and physical well being. The company has continued to invest in both covert and overt security measures to provide confidence to employees of the company as well as visitors to our premises.

Provide welfare facilities

The company has continued to maintain support for all employees in the area of their wellbeing. Provision of employee health and welfare benefits such as the canteen and the fitfam have been put in place to promote employee welfare at the workplace. Also, support initiatives such as the creche services has been provided to operate during office hours. This is to serve parents with babies, so they continue to enjoy peace of mind knowing that their babies are not only in qualified hands but they are not far away from them.

Sick and unwell employees are advised to seek appropriate medical attention through the company provided HMO facility. There is group-life insurance cover for all employees of Custodian.

HSE Report Contd

Establish a health and safety culture

The health and safety policy of Custodian involves every member of the organization. It is headed by the Executive Management and the responsible members of staff are identified as the Safety Marshals. The thirty-man team known as the Safety Marshals meet every quarter to discuss matter around health and safety within the facility, they also share safety related information amongst themselves and companywide through the Custodian Idols (the company's knowledge sharing platform). They are supported with regular training and continuous support from management.

Plan for health and safety

The health and safety plan of the company is to prevent accidents and avoid casualties by providing a safe work environment. For the execution of this plan, it is mandatory for every new joiner(s) to have an induction talk with the leader of the safety team, all existing staff members are also trained regularly. There are standard ground rules for housekeeping, and this includes, ensuring all fire escapes are always clear and ready for use, the clearly marked muster point for roll call in the event of an emergency evacuation must not be obstructed. The evacuation plan is coordinated by members of the safety team. The company has continued to invest in acquisition and maintenance of fire detecting devices including smoke detectors, modern fire panel system, manual call points, fire extinguisher and so on.

In conclusion, Custodian has continued to contribute to the health and socio-economic wellbeing of it's employees by ensuring time spent at work is productive and beneficial to all stakeholders. The company is also committed to ensuring we contribute our share to building a healthy society for the nation and the world at large.

