Custodian

NAVIGATING CHANGE

Custodian And Allied Insurance Ltd. 2023 Annual Report & Accounts

Contents

Corporate Information

DIRECTORS

Mr Ibrahim Dikko	Appointed -15 November 2022
Mr. Johnnie Wilcox	Retired -28 February 2023
Chief (Mrs.) Margaret Giwa	Retired -28 February 2023
Mr. Richard Asabia	Retired -28 February 2023
Mr. Ravi Sharma	
Mr. Ademola Ajuwon	
Mr. Kolawole Lamidi	
Mr Kofo Majekodunmi	
Mrs. Mimi Ade Odiachi	
Mr. Adeniyi Falade	Appointed - 15 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

TIN NO. 01451641-0001

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 1Ozumba 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/2013/00000000578

Branch Directory

Abuja
Oakland Center, Plot 2940, Cadastral Zone
Maitama District, 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 Limited ("the Company") will hold via virtual means on Wednesday, June 19, 2024, at 11:30am, to transact the following:

Ordinary business

1. To lay before the members, the audited financial statements for the year ended december 31, 2023, together with the auditors report.
2. To declare a dividend.
3. To re-elect directors.
4. To authorise the directors to fix the remuneration of the external auditors for the 2024 financial year.
5. To note the remuneration of managers in the employment of the company.

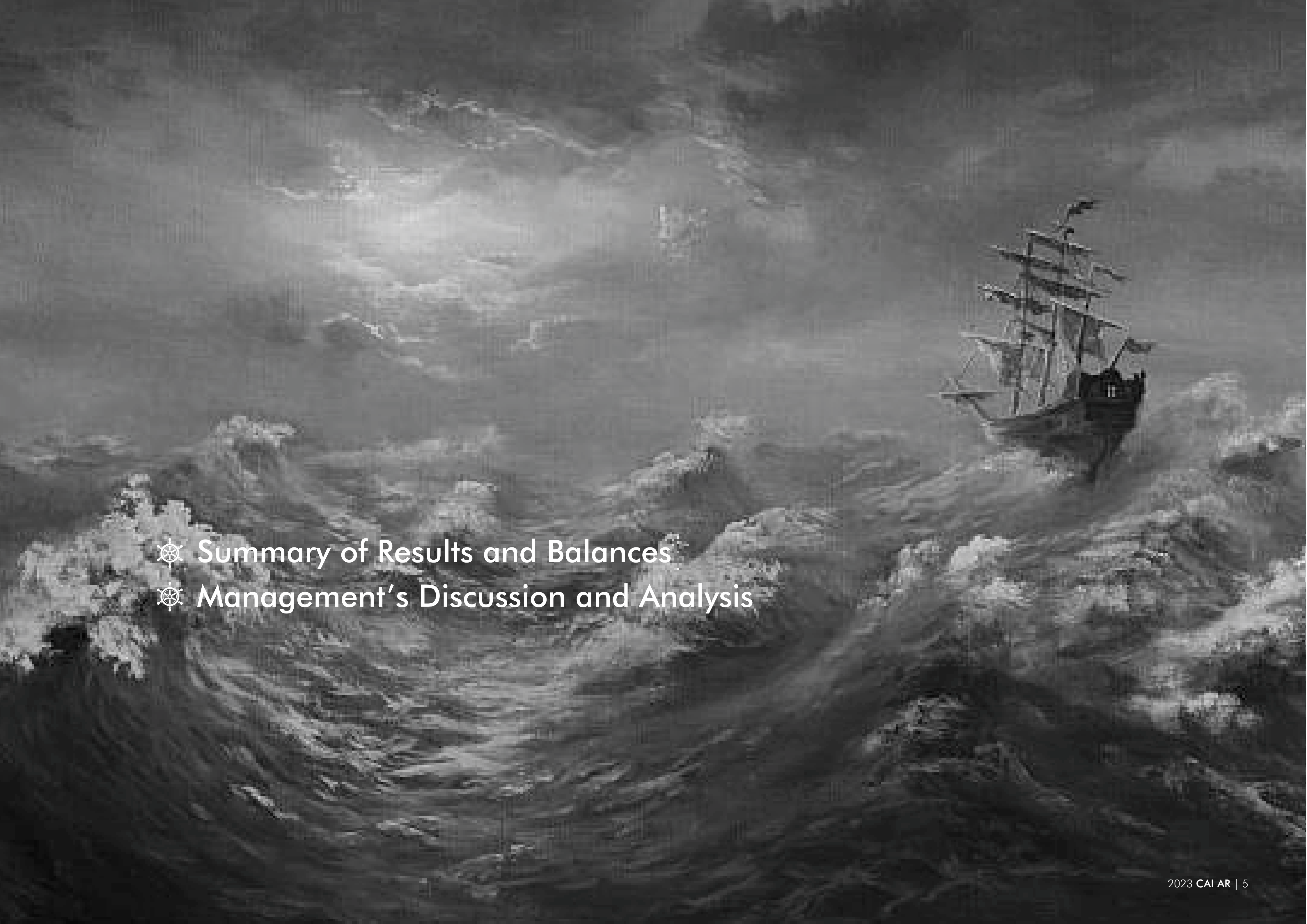
Special business

6. To approve/fix the remuneration of the Directors.
7. To appoint a board evaluation consultant.

By order of the Board

CUSTODIAN TRUSTEES LTD
AUTHORISED

Adeyinka Jafojo
FRC/2013/PRO/NBA/002/00000002403
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 2023

Statement of Profit or loss and other Comprehensive Income items	2023 N'000	2022 N'000	Variance Increase/ (Decrease) N'000	Growth %
Gross premium written	42,594,486	37,982,979	4,611,507	12%
Insurance contract revenue	40,377,128	36,516,475	3,860,653	11%
Insurance service expenses	(22,472,417)	(11,049,789)	(11,422,628)	103%
Insurance service result	(3,158,072)	3,625,987	(6,784,059)	-187%
Net Investment income	24,215,325	5,287,134	18,928,191	358%
Other operating expenses	(2,603,393)	(2,975,153)	371,760	-12%
Profit before income tax expense	15,212,733	6,137,539	9,075,194	148%
Profit for the year	10,321,013	5,252,927	5,068,085	96%
Statement of Financial Position Item				
Total assets	86,988,030	52,791,954	34,196,077	65%
Insurance contract liabilities	24,081,523	14,298,937	9,782,586	68%
Statutory contingency reserve	10,000,000	10,000,000	-	0%
Total equity	34,667,732	25,114,280	9,553,452	38%

Management’s Discussion and Analysis

For The Year Ended 31 December 2023

This "management discussion and analysis" of Custodian and Allied Insurance Limited’s performance as at 31 December 2023 should be read in conjunction with the audited financial statements of the company as at 31 December 2023.

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

	2023 N’000	2022 N’000	Change %
Insurance contract revenue	40,377,128	36,516,475	11%
Insurance service expenses	(22,472,417)	(11,049,789)	103%
Net expense from reinsurance contracts held	(21,062,783)	(21,840,699)	-4%
Insurance service result	**(3,158,072)**	**3,625,987**	**-187**
Interest, investment and other income	4,702,435	3,311,554	42%
Other operating expenses	(2,603,393)	(2,975,153)	-12%
Profit before income tax expense	15,212,733	6,137,539	148%
Profit for the year	**10,321,013**	**5,252,927**	**96%**
Earnings per share (kobo):			
Basic/diluted	52	33	58%
Cash and cash equivalents	11,419,213	8,793,947	30%
Total assets	86,988,030	52,791,954	65%
Insurance contract liabilities	24,081,523	14,298,937	68%
Total equity	34,667,732	25,114,280	38%

Management's Discussion and Analysis Contd

Underwriting Performance

Insurance contract revenue increased by 11% while insurance service expenses increased by 103%. Net expenses from reinsurance contracts declined by 4% from N21.841b to N21.063b. The combination of these result in a 187% decline in Insurance service result from N3,626b to a negative result of N3.158b.

Interest, Investment and other income

Interest, investment and other income for the year was N4.702b up from N3.311b in 2022 representing a 42% increase.

Expenses

Management expenses for the year was N3.882b from N4.123b in 2022 representing an decrease of 6%. Other operating expenses which relates to the non-directly attributable expenses decreased by 12% from 2.9b to 2.6b.

Insurance servcie result

The result of insurance service rendered net of expense from reinsurance contracts held during the year was a loss of N3.158b compared with a prior year profit of N3.621b representing a year on year decline of 187%

Profitability

The Company's profit before income tax expense was N15.213b compared to N6.137b in 2022, an increase of 148%, the Company's profit for the year was N10.32b compared to N5.253b in 2022, an increase of 96% with basic earnings per share (EPS) increasing to 52kobo from 33kobo.

Liquidity and financial position

The Company's cash and cash equivalents increased by 30% from N8.794b in 2022 to N11.419b as at 31 December 2023; while Insurance contract liabilities were N24.08b, 68% increase from N14.3b in 2023. Total assets now stand at N86.9b representing a 65% increase from N52.8b in 2022, while total equity increased by 38% to N34.667b when compared to the restated balance of N25.114b recorded in 2022.

Management's Discussion and Analysis Contd

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.

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 (NAICOM), in a bid to deepen insurance and enhance growth in the Nigerian economy unveiled the insurance industry's strategic vision for 2024-2033. The vision is built upon seven strategic pillars that encompass regulatory transformation, risk-based capital models, insurance promotion and adoption, product diversification, distribution channel optimization, digitalization, talent development, and support for Nigeria's economic transformation. 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, 2023.

Mr. Ibrahim Dikko (Chairman)

Distinguished shareholders, fellow members of the board of directors, ladies, and gentlemen. It is my pleasure 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 2023.

I will provide an overview of the macroeconomic environment, both global and domestic, within which we operate and highlights of our Company's financial performance for the year ended 31 December 2023. I will also highlight some of the activities of our corporate social responsibility foundation and conclude with our outlook for 2024.

Global Economy

In June 2023, the World Bank in her Global Economic Prospects publication projected the global economy to grow at a rate of 2.1% in 2023, 100 basis points slower than the estimated growth of 3.1% recorded in 2022. The latest projection is 80 basis points lower than the IMF's earlier projection of 2.9% growth, with the downward revision being on the back of the continued tightening of monetary policies by the Central Banks around the world aimed at curbing the elevated inflationary pressures. Notably, advanced economies were expected to record a 0.7% growth in 2023, which is a significant decline from the 2.6% expansion recorded in 2022. However, emerging markets and developing economies were projected to expand by 4.0% in 2023, marginally upwards from a growth of 3.7% in 2022. Specifically, the Sub-Saharan economy was projected to grow at a moderate rate of 3.2% in 2023, which is 50 basis points lower than the 3.7% growth recorded in 2022.

The World Bank's January 2024 Global Economic Prospects report estimates that last year's global growth slowed to 2.6 percent. Despite being 0.5 percentage points higher than the June prediction, this is because US growth was better than anticipated. In 2024, global growth is predicted to drop once more, to 2.4 percent. The deteriorating labor markets, shrinking savings buffers, dwindling pent-up demand for services, the delayed consequences of monetary tightening, and fiscal consolidation are all contributing factors to this slowdown.

Global growth is greatly aided by emerging and developing countries, particularly China's, even though developed economies continue to be resilient.

The Sub-Saharan economy was projected to grow at a moderate rate of 3.2% in 2023 which is 50 basis points lower than the 3.7% growth recorded in 2022.

The major economies are emerging largely unscathed from the swiftest rise in interest rates in 40 years without the customary scars of soaring unemployment rates or financial crashes indicating that the global economy has proven to be unexpectedly durable despite the shocks of the previous four years. Controlling global inflation prevents the globe from entering a recession. Although it is uncommon for nations to lower their rates of inflation without experiencing a slump, the International Monetary Fund predicted in her January 2024 world economic outlook that a "soft landing" will occur this time.

However, the projection for 2024–2025 is lower than the historical average of 3.8 percent for the years 2000–2019 due to higher central bank policy rates to combat inflation, the withdrawal of fiscal support in the face of rising high debt weighing on economic activity, and low underlying productivity growth. Inflation is falling faster than expected in most regions, in the midst of unwinding supply-side issues and restrictive monetary policy. Global headline inflation which has continually declined from its 2022 peaks is expected to fall further to 5.8 percent in 2024 and to 4.4 percent in 2025, with the 2025 forecast revised down.

Nonetheless, inflation remains above target in most advanced economies and about half of inflation-targeting emerging market and developing economies. Global inflation is projected to remain above its 2015-19 average beyond 2024. Monetary tightening in advanced economies is concluding, but real policy interest rates are expected to remain elevated for some time, as inflation returns to target gradually.

Domestic Economy

Following a change in administration in May 2023, Nigeria stands at a pivotal moment with a unique opportunity to return to a sustainable and inclusive growth path. The new administration led by President Bola Ahmed Tinubu, GCFR has recognized the need for a change in course and has undertaken key reforms to restore macroeconomic stability. These reforms include the removal of the gasoline subsidy and the unification and significant liberalization of the exchange rate.

The year 2023 for Nigeria's finance and economy was marked by a series of major events that shaped the nation's financial landscape. Against a backdrop of global economic uncertainties, geopolitical tensions, and the aftermath of the COVID-19 pandemic, Nigeria has faced challenges while also seizing opportunities for growth and resilience. The Nigerian economy was anticipated to continue its recovery path in 2023. However, domestic constraints linked to the political economic changes and global impact of the Russia-Ukraine conflict increased the economic pressure that already existed. The price of agricultural commodities rose sharply thereby increasing the cost of inputs and food prices. Also impacted were energy

Despite these challenges, the Nigerian economy recorded year on year GDP growth of 3.46% in real terms in the fourth quarter of 2023.

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 GDP growth of 3.46% in real terms in the fourth quarter of 2023. This growth rate is lower than the 3.52% recorded in the fourth quarter of 2022 and higher than the third quarter of 2023 growth of 2.54%. The performance of the GDP in the fourth quarter of 2023 was driven mainly by the Services sector, which recorded a growth of 3.98% and contributed 56.55% to the aggregate GDP. The agriculture sector grew by 2.10%, from the growth of 2.05% recorded in the fourth quarter of 2022. The growth of the industry sector was 3.86%, an improvement from -0.94% recorded in the fourth quarter of 2022. On an annual basis, GDP grew by 2.74% in 2023 relative to 3.10% in 2022. However, the financial services and insurance sectors recorded a GDP growth of 26.8% driven by fintech revolution in the sector which continues to attract hundreds of billions of naira investments in the sector.

In its January 2024 World Economic Outlook, IMF downgraded the Nigerian economic growth forecast to 2.9-3.0 per cent from 3.1 per cent projected in October 2023. However, amid various macroeconomic headwinds, this was revised upward to 3.3 percent on 16 April 2024.

In December 2023, Nigeria’s headline inflation rate increased to 28.92% relative to the November 2023 headline inflation rate which was 28.20%. Looking at the movement, the December 2023 headline inflation rate showed an increase of 0.72% points when compared to the November 2023 headline inflation rate. On a year-on-year basis, the headline inflation rate was 7.58% points higher than the rate recorded in December 2022, which was 21.34%.

The rise in inflation reflected the impact of fuel subsidy removal which caused food inflation to rise faster. Food and non-alcoholic beverages (14.98%) contributed the most to the inflationary pressure, followed by housing water, electricity, gas and other fuel (4.84%), and clothing and footwear (2.21%). Core inflation, which excludes the prices of volatile agricultural produce stood at 23.06% in December 2023 on a year-on-year basis; up by 4.85% when

The agriculture sector grew by 2.10%, from the growth of 2.05% recorded in the fourth quarter of 2022.

compared to the 18.21% recorded in December 2022. The highest increases were recorded in prices of Passenger Transport by Road, Medical Services, Actual and Imputed Rentals for Housing, Passenger Transport by Air, Pharmaceutical products, Accommodation services, etc.

Q2 2023 saw the unification of various exchange rates by the government. This meant that exchange rate moved from an average of N460.80/US$ to N632.27/US$ on 14 June 2023 when the Central Bank of Nigeria abolished all the segments in the FX market which were collapsed into the I&E window guided by the willing buyer and willing seller model to reflect impact of the active market forces. Since then, exchange rate in the and Exporters' (I&E) Window has been depreciating to close the Q4 quarter at N907.11 /US$. The new foreign exchange policy coupled with the NNPC Limited's $3billion loan from AFREXIM Bank has helped to boost foreign exchange liquidity and stability by closing the gap between official and parallel markets.

On August 17, 2023, the CBN released an operational guideline for BDCs signifying the resumption of forex sales to BDCs. It also fixed the spread between buying & selling of forex at +/-2.5% of the weighted average of transactions executed the previous day on the I&E Window. Amidst the different policies of the apex bank, the bank is expected to contain the excessive growth of money supply and ensure transparency and clear communication on foreign exchange policy.

Nigeria's foreign reserve at the end of December 2023 stood at $32.9billion which indicated an 11% drop from $37.1billion held at the beginning of the year. The downward trend in the country's external reserves was attributed to reduced FX inflow into the economy and increased demand pressure on the gross official reserves.

The NGX All-Share Index and Market Capitalization closed the year 2023 at 74,773.77 and N40.918 trillion respectively. At the end of 2023, Nigerian equities traded at a PE ratio of 10.5x, a 13% and 10% discount to its peer average and the MSCI Frontier Market index, respectively. Thus, implying that Nigerian equities are undervalued and are expected to attract investment flows from local and foreign portfolio investors. The NGX ASI has sustained a positive trajectory since gaining 10.54% in Q3 2023 with a corresponding value of the index at 67,395.74 as of 30 September 2023.

Financial Result

The Company performed extremely well in the financial year despite significant inflationary and other macro-economic headwinds. It reported revenue of N40.4 billion representing 11% growth over prior year. Profit

In line with our commitment to deliver strong and sustainable returns to our shareholders, the board approved an interim dividend of 10kobo for every share of 50kobo held.

before tax for the year was N15.2 billion an increase of 148% when compared with N6.1billion achieved in 2022. Profit after tax doubled to N10.3billion while equity attributable to owners of the parent, that is, shareholders' funds also appreciated by 38% to N34.7billion.

It is worthy of note that the Company transited to the IFRS 17 reporting standard as directed by extant authorities. The transition required that we restate the prior year accounts to comply with the new financial reporting standard. The impact of IFRS 17 transition on the Company's retained earnings and other balances have been reported in the accompanying audited financial statements.

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 10 kobo for every share of 50kobo held. Following the decent performance recorded in 2023, the board hereby proposes, subject to your approval, the payment of an additional 20kobo for every share of 50kobo held as final dividend thus making a total dividend of 30kobo per share in respect of the result of the 2023 financial year, subject to appropriate withholding tax.

Board developments and corporate governance

In the financial year ended 31 December 2023, the following Board changes were made: Mr Johnnie Wilcox retired as a Non-Executive Director and Board Chairman with effect from 28th February 2023. Also retiring by rotation are Chief (Mrs) Margaret Giwa and Mr Richard Asabia as Non-Executive Directors with effect from 28th February 2023. We sincerely thank them for their invaluable contributions to the growth of the Company.

Mr Adeniyi Folade and I (Ibrahim Dikko) were appointed to the Board as Non-Executive Directors on 15th November 2022 and were confirmed by our regulator during the year. We are both seasoned professionals and entrepreneurs with decades of experience in financial services. Our profiles are available in the Corporate Governance Report.

It is worthy of note that the Company transited to the IFRS 17 reporting standard as directed by extant authorities.

Chairman's Statement Contd

Corporate Social Responsibility

In continuing our resolve to positively impact the society, our Foundation, Custodian Social Responsibility Foundation, engaged in a number highly impactful projects during the year 2023. Noteworthy among the projects executed by the Foundation during the year are the Annual Custodian Mentors Program and ground-breaking for the state-of-the-art Custodian Accident and Emergency Center Project in Epe. Further details on the activities of the Foundation are reported in the Corporate Social Responsibility and Sustainability section

Outlook

The outlook for the nation's economy and business remains cautiously optimistic, based on the market driven initiatives of the government, improving global economic conditions and domestic policy measures that would provide opportunities for revenue growth, particularly in non-oil sectors, addressing market confidence issues and enhancing the business environment will be crucial.

GDP is projected to grow marginally by 3.1% on the back of sustained policy reforms which include budget and tax Reforms, recapitalization of banks and other financial institutions, reform of the BDC segment, ways and means halt, increased surveillance on financial institutions, encouragement of targeted non-oil items exportation, Real Sector reforms and the efforts at tackling insecurity, are expected to help build market confidence as well as attract foreign investments again.

As we build impetus for future growth, we remain steadfast in our commitment to delivering long-term value to our stakeholders whilst strengthening our market brand across all our business verticals of Insurance, Funds and Pension Management, Real estate and Property management and Trust management. I am confident in our resilience, adaptability and capabilities to capitalise on emerging opportunities and deliver sustainable value to you, our esteemed shareholders.

Conclusion

Though challenging and fraught with uncertainties, the year 2023 ended up being another successful year for us as a Company. The superior performance recorded in the year was made possible by the collective efforts, unwavering support, and commitment of all our stakeholders. I am grateful to our customers for their steadfast loyalty, our staff and Management for their dedication and commitment, and our Board for continually guiding the Company along the path of sustained growth and prosperity.

I thank you all for your attention and look forward to your continuing support in the years to come.

God bless you and God bless Nigeria.

T.Y.D

Ibrahim Dikko
Chairman
FRC/2013/PRO/DIR/003/00000001718

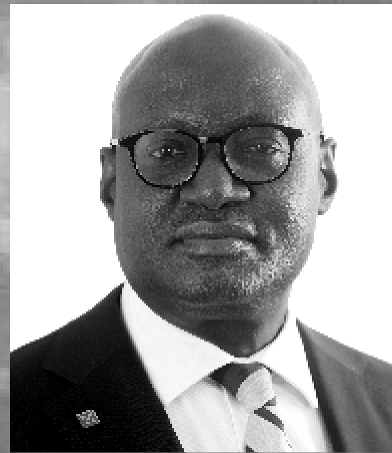
Board of Directors

Board of Directors

Mr. Ibrahim Dikko
(Chairman)

Mr. Edeki Isujeh
(Managing Director)

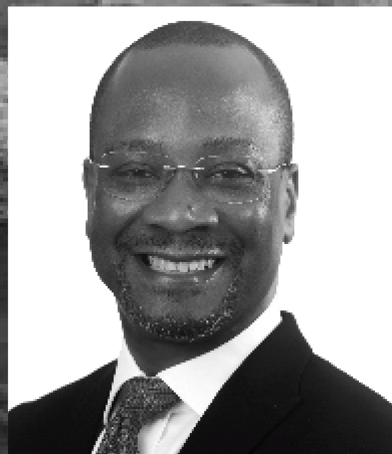
Mr. Ravi Sharma



Mr. Adeniyi Falade

Mr. Ademola Ajuwon

Mr. Kola Lamidi



Mr. Kofo Majekodunmi

Mrs. Mimi Ade-Odiachi

- Executive Management Team
- Directors Report
- Corporate Governance
- Board Evaluation Report

Executive Management Team

Mr.Edeki Isujeh
Managing Director

Mr. Kola Lamidi
ED, Technical Operations

Mr. Friday Nwachukwu
Chief Financial Officer

Mr. Olumide Awe
Head, Investment

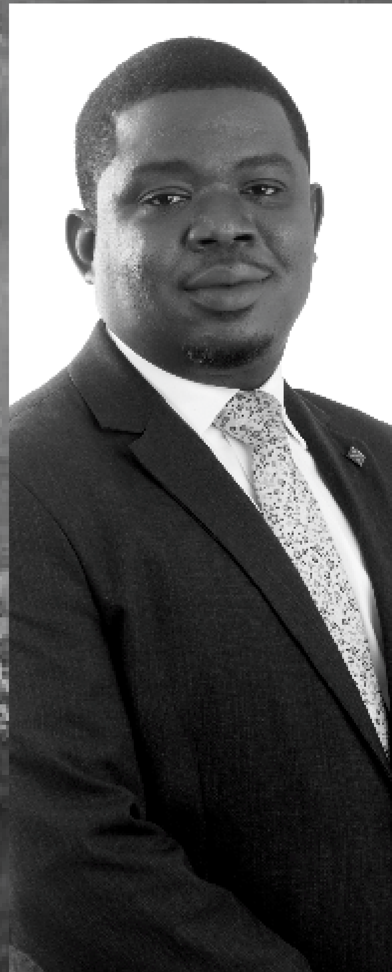
Mr. Moses Ariyibi
Head, Technical Division

Executive Management Team Contd

Mrs. Kate Ojih
Head, Northern Region

Mr. Ibrahim Lawal
Head, Internal Audit

Mr. Gboyega Oyesola
Head, Property Management



Mr. Ayodele Iyun
Head, Business Development

Report of The Directors
For the year ended 31 December, 2023

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 2023.

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	2023	2022
Mr Ibrahim Dikko**	NIL	NIL
Mr. Johnnie Wilcox*	NIL	NIL
Mr. Edeki Isujeh	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
Mr. Adeniyi Falade**	NIL	NIL

* Retired on 28 February 2023
** Appointed on 15 Novermber 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 2023.

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 2023:

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 2023 is available for inspection at the Annual General Meeting.

9 Analysis of shareholdings

The range of shareholdings as at 31 December 2023 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

10. **Results**

	2023 N'000	2022 N'000
Gross premium written	42,594,486	37,982,979
Insurrance service revenue	40,377,128	36,516,475
Profit before income tax expense	15,212,733	6,137,539
Income tax expense	(4,891,720)	(884,612)
Profit for the year	10,321,013	5,252,927
Transfer to statutory contingency reserve	-	-
	10,321,013	5,252,927
Retained earnings brought forward	4,596,443	4,970,380
Impact of initial application of IFRS 17	-	(38,478)
Issue of bonus shares	-	(3,000,000)
Transfer of fair value reserve of equity instruments designated at FVOCI	-	211,614
	14,917,456	**7396,443**
Final dividend	(2,000,000)	(1,400,000)
Interim dividend	-	(1,400,000)
Retained earnings as at 31 December	**12,917,456**	**4,596,443**

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 (Amendment) Act 2023 . 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 and 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:

	2023 Number	2022 Number
Management	10	10
Staff	97	97

Report of The Directors Contd

(b) Health, Safety and Welfare

The Company provides subsidies to all employees for medical care and treatment. 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 the Company's 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.

Adeyinka Jafojo
FRC/2013/PRO/NBA/002/00000002403
For: Custodian Trustees Limited
LAGOS, NIGERIA

COMPANY SECRETARY
April 19, 2024

Statement of Directors Responsibilities

In Relation To The Preparation Of The Financial Statements for the year ended 31 December, 2023

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 (Amendment) Act 2023 .

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 Ibrahim Dikko
Chairman
FRC/2013/PRO/DIR/003/00000001718
19 April 2024

Edeki Isujeh
Managing Director
FRC/2020/PRO/DIR/003/0000022391
19 April 2024

Certification Pursuant

To Section 405 Of The Companies And Allied Matters Act, 2020 For The Year Ended 31 December, 2023

We the undersigned hereby certify to the following, with regards to the audited financial statements for the year ended 31 December 2023, 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:

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/PRO/DIR/003/00000022391
19 April 2024

Friday Nwachukwu
Chief Financial Officer
FRC/2013/PRO/ICAN/001/00000002207
19 April 2023

Corporate Governance

At Custodian and Allied Insurance Limited ("the Company"), we value our shareholders and 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. Consequently, the Company ensures strict compliance with the National Insurance Commission Corporate Governance Guidelines (the "Guidelines") as well as the Nigerian Code of Corporate Governance ("NCCG") 2018 issued by the National Insurance Commission (NAICOM) and the Financial Reporting Council (FRC)of Nigeria respectively. We have in place a robust Internal control system with checks that ensure that the Company meets the legal and ethical standards required of the Board, Management, and staff in the day-to-day activities of the Company.

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 National Insurance Commission Corporate Governance Guidelines and the NCCG, which set out the Corporate Governance best practice framework for the Company and incorporates some of the laws, rules, and regulations which the Company is required to comply with. Recognizing 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.
- National Insurance Commission Corporate Governance Guidelines.
- Financial Reporting Council of Nigeria Act 2011.

Corporate Governance Contd

- Insurance Act 2003
- Audit Regulations, 2020
- Nigerian Code of Corporate Governance ("NCCG")
- International best practice.
- The Company's Memorandum and Articles of Association.

Thus, the Company's Code of Conduct and Board Charter corroborate the Company's approach 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 Directors, officers, and employees of the Company. 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

The Company 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 the Company's 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 the Company act on behalf of 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 prospects. It is responsible for putting in place adequate measures that ensure effective 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 interests of the Company.

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 to 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 members of the Board should necessarily leave the Board. However, promptly 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

The Company'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 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. Kofoworola Majekodunmi and Mrs. Mimi Ade-Odiachi 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 Directors standing for re-election are set in the Annual Report.

Directors' Access to Management and Independent Advisers

The Board of the Company 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

The Company's Board comprises eight [8] Directors: two (2) Executive Directors and six (6) Non-Executive Directors who were appointed in accordance with the criteria laid down in the Code of 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

Mrs. Mimi Ade-Odiachi - Chairperson
Mr. Adeniyi Falade
Mr. Kofoworola Majekodunmi
Mr. Ravi Sharma
Mr. Ademola Ajuwon

Risk Management and Governance Committee

Mr. Ravi Sharma - Chairman
Mr. Adeniyi Falade
Mrs. Mimi Ade-Odiachi
Mr. Kofoworola Majekodunmi

Finance, Investment and General-Purpose Committee

Mr. Kofoworola Majekodunmi - Chairman
Mr. Ademola Ajuwon
Mr. Ravi Sharma
Mr. Adeniyi Falade
Mr. Edeki Isuieh

Corporate Governance Contd

A record of attendance at Board of Directors meetings held in 2023 are provided below:

Directors	February, 2023	April, 2023	July, 2023	October, 2023
Mr. Ibrahim Dikko	✓	✓	✓	✓
Mr. Edeki Isujeh	✓	✓	✓	✓
Mr. Kamorudeen Lamidi	✓	✓	✓	✓
Mr. Adeniyi Falade	✓	✓	✓	✓
Mr. Kofoworola Majekodunmi	✓	✓	✓	✓
Mrs. Mimi Ade-Odiachi	✓	✓	✓	✓
Mr. Ravi Sharma	✓	✓	✓	✓
Mr. Ademola Ajuwon	✓	✓	✓	✓
**Mr. Johnnie Wilcox	✓	–	–	–
**Chief (Mrs.) Margaret Giwa	✓	–	–	–
**Mr. Richard Asabia	✓	–	–	–

**Retired Feb 28, 2023

A record of the attendance at the Audit and Compliance Committee meetings held in 2023 is provided below:

Directors	February 2023	April 2023	July 2023	October 2023
Mrs. Mimi Ade-Odiachi	✓	✓	✓	✓
Mr. Adeniyi Falade	✓	✓	✓	✓
Mr. Kofoworola Majekodunmi	✓	✓	✓	✓
Mr. Ademola Ajuwon	✓	✓	✓	✓

Corporate Governance Contd

A record of the attendance at the Board Risk Management and Governance Committee meetings held in 2023 is provided below:

Directors	February, 2023	April, 2023	July, 2023	October, 2023
Mr. Ravi Sharma	✓	✓	✓	✓
Mr. Kofoworola Majekodunmi	✓	✓	✓	✓
Mrs. Mimi Ade-Odiachi	✓	✓	✓	✓
Mr. Adeniyi Falade	✓	✓	✓	✓

A record of attendance at Finance, Investment and General-Purpose Committee meetings held in 2023, is provided below:

Directors	February, 2023	April, 2023	July, 2023	October, 2023
Mr. Kofoworola Majekodunmi	✓	✓	✓	✓
Mr. Ravi Sharma	✓	✓	✓	✓
Mr. Ademola Ajuwon	✓	✓	✓	✓
Mr. Adeniyi Falade	✓	✓	✓	✓
Mr. Edeki Isujeh	✓	✓	✓	✓

Corporate Governance Contd

****MR. JOHNNIE WILCOX- (Retired February 28 2023)**

Until his retirement on February 28, 2023, Mr. Wilcox was 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. IBRAHIM DIKKO

Mr. Dikko is the current Chairman of Custodian and Allied Insurance Limited. He graduated with an LL.M [Corporate & Commercial Law] degree from Queen Mary & Westfield College, University of London, England after obtaining his LL.B from the University of Buckingham, England. He was called to the Nigeria Bar in 1990.

Mr. Dikko has worked in a variety of roles in banking, information technology and telecommunications. He worked on the team responsible for setting up the first Discount House in Nigeria and later rose to become Chairman of the Discount House from 2002 to 2012. He was a partner and director at Resourcery Plc where he led business development.

Mr. Dikko was also a pioneer member of the team that set up EMTS Ltd. (trading as Etisalat Nigeria) in 2007 and was Vice President for Regulatory and Corporate Affairs until he left in 2017. He has a keen interest in the interplay between technology and regulation in the fast-changing Fintech/Regtech space. His interests also cover Corporate Governance, and he is an independent director on the boards of CSCS Plc, Baker Hughes Company Limited and The Society for Corporate Governance Nigeria.

MR. EDEKI FEMI 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.

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

****MR. RICHARD ASABIA- NON-EXECUTIVE DIRECTOR (Retired February 28 2023)**

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. Sharma has over 15 years' experience obtained in the fields of private banking, investment banking and private equity. He joined Aureos in 2001 as a consultant and was a key member of the local team that participated in the establishment of the Aureos West Africa Fund LLC [AWAF] in 2003, which included opening a new office for Aureos in Nigeria and subsequently the Aureos Africa Fund LLC [AAF] in 2008. Aureos was bought by the Abraaj group in 2012.

Mr. Sharma's previous experience was gained in private and investment banking with Barclays Private Bank [London] and TAIB Bank [London] and he sits on the board of several companies.

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

Mr. Ajuwon 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.

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 (Retired February 28 2023)**

Chief (Mrs.) 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.

Mrs. Ade-Odiachi 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 an 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 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.

Mr. Majekodunmi 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.

Mr. Majekodunmi is a member of the 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.

MR. ADENIYI FALADE

Mr. Falade is a Chartered Accountant, Chartered Stockbroker, and an Investment Banker.

Mr. Falade had his professional training at PricewaterhouseCoopers Lagos, and Coopers & Lybrand Limited, Lagos. Before his recent appointment as Group Executive Director of Custodian Investment Plc, he was the Managing Director of CrusaderSterling Pensions Ltd. He also served as the Managing Director of LeadCapital Plc and Head of Investment Banking Groups at Ecobank Nigeria Plc and Lead Bank Plc at various times. He was the Head of Internal Control/Chief Inspector and Head of Risk Management Department of Lead Bank Plc earlier in his career.

Mr. Falade holds a Master of Business Administration (MBA) from the University of Warwick, United Kingdom, and a Bachelor of Science degree (B.Sc.) from University of Ibadan. He is a fellow of the Institute of Chartered Accountants of Nigeria and an Associate of the Instituted of Chartered Stockbrokers of Nigeria.

Mr. Falade serves on the Board of many companies as a non-executive director, including Custodian Trustees Limited, Custodian Investment Plc, Interstate Securities Limited, and UPDC Plc. He currently serves as the Chairman of UPDC FM Limited.

KAMORUDEEN 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.

Corporate Governance Contd

Mr. Lamidi's professional experience of over two decades cuts across various functions such as Technical, Marketing and Branch Operations in the insurance industry. 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.

Mr. Lamidi is an Associate Member of the Chartered Insurance Institute of Nigeria and an alumnus of Lagos Business School (SMP59).

Communication with Third Parties

Directors are of the opinion that it is the responsibility of Management to speak for the Company regarding communications 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.

Performance Monitoring and Evaluation

In the Company'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 2023 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 NCCG and the Guidelines issued by the Financial Reporting Council of Nigeria and the National Insurance Commission (NAICOM). The result also confirmed that the individual Directors and the Board continue to operate at a high level of effectiveness and efficiency.

Corporate Governance Contd

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.

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.

Corporate Governance Contd

Anti-bribery and Corruption Policy

The Company is committed to promoting 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 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 services on the Board and Committees.

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

Employee Involvement and Training

The Company encourages participation of employees in arriving at decisions in respect of matters affecting their well-being through various fora. 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, the Company is committed to providing a safe and healthy work environment for its employees, 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 also 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 2023 financial year. The firm ensures that its responsibilities to the Company are carried out in an independent manner.

Internal Controls

The Company'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

The Company'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 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.

Corporate Governance Contd

Diversity

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

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

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 the Company 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

The Company has a whistle blowing 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 whistle blowing policy ensures that whistle blowing would assist in uncovering significant risks in line with best practices. Under the policy, a whistle blower 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

The Company is a Limited Liability Company and is required to comply with the provisions of the NCCG and the National Insurance Commission Corporate Governance Guidelines. The Board of Directors charged with the responsibility of ensuring compliance, has submitted that the Company complied with the provisions of the NCCG and the Guidelines in the 2023 financial year.

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

ADEYINKA JAFOJO
FRC/2013/PRO/NBA/002/00000002403
Custodian Trustees Limited
Company Secretary
Dated this 19th day of April, 2024

Board Evaluation Report

For the Board of Custodian And Allied Insurance Limited

SOCIETY FOR CORPORATE GOVERNANCE NIGERIA
Leadership And Integrity

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 Limited for 2023 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 and Governance 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 Meetings: The Board met four (4) times with an aggregate attendance of 100% 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 Evaluation Report Contd

Board Composition & Capacity: The Board comprises of a total of Eight (8) directors: One (1) Female and Seven (7) Male. The board composition is as follows- Two (2) Executive Directors, Four (4) Non-Executive Directors and Two (2) Independent Non-Executive Directors. The Board is diverse in skill and experience.

Board Committees: The Board has three (3) committees namely: Board Audit and Compliance Committee; Finance, Investment and General- Purpose Committee and Enterprise Risk Management and Governance Committee. These committees met regularly as required by regulators, with members in attendance. All committees have a 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.

Strategy & Planning: The Board takes its strategic oversight seriously, setting strategic initiatives and direction for the Company.

Transparency and Accountability: Board ensures timely disclosures are made to provide internal and external stakeholders with relevant and reliable information about the quality of the company's governance practices. The Company communications are in plain language, readable, and understandable. Dealings of the company and Board are transparent and in the best interest of the company. Stakeholders have a true picture of the Company's financial position as reflected on its Annual Reports and published on its official website.

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 meeting discussions.

Board Evaluation Report Contd

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. 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.

In line with National Insurance Commission, Corporate Governance Guidelines, and the Nigerian Codes of Corporate Governance (NCCG)., we have found Custodian and Allied Insurance Limited to a large extent compliant in regulatory requirements and recommended best practices for the period under review 2023.

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 2023.

SOCIETY FOR CORPORATE GOVERNANCE NIGERIA

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

Independent Auditors' Report

Deloitte.

Independent Auditors’ Report To The Shareholders Of Custodian Allied Insurrance 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 62 to 337 which comprise the statement of financial position as at 31 December 2023, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, the notes to the financial statements, including a summary of material accounting policy information.

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 2023, and its financial performance and statement of cash flows for the year then ended in accordance with the IFRS Accounting Standards as issued by International Accounting Standards Board , the Companies and Allied Matters Act, 2020, the Insurance Act CAP I17 LFN 2004, circulars and guidelines issued by the National Insurance Commission (NAICOM) and the Financial Reporting Council of Nigeria (Amendment) Act 2023.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the 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 the financial statements in Nigeria.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide the 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
IFRS 17 requires insurance liabilities to be measured at a current fulfillment value and provides a more uniform measurement and presentation approach for all insurance contracts. In line with the standard, the Company has adjusted the carrying amount of the liability for the remaining coverage to reflect the time value of money and the effect of financial risk using discount rates that reflect the characteristics of the cash flows of the group of insurance contracts at initial recognition. While for other business lines, the company has elected not to discount the liability for the remaining coverage. In estimating the claims payment pattern for liability for incurred claims, the Company sets assumptions regarding the future timing of the claims settlement and determine the best estimate for claims development or payment. As disclosed in note 10 to the financial statements, the insurance contract liabilities for the Company amounted to N24.081billion. This represents about 46% of the Company’s total liabilities as at 31 December 2023.	•Reviewed IFRS 17 Transition balance sheet with the transition calculation models and assumptions for opening balances. •Reviewed the product classification, IFRS17 policy and methodology papers. •Reviewed the Actuarial models and IFRS17 Subledgers for completeness and accuracy. •Considered the validity of management’s onerous assessment testing which is a key test performed to check that the liabilities are adequate in the context of expected experience. Our work on the onerous assessment test included assessing the reasonableness of the projected cashflows and challenging the assumptions adopted in the context of company and industry norms and specific product features.

Independent Auditors’ Report Contd

Key Audit Matter	How the matter was addressed in the audit
Estimating insurance contract liabilities under IFRS 17 involves high estimation uncertainties and requires management to apply significant judgment and assumptions over uncertain future outcomes. Provisions for insurance contracts primarily comprise unexpired coverage provision (liability for remaining coverage, LRC) and claims provisions (liability for incurred clams, LIC). The Company applied the IFRS 17 Premium Allocation Approach (PAA) for measurement of groups of insurance contracts for its businesses. Accounting estimates in respect of provisions for insurance contracts is an experience-based estimate involving use of historic claims data and complex actuarial methods and models, which involve significant assumptions on the frequency and extent of insurance events relating to the insurance contracts. The level of complexity, the significant judgments and assumptions applied by management in estimating these insurance contract liabilities is of significance to our audit. The Company has an in-house actuary who assesses, on periodic basis, an estimate of the insurance liabilities for the various portfolio managed by the Company. At the end of each financial year, management employ the services of an external actuary in the determination of its insurance liabilities after considering the accuracy and integrity of data used in the valuation.	•Involved our internal actuarial specialist in the review of the key assumptions and judgements in line with general actuarial methods and industry standards and assessment of the adequacy of the insurance liabilities in line with the requirement of IFRS 17. •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. •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 validated the data used in the valuation of the insurance contract liabilities. 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.

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, and Other National Disclosures as required by the Companies and Allied Matters Act, 2020, 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 IFRS Accounting Standards as issued by International Accounting Standards Board, the requirements of the Companies and Allied Matters Act, 2020, the Financial Reporting Council of Nigeria (Amendment) Act 2023 and the Insurance Act CAP I17 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.

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.

Independent Auditors' Report Contd

- 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 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.

Independent Auditors' Report Contd

Report on Other Legal and Regulatory Requirements

In accordance with the Fifth Schedule of the Companies and Allied Matters Act, (CAMA) 2020, and section 28(2) of the Insurance Act 117 LFN 2004, we expressly state that:

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.

Contraventions

During the year, the Company violated paragraph 2.5.8 of the Market conduct and Business practice Guidelines for insurance Companies in Nigeria in 2016, and the related penalty is disclosed in note 40 to the financial statements.

For: Deloitte & Touche
Chartered Accountants
Lagos, Nigeria
14 June, 2024
Engagement Partner: Micheal Osinloye
FRC/2013/ICAN/00000000819

INSTITUTE OF CHARTERED ACCOUNTANTS OF NIGERIA
ICAN
0685431

Summary of Material Accounting Policies

Summary of Material 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 policyholders' funds in line with the provisions of Insurance Act, CAP I17, 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 material 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 Material 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(Amendment) Act 2023 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 17 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

In these financial statements, the Company has applied IFRS 17 effective for annual periods beginning on or after 1 January 2023, for the first time. With the exception of this standard, the adoption of the other new standards and interpretations and amendments 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.

2.3 Changes in accounting policies and disclosures

New and amended standards and interpretations

IFRS 17 Insurance Contracts

IFRS 17 replaces IFRS 4 Insurance Contracts for annual periods on or after 1 January 2023. The Company has restated comparative information for 2022 applying the transitional provisions in Appendix C to IFRS 17. The nature of the changes in accounting policies can be summarised, as follows:

Changes to classification and measurement

The adoption of IFRS 17 did not change the classification of the Company's insurance contracts. The standard establishes specific principles for the recognition and measurement of insurance contracts issued and reinsurance contracts held by the Company. Under IFRS 17, the Company's insurance contracts issued and reinsurance contracts held are all eligible to be measured by applying the Premium Allocation Approach(PAA). The PAA simplifies the measurement of insurance contracts in comparison with the general model in IFRS 17.

The measurement principles of the PAA differ from the 'earned premium approach' used by the Company under IFRS 4 in the following key areas:

- The liability for remaining coverage reflects premiums received less deferred insurance acquisition cashflows and less amounts recognised in revenue for insurance services provided

- Measurement of the liability for remaining coverage includes an adjustment for the time value of money and the effect of financial risk where the premium due date and the related period of services are more than 12 months apart

Summary of Material Accounting Policies Contd

- Measurement of the liability for remaining coverage involves an explicit evaluation of risk adjustment for non-financial risk when a group of contracts is onerous in order to calculate a loss component(previously these may have formed part of the unexpired risk reserve provision)

- Measurement of the liability for incurred claims (previously claims outstanding and incurred-but-not reported (IBNR) claims) is determined on a discounted probability-weighted expected value basis, and includes an explicit risk adjustment for non-financial risk. The liability includes the Company's obligation to pay other incurred insurance expenses.

- Measurement of the asset for remaining coverage (reflecting reinsurance premiums paid for reinsurance held) is adjusted to include a loss-recovery component to reflect the expected recovery of onerous contract losses where such contracts reinsure onerous direct contracts.

The Company capitalises insurance acquisition cash flows for all its non life insurance product lines. The acquisition cash flows are allocated to groups of insurance contracts issued or expected to be issued using a systematic and rational basis. Insurance acquisition cash flows include those that are directly attributable to a group and to future groups that are expected to arise from renewals of contracts in that group. Where such insurance acquisition cash flows are paid (or where a liability has been recognised applying another IFRS standard) before the related group of insurance contracts is recognised, an asset for insurance acquisition cash flows is recognised. When insurance contracts are recognised, the related portion of the asset for insurance acquisition cash flows is derecognised and subsumed into the measurement at initial recognition of the insurance liability for remaining coverage of the related group.

The Company's classification and measurement of insurance and reinsurance contracts is explained in Note 2.15.

Changes to presentation and disclosure

For presentation in the statement of financial position, the Company aggregates insurance and reinsurance contracts issued and reinsurance contracts held, respectively and presents separately:

- Portfolios of insurance and reinsurance contracts issued that are assets
- Portfolios of insurance and reinsurance contracts issued that are liabilities

Summary of Material Accounting Policies Contd

- Portfolios of reinsurance contracts held that are assets
- Portfolios of reinsurance contracts held that are liabilities

The portfolios referred to above are those established at initial recognition in accordance with the IFRS 17 requirements.

Portfolios of insurance contracts issued include any assets for insurance acquisition cash flows.

2.3 Changes in accounting policies and disclosures

New and amended standards and interpretations

The line item descriptions in the statement of profit or loss and other comprehensive income have changed significantly compared to last year. Previously, the Company reported items like gross written premiums, net written premiums, changes in premium reserves, gross insurance claims, net insurance claims. IFRS 17 requires separate presentation of insurance revenue, insurance service expenses, insurance finance income or expenses, income or expenses from reinsurance contracts held.

The Company provides disaggregated qualitative and quantitative information about:

- Amounts recognised in its financial statements from insurance contracts
- Significant judgements, and changes in those judgements, when applying the standard

Transition On transition date, 1 January 2022, the Company:

- Has identified, recognised and measured each group of insurance contracts as if IFRS 17 had always applied

- Has identified, recognised and measured assets for insurance acquisition cash flows as if IFRS 17 has always applied. However no recoverability assessment was performed before the transition date. At transition date, a recoverability assessment was performed and no impairment loss was identified
- Derecognised any existing balances that would not exist had IFRS 17 always applied
- Recognised any resulting net difference in equity

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

The amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements provide 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.

The amendments have had an impact on the Company's disclosures of accounting policies, but not on the measurement, recognition or presentation of any items in the Company's financial statements.

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

The amendments to IAS 12 have been introduced in response to the Organisation for Economic Co-operation and Development (OECD)'s BEPS Pillar Two rules and include:

- A mandatory temporary exception to the recognition and disclosure of deferred taxes arising from the jurisdictional implementation of the Pillar Two model rules; and
- Disclosure requirements for affected entities to help users of the financial statements better understand an entity's exposure to Pillar Two income taxes arising from that legislation, particularly before its effective date.

Summary of Material Accounting Policies Contd

In periods in which Pillar Two legislation is (substantively) enacted but not yet effective, the amendment requires disclosure of known or reasonably estimable information that helps users of financial statements understand the entity's exposure arising from Pillar Two income taxes including both qualitative and quantitative information about its exposure to Pillar Two income taxes at the end of the reporting period. For example:

- Qualitative information such as how an entity is affected by Pillar Two legislation and the main jurisdictions in which exposures to Pillar Two income taxes might exist, and
- Quantitative information such as:

• An indication of the proportion of an entity's profits that might be subject to Pillar Two income taxes and the average effective tax rate applicable to those profits; or
• An indication of how the entity's overall effective tax rate would have changed if Pillar Two legislation had been effective.

Once the legislation is effective, additional disclosures are required for the current tax expense related to Pillar Two income taxes. The requirements apply for annual reporting periods beginning on or after 1 January 2023, but not for any interim periods ending on or before 31 December 2023.

2.3 Changes in accounting policies and disclosures

New and amended standards and interpretations

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

The Company has reviewed its corporate structure in light of the introduction of Pillar Two Model Rules in the various jurisdictions in which it operates. The Company has determined that it will not be subject to Pillar Two taxes once the legislation becomes effective since its effective tax rate is above 15% in all the jurisdictions in which it operates. Therefore, as the related Pillar Two disclosures are not required, the amendments will have no impact on the Company financial statements at 31 December 2023.

Summary of Material Accounting Policies Contd

Definition of Accounting Estimates - Amendments to IAS 8

In February 2021, the International Accounting Standards Board(IASB) 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.

The previous definition of a change in accounting estimate specified that changes in accounting estimates may result from new information or new developments. Therefore, such changes are not corrections of errors. This aspect of the definition was retained by the Board.

The amendments are 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 entities’ 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 during annual periods beginning on or after 1 January 2023. Earlier application is permitted.

The amendment do not have any impact on the company's financial statements

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

In May 2021, the IASB issued amendments to IAS 12 Income Taxes, 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.

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

The Company has assessed the impact of this amendments to the transactions that occur on or after the beginning of the earliest comparative period presented to identify and recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for all deductible and taxable temporary differences. There are no payments that settle a liability that deductible for tax purposes, and as such, the amendment has no impact of the financial statements of the Company.

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.

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 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.

Summary of Material Accounting Policies Contd

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).

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

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 designated at fair value through OCI.

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.

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.

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.

Summary of Material Accounting Policies Contd

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 Agusto 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.

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.

Summary of Material Accounting Policies Contd

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 4.6

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 other 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.

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.

2.8.4 Financial liabilities

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.

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 Material Accounting Policies Contd

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 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.

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.

2.11 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 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.

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.

2.12 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

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. 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.

2.13 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.

Summary of Material Accounting Policies Contd

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)

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 2.12).

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.

Summary of Material Accounting Policies Contd

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.

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.

2.13 Leases

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.

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.

2.14 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.

2.15 Insurance and reinsurance contracts held

Insurance and reinsurance contract

The Company issues insurance contracts in the normal course of business, under which it accepts significant insurance risk from its policyholders by agreeing to compensate the policyholder if a specified uncertain future event adversely affects the policyholder. As a general guideline, the Company determines whether it has significant insurance risk, by comparing benefits payable after an insured event with benefits payable if the insured event did not occur. This assessment is made on a contract-by-contract basis at the contract issue date. In making this assessment, the Company considers all its substantive rights and obligations, whether they arise from contract, law or regulation.

The Company determines whether a contract contains significant insurance risk by assessing if an insured event could cause the Company to pay to the policyholder additional amounts that are significant in any single scenario with commercial substance even if the insured event is extremely unlikely or the expected present value of the contingent cash flows is a small proportion of the expected present value of the remaining cash flows from the insurance contract. This assessment is made on a contract-by-contract basis at the contract issue date. In making this assessment, the company considers all its substantive rights and obligations, whether they arise from contract, law or regulation. The company determines whether a contract contains significant insurance risk by assessing if an insured event could cause the company to pay to the policyholder additional amounts that are significant in any single scenario with commercial substance even if the insured event is extremely unlikely or the expected present value of the contingent cash flows is a small proportion of the expected present value of the remaining cash flows from the insurance contract.

The Company issues general insurance to individuals and corporate businesses. The Company Insurance contracts which are classified into various classes like Motor, Aviation, Accident, Marine, Oil and Gas, Engineering, Bond and Fire are accounted for in accordance with IFRS 17 Insurance Contracts. Products offered include Fire insurance, General accident, Motor insurance, Workmen compensation, Marine insurance, Aviation, Oil and Energy, Engineering all risk, Bond, Goods-in-transit, Terrorism etc. These products offer protection of policyholder’s assets and indemnification of other parties that have suffered damage as a result of a policyholder’s loss accident. Products sold by the Company are classified as insurance contracts when the Company accepts significant insurance risk from a policyholder by agreeing to compensate the policyholder if a specified uncertain future event adversely affects the policyholder.

The Company does not issue any contracts with direct participating features.

Recognition, measurement and presentation of insurance contracts

Separating components from insurance and reinsurance contracts

Some insurance contracts may contain one or more components that would be within the scope of another IFRS if they were separate contracts. Such components may be embedded derivatives, an investment component, or a component for services other than insurance contract services. When separated, those components are accounted for under the relevant IFRS instead of under IFRS 17. This makes these components more comparable to similar contracts that are issued by the Company and other entities as separate contracts and allows users of financial statements to better compare the risks undertaken by entities in different businesses or industries.

Summary of Material Accounting Policies Contd

Therefore, the Company:

- Applies IFRS 9 to determine whether there is an embedded derivative to be bifurcated (i.e., be separated) and, if there is, account for that separate derivative.
- Separates from a host insurance contract an investment component if, and only if, that investment component is distinct and apply IFRS 9 to account for the separated component unless it is an investment contract with discretionary participation features and then.
- Separates from the host insurance contract any promise to transfer to a policyholder distinct goods or services other than insurance contract services by applying IFRS 15.

Embedded derivatives are not separated for accounting purposes if the non-derivative host is a financial asset within the scope of IFRS 9 i.e., the classification criteria of IFRS 9 are applied to the financial asset as a whole, otherwise, an embedded derivative will be separated from the host contract if and only if, all the criteria below are met:

- The economic characteristics and risks of the embedded derivatives are not closely related to the economic characteristics and risks of the host;
- A separate instrument with the same terms as embedded derivative would meet the definition of a derivative; and
- The hybrid contract is not measured at fair value with changes in fair value recognized in profit or loss.

An investment component is distinct if and only if, both of the following conditions are met;

- The investment component and the insurance components are highly interrelated
- a contract with equivalent terms is sold, or could be sold, separately in the same market or the same jurisdiction, either by entities that issue insurance contracts or by other parties. An investment component and an insurance component are highly interrelated if and only if; the company is unable to measure one component without considering the other or the policyholder is unable to benefit from one component unless the other is also present, for example the lapse and maturity of one component causes the lapse or maturity of the other.

The Company assesses its non-life insurance products to determine whether they contain distinct components which must be accounted for under another IFRS instead of under IFRS 17. Currently, the Company's products do not include any distinct components that require separation.

Some reinsurance contracts issued contain profit commission arrangements. Under these arrangements, there is a minimum guaranteed amount that the policyholder will always receive either in the form of profit commission, or as claims, or another contractual payment irrespective of the insured event happening. The minimum guaranteed amounts have been assessed to be highly interrelated with the insurance component of the reinsurance contacts and are, therefore, non-distinct investment components which are not accounted for separately.

Combining a set or series of contracts

Sometimes, the Company enters into two or more contracts at the same time with the same or related counterparties to achieve an overall commercial effect. The Company accounts for such a set of contracts as a single insurance contract when this reflects the substance of the contracts. When making this assessment, the Company considers whether:

- The rights and obligations are different when looked at together compared to when looked at individually,
- The Company is unable to measure one contract without considering the other

Level of aggregation

The Company identifies portfolios by aggregating insurance contracts that are subject to similar risks and managed together. In grouping insurance contracts into portfolios, the Company considers the similarity of risks rather than the specific labelling of product lines. The Company has determined that all contracts within each product line, as defined for management purposes, have similar risks. Therefore, when contracts are managed together, they represent a portfolio of contracts.

The Company may acquire insurance contracts as part of a business combination or a portfolio transfer. Unlike originally issued contracts, contracts acquired in a settlement phase transfer an insurance risk of adverse claims development. The Company considers such risk to be different from contracts it originally issues and aggregates such contracts in separate portfolios by product line.

At initial recognition, the Company segregates contracts based on when they were issued. A cohort contains all contracts that were issued within a 12-month period. Each cohort is then further disaggregated into three groups of contracts based on the initial assessment of the contracts and the expectations as at the date of initial recognition, with fulfilment cash flow expectations determined on a probability-weighted basis and

Summary of Material Accounting Policies Contd

management judgment of whether the contracts are onerous on initial recognition, have no significant possibility of becoming onerous subsequently and remaining contracts

The Company manages insurance contracts issued by product lines within an operating segment, where each product line includes contracts that are subject to similar risks. All insurance contracts within a product line represent a portfolio of contracts. Each portfolio is further disaggregated into groups of contracts that are issued within a calendar year (annual cohorts).

The company determines the level of aggregation for applying its requirements. The level of aggregation for the Company is determined firstly by dividing the business written into portfolios using the current lines of business framework with consideration for the reserving segmentation and product types within each line of business to support the definition of similar risk. These lines of business are Fire insurance, Accident, Motor, Marine insurance, Aviation, Oil and Energy, Engineering and Bond. Portfolios are further divided based on expected profitability at inception into three categories: onerous contracts, contracts with no significant risk of becoming onerous, and the remainder. This means that, for determining the level of aggregation, the Company identifies a contract as the smallest 'unit', i.e., the lowest common denominator. However, the Company makes an evaluation of whether a series of contracts need to be treated together as one unit based on reasonable and supportable information, or whether a single contract contains components that need to be separated and treated as if they were stand-alone contracts. As such, what is treated as a contract for accounting purposes may differ from what is considered as a contract for other purposes (i.e., legal or management). IFRS 17 also requires that no group for level of aggregation purposes may contain contracts issued more than one year apart.

The Company has elected to group together those contracts that would fall into different groups only in the event where the law or regulation specifically constrains its practical ability to set a different price or level of benefits for policyholders with different characteristics. Currently, there is no law or regulation that constrained the Company's practical ability to set a different price or level of benefits for policyholder with different characteristics.

The portfolios are further divided by year of issue and profitability for recognition and measurement purposes. Hence, within each year of issue, portfolios of contracts are divided into three groups, as follows:

Summary of Material Accounting Policies Contd

- A group of contracts that are onerous at initial recognition (if any)
- A group of contracts that, at initial recognition, have no significant possibility of becoming onerous subsequently (if any)
- A group of the remaining contracts in the portfolio (if any)

The Company determines the appropriate level at which reasonable and supportable information is available to assess whether the contracts are onerous at initial recognition and whether the contracts not onerous at initial recognition have a significant possibility of becoming onerous subsequently. The Company applies significant judgement in determining at what level of granularity the Company has sufficient information to conclude that all contracts within a set will be in the same group. In the absence of such information, the Company assesses each contract individually.

The profitability of groups of contracts is assessed by actuarial valuation models that take into consideration existing and new business. 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:

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

The Company divides 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.

Contract boundary

The measurement of a group of insurance contracts includes all future cash flows expected to arise within the boundary of each contract in the group. A contract is an arrangement that binds one or both of the parties involved. If both parties are bound equally, the boundary of the contract is generally clear. Similarly, if neither party is bound, no genuine contract exists. Thus:

Summary of Material Accounting Policies Contd

- The outer limit of the existing contract is the point at which the Company is no longer required to provide coverage and the policyholder has no right of renewal. Beyond that outer limit, neither party is bound.
- The company is no longer bound by the existing contract at the point at which the contract confers on the company the practical ability to reassess the risk presented by a policyholder and, as a result, the right to set a price that fully reflects that risk.

The measurement of a group of insurance contracts includes all the cash flows expected to result from the contracts in the group, reflecting estimates of policyholder behaviour. Thus, to identify the future cash flows that will arise as the Company fulfils its obligations, it is necessary to determine the contract boundary that distinguishes whether future premiums, and the resulting benefits and claims, arise from:

- Existing insurance contracts. If so, those future premiums, and the resulting benefits and claims, are included in the measurement of the group of insurance contracts,

  Or
- Future insurance contracts. If so, those future premiums, and the resulting benefits and claims, are not included in the measurement of the group of existing insurance contracts,

  As such, the company does not recognize a liability or asset relating to expected premiums or expected claims outside the boundary as such amounts relates to future insurance contracts. However, the company recognizes an asset for acquisition cash flows paid before the related group of insurance contracts is recognized.

The Company includes in the measurement of a group of insurance contracts all the future cash flows within the boundary of each contract in the group. Cash flows are within the boundary of an insurance contract if they arise from substantive rights and obligations that exist during the reporting period in which the Company can compel the policyholder to pay the premiums, or in which the Company has a substantive obligation to provide the policyholder with insurance contract services. A substantive obligation to provide insurance contract services ends when:

- The Company has the practical ability to reassess the risks of the particular policyholder and, as a result, can set a price or level of benefits that fully reflects those risks

  Or both of the following criteria are satisfied:

Summary of Material Accounting Policies Contd

- The Company has the practical ability to reassess the risks of the portfolio of insurance contracts that contain the contract and, as a result, can set a price or level of benefits that fully reflects the risk of that portfolio
- The pricing of the premiums up to the date when the risks are reassessed does not take into account the risks that relate to periods after the reassessment date.

A liability or asset relating to expected premiums or claims outside the boundary of the insurance contract is not recognised. Such amounts relate to future insurance contracts.

The Company have set contract boundaries for its portfolio of insurance contracts based on the duration of coverage as stated in the policy document for each class of business which is one (1) year for all classes of contracts.

Recognition

Initial recognition of insurance contracts

The Company recognises groups of insurance contracts it issues from the earliest of the following:

- The beginning of the coverage period of the group of contracts
- The date when the first payment from a policyholder in the group is due or when the first payment is received if there is no due date
- For a group of onerous contracts, when the group becomes onerous, if facts and circumstances indicate that the group is onerous

The Company measures a group of contracts on initial recognition as the sum of the expected fulfilment cash flows within the contract boundary and the contractual service margin representing the unearned profit in the contracts relating to services that will be provided under the contracts

Initial recognition of reinsurance contracts held

The Company recognises a group of reinsurance contracts held it has entered into from the earlier of the following:

- The beginning of the coverage period of the group of reinsurance contracts held. (However, the Company delays the recognition of a group of reinsurance contracts held that provide proportionate coverage until the date any underlying insurance contract is initially recognised, if that date is later than the beginning of the coverage period of the group of reinsurance contracts held.

- The date the Company recognises an onerous group of underlying insurance contracts if the Company entered into the related reinsurance contract held in the group of reinsurance contracts held at or before that date.

The Company adds new contracts to the group in the reporting period in which that contract meets one of the criteria set out above.
Initial recognition of reinsurance contracts held

The issue date of a contract is when the Company has a contractual obligation to accept risk. The issue date is typically before the beginning of coverage and due date for the initial premium. However, the Company only recognizes issued insurance contracts before these dates if facts and circumstances indicate that the contracts in the group to which the PAA applies are onerous. For instance, in the case where business has been intentionally sold as onerous, the inception date of the contract will be the issue date.

The recognition requirements for reinsurance contracts held that provide proportionate coverage are intended to simplify recognition for proportionate reinsurance contracts held. Circumstances in which the first underlying attaching contract is issued, shortly after the reinsurance contracts are written, will result in similar timing of recognition for proportionate and ‘other-than-proportionate’ reinsurance contracts. In other cases, there may be a greater difference in the timing of recognition.

If there is no contractual due date, the first payment from the policyholder is deemed to be due when it is received. The Company determines whether any contracts form a group of onerous contracts before the earlier of the first two dates above (i.e., before the earlier of the beginning of the coverage period and the date when the first payment from a policyholder in the group is due) if facts and circumstances indicate there is such a group.

Initial recognition of insurance acquisition cash flows

Insurance acquisition cash flows are cash flows arising from the costs of selling, underwriting and starting a group of insurance contracts that are directly attributable to the portfolio of insurance contracts to which the group belongs. Such cash flows include cash flows that are not directly attributable to individual contracts or groups of insurance contracts within the portfolio.

Summary of Material Accounting Policies Contd

The company has aggregated its directly attributable expenses into the following classes including claims expenses, acquisition cost, salary and wages of marketing of underwriting staff, Vat on commission, insurance levy, risk inspection survey expense, conveyance, motor running expenses, stamp duty, postage and telephone, entertainment and hotel expenses, travelling, training of technical and marketing staff and ITF expenses. The company allocates acquisition cost to policies based on applicable rate per policy, claims expenses are allocated based on number of claims on the policies and fixed, variable overhead cost and other maintenance cost are allocated based on apportionment basis.

The company recognises an asset for insurance acquisition cash flows paid (or insurance acquisition cash flows for which a liability has been recognised under another IFRS standard) before the related group of insurance contracts is recognised, unless it elects to expense those acquisition cash flows as incurred for premium allocation approach contracts. The Company recognise such an asset for each related group of insurance contracts and allocates insurance acquisition cash flows to an existing or future group of insurance contracts using a systematic and rational method.

The systematic and rational method of allocating insurance acquisition cash flows to groups of contracts is used to allocate;

- Insurance acquisition cash flows that are directly attributable to a group of insurance contracts:
  - To that group; and
  - To groups that will include insurance contracts that are expected to arise from renewals of the insurance contracts in that group
- Insurance acquisition cash flows directly attributable to a portfolio of insurance contracts that are not directly attributable to individual contracts or groups of contracts to groups in the portfolio.

Where insurance acquisition cash flows have been paid or incurred before the related group of insurance contracts is recognised in the statement of financial position, a separate asset for insurance acquisition cash flows is recognised for each related group.

The asset for insurance acquisition cash flow is derecognized from the statement of financial position when the insurance acquisition cash flows are included in the initial measurement of the related group of insurance contracts.

Summary of Material Accounting Policies Contd

Initial recognition of insurance acquisition cash flows

After any re-allocation, the Company assesses the recoverability of the asset for insurance acquisition cash flows, if facts and circumstances indicate the asset may be impaired. When assessing the recoverability, the Company applies:

- An impairment test at the level of an existing or future group of insurance contracts and
- An additional impairment test specifically covering the insurance acquisition cashflows allocated to expected future contracts renewals

If an impairment loss is recognised, the carrying amount of the asset is adjusted and an impairment loss is recognised in profit or loss.

The Company recognises in profit or loss a reversal of some or all of an impairment loss previously recognised and increases the carrying amount of the asset, to the extent that the impairment conditions no longer exist or have improved.

Summary of Material 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 all 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 Material Accounting Policies Contd

Alternatives	IFRS 17 Options	Adopted approach
Liability for Remaining Coverage (LFRC), adjusted for financial risk and time value of money	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.	For all non life insurance contracts, no allowance is made for accretion of interest on the LFRC as the premiums are received within first thirty days of the year of the coverage period.
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.	For all Non-life insurance policies, the incurred claims are expected to be paid out in less than one year. Hence, no adjustment for time value of money is expected to be made for the time value of money. However for some claims in some classed especially oil and gas policies, settlement of incurred claims may linger for over a year and on this grounds, the related LFIC is adjusted for the time value of money.
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 Insurance business, the change in LFIC as a result of changes in discount rates are captured within profit or loss.

Summary of Material Accounting Policies Contd

Insurance contract – Initial measurement

The premium allocation approach is an optional simplified form of measuring an eligible group of insurance contracts issued or reinsurance contracts held. The eligibility is assessed for each group of insurance contracts and the election is made for each eligible group. However, the ability to use the premium allocation approach for reinsurance contracts held must be assessed separately from the use of the premium allocation approach for the related underlying insurance contracts covered by reinsurance.

The premium allocation approach compared to the general model, results in a simpler accounting method:

- The premium allocation approach does not require separate identification of the elements (i.e., the four building blocks) of the general model until a claim is incurred. Only a total amount for a liability for remaining coverage on initial recognition is determined
- Subsequently, the liability for remaining coverage is recognised by the company over the coverage period on a pro rata basis (the basis of passage of time) unless the expected pattern of release from risk differs significantly from the passage of time, in which case, it is recognised based on the expected timing of incurred claims and benefits
- The company need only assess whether a group of insurance contracts is onerous if facts and circumstances indicate that the group is onerous. The general model effectively requires an assessment of whether a group of contracts is onerous at each reporting date after the initial recognition of a group
- The company also has certain elections available once it applies the premium allocation approach for a group of insurance contracts. This includes:
- The Company applies the premium allocation approach (PAA) to all the insurance contracts that it issues and reinsurance contracts that it holds, as:
- The coverage period of each contract in the group is one year or less, including insurance contract services arising from all premiums within the contract boundary

Or

Summary of Material Accounting Policies Contd

- For contracts longer than one year, the Company has modelled possible future scenarios and reasonably expects that the measurement of the liability for remaining coverage for the group containing those contracts under the PAA does not differ materially from the measurement that would be produced applying the general model. In assessing materiality, the Company has also considered qualitative factors such as the nature of the risk and types of its lines of business.

  All the company's' product is measured using the PAA approach because the coverage period of each contract it issues is for a period of One (1) year except for the All-risk contracts under engineering and some Marine cargo portfolio which could be issued for a period of more than one year, for this product, the company will perform the PAA eligibility test as required by the second criteria stated above and has set materiality level for difference in the liability for remaining coverage at plus or minus 5%.

  The company interprets "reasonably expects" to means the liability for remaining coverage under the premium allocation approach (PAA) and general measurement model (GMM) under all probable scenarios is Immaterial. Hence the company has defined probable scenario for both economic and non-economic assumptions which includes interest rate sensitivity of +/- 1%, expected combined ratio of +/-10%, lapse at +/- 10%.

  The Company does not apply the PAA if, at the inception of the group of contracts, it expects significant variability in the fulfilment cash flows that would affect the measurement of the liability for the remaining coverage during the period before a claim is incurred. Variability in the fulfilment cash flows increases with, for example:

- The extent of future cash flows related to any derivatives embedded in the contracts
- The length of the coverage period of the group of contracts

  For a group of contracts that is not onerous at initial recognition, the Company measures the liability for remaining coverage as:
- The premiums, if any, received at initial recognition
- Minus any insurance acquisition cash flows at that date, with the exception of contracts which are one year or less where this is expensed,
- Plus, or minus any amount arising from the derecognition at that date of the asset recognised for insurance acquisition cash flows and

Summary of Material Accounting Policies Contd

- Any other asset or liability previously recognised for cash flows related to the group of contracts that the Company pays or receives before the group of insurance contracts is recognised.

For All-risk contracts under engineering, Marine cargo contracts, the liability for remaining coverage (LFRC) is not discounted to reflect the time value of money and the effect of financial risk as the premiums are received for one year and the liability is limited to one year coverage period.

Where claims are to be paid within a year the company would not discount the liability for incurred claims (LFIC) for the time value of money, however where claims are settled after a year period, the company would consider the impact of the time value of money on its liability for incurred claims (LFIC)

The company assumes that all contracts measured using the premium allocation approach (PAA) are profitable unless there has been approval through an official process to implement commercial actions such as promotional discounts on premium rate, selling loss leaders to gain market shares or no claims discount on renewal of policies that would results in a group of contracts being onerous.

Where facts and circumstances indicate that contracts are onerous at initial recognition, the Company performs additional analysis to determine if a net outflow is expected from the contract. Such onerous contracts are separately grouped from other contracts and the Company recognises a loss in profit or loss for the net outflow, resulting in the carrying amount of the liability for the group being equal to the fulfilment cash flows. A loss component is established by the Company for the liability for remaining coverage for such onerous group depicting the losses recognized.

In assessing the profitability of the contracts, the company has used “all reasonable and supportable information available at reporting date without undue cost or effort”, hence the company has used the combined ratio for this assessment. The combined ratio represents the total costs and losses divided by the earned premium and a combined ratio of below 100% indicates that the business is profitable. The company assesses whether a group of contracts will be deemed onerous subsequently if there has been combined ratio over 100% in two (2) subsequent annual reporting.

Summary of Material Accounting Policies Contd

Risk adjustment for non-financial risk

The risk adjustment for non-financial risk represents the compensation that the Company requires for bearing the uncertainty about the amount and timing of the cash flows of groups of insurance contracts and covers insurance risk, lapse risk and expense risk. The risk adjustment reflects an amount that an insurer would rationally pay to remove the uncertainty that future cash flows will exceed the expected value amount.

Insurance contract liabilities are calculated by discounting expected future cash flows at a risk free rate, plus an illiquidity premium where applicable. Risk free rates are determined by reference to the yields of highly liquid AAA-rated sovereign securities in the currency of the life insurance contract liabilities. The illiquidity premium is determined by reference to observable market rates, including sovereign debt, corporate debt and market swap rates.

The Company has estimated the risk adjustment using a confidence level (value at risk) approach in which a full IFRS 17 liability distribution is generated across all non-financial risks and risk adjustment is calculated as the difference between the best estimate liability and the liability value at the chosen confidence level.

Reinsurance contracts held – initial measurement.

The Company measures its reinsurance assets for a group of reinsurance contracts that it holds on the same basis as insurance contracts that it issues. However, they are adapted to reflect the features of reinsurance contracts held that differ from insurance contracts issued, for example the generation of expenses or reduction in expenses rather than revenue.

Where the Company recognises a loss on initial recognition of an onerous group of underlying insurance contracts or when further onerous underlying insurance contracts are added to a group, the Company establishes a loss-recovery component of the asset for remaining coverage for a group of reinsurance contracts held depicting the recovery of losses.

The Company calculates the loss-recovery component by multiplying the loss recognised on the underlying insurance contracts and the percentage of claims on the underlying insurance contracts the Company expects to recover from the group of reinsurance contracts held. The Company uses a systematic and rational method to determine the portion of losses recognised on the group to insurance contracts covered by the group of reinsurance contracts held where some contracts in the underlying group are not covered by the group of reinsurance contracts held.

The loss-recovery component adjusts the carrying amount of the asset for remaining coverage.

Insurance contracts – subsequent measurement

The Company measures the carrying amount of the liability for remaining coverage at the end of each reporting period as the liability for remaining coverage at the beginning of the period:

- Plus, premiums received in the period
- Minus insurance acquisition cash flows, with the exception of insurance product line for which the Company chooses to expense insurance acquisition cash flows as they occur
- Plus, any amounts relating to the amortisation of the insurance acquisition cash flows recognised as an expense in the reporting period for the group
- Plus, any adjustment to the financing component, where applicable
- Minus the amount recognised as insurance revenue for the services provided in the period
- Minus any investment component paid or transferred to the liability for incurred claims

The Company estimates the liability for incurred claims as the fulfilment cash flows related to incurred claims. The fulfilment cash flows incorporate, in an unbiased way, all reasonable and supportable information available without undue cost or effort about the amount, timing and uncertainty of those future cash flows, they reflect current estimates from the perspective of the Company and include an explicit adjustment for non-financial risk (the risk adjustment). The Company does not adjust the future cash flows for the time value of money and the effect of financial risk for the measurement of liability for incurred claims that are expected to be paid within one year of being incurred.

Where, during the coverage period, facts and circumstances indicate that a group of insurance contracts is onerous, the Company recognises a loss in profit or loss for the net outflow, resulting in the carrying amount of the liability for the group being equal to the fulfilment cash flows. A loss component is established by the Company for the liability for remaining coverage for such onerous group depicting the losses recognised.

Summary of Material Accounting Policies Contd

Subsequent measurement – Liability for incurred claims

The liability for incurred claims for a group of insurance contracts subject to the premium allocation approach (which should usually be nil on initial recognition) is measured in the same way as the liability for incurred claims using the general model (i.e., a discounted estimate of future cash flows with a risk adjustment for non-financial risk).

However, when applying the premium allocation method to the liability for incurred claims, the company is not required to adjust future cash flows for the time value of money and the effect of financial risk if those cash flows (for that group of insurance contracts) are expected to be paid or received in one year or less from the date the claims are incurred. This is a separate election from the choice not to adjust the carrying amount of the liability for remaining coverage to reflect the time value of money and the effect of financial risk at initial recognition.

When the entire insurance finance income or expenses is included in profit or loss, the company discounts the incurred claims at current rates (i.e., the rate at the reporting date). When insurance finance income or expenses is disaggregated between profit or loss and other comprehensive income the amount of insurance finance income or expenses included in profit or loss is determined using the discount rate at the date of the incurred claim.

Reinsurance contracts held – subsequent measurement

The subsequent measurement of reinsurance contracts held follows the same principles as those for insurance contracts issued and has been adapted to reflect the specific features of reinsurance held.

Where the Company has established a loss-recovery component, the Company subsequently reduces the loss- recovery component to zero in line with reductions in the onerous group of underlying insurance contracts in order to reflect that the loss-recovery component shall not exceed the portion of the carrying amount of the loss component of the onerous group of underlying insurance contracts that the Company expects to recover from the group of reinsurance contracts held.

Insurance contracts – modification and derecognition

An insurance contract may be modified, either by agreement between the parties or as result of regulation. If the terms are modified, the Company derecognises the original insurance contract and recognise the modified contract as a new contract, if and only if, any of the conditions listed below are satisfied.

- If the modified terms were included at contract inception:
- The modified contract would have been excluded from the scope of IFRS 17.
- The Company would have separated different components from the host insurance contract resulting in a different insurance contract to which IFRS 17 would have applied.
- The modified contract would have had a substantially different contract boundary
- The modified contract would have been included in a different group of contracts at initial recognition (e.g., the contracts would have been onerous at initial recognition rather than having no significant possibility of being onerous subsequently)
- The original contract met the definition of an insurance contract with direct participation features, but the modified contract no longer meets that definition or vice versa.
- The Company applied the premium allocation approach to the original contract, but the modifications mean that the contract no longer meets the eligibility criteria for that approach.

In summary, any contract modification that changes the accounting model or the applicable standard for measuring the components of the insurance contract, is likely to result in derecognition.

If a contract modification meets none of the conditions above for derecognition, the Company would treat any changes in cash flows caused by the modification as changes in the estimates of the fulfilment cash flows.

The Company derecognises insurance contracts when:

- The rights and obligations relating to the contract are extinguished (i.e., discharged, cancelled or expired)

  Or

- The contract is modified such that the modification results in a change in the measurement model or the applicable standard for measuring a component of the contract, substantially changes the contract boundary, or requires the modified contract to be included in a different group. In such cases, the Company derecognises the initial contract and recognises the modified contract as a new contract.

When a modification is not treated as a derecognition, the Company recognises amounts paid or received for the modification with the contract as an adjustment to the relevant liability for remaining coverage.

The Company treats the derecognition of a contract three different ways, depending on the circumstances.

Insurance contract -Derecognition resulting from extinguishment

When the Company derecognises an insurance contract because it transfers the contract to a third party, the Company:

- Adjusts the fulfilment cash flows allocated to the group for the rights and obligations that have been derecognised
- Adjusts the contractual service margin of the group from which the contract has been derecognised for the difference between the change in the contractual cash flows resulting from derecognition and the premium charged by the third party (unless the decrease in fulfilment cash flows is allocated to the loss component of the liability for remaining coverage).

If there is no contractual service margin to be adjusted, then the difference between the fulfilment cash flows derecognised and the premium charged by the third party is recognised in profit or loss.

Derecognition resulting from modification

When the Company derecognises an insurance contract and recognises a new insurance contract as a result of a modification described above, the Company:

- Adjusts the fulfilment cash flows allocated to the group relating to the rights and obligations that have been derecognised, as discussed above
- Adjusts the contractual service margin of the group, from which the contract has been derecognised for the difference between the change in the contractual cash flows resulting from derecognition and the hypothetical premium the Company would have charged, had it entered into a contract with terms equivalent to the new contract at the date of the contract modification, less any additional premium charged for the modification (unless the decrease in fulfilment cash flows is allocated to the loss component of the liability for remaining coverage)

  And
- Measures the new contract recognised assuming the Company received the hypothetical premium that it would have charged, had it entered into the modified contract at the date of the contract modification.

Presentation

The Company has presented separately, in the statement of financial position, the carrying amount of portfolios of insurance contracts issued that are assets, portfolios of insurance contracts issued that are liabilities, portfolios of reinsurance contracts held that are assets and portfolios of reinsurance contracts held that are liabilities.

Any assets for insurance acquisition cash flows recognised before the corresponding insurance contracts are included in the carrying amount of the related groups of insurance contracts are allocated to the carrying amount of the portfolios of insurance contracts that they relate to.

The Company disaggregates the total amount recognised in the statement of profit or loss and other comprehensive income into an insurance service result, comprising insurance revenue and insurance service expense, and insurance finance income or expenses.

The Company does not disaggregate the change in risk adjustment for non-financial risk between a financial and non-financial portion and includes the entire change as part of the insurance service result.

The Company separately presents income or expenses from reinsurance contracts held from the expenses or income from insurance contracts issued.

2.17 Profit or loss presentation for insurance and reinsurance contract held

Insurance revenue

The insurance revenue for the period is the amount of expected premium receipts allocated to the period. The Company allocates the expected premium receipts to each period of insurance contract services on the basis of the passage of time (Pro rata basis). But if the expected pattern of release of risk during the coverage period differs significantly from the passage of time, then the allocation is made on the basis of the expected timing of incurred insurance service expenses.

The Company changes the basis of allocation between the two methods above as necessary, if facts and circumstances change. The change is accounted for prospectively as a change in accounting estimate.

Loss components

The Company assumes that no contracts are onerous at initial recognition unless facts and circumstances indicate otherwise. Where this is not the case, and if at any time during the coverage period, the facts and circumstances indicate that a group of insurance contracts is onerous, the Company establishes a loss component as the excess of the fulfilment cash flows that relate to the remaining coverage of the group over the carrying amount of the liability for remaining coverage of the group. Accordingly, by the end of the coverage period of the group of contracts the loss component will be zero.

Loss-recovery components

Where the Company recognises a loss on initial recognition of an onerous group of underlying insurance contracts, or when further onerous underlying insurance contracts are added to a group, the Company establishes a loss-recovery component of the asset for remaining coverage for a group of reinsurance contracts held depicting the expected recovery of the losses.

A loss-recovery component is subsequently reduced to zero in line with reductions in the onerous group of underlying insurance contracts in order to reflect that the loss-recovery component shall not exceed the portion of the carrying amount of the loss component of the onerous group of underlying insurance contracts that the Company expects to recover from the group of reinsurance contracts held.

Insurance finance income and expense

Insurance finance income or expenses comprise the change in the carrying amount of the group of insurance contracts arising from:

- The effect of the time value of money and changes in the time value of money; and
- The effect of financial risk and changes in financial risk.

Summary of Material Accounting Policies Contd

Net income or expense from reinsurance contracts held

The Company presents separately on the face of the statement of profit or loss and other comprehensive income, the amounts expected to be recovered from reinsurers, and an allocation of the reinsurance premiums paid. The Company treats reinsurance cash flows that are contingent on claims on the underlying contracts as part of the claims that are expected to be reimbursed under the reinsurance contract held, and excludes investment components and commissions from an allocation of reinsurance premiums presented on the face of the statement of profit or loss and other comprehensive income.

2.16 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.

2.17 Other payables

2.17.1 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.

Summary of Material Accounting Policies Contd

2.18 Taxation

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

2.18.1 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.

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).

2.18.2 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 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.

2.18.3 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

2.19 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.

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.

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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.

2.20 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.

2.21 Statutory contingency reserve

The Company maintains Statutory contingency reserve in accordance with the provision of Section 21(2) of the Insurance Act CAP I17, 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.

2.22 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.

Summary of Material Accounting Policies Contd

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.

2.23 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 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.

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.

2.24 Other expenses

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

2.25 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.

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.

3 Critical accounting judgments and key sources of estimation uncertainty

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.

Critical judgments in applying the Company's accounting policies

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. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur. The Company disaggregates information to disclose major product lines namely, marine, property, personal accident insurance and liability reinsurance issued. This disaggregation has been determined based on how the Company is managed

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 and reinsurance contracts

The Company applies the PAA to simplify the measurement of insurance contracts. When measuring liabilities for remaining coverage, the PAA is broadly similar to the Company's previous accounting treatment under IFRS 4. However, when measuring liabilities for incurred claims, the Company now discounts cash flows that are expected to occur more than one year after the date on which the claims are incurred and includes an explicit risk adjustment for non-financial risk.

Assessment of significance of insurance risk

The Company applies its judgement in assessing whether a contract transfers to the issuer significant insurance risk. A contract transfers significant insurance risk only if an insured event could cause the Company to pay additional amounts that are significant in any single scenario and only if there is a scenario that has commercial substance in which the issuer has a possibility of a loss on a present value basis upon an occurrence of the insured event, regardless of whether the insured event is extremely unlikely. The assessment of whether additional amounts payable on the occurrence of an insured event are significant and whether there is any scenario with commercial substance in which the issuer has a possibility of a loss on a present value basis involves significant judgement and is performed at initial recognition on a contract-by-contract basis.

basis. The type of contracts where this judgement is required are those that transfer financial and insurance risk and result in the latter being the smaller benefit provided. The application of judgement in this area is aided by the Company's processes to filter contracts where the additional amounts referred to above are more than 5% but less than 10% of the amounts paid if the insured event does not occur. Additional amounts that are less than 5% are considered by the Group as insignificant. A underwriting unit working alongside with the Actuaries conducts all these judgemental classifications under IFRS 17 to maintain consistency across the Company. This assessment is performed after separation of non-insurance related components and all promises to transfer distinct goods and non-insurance services.

Separation of non-insurance components from insurance contracts

The Company issues some insurance contracts that have several elements in addition to the provision of the insurance coverage service, such as a deposit component, and tracking service, and other goods or services. Some of these elements need to be separated and accounted for by applying other Standards, while other elements remain within the insurance measurement model. In assessing whether components meet the separation criteria and should be separated, the Company applies significant judgement

Separation of insurance components of an insurance contract

The Company issues some insurance contracts that combine protection for the policyholder against different types of insurance risks in a single contract. IFRS 17 does not require or permit separating insurance components of an insurance contract unless the legal form of a single contract does not reflect the substance of its contractual rights and obligations. In such cases, separate insurance elements must be recognised. Overriding the 'single contract' unit of account presumption involves significant judgement and is not an accounting policy choice. When determining whether a legal contract reflects its substance or not, the Company considers the interdependency between different risks covered, the ability of all components to lapse independently, and the ability to price and sell the components separately

Determination of the contract boundary

The measurement of a group of insurance contracts includes all the future cash flows arising within the contract boundary. In determining which cash flows fall within a contract boundary, the Company considers its substantive rights and obligations arising from the terms of the contract, from applicable law, regulation and customary business practices. Cash flows are considered to be outside of the contract boundary if the

Company has the practical ability to reprice existing contracts to reflect their reassessed risks, and if the contract's pricing for coverage up to the date of reassessment only considers the risks until the next reassessment date. The Company applies its judgement in assessing whether it has the practical ability to set a price that fully reflects all the risks in the contract or portfolio. The Company considers contractual, legal and regulatory restrictions when making its assessment and applies judgement to decide whether these restrictions have commercial substance

Level of aggregation

The Company applies judgement when distinguishing between contracts that have no significant possibility of becoming onerous and other profitable contracts

Assessment of directly attributable cash flows

The Company uses judgement in assessing whether cash flows are directly attributable to a specific portfolio of insurance contracts. Insurance acquisition cash flows are included in the measurement of a group of insurance contracts only if they are directly attributable to the individual contracts in a group, or to the group itself, or the portfolio of insurance contracts to which the group belongs. When estimating fulfilment cash flows, the Company also allocates fixed and variable overheads fulfilment cash flows directly attributable to the fulfilment of insurance contracts.

Assessment of eligibility for PAA

For quota share home and motor reinsurance contracts with a coverage period extending beyond one year, the Company elects to apply the PAA if at the inception of the group, the Company reasonably expects that it will provide a liability for remaining coverage that would not differ materially from the General Model. The Company exercises judgement in determining whether the PAA eligibility criteria are met at initial recognition.

Assessment of significance of modification

As explained in accounting policies on insurance contract held, the Company derecognises the original contracts and recognises the modified contract as a new contract, if the derecognition criteria are met. The Company applies judgement to assess whether the modified terms of the contract would result in the original contract meeting the criteria for derecognition.

Summary of Material Accounting Policies Contd

Selecting a method of allocation of coverage units:

IFRS 17 establishes a principle for determining coverage units, not a set of detailed requirements or methods. The selection of the appropriate method for determining the amount of coverage units is not an accounting policy choice. It involves the exercise of significant judgement and development of estimates considering individual facts and circumstances. The Company selects the appropriate method on a portfolio-by-portfolio basis. In determining the appropriate method, the company considers the likelihood of insured events occurring to the extent that they affect expected period of coverage in the group, different levels of service across the period and the quantity of benefits expected to be received by the policyholder

Liability for remaining coverage

Insurance acquisition cash flows

In all non-life insurance product line, the Company is eligible and chooses to recognise insurance acquisition cash flows as an expense immediately as incurred. This is because all insurance contracts issued within that product line have a coverage period of one year or less.

Where groups are not eligible to recognise an expense immediately, insurance acquisition cash flows are allocated to related groups of insurance contracts recognised in the statement of financial position (including those groups that will include insurance contracts expected to arise from renewals). An asset for insurance acquisition cash flows is recognised for acquisition cash flows incurred before the related group of insurance contracts has been recognised

The effect of electing to recognise insurance acquisition cash flows as an expense when incurred for a group of insurance contracts is to increase the liability for remaining coverage and reduce the likelihood of any subsequent onerous contract loss. There would be an increased charge to profit or loss on incurring the expense, offset by an increase in profit released over the coverage period.

Summary of Material Accounting Policies Contd

The company uses the following key assumption for its liability for remaining coverage. Earnings pattern for LRC (Liability for Remaining coverage) includes two (2) options under the PAA, they are

- Pro rata temporis (passage of time)
- Risk based curve

For insurance contracts which automatically qualify for PAA (i.e., with coverage period not exceeding 1 year), the passage of time or pro-rata temporis pattern will be used. This approach is almost identical to the 365th method that is currently used for determining IFRS 4 unearned premium reserves (UPR). However, contracts which automatically qualify for PAA does not necessarily imply that the uniform earnings curve will be appropriate. For example, seasonality of claim incidence under certain class of policy would normally require calibration of the earnings curve. But the default curve will be uniform unless facts and circumstances indicate otherwise, i.e., there is sufficient credible data and grounds that the incidence of risk may not be linear.

Liability for remaining coverage

Insurance acquisition cash flows

For contracts with coverage period exceeding 1-year, actuarial investigations will be conducted by deriving the claims incidence pattern using historical claims data. Actual observed claims incidence curve is tested for goodness of fit by applying standard statistical techniques. In the absence of credible claims data, an equivalent risk incidence curve will be sourced from our international reinsurers. If external risk curve is not available, then by default a uniform earnings curve will apply.

The selected earnings curve will be applied to both insurance and reinsurance contract.

Claims payment pattern for liability for incurred claims

In estimating the claims payment pattern for liability for incurred claims, the company sets:

Summary of Material Accounting Policies Contd

- An assumption regarding the future timing of claim settlement is required as the IFRS 17 requires the determination of probability weighted future cash flows. Weighted future cash flows will include expected claim payment, expected cost of settling the claims, unallocated claim expenses that are integral to the claim cost but due to system limitations they cannot be allocated to individual claims (e.g. cost of pool of contract cars), legal costs incurred or expected to be incurred for litigated claims, motor recoveries from third party insurers, salvage and subrogation and directly attributable maintenance expenses. For reinsurers' LIC, same cashflows shall apply as described above but the cashflows are apportioned according to reinsurance arrangement.
- Run off triangles are used to project future claims payment generated by direct insurance contracts and claim recovered from reinsurance contracts. Actual claims paid and outstanding claim reserves are grouped by accident year cohorts.
- Methodology used for claims reserving is defined by the Company's Reserving Policy and Reserving Guidance, and it relies on the Basic Chain Ladder as well as the Bornhuetter-Ferguson method. Same methodology is applied to claims generated by direct contracts and claim recovered from reinsurance contracts.
- The best estimate for claims development or payment to ultimate is determined by the link ratio estimator for each period of development. This is achieved by selecting the weighted averages or simple averages of link ratios for each period of claims development until the ultimate period when the claims development is deemed to be fully run off. For each reserving class that best estimate claim payment pattern is derived separately on a gross basis Insurance contracts and reinsurers' share (claim recovered from reinsurance contracts). The process of selecting link ratios often involves identifying outliers and excluding them. Analysis of Actual versus Expected claim reserves is carried out to assess adequacy of best estimate payment pattern estimated in prior year/period. Where significant deviations are noted, further investigations are carried out to ascertain whether this is indicative of a new trend in the underlying claim development process or whether this is caused by the occurrence of abnormally large claims that tend to distort the latest link ratios or whether it was caused by certain specific events impacting the claims process that are not expected to recur in the future (e.g. restructuring of claims department, or installing a new admin system or claim backlog). If the cause of the deviation is driven by changes in the claims development process which is expected to be recurring or be permanent in the future (e.g. application of new case reserving practice), then judgement is applied in choosing the link ratio for the most recent accident year cohort.
- Consideration is also given on the need to allow for a tail factor for projecting claims payment beyond the available data horizon.
- Claim payment pattern will be derived for each reserving class or portfolio (portfolio if there is only one reserving class).
- Basically, the payment pattern provides probabilities to project the settlement of claims in future time periods

Summary of Material Accounting Policies Contd

- For a given portfolio or reserving class, same payment pattern will be applied to project the payment of OCR (outstanding claim reserve), IBNR reserve and Risk Adjustment estimates over future time periods.
- Existing reserving models (primarily the Basic Chain Ladder) will be used to derive the payment probabilities from the link ratios obtained from paid triangles
- Pattern will be derived once a year, that is, at the year-end valuation. It is expected that same payment pattern will be used in the LIC cashflow modelling for interim valuation periods and roll forward.
- However, for reserving class or portfolios which exhibit significant volatility, payment pattern might be reviewed and revised more frequently and also pattern used in LIC model will need to be updated. A change in payment pattern will lead to a change in fulfilment cashflows arising from non-financial assumption change. This change or delta in fulfilment cashflow will be accounted for as an insurance service expense.
- Changes of payment pattern during a financial year will only be considered if justified by facts and circumstances. Examples of facts and circumstances could be as follows:
- major changes in claim reporting and settlement processes that would invalidate existing payment pattern (e.g. non-life claims backlog can be quite common arising from dispute in settlement amount or change in policy administration system.
- occurrence of major external systemic events such as a pandemic related lockdown will impact the development factors- hence invalidate existing payment pattern
- It is to be noted that, for consistency, the same payment pattern as used for claim projection will be applied in the projection of Risk Adjustment estimates. The same approach would be used to derive the payment pattern for modelling the LIC cashflows for a portfolio of reinsurance contracts.
- Moreover, it is required to allocate the projected OCR, IBNR and RA to issue year cohorts /underwriting year cohorts. This will necessitate the application of an allocation driver. Projected IBNR, OCR and RA cashflows will be allocated to underwriting year by making use of weights. Weights, as a proxy for coverage, for each underwriting year will be derived from earned premium /revenue (as computed for the LRC). For internal reporting needs, further allocation of IBNR, OCR and RA (risk adjustment) down to more granular levels (issue year cohorts/distribution channels/ cover-section/ client types) will be required. Earned premium weights, as described above, will also be used for a more granular allocation of projected OCR, IBNR and RA.

Summary of Material Accounting Policies Contd

Insurance acquisition cash flows

For the company's PAA eligible contracts, the company is eligible to recognize insurance acquisition cashflows as an expense immediately as incurred or amortize it over the coverage period. The company will make this choice on a portfolio basis. Where the company has not recognized an expense immediately, the company allocates insurance acquisition cash flows to related groups of insurance contracts recognised in the statement of financial position (including those groups that will include insurance contracts expected to arise from renewals). An asset for insurance acquisition cash flows is recognised for acquisition cash flows incurred before the related group of insurance contracts has been recognised.

The effect of electing to recognise insurance acquisition cash flows as an expense when incurred for a group of insurance contracts is to increase the liability for remaining coverage and reduce the likelihood of any subsequent onerous contract loss. There would be an increased charge to profit or loss on incurring the expense, offset by an increase in profit released over the coverage period.

Onerous groups

For groups of contracts that are onerous, the liability for remaining coverage is determined by the fulfilment cash flows. Any loss-recovery component is determined with reference to the loss component recognised on underlying contracts and the recovery expected on such claims from reinsurance contracts held.

Time value of money on liability for remaining coverage

For engineering contract and oil and gas contract, the Company would adjust the carrying amount of the liability for remaining coverage to reflect the time value of money and the effect of financial risk using discount rates that reflect the characteristics of the cash flows of the group of insurance contracts at initial recognition. While for other business lines, the company has elected not to discount the liability for remaining coverage.

Discount rates

In determining discount rates for different products, the Company uses the bottom-up approach. Applying this approach, Insurance contract liabilities are calculated by discounting expected future cash flows at a risk-free rate, plus an illiquidity premium where applicable. Risk free rates are determined by reference to the yields of highly liquid high grade rated sovereign securities in the currency of the insurance contract liabilities. The illiquidity premium is determined by reference to observable market rates or as published by the Nigerian Actuarial Society (NAS).

Risk adjustment for non-financial risk

The risk adjustment for non-financial risk is the compensation that the Company requires for bearing the uncertainty about the amount and timing of the cash flows of groups of insurance contracts. The risk adjustment reflects an amount that an insurer would rationally pay to remove the uncertainty that future cash flows will exceed the expected value amount.

The Company has estimated the risk adjustment using a confidence level (probability of sufficiency) approach at the 75th percentile. That is, the Company has assessed its indifference to uncertainty for all product lines (as an indication of the compensation that it requires for bearing non-financial risk) as being equivalent to the 75th percentile confidence level less the mean of an estimated probability distribution of the future cash flows. The Company has estimated the probability distribution of the future cash flows, and the additional amount above the expected present value of future cash flows required to meet the target percentiles

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).

Summary of Material Accounting Policies Contd

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.

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.

Summary of Material Accounting Policies Contd

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.

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 N57.1 billion (31 December 2022: N 30.5 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.

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.

Summary of Material Accounting Policies Contd

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.

Assessment and calculation of ECL

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.

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.

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. 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.

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

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 2024 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.

Disclosures: Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7

In May 2023, the Board issued amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures. The amendments specify disclosure requirements to enhance the current requirements, which are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

The amendments clarify the characteristics of supplier finance arrangements. In these arrangements, one or more finance providers pay amounts an entity owes to its suppliers. The entity agrees to settle those amounts with the finance providers according to the terms and conditions of the arrangements, either at the same date or at a later date than that on which the finance providers pay the entity's suppliers.

Summary of Material Accounting Policies Contd

Disclosures: Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7- contd

The amendments require an entity to provide information about the impact of supplier finance arrangements on liabilities and cash flows, including terms and conditions of those arrangements, quantitative information on liabilities related to those arrangements as at the beginning and end of the reporting period and the type and effect of non-cash changes in the carrying amounts of those arrangements. The information on those arrangements is required to be aggregated unless the individual arrangements have dissimilar or unique terms and conditions. In the context of quantitative liquidity risk disclosures required by IFRS 7, supplier finance arrangements are included as an example of other factors that might be relevant to disclose.

The amendments will be effective for annual reporting periods beginning on or after 1 January 2024. Early adoption is permitted, but will need to be disclosed. The amendments provide some transition reliefs regarding comparative and quantitative information as at the beginning of the annual reporting period and interim disclosures.

The amendment have no impact of the company's financial statements due to the fact that the Company does not have any supplier finance arrangement as at the end of the year and does not foresee entering into any of such arrangements in the future.

Lack of exchangeability – Amendments to IAS 21

In August 2023, the Board issued Lack of Exchangeability (Amendments to IAS 21). The amendment to IAS 21 specifies how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking.

A currency is considered to be exchangeable into another currency when an entity is able to obtain the other currency within a time frame that allows for a normal administrative delay and through a market or exchange mechanism in which an exchange transaction would create enforceable rights and obligations.

If a currency is not exchangeable into another currency, an entity is required to estimate the spot exchange rate at the measurement date. An entity’s objective in estimating the spot exchange rate is to reflect the rate at which an orderly exchange transaction would take place at the measurement date between market participants under prevailing economic conditions. The amendments note that an entity can use an observable exchange rate without adjustment or another estimation technique.

When an entity estimates a spot exchange rate because a currency is not exchangeable into another currency, it discloses information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows.

The amendments will be effective for annual reporting periods beginning on or after 1 January 2025. Early adoption is permitted, but will need to be disclosed. When applying the amendments, an entity cannot restate comparative information. The amendment will not have any impact on the Company's financial statements as the reporting and functional currency(The Nigerian Naira) is adequately exchangeable for another currency.

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

In December 2015, the IASB decided to defer the effective date of the amendments until such time as it has finalised any amendments that result from its research project on the equity method. Early application of the amendments is still permitted.

The amendments address the conflict between IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture.

The amendments clarify that a full gain or loss is recognised when a transfer to an associate or joint venture involves a business as defined in IFRS 3 Business combinations. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognised only to the extent of unrelated investors' interests in the associate or joint venture

The amendments are intended to eliminate diversity in practice and give preparers a consistent set of principles to apply for such transactions. However, the application of the definition of a business is judgemental and entities need to consider the definition carefully in such transactions. The amendments must be applied prospectively. Early application is permitted and must be disclosed.

The amendments are not expected to have significant impact on the financial statements of the company as the company is not a party to any associate or joint venture in the scope of IFRS 10 and IAS 28.

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.

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.

Summary of Material Accounting Policies Contd

IFRS 18 - Presentation and Disclosure in Financial Statements

In April 2024, the IASB released IFRS 18 Presentation and Disclosure in Financial Statements (IFRS 18) which includes presentation and disclosure requirements for all entities applying IFRS Accounting Standards. When effective, IFRS 18 supersedes IAS 1 Presentation of Financial Statements. Entities will continue to apply IAS 7 Statement of Cash Flows, although there are certain limited amendments to IAS 7 as a result of IFRS 18.

The standard will not impact the recognition or measurement of items in the financial statements but will impact how companies present and disclose financial performance. Key new requirements of IFRS 18 are:

The structure of the statement of profit or loss

Entities will be required to classify income and expenses in the following categories:

- Operating
- Investing
- Financing
- Income taxes and discontinued operations

Aggregation and disaggregation of information

Enhanced principles on the aggregation and disaggregation of information have been included in IFRS 18. Supporting application guidance will assist in determining whether information about transactions should be included in the primary financial statements or notes.

Disclosure requirement related to management defined performance measures

Most entities report alternative performance measures. IFRS 18 defines management-defined performance measures (MPMs). Entities are required to present MPMs in a single note to the financial statements and disclose reconciliations between the MPMs and totals or subtotals required by IFRS 18 or other IFRS Accounting Standards.

The requirements will be applied retrospectively. The standard is applicable for period beginning on or after 1 January 2027. Earlier application is permitted.

5 Transition disclosure

The Company used the full retrospective transition approach based on the fact that the historical data per the IFRS 17 defined groups was available. The full retrospective approach has been applied for all General business insurance contracts inforce as at 1 January 2021 onwards on the grounds that these insurance contract are within a short contract boundary measured under the PAA approach. Given the availability of information, including assumptions, methodologies and the availability of risk adjustment data, management's view was that it was practicable to perform the full retrospective calculations. A fully retrospective application of IFRS 17 prior to the transition date (for the group), is required, unless it is impracticable to do so.

The Actual Premium, Benefits and Claims data of insurance contracts and reinsurance contracts held for the entire portfolios used for the 2021 and 2022 year ends were obtained from the Core Reporting database and prepared for the 2021 and 2022 financial year-end Actuarial valuation reporting. The Liability for Incurred Claims as of 31 December 2021 was used to show effects of incurred claims movements over the 2022 period. Cashflows were calculated using Best Estimate Assumptions. Discounting is required for the liability for incurred claims (LIC) cash-flows given that a good amount of these cash-flows may take more than one year from when the claims were incurred to be settled. IFRS 17 specifies a bottom-up approach (i.e. risk-free discount rate plus illiquidity premium that reflect liquidity characteristics of the liabilities) or top-down approach (i.e. reference portfolio and adjust for characteristics that are irrelevant for insurance contracts) in determining discount rates. The company has opted to go for the former for short-term business contracts. The cashflows on short-term business contracts do not vary based on the returns on underlying items. The liquid risk-free rates are determined from the yield curve of the of Nigerian government bond as published by the Nigerian Actuarial Society which are based on the Financial Market Dealer Quotes(FMDQ) 's spot rates

The Premium Allocation Approach(PAA) does not require the calculation of the Contractual Service Margin (CSM) which represents unearned profits under the GMM and VFA measurement methods. The liability for remaining coverage is instead based on the earning pattern of the premium received. The insurer is not required to create a view of all future cash flows, instead the initial insurance liability on initial recognition is simply estimated as the premium payable for the insurance cover to be provided. This liability can be reduced by acquisition costs paid whose recognition will also be in line with the recognition of the premiums as they are earned. Under PAA, Liability for Remaining Coverage is the Unearned Premium Reserve, which is Premium income less acquisition costs and prorated for the unexpired coverage period. The liability for Incurred Claims introduces a discounting element, the effect of which would be significant for Non-Life businesses where claims payments could span an extended period. The liability for incurred claims comprises the discounted present value of future incurred claims which forms the Best Estimate Liability (BEL) and the Risk Adjustment (RA) for incurred claims.

The BEL for incurred claims was estimated by first estimating the Outstanding and the Incurred but Not Reported claims reserves. In estimating the IBNR, historical claims were triangulated on an underwriting year basis as opposed to a loss/accident year basis. Future expected claims were therefore estimated based on underwriting year cohorts, with historical claims aggregated by underwriting year. Future expected ultimate claims were projected based on one or a combination of methodologies such as Basic Chain Ladder, Bornhuetter- Ferguson (BF) method, Expected Loss Ratio/Frequency and severity approach (for large losses) to determine the IBNR claims relating to retrospective periods

The company used the top down approach in determining discount rates. The Company opted to go for the former for short-term business contracts. The cashflows on short-term business contracts do not vary based on the returns on underlying items. The liquid risk-free rates are determined from the Nigerian Actuarial Society's yield-curve of Nigerian government bond. Insurance contract liabilities cannot be liquidated. However an illiquidity premium was not considered as the incurred claims are largely settled within 4 to 5 years(Max 7years).

Risk Adjustment(RA) values were determined using the Value at Risk(VaR) method. The Value at Risk (VaR) or confidence level approach models the cash flows such that the resulting provision is at a particular percentile on the distribution. This is similar to how the Solvency Capital Requirement (SCR) is determined (in principle) under the Solvency II regime, where the SCR is calculated at the 99.5th percentile of the distribution. The company estimated the RA using a stochastic approach(mark method) at the 75% percentile.

Reinsurance contracts were valued independently of their underlying insurance contracts as required under the IFRS 17 standard. All reinsurance contracts with contract boundaries not exceeding one year are automatically considered to meet PAA eligibility. Contracts with coverage period above one year which are not immediately eligible for the PAA, will be subjected to a PAA eligibility by assessing the expected LRC cashflows under both the PAA

Summary of Material Accounting Policies Contd

and GMM approaches. Measurement of LRC for reinsurance under the PAA approach is similar to insurance contracts. The premium and claim liabilities were valued per underwriting year as required. UPR and DAC calculations are similar to the corresponding calculations under IFRS 4. The Non-Life Valuation data as at 2021and 2022 yearends were the exact same data used for the IFRS 4 valuations for these periods, for the entire portfolio.

Transition Accounting – changes to presentation and disclosure

For presentation in the statement of financial position, the Company aggregates groups of insurance contracts issued and reinsurance contracts held and presents separately:

- Groups of insurance that are assets
- Groups of reinsurance contracts held that are assets
- Groups of insurance contracts that are liabilities
- Groups of reinsurance contracts held that are liabilities

The line-item descriptions in the statement of profit or loss and other comprehensive income have been changed significantly compared with last year. Previously the Company reported the following line items: premium income, policyholder claims and benefits, and change in insurance contract liabilities. IFRS 17 requires separate presentation of:

- Insurance revenue
- Insurance service expense
- Insurance finance income or expense

The Company provides further disaggregated qualitative and quantitative information in the following notes to the financial statements about:

- The amounts recognised in its financial statements from insurance contracts - Note 10
- Significant judgements, and changes in those judgements, made when applying the standard - Note 3

Summary of Material Accounting Policies Contd

5 Transition disclosure - continued

The restated statement of financial position for 31December 2022 and 1 January 2022 are as follows:

		Transition adjustment as at 31 December 2022			
		IFRS 4	Transition adjustment		IFRS 17
Assets	Note	31-Dec-22 ₦'000	Reclassification & derecognition ₦'000	IFRS 17 re-measurement ₦'000	31-Dec-22 ₦'000
Cash and cash equivalents		8,793,947		-	8,793,947
Financial assets		30,489,808		-	30,489,808
Trade receivables		365,397		-	365,397
Reinsurance assets (IFRS 4)	a(e,f)	8,764,226	(8,764,226)	-	-
Insurance contract asset (IFRS 17)		-	-	-	-
Reinsurance contract asset(IFRS 17)	e(a)	-	7,763,033	174,755	7,937,788
Deferred acquisition costs	b(g)	876,794	(876,794)	-	-
Other receivables and prepayments	f(a)	398,317	595,273		993,590
Investment properties		3,676,770		-	3,676,770
Property, plant and equipment		232,664		-	232,664
Right of use assets		1,044		-	1,044
Intangible assets		946		-	946
Statutory deposits		300,000		-	300,000
Total assets		**53,899,913**	**(1,282,714)**	**174,755**	**52,791,954**
Liabilities					
Insurance contract liabilities(IFRS 4)	c(g)	14,978,873	(14,978,873)	-	-
Reinsurance liabilities (IFRS 17)		-	-	-	-
Insurance contract liabilities(IFRS 17)	g(b,c)	-	14,102,079	196,858	14,298,937
Trade payables		9,734,610	-	-	9,734,610
Other payables and accruals		1,576,551		-	1,576,551
Deferred commission income	d(e)	405,920	(405,920)		-
Deferred rental income		33,250		-	33,250
Current income tax payable		1,361,495		-	1,361,495
Deferred tax liabilities		672,831		-	672,831
Total liabilities		28,763,530	(1,282,714)	196,858	27,677,674

Transition adjustment as at 31 December 2021			
IFRS 4	Transition adjustment		IFRS 17
31-Dec-21 ₦'000	Reclassification & derecognition ₦'000	IFRS 17 re-measurement ₦'000	1-Jan-22 ₦'000
8,808,248	-	-	8,808,248
23,947,860	-	-	23,947,860
109,967	-	-	109,967
7,826,349	(7,826,349.00)	-	-
-	-	-	
-	7,058,184	177,833	7,236,017
673,104	(673,104)	-	-
297,262	475,460.00	-	772,722
3,676,770	-	-	3,676,770
303,954	-	-	303,954
7,221	-	-	7,221
3,427	-	-	3,427
300,000	-	-	300,000
45,954,162	(965,809)	177,833	45,166,186
13,160,983	(13,160,983)	-	-
-	-	-	-
-	12,487,879	216,311	12,704,190
6,951,553	-	-	6,951,553
1,493,142	-	-	1,493,142
292,705	(292,705)	-	-
33,250	-	-	33,250
836,792	-	-	836,792
753,816	-	-	753,816
23,522,241	(965,809)	216,311	22,772,743

5 Transition disclosure - continued

The restated statement of financial position for 31December 2022 and 1 January 2022 are as follows:

		Transition adjustment as at 31 December 2022			
		IFRS 4	Transition adjustment		IFRS 17
Equity	Note	31-Dec-22 ₦'000	Reclassification & derecognition ₦'000	IFRS 17 re-measurement ₦'000	31-Dec-22 ₦'000
Share capital		10,000,000	-	-	10,000,000
Share premium		84,607	-	-	84,607
Statutory contingency reserve		10,000,000	-	-	10,000,000
Retained earnings	h(e,g)	4,618,546	-	(22,103)	4,596,443
Fair value reserve		433,230	-	-	433,230
Total equity attributable to Owners		**25,136,383**	**-**	**(22,103)**	**25,114,280**
Total liabilities and equity		**53,899,913**	**(1,282,714)**	**174,755**	**52,791,954**

5 Transition disclosure - continued

The restated statement of financial position for 31December 2022 and 1 January 2022 are as follows:

Transition adjustment as at 31 December 2022			
IFRS 4	Transition adjustment		IFRS 17
31-Dec-21 ₦'000	Reclassification & derecognition ₦'000	IFRS 17 re-measurement ₦'000	1-Jan-22 ₦'000
7,000,000	-	-	7,000,000
84,607	-	-	84,607
10,000,000	-	-	10,000,000
4,970,380	-	(38,478)	4,931,902
376,934	-	-	376,934
22,431,921	**-**	**(38,478)**	**22,393,443**
45,954,162	(965,809)	177,833	45,166,186

5 Transition disclosure - continued

Reconciliation of IFRS 4 to IFRS 17 (statement of Financial Position) - Explanatory Notes surporting restated figures

		Transition adjustment as at 31 December 2022			
		IFRS 4	Transition adjustment		IFRS 17
a Reinsuranceassets (RA)	**Note**	**31-Dec-22 ₦'000**	**Reclassification & derecognition ₦'000**	**IFRS 17 re-measurement ₦'000**	**31-Dec-22 ₦'000**
Reinsurancecontract assets- Opening balance	(e & f)	8,764,226	(8,764,226)	-	-
Remeasuremrent		-	-	-	-
Closing balance		8,764,226	(8,764,226)	-	-
b Deferred acquisition cost (DAC)					
Deferred acquisition cost (DAC) - Opening balance	(g)	876,794	(876,794)	-	-
Remeasuremrent		-	-	-	-
Closing balance		876,794	(876,794)	-	-
c Insurance Contract Liabilities - ICL (IFRS 4)					
Insurance Contract Liabilities - Opening balance	(g)	14,978,873	(14,978,873)	-	-
Remeasuremrent		-	-	-	-
Closing balance		14,978,873	(14,978,873)	-	-
d Deferred Commission Income (DCI)					
Deferred Commission Income - Opening balance	(e)	405,920	(405,920)	-	-
Remeasuremrent		-	-	-	-
Closing balance		405,920	(405,920)	-	-

Transition adjustment as at 31 December 2021			
IFRS 4	Transition adjustment		IFRS 17
31-Dec-21 ₦'000	Reclassification & derecognition ₦'000	IFRS 17 re-measurement ₦'000	1-Jan-22 ₦'000
7,826,349	(7,826,349)	-	-
-	-	-	-
7,826,349	(7,826,349)	-	-
673,104	(673,104)	-	-
-	-	-	-
673,104	(673,104)	-	-
13,160,983	(13,160,983)	-	-
-	-	-	-
13,160,983	(13,160,983)	-	-
292,705	(292,705)	-	-
-	-	-	-
292,705	(292,705)	-	-

Summary of Material Accounting Policies Contd

5 Transition disclosure - continued

Reconciliation of IFRS 4 to IFRS 17 (statement of Financial Position) - Explanatory Notes surporting restated figures

		Transition adjustment as at 31 December 2022			
		IFRS 4	Transition adjustment		IFRS 17
e Reinsurance Contract assets	**Note**	**31-Dec-22 ₦'000**	**Reclassification & derecognition ₦'000**	**IFRS 17 re-measurement ₦'000**	**31-Dec-22 ₦'000**
Opening Balnace IFRS 4		-	-	-	-
ARC reclassifictaion from RA UPR under IFRS 4	(a)	-	5,765,322	15,943	5,781,265
Deferred commission income reclassified (DCI)	(d)	-	(405,920)	-	(405,920)
Assets for Remaining Coverage (ARC)		-	5,359,402	-	5,375,345
AIC reclassified from RA claim recovery under IFRS 4	(a)	-	2,403,631	1,873	2,405,504
AIC - impact of claims discounting		-	-	(358,824)	(358,824)
AIC- risk adjustment for total incurred claims		-	-	515,763	515,763
Asset for Insurred Claims (AIC)		-	2,403,631	158,812	2,562,443
Closing Balnace - IFRS 17		**-**	**7,763,033**	**158,812**	**7,937,788**
f Other receivables and prepayments					
Other receivables and prepayments - Opening balance	(a)	398,317	595,273	-	993,590
Remeasurement		-	-	-	-
Closing balance		398,317	595,273	-	993,590

Transition adjustment as at 31 December 2021			
IFRS 4	Transition adjustment		IFRS 17
31-Dec-21 ₦'000	Reclassification & derecognition ₦'000	IFRS 17 re-measurement ₦'000	1-Jan-22 ₦'000
-	-	-	-
-	4,914,142	6,577	4,920,719
-	(292,705)	-	(292,705)
-	4,621,437	6,577	4,628,014
-	2,436,747	(28,920)	2,407,827
-	-	(324,758)	(324,758)
-	-	524,933	524,933
-	2,436,747	171,255	2,608,002
-	**7,058,184**	**177,832**	**7,236,016**
297,262	475,460	-	772,722
-	-	-	-
297,262	475,460	-	772,722

5 Transition disclosure - continued

Reconciliation of IFRS 4 to IFRS 17 (statement of Financial Position) - Explanatory Notes surporting restated figures

		Transition adjustment as at 31 December 2022			
		IFRS 4	Transition adjustment		IFRS 17
g Insurance contract liability IFRS 17	Note	31-Dec-22 ₦'000	Reclassification & derecognition ₦'000	IFRS 17 re-measurement ₦'000	31-Dec-22 ₦'000
Opening balnace (IFRS 4)		-	-	-	-
LRC reclassification from ICL under IFRS 4	(c)	-	9,132,047	18,609	9,150,656
Deferred acquisition cost - reclassification to LRC		-	(876,794)	(13)	(876,807)
Liabilities for Remaining Coverage (LRC)		-	8,255,253	18,596	8,273,849
					-
Opening balnace (IFRS 4)		-	-	-	-
LIC reclassified from ICL under IFRS 4	(c)	-	5,846,826	67,125	5,913,951
LIC - Impact of claims discounting		-		(781,849)	(781,849)
LIC -risk adjustment recognised		-		892,986	892,986
		-	5,846,826	178,262	6,025,088
Closing Balnace - IFRS 17		**-**	**14,102,079**	**196,858**	**14,298,937**
f Retained earnings					
Opening balance (IFRS 17)		4,970,380	-	(38,478)	4,931,902
Profit for the year		5,236,552	-	-	5,236,552
Dividends distributions made and proposed		(2,800,000)	-	-	(2,800,000)
Transfer to contingency reserves		-	-	-	-
Issue of bonus shares		(3,000,000)	-	-	(3,000,000)
Transfer from fair values reserve		211,614	-	-	211,614
IFRS 17 impact- reinsurance contract assets	(a)	-	-	(3,078)	(3,078)
IFRS 17 impact- insurance contract liabilities	(g)	-	-	19,453	19,453
Closing balance - IFRS 17		**4,618,546**	**-**	**(22,103)**	**4,596,443**

Transition adjustment as at 31 December 2021

IFRS 4	Transition adjustment		IFRS 17
31-Dec-21 ₦'000	**Reclassification & derecognition ₦'000**	**IFRS 17 re-measurement ₦'000**	**1-Jan-22 ₦'000**
-	-	-	-
-	7,678,986	5,167	7,684,153
-	(673,104)	-	(673,104)
-	7,005,882	5,167	7,011,049
			1
-			-
-	5,481,997	62,329	5,544,326
-	-	(382,819)	(382,819)
-	-	531,635	531,635
-	5,481,997	211,145	5,693,142
-	**12,487,879**	**216,312**	**12,704,191**
3,793,640	-	-	3,793,640
4,442,005	-	-	4,442,005
(2,660,000)	-	-	(2,660,000)
(605,265)	-	-	(605,265)
-	-	-	-
-	-	-	-
-	-	177,833	177,833
-	-	(216,311)	(216,311)
4,970,380	**-**	**(38,478)**	**4,931,902**

Summary of Material Accounting Policies Contd

5 Transition disclosure - continued

Reconcilitaion of statement of comprehensive income of the period ended 31 December 2022

		31 December 2022			
	Note	Balance as at 31-Dec-22 ₦'000	Reclassification & derecognition ₦'000	re-measurement ₦'000	Balance as at 31-Dec-22 ₦'000
Insurance revenue	G(A)	-	36,529,918	(13,443)	36,516,475
Gross premium income	A(G)	36,529,918	(36,529,918)	-	-
Premiums ceded to reinsurers	B(I)	(25,499,140)	25,499,140	-	-
Net premium income		11,030,778	-	-	
Insurance service expenses	H(D,F)	-	(10,962,576)	(87,213)	(11,049,789)
Net expenses from reinsurance contracts	I,(B,C,E)	-	(21,899,667)	58,968	(21,840,699)
Fees and commission income	C(I)	1,681,774	(1,681,774)	-	-
Net underwriting income		12,712,552	(9,044,877)	(41,688)	3,625,987
Claims expenses:					
Gross benefits and claims expenses	D(H)	(6,448,295)	6,448,295	-	-
Claims expenses ceded to reinsurers	E(I)	1,917,699	(1,917,699)	-	-
Underwriting expenses	F(H)	(3,366,227)	3,366,227	-	-
Underwriting profit/ Insurance servcie result		4,815,729	(1,148,054)	(41,688)	3,625,987
Interest income		2,984,910	-	-	2,984,910
Other investment and sundry income		326,644	-	-	326,644
Net realised gain/(loss)		31,454	-	-	31,454
Fair value gain		5,955	-	-	5,955
Unrealised foreign exchange gain		2,433,292	-	-	2,433,292
Impairment loss charge		(495,121)	-	-	(495,121)
Net Investment income		**5,287,134**	**-**	**-**	**5,287,134**

Summary of Material Accounting Policies Contd

5 Transition disclosure - continued

	Note	31 December 2022			
		Balance as at 31-Dec-22 ₦'000	Reclassification & derecognition ₦'000	re-measurement ₦'000	Balance as at 31-Dec-22 ₦'000
Finance (expense)/income from insurance contract issued	J	-	-	120,108	120,108
Finance (expense)/income from reinsurance contract held	K	-	-	(62,046)	(62,046)
Net insurance financial result		**-**	**-**	**58,063**	**58,063**
Other operating income		141,508	-	-	141,508
Management expenses	L(H,M)	(4,123,207)	4,123,207	-	-
Other operating expenses	M	-	(2,975,153)	-	(2,975,153)
		834,030	-	16,375	6,137,539
Profit before income tax expense		**6,121,164**	**-**	**16,375**	**6,137,539**
Income tax expense		(884,612)	-	-	(884,612)
Profit for the year		**5,236,552**	**-**	**16,375**	**5,252,927**
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		267,910	-	-	267,910
Other comprehensive income for the year, net of tax		267,910	-	-	267,910
Total comprehensive income for the year, net of tax		**5,504,462**	**-**	**16,375**	**5,520,837**

5 Transition disclosure - continued

Reconcilitaion of statement of comprehensive income of the period ended 31 December 2022

	Note	31 December 2022			
		Balance as at 31-Dec-22 ₦'000	Reclassification & derecognition ₦'000	re-measurement ₦'000	Balance as at 31-Dec-22 ₦'000
A Gross premium income					
Gross premium income as per IFRS 4	(A)	36,529,918	(36,529,918)	-	-
Remeasurement		-	-	-	-
Closing balance IFRS 17		36,529,918	(36,529,918)	-	-
B Premiums ceded to reinsurers					
Reinsurance expenses as per IFRS 4	(B)	25,499,140	(25,499,140)	-	-
Remeasurement		-	-	-	-
Closing balance IFRS 17		25,499,140	(25,499,140)	-	-
C Fees and commission received					
Fees and commission received as per IFRS 4	(I)	1,681,774	(1,681,774)	-	-
Remeasurement		-	-	-	-
Closing balance IFRS 17		1,681,774	(1,681,774)	-	-
D Gross benefit and claims expenses					
Gross claims insurred as per IFRS 4	(H)	6,448,295	(6,448,295)	-	-
Remeasurement		-	-	-	-
Closing balance IFRS 17		6,448,295	(6,448,295)	-	-
E Claims expenses ceded to reinsurers					
Claims expenses ceded to reinsurers as per IFRS 4	(I)	1,917,699	(1,917,699)	-	-
Remeasurement		-	-	-	-
Closing balance IFRS 17		-	-	-	-

5 Transition disclosure - continued

	Note	31 December 2022 Balance as at 31-Dec-22 ₦'000	Reclassification & derecognition ₦'000	re-measurement ₦'000	Balance as at 31-Dec-22 ₦'000
F Underwriting Expenses					
Underwriting expenses as per IFRS 4	(H)	(3,366,227)	3,366,227	-	-
Remeasurement		-	-	-	-
Closing balance IFRS 17		(3,366,227)	3,366,227	-	-
G Insurance Service Revenue					
Premium earned reclassified from Gross premium income(GPI- IFRS 4)	(A)	-	36,529,918	-	36,529,918
Remeasurement		-	-	(13,443)	(13,443)
Closing balance IFRS 17		-	36,529,918	(13,443)	36,516,475
H Insurance Service Expenses					
Gross claims insured reclassified under IFRS 4	(D)	-	(6,448,295)	154,017	(6,294,278)
Underwriting expenses (IFRS 4)	(F)	-	(3,366,227)	-	(3,366,227)
Directly attributable expenses reclassified from Management expenses	L	-	(1,148,054)	-	(1,148,054)
IFRS 17 Impact- Risk adjustment		-	-	(361,351)	(361,351)
IFRS 17 Impact - Insurance finance income/(expense)		-	-	120,108	120,108
IFRS 17 Impact- Loss component		-	-	-	-
IFRS 17 Impact- Deferred acquisition cost		-	-	13	13
Closing balance IFRS 17		-	(10,962,576)	(87,213)	(11,049,789)

5 Transition disclosure - continued

	Note	Balance as at 31-Dec-22 ₦'000	Reclassification & derecognition ₦'000	re-measurement ₦'000	Balance as at 31-Dec-22 ₦'000
		31 December 2022			
I Net expenses from reinsurance contracts					
Reinsurance premium expenses reclassified under IFRS 4	(B)	-	(25,499,140)	9,365	(25,489,775)
Fees and commission income reclassified under IFRS 4	(H)	-	1,681,774	-	1,681,774
Claims recovered from reinsurers reclassified under IFRS 4	(E)	-	1,917,699	120,819	2,038,518
IFRS 17 impact - Recovery on Loss component		-		-	-
IFRS 17 impact - Recovery from Risk adjustment		-		(9,170)	(9,170)
IFRS 17 impact Reinsurnace finance income/(expense)		-		(62,046)	(62,046)
Closing balance IFRS 17		-	(21,899,667)	58,968	(21,840,699)
J Insurance finance income/(expenses)					
Insurance finance income/ (expenses) from Insurance contracts		-	-	120,108	120,108
K Reinsurance finance income and expense					
Insurance finance income/ (expenses) from reinsurance contracts		-	-	(62,046)	(62,046)
L Management expenses					
Management expenses as per IFRS 4		4,123,207	-	-	4,123,207
Directly attributable expenses reclassified to Insurnace service expenses	H	-	(1,148,054)	-	(1,148,054)
Non directly attributable expense/ other operating expenses - IFRS 17	M	-	(2,975,153)	-	(2,975,153)
		4,123,207	(4,123,207)	-	-
M Other operating expense					
Non directly attributable expense/ other operating expenses - IFRS 17	L	-	2,975,153	-	2,975,153

Financials

ERM Framework Report

Statement of Financial Position

As at 31 December, 2023

Assets	Notes	2023 ₦'000	2022 (restated) ₦'000	As at 1 January 2022 (restated) ₦'000
Cash and cash equivalents	1	11,419,213	8,793,947	8,808,248
Financial assets	2	57,069,702	30,489,808	23,947,860
Trade receivables	3	316,646	365,397	109,967
Reinsurance contract asset	10	12,274,588	7,937,788	7,236,017
Other receivables and prepayments	4	1,350,212	993,590	772,722
Investment properties	5	4,050,000	3,676,770	3,676,770
Property, plant and equipment	6	199,213	232,664	303,954
Right of use assets	7	8,333	1,044	7,221
Intangible assets	8	123	946	3,427
Statutory deposits	9	300,000	300,000	300,000
Total assets		**86,988,030**	**52,791,954**	**45,166,186**
Liabilities				
Insurance contract liabilities	10	24,081,523	14,298,937	12,704,190
Trade payables	11	19,837,407	9,734,610	6,951,553
Other payables and accruals	12	2,680,102	1,576,551	1,493,142
Deferred rental income	13	35,000	33,250	33,250
Current income tax payable	14	507,800	1,361,495	836,792
Deferred tax liabilities	15	5,178,466	672,831	753,816
Total liabilities		**52,320,298**	**27,677,674**	**22,772,743**
Equity				
Share capital	16	10,000,000	10,000,000	7,000,000
Share premium	16.2	84,607	84,607	84,607
Statutory contingency reserve	17.1	10,000,000	10,000,000	10,000,000
Retained earnings	17.2	12,917,456	4,596,443	4,931,902
Fair value reserve	17.3	1,665,669	433,230	376,934
Total equity attributable to Owners		**34,667,732**	**25,114,280**	**22,393,443**
Total liabilities and equity		**86,988,030**	**52,791,954**	**45,166,186**

These financial statements were approved by the Board of Directors and authorized for issue on 19 April 2024 and signed on its behalf by:

Mr. Ibrahim Dikko
Director
FRC/2013/PRO/DIR/003/00000001718

Edeki Isujeh
Managing Director
FRC/2020/PRO/DIR/003/00000022391

Friday Nwachukwu
Chief Financial Officer
FRC/2013/PRO/ICAN/001/00000002207

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, 2023

	Notes	2023 ₦'000	2022 (restated) ₦'000
Insurance contract revenue	18	40,377,128	36,516,475
Insurance service expenses	19	(22,472,417)	(11,049,789)
Net expense from reinsurance contracts held	20	(21,062,783)	(21,840,699)
Insurance service result		**(3,158,072)**	**3,625,987**
Interest revenue calculated using effective interest rate method	23	4,462,414	2,984,910
Other investment income	24	240,021	326,644
Net realised gain/(loss)	25	162,153	31,454
Fair value gain	26	646,154	5,955
Unrealised foreign exchange gain	27	14,708,640	2,433,292
Impairment loss charge	28	(466,470)	(495,121)
Net Investment income		**19,752,911**	**5,287,134**
Finance (expense)/income from insurance contract issued	21	1,349,743	120,108
Finance (expense)/income from reinsurance contract held	22	(135,430)	(62,046)
Net insurance financial result		**1,214,313**	**58,063**
Other operating income	24	6,973	141,508
Other operating expenses	29.3	(2,603,393)	(2,975,153)
Profit before income tax expense		**15,212,733**	**6,137,539**
Income tax expense	14	(4,891,720)	(884,612)
Profit for the year		**10,321,013**	**5,252,927**
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	30	1,232,439	267,910
Other comprehensive income for the year, net of tax		1,232,439	267,910
Total comprehensive income for the year, net of tax		**11,553,452**	**5,520,837**
Earnings per share:			
Basic (kobo)	32	52	33
Diluted (kobo)	32	52	33

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, 2023

	Attributable to equity holders					
	Issued and paid -up share capital ₦'000	Share Premium ₦'000	Statutory Contingency Reserve ₦'000	Retained Earnings ₦'000	Fair value reserve ₦'000	Total Equity ₦'000
At 1 January 2023	10,000,000	84,607	10,000,000	4,596,443	433,230	25,114,280
Profit for the year	-	-	-	10,321,013	-	10,321,013
Other comprehensive income, net of tax (Note 32)	-	-	-	-	1,232,439	1,232,439
Total Comprehensive income	-	-	-	10,321,013	1,232,439	11,553,452
Issue of shares (Note 18.2)		-	-	-	-	-
Dividend for last financial result (2022) (Note 35)	-	-	-	(2,000,000)	-	(2,000,000)
Interim dividend (for current year) (Note 35)	-	-	-	-	-	-
Transfer of fair value reserve of equity instruments designated at FVOCI (Note 19.2)	-	-	-	-	-	-
At 31 December 2023	10,000,000	84,607	10,000,000	12,917,456	1,665,669	34,667,732
At 1 January 2022	**7,000,000**	**84,607**	**10,000,000**	**4,970,380**	**376,934**	**22,431,921**
Impact of initial application of IFRS 17				(38,478)		(38,478)
	7,000,000	84,607	10,000,000	4,931,902	376,934	22,393,443
Profit for the year	-	-	-	5,252,927	-	5,252,927
Other comprehensive income, net of tax (Note 32)	-	-	-	-	267,910	267,910
Total Comprehensive income	-	-	-	5,252,927	267,910	5,520,837
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)	-
Transfer between reserves (Note 19)	-	-	-	-	-	-
Transfer of issued and paid up share capital	-	-	-	-	-	-
At 31 December 2022	10,000,000	84,607	10,000,000	4,596,443	433,230	25,114,280

Statement of Cash Flows

For the year ended 31 December, 2023

	Notes	2023 ₦'000	2022 ₦'000
Cash flows from operating activities			
Premiums received for insurance contracts	3.1	36,079,001	33,361,501
Premiums received in respect of future policies	11	14,620,617	6,564,236
Reinsurance premium paid during the year	11.3	(26,317,318)	(25,765,450)
Other cashflow from/to providers of services		(8,311,984)	(971,163)
Minimum deposit on premium paid	4.3	(52,990)	(69,739)
Staff loan disbursed during the year	4.1	(7,662)	(109,900)
Staff loan repayment during the period	4.1	57,484	73,791
Acquisition cashflows received	10	1,794,993	1,794,990
Acquisition cashflows paid	10	(4,136,764)	(3,151,036)
Claims and directly attributable expenses paid	10	(9,420,680)	(7,650,404)
Claims and other benefit received	10	1,033,730	1,950,815
Cash flows generated from operating activities		5,338,427	6,027,641
Income tax paid	14.2	(1,372,462)	(335,858)
Net cash provided by operating activities	**35**	**3,965,965**	**5,691,783**
Purchase of property, plant and equipment			
Addition to right of use asset	6	(100,440)	(58,471)
Addition to investment properties	7	(12,000)	-
Proceeds on disposal of property, plant and equipment	5	-	(25,952)
Interest income received		13,759	3,782
Rental income received		4,212,705	2,254,292
Dividend income received	13	70,000	66,500
Proceeds on disposal of investments	24	171,771	260,144
Purchase of investments	2.5	1,148,373	2,849,458
Proceed from redemption of financial assets measured at amortised costs	2.5	(7,361,234)	(8,756,059)
	2.5	2,394,312	470,180
Net cash (used in) / providedby investing activities		**537,246**	**(2,936,126)**
Cash flows from financing activities			
Dividends paid to shareholders		(2,000,000)	(2,800,000)
Net cash used in financing activities		**(2,000,000)**	**(2,800,000)**
Net (decrease)/ increase in cash and cash equivalents		**2,503,210**	**(44,343)**
Net foreign exchange difference		122,056	30,042
Cash and cash equivalents at 1 January		8,793,947	8,808,248
Cash and cash equivalents at 31 December	1	**11,419,213**	**8,793,947**

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-2023 ₦'000	31-Dec-2022 ₦'000
1	**Cash and cash equivalents**			
	Cash and bank balances	1.1	1,113,175	1,373,487
	Short-term deposits	1.2	10,656,976	7,558,039
			11,770,151	8,931,526
	Less: Allowance for credit losses	1.3	(350,938)	(137,579)
	Cash and cash equivalents(per statement of cash flows)		**11,419,213**	**8,793,947**
1.1	**Cash and banks is made up of the following:**			
	Cash on hand		54	56
	Balances held with local banks		668,828	715,221
	Balances held in domiciliary accounts		444,293	658,210
		1.3	1,113,175	1,373,487
	Less: Allowance for credit losses	1.3	(26,257)	(22,708)
	Total Cash and banks		1,086,918	1,350,779

Interest income on bank accounts held with banks amounted to N0.9m (2022: N0.2m). See note 23 to the financial statements.

		Notes	31-Dec-2023 ₦'000	31-Dec-2022 ₦'000
1.2	**Short term deposit is made up of:**			
	Call deposits	1.3	6,795	6,747
	Term deposits	1.3	10,650,181	7,551,292
			10,656,976	7,558,039
	Less: Allowance for credit losses		(324,681)	(114,871)
			10,332,295	7,443,168

Interest income on calls and term deposits with banks amounted to N562.9m (2022: N330.8m). 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 11% per annum (2022: 9%).

1.3 Impairment loss on cash and cash equivalents

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

	31-Dec-23			
Gross carrying amount	**Stage 1 Individual ₦'000**	**Stage 2 Individual ₦'000**	**Stage 3 Individual ₦'000**	**Total ₦'000**
Cash on hand	54	-	-	54
Balances held with local banks and domiciliary accounts (Note 1.1)	1,113,121	-	-	1,113,121
Call deposits (Note 1.2)	6,795	-	-	6,795
Term deposits (Note 1.2)	10,650,181	-	-	10,650,181
	11,770,151	-	-	11,770,151
Expected credit losses				
Cash on hand	-	-	-	-
Balances held with local banks and domiciliary accounts (Note 1.1)	26,257	-	-	26,257
Call deposits (Note 1.2)	114	-	-	114
Term deposits (Note 1.2)	324,567	-	-	324,567
	350,938	-	-	350,938

Cash and cash equivalents - continued

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-22			
Gross carrying amount	**Stage 1 Individual ₦'000**	**Stage 2 Individual ₦'000**	**Stage 3 Individual ₦'000**	**Total ₦'000**
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**

1.3a Analysis of impairment allowance on cash and cash equivalents

Gross carrying amount	**Notes**	**31-Dec-23 ₦'000**	**31-Dec-22 ₦'000**
At 1 January		137,579	170,831
Writeback during the year	30		
Charged for the year	30	169,837	(50,642)
Foreign exchange adjustments	29	43,522	17,390
At 31 December		350,938	137,579

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 29

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

	2023							
	Stage 1		Stage 2		Stage 3		Total	
Cash and cash equivalents	Gross carrying amount ₦'000	ECL ₦'000	Gross carrying amount ₦'000	ECL ₦'000	Gross carrying amount ₦'000	ECL ₦'000	Gross carrying amount ₦'000	ECL ₦'000
As at 1 January 2023	8,931,526	137,579	-	-	-	-	8,931,526	137,579
New assets purchased	5,445,610	166,254	-	-	-	-	5,445,610	166,254
Assets derecognised or matured (excluding write-offs)	(4,032,521)	(123,113)	-	-	-	-	(4,032,521)	(123,113)
Amounts written off	-	-	-	-	-	-	-	-
Changes to models and inputs used for ECL calculations	-	213,739	-	-	-	-	-	213,739
Unrealised foreign exchange adjustments	1,425,536	(43,522)	-	-	-	-	1,425,536	(43,522)
At 31 December 2023 (Note 1)	11,770,151	350,938	-	-	-	-	11,770,151	350,938

	2022							
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

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 N169.8 million (2022:N50.6 million). Related foreign exchange adjustments are reported as part of net unrealised (loss)/gain on foreign exchange in note 29.

2. Financial Assets

Below is an analysis of the Company's financial assets	Notes	31-Dec-2023 ₦'000	31-Dec-2022 ₦'000
Equity : Fair Value through profit or loss (FVTPL)	2.1	966,058	870,360
Equity : Fair Value through OCI (FVTOCI)	2.2	3,130,296	1,760,920
Debt instruments measured at amortised cost:			
Federal government bonds		26,146,085	13,987,908
State government bonds		573,926	643,271
Corporate bonds		26,243,363	13,296,687
Other debt securities - term deposits		1,273,442	259,361
Impairment losses on financial assets measured at amortised cost	2.4	(1,263,468)	(328,699)
Total debt instruments measured at amortised cost	2.3	52,973,348	27,858,528
		57,069,702	30,489,808

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.

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

Listed Equities		31-Dec-2023 ₦'000	31-Dec-2022 ₦'000
Dangote Cement Plc		39,988	32,625
Dangote Sugar Refinery Plc		11,400	8,025
FBN Holdings Plc		-	117,175
Flour Mills Nig. Plc.		-	17,452
GTCO Plc		20,726	88,169
Tourist Company of Nigeria Plc.		8,988	8,988
UAC OF Nigeria		298	-
Union Homes Savings and Loans Plc.		48	48
Zenith Bank Plc		113,848	208,140
		195,296	480,622
Managed Funds			
ARM Aggressive Fund		37,680	27,705
ARM Discovery Fund		16,213	12,103
Coral Growth Fund		117,280	85,483
FBN Heritage Fund		165,087	112,493
Stanbic IBTC Bond Fund		127,880	122,515
Zenith Equity Fund		39,193	29,439
Meristem Growth ETF		267,430	-
		770,761	389,738
Total FVTPL Financial assets	Note 2.5	966,058	870,360

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

2.1 Analysis of fair value gains on FVTPL financial assets

	Notes	31-Dec-2023 ₦'000	31-Dec-2022 ₦'000
Unrealised gain on equities at FVTPL	26	272,924	31,907
Net realised gain on equities at FVTPL	25	40,097	1,412
		313,021	33,319

The Company received dividends of N33.6million on equity holdings reported as fair valued through profit or loss during the year(2022: N31.9million). See note 2.7.

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

Equity I 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 41.1- Valuation basis) 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.

2.2

		31-Dec-2023 ₦'000	31-Dec-2022 ₦'000
ARM Properties Plc.		7,450	8,800
Friesland Wamco Nig. Plc.		3,780	3,183
ARM Hospitality Fund		207,369	207,369
African Reinsurance Corporation		432,659	263,060
Energy and Allied Insurance Pool of Nigeria		606,533	293,171
Interswitch Limited		1,816,786	923,000
WSTC Financial Services Limited		55,719	62,337
Total FVTOCI Financial assets	Note 2.5	**3,130,296**	**1,760,920**

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

The Company received dividends of N138.1million on equity shares designated as FVTOCI during the year(2022: N228.2million). See note 2.7.

2.3 Debt instruments at amortised cost

	Credit Rating	31-Dec-2023 ₦'000	31-Dec-2022 ₦'000
Federal Government Debt Securities			
TBILLS	B3/Moody's	2,001,242	-
Impairment allowance of FGN NGN Bonds		(2,387)	-
a		1,998,855	-
FGN Naira Bonds			
FGN Bond 12.75% Apr 2023	B3/Moody's	-	646,837
FGN Bond 12.5% 22 Jan 2026	B3/Moody's	600,153	601,096
FGN Bond 13.98% 23 Feb 2028	B3/Moody's	2,329,207	2,352,263
FGN Bond 12.75% 27 April 2033	B3/Moody's	989,066	
FGN Bond 12.15% 18 JUL 2034	B3/Moody's	224,409	225,075
FGN Bond 12.5% 27 MAR 2035	B3/Moody's	387,833	387,316
Impairment allowance of FGN NGN Bonds		(5,047)	(4,155)
b		4,525,621	4,208,432
FGN Eurobonds			
NIGERIA 8.375% 21-Mar-2029	B3/Moody's	2,160,568	937,301
NGERIA 7.143% 23-Feb-2030	B3/Moody's	2,757,660	1,395,989
NGERIA 8.747% 23-Feb-2031	B3/Moody's	14,695,955	7,442,031
Impairment allowance on FGN Euro Bonds		(316,726)	(119,019)
c		19,297,457	9,656,302
d=a+b+c		25,821,933	13,864,734

2.3 Debt instruments at amortised cost

State Government Debt Securities	Credit Rating	31-Dec-2023 ₦'000	31-Dec-2022 ₦'000
ONDO 13% 30-JAN-2027	A-/ Agusto	322,977	392,321
LAGOS IIA 13.00% 20 DEC-2031	A+/Augusto	250,949	250,950
Impairment on State Bonds		(1,109)	(1,357)
d		572,817	641,914
Corporate Debt Securities			
FCMB I 14.25% 20-NOV-2021	B2/Moody's	-	-
PRIMERO BRT-SPV 17.00%15-MAY-2026	Bbb-/Agusto	272,271	272,306
FLOURMILLS IIIB 11.10% 27-FEB-2025	A/Agusto	259,805	259,839
NOVAMBL SPV I 12.00% 23-JUL-2027	Bbb-/Agusto	37,028	37,030
LAPO MFB II 13.00% 30-MAR-2025	Bbb+/ Agusto	310,545	311,122
FBNQ SPV I 10.50% 5-FEB-2023	A/Agusto	-	41,818
MTN 2020 TRANCH B 14.50% 30-SEPT-2032	AAA/GCR	234,260	234,289
Impairment on Corporate Bonds		(32,603)	(15,668)
e		1,081,306	1,140,736
Corporate Eurobonds			
FBNL 8.625% 27-OCT-2025	B2/Moody's	3,940,593	2,035,240
SEPLAT 9.25% 01- OCT-2026	B2/Moody's	4,507,184	2,304,527
ECOTRA 9.5% 18-APRIL-2024	B3/Moody's	7,037,574	3,583,618
ACCESS 9.125% PERPETUAL BOND	B2/Moody's	9,644,115	4,216,898
Impairment on Corporate Euro Bonds		(866,447)	(181,046)
f		24,263,019	11,959,237

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

2.3

	Credit Rating	31-Dec-2023 ₦'000	31-Dec-2022 ₦'000
Commercial papers			
C&I leasing CP 3	BBB-/Agusto	222,231	-
Lagos Free Zone Company CP5	Bbb-/Agusto	208,937	-
UAC Nig CP	A/ Agusto	97,083	-
Flour Mills of Nigeria CP	A-/Agusto	73,989	-
Dangote CP 8	B3/Moodys	297,441	-
FSDH CP 17	BBB/GCR	110,519	-
Impairment on Commercial papers		(30,913)	-
g		979,287	11,959,237
Other debt securities - term deposits			
FCMB Euro deposit	B2/Moody's	-	153,203
Meristem Wealth Management deposits	Not rated	258,661	101,598
Accrued interest on CBN deposit		4,560	4,561
Impairment on other debt securities		(8,235)	(7,455)
h		254,986	251,907
Total Amortised Cost Financial assets(c+d+e+f+g+h)		52,973,348	27,858,528

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

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

	2023							
	Stage 1		Stage 2		Stage 3		Total	
Amortised cost	**Gross carrying amount ₦'000**	**ECL ₦'000**	**Gross carrying amount ₦'000**	**ECL ₦'000**	**Gross carrying amount ₦'000**	**ECL ₦'000**	**Gross carrying amount ₦'000**	**ECL ₦'000**
As at 1 January 2023	28,187,227	328,699	-	-	-	-	28,187,227	328,699
New assets purchased	7,211,178	148,045	-	-	-	-	7,211,178	148,045
Assets derecognised or matured (excluding write-offs)	(3,175,306)	(65,189)	-	-	-	-	(3,175,306)	(65,189)
Amounts written off	-	-	-	-	-	-	-	-
Changes to models and inputs used for ECL calculations	-	399,971	-	-	-	-	-	399,971
Unrealised foreign exchange adjustments	22,013,717	451,942	-	-	-	-	22,013,717	451,942
At 31 December 2023	54,236,816	1,263,468	-	-	-	-	54,236,816	1,263,468
	2022							
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

2.5 Analysis of movement in financial assets

	Fair value through OCI ₦'000	Fair value through profit or loss ₦'000	Amortised Cost ₦'000	Total ₦'000
At 1 January 2022	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 25)	-	1,412	-	1,412
Fair value gains recorded in OCI (Note 17.3, 30)	316,047	-	-	316,047
Unrealised fair value gains taken to profit or loss (Note 26)	-	31,907	-	31,907
Impairment charge during the year (Note 28)	-	-	(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**
Additions	-	150,056	7,211,178	7,361,234
Maturities and redemptions	-	-	(2,394,312)	(2,394,312)
Proceeds on disposals	-	(367,379)	(780,994)	(1,148,373)
Realised fair value gains recorded in profit or loss (Note 25)	-	40,097	-	40,097
Fair value gains recorded in OCI (Note 17.3, 30)	1,369,376	-	-	1,369,376
Unrealised fair value gains taken to profit or loss (Note 26)	-	272,924	-	272,924
Impairment charge during the year (Note 28)	-	-	(482,827)	(482,827)
Unrealised foreign exchange adjustments	-	-	22,013,717	22,013,717
Unrealised foreign exchange adjustments on ECL relating to Amortised cost financial assets	-	-	(451,942)	(451,942)
At 31 December 2023	3,130,296	966,058	52,973,348	57,069,702

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

	31-Dec-2023 ₦'000	31-Dec-2022 ₦'000
Within one year	3,233,131	940,012
More than one year	49,740,217	26,918,516
	52,973,348	27,858,528

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	Carrying amount ₦'000	Income type	31-Dec-2023 ₦'000	31-Dec-2022 ₦'000
Equity: Fair value through Profit or loss	2.1	966,058	Dividends	33,604	31,972
Equity: Fair value through Other Comprehenive Income	2.2	3,130,296	Dividends	138,166	228,172
Total dividend received	26			171,770	260,144
Debt instruments measured at amortised cost:					
Federal government Bond	2.3	23,823,078	Interest	1,873,162	1,442,419
State government bonds	2.3	572,817	Interest	66,251	73,822
Corporate bonds	2.3	25,344,325	Interest	1,696,707	1,111,205
Treasury bills	2.3	1,998,855	Interest	70,808	-
Commercial papers		979,287	Interest	164,684	
	2.3			3,706,928	2,627,446
Other debt securities- Term deposits	2.3	254,986	Interest	169,556	9,980
Total interest received/receivables		57,069,702		3,876,484	2,637,426

3. Trade receivables

	31-Dec-2023 ₦'000	31-Dec-2022 ₦'000
Due from brokers	316,646	361,053
Due from insurers	-	4,344
	316,646	**365,397**

3.1 Analysis of movement in premium received for cashflow purpose

	31-Dec-2023 ₦'000	31-Dec-2022 ₦'000
Premium receieved 30days after previous year end	365,397	109,967
Premium received in respect of Gross written premium(GWP)	42,277,840	37,617,582
Exclude premium deposit	(6,564,236)	(4,366,048)
Premium received from insurance contracts in the year	**36,079,001**	**33,361,501**

3.2 Aging analysis of trade receivables:

Aging analysis of trade receivables:	No of Policies	Amount ₦'000	No of Policies	Amount ₦'000
Within 14 days	139	99,342	366	274,681
Within 15-30 days	343	217,304	233	90,716
Within 31-90 days	-	-	-	-
Within 91-180 days	-	-	-	-
Above 180days	-	-	-	-
	482	**316,646**	**599**	**365,397**

All insurance receivables are designated as Trade receivables and their carrying values approximate fair value at the reporting date. A total amount of N316.6m (2022: N365.4m) was received after year end as at 31 January 2024.

		31-Dec-2023 ₦'000	31-Dec-2022 ₦'000
4	**Other receivables and prepayments**		
	Staff loans (Note 4.1)	115,195	160,972
	Prepayments and sundry debtors (Note 4.4)	604,052	308,704
	Due from reinsurance brokers (Note 4.2)	963,885	1,016,949
	Minimum deposit on premiums paid (Note 23)	52,990	60,617
	Withholding tax credit notes(Note 4.5)	7,777	26,230
		1,743,899	1,573,472
	*Allowance for impairment on Other receivables (Note 4.6)	(393,687)	(579,882)
		1,350,212	993,590

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

4.1	**Staff loans**		
	At 1 January	160,972	120,924
	Addition during the period	7,662	109,900
	Accrued Interest (Note 4.3)	4,045	3,939
	Repayment during the period	(57,484)	(73,791)
		115,195	160,972
	ECL impairment provision	(38,451)	(39,128)
	At 31 December	76,744	121,844

As at the end of the year, there was no outstanding balance in respect of staff loans granted to key management staff (2022: N14.4m). See note 35.3

		31-Dec-2023 ₦'000	31-Dec-2022 ₦'000
4.2	**Due from reinsurance brokers**		
	At 1 January	1,016,949	436,625
	(Decrease)/ increase in receivables from brokers	(53,064)	580,324
		963,885	1,016,949
	*Allowance for impairment on receivables from Reinsurance brokers	(273,034)	(482,293)
	At 31 December	**690,851**	**534,656**

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 N273million (2022:N482million). This amount has been fully impaired while reconciliation and recovery drive are currently ongoing with the broker. This implies a writeback of N209million in the current year.

		31-Dec-2023 ₦'000	31-Dec-2022 ₦'000
4.3	**Minimum deposit on premiums paid to reinsurance brokers**		
	At 1 January	60,617	38,835
	Addition	52,990	69,739
	Expensed during the year	(60,617)	(47,957)
	At 31 December	**52,990**	**60,617**

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.

		31-Dec-2023 ₦'000	31-Dec-2022 ₦'000
4.4	**Prepayment and sundry debtors**		
	Sundry debtors (Note 4.4.1)	348,138	75,759
	Prepaid others (Note 4.4.2)	153,771	158,872
	Deposit for property (Note 4.4.3)	25,337	25,337
	Prepaid insurance on owned assets	61,109	40,100
	Prepaid rent	15,697	8,636
		604,052	308,704

4.4.1 Sundry debtors represents deposit for various services not yet received and recoverable from suppliers and service providers.

4.4.2 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 N81.5m(2022: N57.8m) 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 implementation project.

4.4.3 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.

		31-Dec-2023 ₦'000	31-Dec-2022 ₦'000
4.5	**Withholding tax credit notes**		
	Balance as at 1 Jan	26,230	14,946
	Additional credit notes received	1,026	164,457
	Utilised credit notes (Note 14.2)	(19,479)	(153,173)
	Balance as at 31 Dec	7,777	26,230

4.6 Impairment loss on other receivables

The impairment loss analysis below 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:

Impairment loss on other receivables	2023							
	Stage 1		Stage 2		Stage 3		Total	
These items are not rated.	Gross carrying amount ₦'000	ECL ₦'000	Gross carrying amount ₦'000	ECL ₦'000	Gross carrying amount ₦'000	ECL ₦'000	Gross carrying amount ₦'000	ECL ₦'000
As at 1 January 2023	165,713	1,234	-	-	96,355	96,356	262,070	97,590
New assets purchased	596,398	4,442	-	-	-	-	596,398	4,442
Assets derecognised or matured (excluding write-offs)	(383,008)	(2,853)	-	-	-	-	(383,007)	(2,853)
Amounts written off	-		-	-	-	-	-	-
Changes to models and inputs used for ECL calculations	(13,212)	8,263	-	-	13,212	13,212	-	21,475
Unrealised foreign exchange adjustments	-	-	-	-	-	-	-	-
At 31 December 2023	379,103	11,086	-	-	109,567	109,568	475,461	120,653

	2022							
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

Analysis of impact of impairment 2023

	Asset	Impairment			Asset
Analysis of impact of impairment 2023	Gross carrying amount as at 31 December ₦'000	Balance as at 1 January ₦'000	Increase/ (Write-back) during the year ₦'000	Balance as at 31 December ₦'000	Carrying amount as at 31 December ₦'000
Staff loans	115,195	39,128	(677)	38,451	76,744
Prepayments	230,577	-	-	-	230,577
Sundry debtors	348,138	33,124	23,741	56,865	291,273
Deposit for property	25,337	25,337	-	25,337	-
Withholding tax credit notes	7,777	-	-	-	7,777
Total	727,024	97,589	23,064	120,653	606,371
Analysis of impact of impairment 2022					
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
Claims debtors	-	-	-	-	-
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

5	Investment properties	31-Dec-2023 ₦'000	31-Dec-2022 ₦'000
	At 1 January	3,676,770	3,676,770
	Improvements during the year	-	25,952
	Net gain on fair value adjustments (Note 26)	373,230	(25,952)
	At 31 December	4,050,000	3,676,770

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.

5.1 Description of properties and movement	1-Jan-2023 ₦'000	Additions during the year ₦'000	Improvements during the year ₦'000	Fair value adjustments recognised in profit or loss ₦'000	31- Dec 2023 ₦'000
88, Adetokunbo Ademola Street, Victoria Island, Lagos	230,000	-	-	15,000	245,000
3, Aja Nwachukwu Close, Off Bourdillon Road, Ikoyi, Lagos*	2,850,000	-	-	290,000	3,140,000
156 Awolowo Road, Ikoyi, Lagos	405,000	-	-	35,000	440,000
Plot 3243, Block 71, Peace Prayer Estate, Amuwo Odofin, Lagos	41,770	-	-	3,230	45,000
Plot 676 Cadastral Zone, Abuja	50,000	-	-	20,000	70,000
5 Chapel Street, Yaba	100,000	-	-	10,000	110,000
	3,676,770	**-**	**-**	**373,230**	**4,050,000**

The Company did not acquire any new investment properties during the year (2022:Nil). 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(2022: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. N1,627m as at year end)(2022: 1,337m). 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.

5.1 Description of properties and movement	1-Jan-2022 ₦'000	Additions during the year ₦'000	Improvements during the year ₦'000	Fair value adjustments recognised in profit or loss ₦'000	31- Dec 2022 ₦'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
	3,676,770	**-**	**25,952**	**(25,952)**	**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 2023 and 31 December 2022 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 2023 and 31 December 2022 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/PRO/NIESV/004/00000000597.

The rental income arising during the year amounted to N68.3million (2022: N66.5million) which is included in other investment and operating income. Direct operating expenses arising in respect of such properties during the year are included within management expenses.

5. Investment properties contd

	2023 ₦'000	2022 ₦'000
Rental income derived from investment properties (Note 24)	68,250	66,500
Direct operating expenses in generating rental income (Note 29.4)	(6,746)	(8,948)
Profit from investment properties carried at fair value	61,504	57,552

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 2023

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 : N220,000 for Main Building of 300.3m2, N200,000 for Domestic Staff Quarters of 47.4m2 and N100,000 for Gate house of 8.48m2 Depreciation rate of 70% Unit Land price (N275,000-N33000/m2)
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 N19,800,000 – N23,100,000 per flat - 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 N50,000-N80,000/m2 - Rent growth p.a 5% - Long-term vacancy rate 2% - Discount rate 10%

Valuation techniques used for fair valuation of investment properties - 31 December 2023 continued

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 D160Deed of Assignment dated 1995. Title perfection is ongoing with the Lagos State Government since April 2017.	Market comparison approach	- Estimated price per square metre N40,000 - N50,000
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 : N120,000 - N200,000, - Land cost/M2: N120,000- N180,000/m2 Depreciation rate of building), - Nil

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 annumN22,500,000 - Rent growth p.a 5% - Long-term vacancy rate 2% - Discount rate 10%

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

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.

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 ₦'000	Level 2 ₦'000	Level 3 ₦'000	Total ₦'000
At 31 December 2023				
Investment properties	-	-	4,050,000	4,050,000
At 31 December 2022				
Investment properties	-	-	3,676,770	3,676,770

6 Property, plant and equipment

Cost	Motor Vehicles ₦'000	Furniture and Fittings ₦'000	Computer and Office Equipment ₦'000	Plant and Machinery ₦'000	Total ₦'000
At 1 January 2022	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
Additions	79,000	1,382	20,058	-	100,440
Disposals	(74,000)	-	(1,155)	-	(75,155)
At 31 December 2023	534,814	83,498	236,604	20,835	875,751
Accumulated depreciation:					
At 1 January 2022	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
Charge for the year	81,020	1,946	21,280	2,924	107,170
Disposals	(47,750)	-	(685)	-	(48,435)
At 31 December 2023	384,736	80,641	196,746	14,415	676,538
Carrying Amount					
At 31 December 2023	**150,079**	**2,857**	**39,858**	**6,419**	**199,213**
At 31 December 2022	**178,349**	**3,421**	**41,549**	**9,344**	**232,664**

6.1 The Company had no capital commitment as at the end of the period (2022: Nil).

6.2 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.

6.3 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 (2022: Nil).

7 Right of use assets

	31-Dec-2023 ₦'000	31-Dec-2022 ₦'000
At 1 January	1,044	7,221
Additions during the year	12,000	-
Depreciation expense	(4,711)	(6,177)
At 31 December	**8,333**	**1,044**

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 4.4). 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 lease of the Abuja unutilised leased term amounts to N0.642million(2022: N0.794million). See note 35.3 .

In 2020, the Company leased a vacant land for storing its salvage vehicles. The 3 year lease term for the land space which ended in February 2023 was subsequent renewed for another 3 year term for the sum of N12 million. There are no lease liabilities relating to the lease as at the end of the year.

8. Intangible assets

Cost:	Software costs ₦'000	Total ₦'000
At 1 January 2022	128,214	128,542
Additions	-	-
At 31 December 2022	128,542	128,542
Additions	-	-
At 31 December 2023	128,542	128,542
Accumulated amortisation:		
At 1 January 2022	125,115	125,115
Charge for the year	2,481	2,481
At 31 December 2022	127,596	127,596
Charge for the year	823	823
At 31 December 2023	128,419	128,419
Carrying amount:		
At 31 December 2023	**123**	**123**
At 31 December 2022	**946**	**946**

9. Statutory deposits

	31-Dec-2023 ₦'000	31-Dec-2022 ₦'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.

10. Insurance contract liabilities issued / Reinsurance contracts held

Portfolios of insurance and reinsurance contract assets and liabilities

31 December 2023	Motor	Accident	Bond	Marine	Aviation	Fire	Engineering	Oil & Energy	Total
Insurance contract liabilities	3,067,358	2,781,169	8,071	806,127	115,879	6,423,783	1,679,822	9,199,314	24,081,523
Reinsurance contract assets	316,999	612,967	2,828	630,077	19,012	5,277,579	1,085,588	4,329,538	12,274,588
31 December 2022									
Insurance contracts liabilities	2,225,484	1,747,401	14,373	648,824	41,012	4,796,514	513,240	4,312,089	14,298,937
Reinsurance contracts assets	73,382	488,588	4,447	266,488	10,106	3,150,617	341,283	3,602,877	7,937,788

a. **Insurance contracts issued**

b. **Reconciliation of the liability for remaining coverage and the liability for incurred claims - Premium Allocation Approach Insurance contracts issued**

		31 December 2023				
		Liabilities for Remaining Coverage		Liability for incurred claims		
	Notes	Excluding loss component ₦'000	Loss-component ₦'000	Present value of future cash flows ₦'000	Risk adjustment ₦'000	Total ₦'000
Opening insurance contract assets		-		-	-	-
Opening insurance contract liabilities		8,273,848	-	5,132,101	892,988	14,298,937
Net Opening balance		8,273,848	-	5,132,101	892,988	14,298,937
Changes in the statement of profit or loss and OCI						
Insurance revenue						
Insurance revenue	18	(40,377,128)	-	-	-	(40,377,128)
		(40,377,128)	-	-	-	(40,377,128)
Insurance service expenses						
Incurred claims and other expenses		-				
Acquisition expenses		3,879,892	-	5,926,183	(217,397)	5,708,786
Changes that relate to future services: losses on onerous contracts and reversals		-	-	-	-	3,879,892
Changes that relate to past services: changes to liabilities for incurred claims (including reinsurer's non-performance risk)		-	-	11,972,430	911,309	12,883,739
			-	-	-	-
	19	3,879,892	-	17,898,613	693,912	22,472,417
Insurance finance expenses						
Insurance finance expenses		-	-	(1,179,885)	(169,858)	(1,349,743)
	21	-	-	(1,179,885)	(169,858)	(1,349,743)
Total changes in the statement of profit or loss and OCI		**(36,497,236)**	**-**	**16,718,728**	**524,054**	**(19,254,454)**

31 December 2022				
Liabilities for Remaining Coverage		Liability for incurred claims		
Excluding loss component ₦'000	Loss-component ₦'000	Present value of future cash flows ₦'000	Risk adjustment ₦'000	Total ₦'000
-		-	-	-
7,011,048	-	5,161,507	531,635	12,704,190
7,011,048	-	5,161,507	531,635	12,704,190
(36,516,475)	-	-	-	(36,516,475)
(36,516,475)	-	-	-	(36,516,475)
-	-	2,946,991	(18,857)	2,928,134
2,947,330	-	-	-	2,947,330
-	-	4,747,242	427,083	5,174,325
-	-	-	-	-
2,947,330	-	7,694,233	408,226	11,049,789
-	-	(73,235)	(46,873)	(120,108)
-	-	(73,235)	(46,873)	(120,108)
(33,569,145)	**-**	**7,620,998**	**361,353**	**(25,586,794)**

a. **Insurance contracts issued**

b. **Reconciliation of the liability for remaining coverage and the liability for incurred claims - Premium Allocation Approach Insurance contracts issued**

	31 December 2023				
	Liabilities for Remaining Coverage		Liability for incurred claims		
	Excluding loss component ₦'000	Loss- component ₦'000	Present value of future cash flows ₦'000	Risk adjustment ₦'000	Total ₦'000
Cash flows					
Premiums received- premium fron insurance contract (1)	42,277,840	-	-	-	42,277,840
Claims and other expenses paid	-	-	(9,420,680)	-	(9,420,680)
Acquisition cash flows paid	(4,136,764)	-	-	-	(4,136,764)
	38,141,076	-	(9,420,680)	-	28,720,396
Non- cashflow Items					
Premiums received- premium fron insurance contract (2)	316,644	-	-	-	316,644
	316,644		-	-	316,644
Closing insurance contract assets	-	-	-	-	-
Closing insurance contract liabilities	10,234,332	-	12,430,149	1,417,042	24,081,523
Net closing balance	**10,234,332**	**-**	**12,430,149**	**1,417,042**	**24,081,523**

31 December 2022				
Liabilities for Remaining Coverage		Liability for incurred claims		
Excluding loss component ₦'000	Loss-component ₦'000	Present value of future cash flows ₦'000	Risk adjustment ₦'000	Total ₦'000
37,617,582	-	-	-	37,617,582
-	-	(7,650,404)	-	(7,650,404)
(3,151,036)	-	-	-	(3,151,036)
34,466,546	-	(7,650,404)	-	26,816,142
365,399	-	-	-	365,399
365,399		-	-	365,399
-	-	-	-	-
8,273,848	-	5,132,101	892,988	14,298,937
8,273,848	**-**	**5,132,101**	**892,988**	**14,298,937**

10. Insurance contract liabilities issued/ Reinsurance contracts held

b. Reinsurance contracts held

(i). Reconciliation of the liability for remaining coverage and the liability for incurred claims - Premium Allocation Approach

		31 December 2023				
		Assets for Remaining Coverage		Asset for incurred claims		
Reinsurance contracts held	Notes	Excluding loss recovery component ₦'000	Loss-recovery component ₦'000	Present value of future cash flows ₦'000	Risk adjustment ₦'000	Total ₦'000
Opening reinsurance contract assets		(5,375,344)	-	(2,046,680)	(515,764)	(7,937,788)
Opening reinsurance contract liabilities		-	-	-	-	-
Net Opening balance		(5,375,344)	-	(2,046,680)	(515,764)	(7,937,788)
Changes in the statement of profit or loss and OCI						
Insurance revenue						
Reinsurance expenses		26,819,313	-	-	-	26,819,313
		26,819,313	-	-	-	26,819,313
Net income (expenses) from reinsurance contracts held						
Reinsurance service expenses						
Incurred claims recovery		-	-	(2,537,829)	(136,458)	(2,674,287)
Other incurred directly attributable expenses		(1,580,216)	-	-	-	(1,580,216)
Changes that relate to future services: losses on onerous contracts and reversals		-	-	(960,492)	(541,535)	(1,502,027)
Changes that relate to past services: changes to liabilities for incurred claims (including reinsurer's non-performance risk)		-	-	-	-	-
		(1,580,216)	-	(3,498,321)	(677,993)	(5,756,530)
Reinsurance service result	20	25,239,097	-	(3,498,321)	(677,993)	21,062,783
Insurance finance expenses/income from reinsurance contracts held						
Reinsurance finance expenses/income		-	-	80,405	55,025	135,430
	22	-		80,405	55,025	135,430
Total changes in the statement of profit or loss and OCI		**25,239,097**	**-**	**(3,417,916)**	**(622,968)**	**21,198,213**

31 December 2022				
Assets for Remaining Coverage		Asset for incurred claims		
Excluding loss recovery component ₦'000	Loss-recovery component ₦'000	Present value of future cash flows ₦'000	Risk adjustment ₦'000	Total ₦'000
(4,628,014)	-	(2,083,069)	(524,934)	(7,236,017)
-	-	-	-	-
(4,628,014)	-	(2,083,069)	(524,934)	(7,236,017)
25,489,775	-	-	-	25,489,775
25,489,775	-	-	-	25,489,775
-	-	(1,155,826)	233,666	(922,160)
(1,681,775)	-	-	-	(1,681,775)
-	-	(788,654)	(256,487)	(1,045,141)
-	-	-	-	-
(1,681,775)	-	(1,944,480)	(22,821)	(3,649,076)
23,808,000	-	(1,944,480)	(22,821)	21,840,699
-	-	30,052	31,994	62,046
-		30,052	31,994	62,046
23,808,000	**-**	**(1,914,428)**	**9,173**	**21,902,745**

10. Insurance contract liabilities issued/ Reinsurance contracts held

b. Reinsurance contracts held

(i). Reconciliation of the liability for remaining coverage and the liability for incurred claims - Premium Allocation Approach

	31 December 2023				
	Assets for Remaining Coverage		Asset for incurred claims		
Cashflow	Excluding loss recovery component ₦'000	Loss-recovery component ₦'000	Present value of future cash flows ₦'000	Risk adjustment ₦'000	Total ₦'000
Reinsurance Premiums paid - reinsurance premium on reinsurance contract-1	(23,146,944)	-	-	-	(23,146,944)
Recoveries from reinsurance	-	-	1,033,730	-	1,033,730
Acquisition cash flows for ceding commissions and other directly attributable expenses paid	1,794,993	-	-	-	1,794,993
	(21,351,951)	-	1,033,730	-	(20,318,221)
Non-cash flow Items					
Reinsurance Premiums payable - reinsurance premium on reinsurance contracts (2)	(5,216,790)	-	-	-	(5,216,790)
Commission receivable - commission on reinsurance contract (2)	-	-	-	-	-
	(5,216,790)	-	-	-	(5,216,790)
Closing reinsurance contract assets	(6,704,988)	-	(4,430,868)	(1,138,732)	(12,274,588)
Closing reinsurance contract liabilities	-	-	-	-	-
Net closing balance	**(6,704,988)**	**-**	**(4,430,868)**	**(1,138,732)**	**(12,274,588)**

31 December 2022				
Assets for Remaining Coverage		Asset for incurred claims		
Excluding loss recovery component ₦'000	Loss-recovery component ₦'000	Present value of future cash flows ₦'000	Risk adjustment ₦'000	Total ₦'000
(23,179,945)	-	-	-	(23,179,945)
-	-	1,950,815	-	1,950,815
1,794,990	-	-	-	1,794,990
(21,384,955)	-	1,950,815	-	(19,434,140)
(3,170,374)	-	-	-	(3,170,374)
-	-	-	-	-
(3,170,374)	-	-	-	(3,170,374)
(5,375,343)	-	(2,046,682)	(515,763)	(7,937,788)
-	-	-	-	-
(5,375,343)	**-**	**(2,046,682)**	**(515,763)**	**(7,937,788)**

10. Insurance contract liabilities issued/ Reinsurance contracts held

c Insurance contracts issued

Summary of Insurnace contract liabilities	31-Dec-2023 ₦'000	31-Dec-2022 ₦'000	31-Dec-21 ₦'000
Liabilities for remaining coverage - LRC (Less DAC)	10,234,332	8,273,848	7,011,049
Loss component	-	-	-
Liabilities for insurred claims - LIC	13,847,191	6,025,089	5,693,142
Insurance contract Liabilities	24,081,523	14,298,937	12,704,191

Liabilities for remaining coverage - LRC (Less DAC)			
Liabilities fir remaining coverage - LRC (Gross)	11,368,003	9,150,655	7,684,153
Deferred acquisition cost -DAC	(1,133,671)	(876,807)	(673,104)
	10,234,332	8,273,848	7,011,049

Movement in LRC - Gross			
Balance as at 1 January	9,150,655	7,684,153	6,996,644
Premium received from policy holders	42,594,476	37,982,977	34,437,522
Amortisation	(40,377,128)	(36,516,475)	(33,750,013)
Balance as per 31 December	11,368,003	9,150,655	7,684,153

Movement in DAC			
Balance as at 1 January	(876,807)	(673,104)	583,433
Acquitsition cost during the year	(4,136,764)	(3,151,036)	2,674,123
Amortisation	3,879,900	2,947,333	(2,584,452)
Balance as per 31 December	(1,133,671)	(876,807)	(673,104)

10. Insurance contract liabilities issued/ Reinsurance contracts held

d Insurance contracts issued

Summary of Reinsurance contract assets	31-Dec-2023 ₦'000	31-Dec-2022 ₦'000	31-Dec-21 ₦'000
Asset for remaining coverage - ARC (Less DCI)	6,704,988	5,375,343	4,628,014
Loss recovery component	-	-	-
Assets for insurred claims - AIC	5,569,600	2,562,445	2,608,003
Reinsurance contract Lassets	12,274,588	7,937,788	7,236,017
Asset for remaining coverage - ARC (Less DCI)			
Assets for remaining coverage - ARC (Gross)	7,325,685	5,781,263	4,920,719
Deferred commission income -DCI	(620,697)	(405,920)	(292,705)
	6,704,988	5,375,343	4,628,014
Movement in ARC - Gross			
Balance as at 1 January	5,781,263	4,920,719	4,272,491
Reinsurance Premium paid on reinsurance contracts	28,363,734	26,350,319	23,970,511
Reinsurance premium expenses during the year	(26,819,312)	(25,489,775)	(23,322,283)
Balance as per 31 December	7,325,685	5,781,263	4,920,719
Movement in Deferred Commision income			
Balance as at 1 January	405,920	292,705	232,848
Commission income received on reinsurance contracts during the year	1,794,993	1,794,990	1,670,186
Comission income earned during the year	(1,580,216)	(1,681,775)	(1,610,329)
Balance as per 31 December	620,697	405,920	292,705

10.1. Motor

a. Motor - Insurance contracts issued

i. Reconciliation of the liability for remaining coverage and the liability for incurred claims - Premium Allocation Approach

	31 December 2023				
	Liabilities for Remaining Coverage		Liability for incurred claims		
Motor - Insurance contracts issued	Excluding loss component ₦'000	Loss-component ₦'000	Present value of future cash flows ₦'000	Risk adjustment ₦'000	Total ₦'000
Opening insurance contract assets					-
Opening insurance contract liabilities	1,465,560	-	647,295	112,629	2,225,484
Net Opening balance	1,465,560	-	647,295	112,629	2,225,484
Changes in the statement of profit or loss and OCI					
Insurance revenue	(5,675,375)	-	-	-	(5,675,375)
Insurance revenue	(5,675,375)	-	-	-	(5,675,375)
Insurance service expenses					
Incurred claims and other expenses	-	-	992,875	558	993,433
Acquisition expenses	591,818	-	-	-	591,818
Changes that relate to future services: losses on onerous contracts and reversals	-	-	1,966,449	34,385	2,000,834
Changes that relate to past services: changes to liabilities for incurred claims (including reinsurer's non-performance risk)	-	-	-	-	-
	591,818	-	2,959,324	34,943	3,586,085
Insurance finance expenses					
Insurance finance expenses	-	-	(8,914)	(4,395)	(13,309)
	-	-	(8,914)	(4,395)	(13,309)
Total changes in the statement of profit or loss and OCI	**(5,083,557)**	**-**	**2,950,410**	**30,548**	**(2,102,599)**

31 December 2022				
Liabilities for Remaining Coverage		Liability for incurred claims		
Excluding loss component ₦'000	Loss-component ₦'000	Present value of future cash flows ₦'000	Risk adjustment ₦'000	Total ₦'000
				-
812,462	-	584,605	60,214	1,457,281
812,462	-	584,605	60,214	1,457,281
(3,476,735)	-	-	-	(3,476,735)
(3,476,735)	-	-	-	(3,476,735)
-	-	540,304	33,799	574,103
364,160	-	-	-	364,160
-	-	1,568,484	19,389	1,587,873
-	-	-	-	-
364,160	-	2,108,788	53,188	2,526,136
-	-	13,690	(772)	12,918
-	-	13,690	(772)	12,918
(3,112,575)	**-**	**2,122,478**	**52,416**	**(937,681)**

10.1. Motor

a. Motor - Insurance contracts issued

i. Reconciliation of the liability for remaining coverage and the liability for incurred claims - Premium Allocation Approach

	31 December 2023				
	Liabilities for Remaining Coverage		Liability for incurred claims		
	Excluding loss component ₦'000	Loss-component ₦'000	Present value of future cash flows ₦'000	Risk adjustment ₦'000	Total ₦'000
Cash flows					
Premiums received- premium fron insurance contract (1)	5,813,822	-	-	-	5,813,822
Claims and other expenses paid	-	-	(2,341,759)	-	(2,341,759)
Acquisition cash flows paid	(611,350)	-	-	-	(611,350)
	5,202,472	-	(2,341,759)	-	2,860,713
Non- cashflow Items					
Premiums received- premium fron insurance contract (2)	83,760	-	-	-	83,760
	83,760	-	-	-	83,760
Closing insurance contract assets	-		-	-	-
Closing insurance contract liabilities	1,668,235	-	1,255,946	143,177	3,067,358
Net closing balance	**1,668,235**	**-**	**1,255,946**	**143,177**	**3,067,358**

31 December 2022				
Liabilities for Remaining Coverage		Liability for incurred claims		
Excluding loss component ₦'000	Loss-component ₦'000	Present value of future cash flows ₦'000	Risk adjustment ₦'000	Total ₦'000
4,005,496	-	-	-	4,005,496
-	-	(2,059,788)	-	(2,059,788)
(454,319)	-	-	-	(454,319)
3,551,177	-	(2,059,788)	-	1,491,389
214,495	-	-	-	214,495
214,495	-	-	-	214,495
-	-	-	-	-
1,465,559	-	647,295	112,630	2,225,484
1,465,559	**-**	**647,295**	**112,630**	**2,225,484**

b. **Motor - reinsurance contracts held**

i. **Reconciliation of the liability for remaining coverage and the liability for incurred claims - Premium Allocation Approach**

	31 December 2023				
	Assets for Remaining Coverage		Asset for incurred claims		
Motor - Reinsurance contracts held	Excluding loss recovery component ₦'000	Loss-recovery component ₦'000	Present value of future cash flows ₦'000	Risk adjustment ₦'000	Total ₦'000
Opening reinsurance contract assets	(54,650)	-	(14,960)	(3,770)	(73,380)
Opening reinsurance contract liabilities	-	-	-	-	-
Net Opening balance	(54,650)		(14,960)	(3,770)	(73,380)
Changes in the statement of profit or loss and OCI					
Reinsurance expenses	130,806	-	-	-	130,806
	130,806	-	-	-	130,806
Reinsurance service expenses					
Incurred claims recovery	-	-	(486,325)	(121,216)	(607,541)
Other incurred directly attributable expenses	(14,708)	-	-	-	(14,708)
Changes that relate to future services: losses on onerous contracts and reversals (resulting frm undrlying GoC for reins)	-	-	162,533	70,279	232,812
Changes that relate to past services: changes to liabilities for incurred claims (including reinsurer's non-performance risk)	-	-	-	-	-
	(14,708)	-	(323,792)	(50,937)	(389,437)
Insurance finance expenses/income from reinsurance contracts held					
Reinsurance finance expenses/income	-	-	(33,709)	(8,466)	(42,175)
	-	-	(33,709)	(8,466)	(42,175)
Total changes in the statement of profit or loss and OCI	**116,098**	**-**	**(357,501)**	**(59,403)**	**(300,806)**

31 December 2022				
Assets for Remaining Coverage		Asset for incurred claims		
Excluding loss recovery component ₦'000	Loss-recovery component ₦'000	Present value of future cash flows ₦'000	Risk adjustment ₦'000	Total ₦'000
(4,578)	-	(46,419)	(11,698)	(62,695)
-	-	-	-	-
(4,578)		(46,419)	(11,698)	(62,695)
113,885	-	-	-	113,885
113,885	-	-	-	113,885
-	-	(12,592)	8,524	(4,068)
-	-	-	-	(11,915)
(11,915)	-	(60,577)	(651)	(61,228)
-	-	-	-	-
(11,915)	-	(73,169)	7,873	(77,211)
-	-	(1,833)	54	(1,779)
-	-	(1,833)	54	(1,779)
101,970	**-**	**(75,002)**	**7,927**	**34,895**

b. **Motor - reinsurance contracts held**

i. **Reconciliation of the liability for remaining coverage and the liability for incurred claims - Premium Allocation Approach**

Motor - Reinsurance contracts held

	31 December 2023				
	Assets for Remaining Coverage		Asset for incurred claims		
Cash flows	Excluding loss component ₦'000	Loss-component ₦'000	Present value of future cash flows ₦'000	Risk adjustment ₦'000	Total ₦'000
Reinsurance Premiums paid - reinsurance premium on reinsurance contract-1	(76,524)	-	-	-	(76,524)
Recoveries from reinsurance	-	-	126,653	-	126,653
Acquisition cash flows for ceding commissions and other directly attributable expenses paid	7,058	-	-	-	7,058
	(69,466)	-	126,653	-	57,187
Closing reinsurance contract assets	(8,018)	-	(245,808)	(63,173)	(316,999)
Closing reinsurance contract liabilities	-	-	-	-	-
Net closing balance	**(8,018)**	**-**	**(245,808)**	**(63,173)**	**(316,999)**

31 December 2022				
Assets for Remaining Coverage		Asset for incurred claims		
Excluding loss component ₦'000	Loss-component ₦'000	Present value of future cash flows ₦'000	Risk adjustment ₦'000	Total ₦'000
(171,090)	-	-	-	(171,090)
-	-	106,460	-	106,460
19,048	-	-	-	19,048
(152,042)	-	106,460	-	(45,582)
(54,650)	-	(14,961)	(3,771)	(73,382)
-	-	-	-	-
(54,650)	**-**	**(14,961)**	**(3,771)**	**(73,382)**

10.3. Bond

a. **Bond - Insurance contracts issued**

i. **Reconciliation of the liability for remaining coverage and the liability for incurred claims - Premium Allocation Approach**

	31 December 2023				
	Liabilities for Remaining Coverage		Liability for incurred claims		
Bond - Insurance contracts issued	Excluding loss component ₦'000	Loss-component ₦'000	Present value of future cash flows ₦'000	Risk adjustment ₦'000	Total ₦'000
Opening insurance contract assets	-	-	-	-	-
Opening insurance contract liabilities	11,743		2,240	390	14,373
Net Opening balance	11,743	-	2,240	390	14,373
Changes in the statement of profit or loss and OCI					
Insurance revenue					
Insurance revenue	(31,441)	-	-	-	(31,441)
	(31,441)	-	-	-	(31,441)
Insurance service expenses					
Incurred claims and other expenses	-	-	2,258	(132)	2,126
Acquisition expenses	2,785	-	-	-	2,785
Changes that relate to future services: losses on onerous contracts and reversals	-	-	(924)	62	(862)
Changes that relate to past services: changes to liabilities for incurred claims (including reinsurer's non-performance risk)	-	-	-	-	-
	2,785	-	1,334	(70)	4,049
Insurance finance expenses					
Insurance finance expenses	-	-	70	(4)	66
	-	-	70	(4)	66
Total changes in the statement of profit or loss and OCI	**(28,656)**	**-**	**1,404**	**(74)**	**27326**

31 December 2022				
Liabilities for Remaining Coverage		Liability for incurred claims		
Excluding loss component ₦'000	Loss-component ₦'000	Present value of future cash flows ₦'000	Risk adjustment ₦'000	Total ₦'000
-	-	-	-	-
10,405		484	50	10,939
10,405		484	50	10,939
(31,131)	-	-	-	(31,131)
(31,131)	-	-	-	(31,131)
-	-	1,333	182	1,515
2,571	-	-	-	2,571
-	-	1,584	165	1,749
-	-	-	-	-
2,571	-	2,917	347	5,835
-	-	(26)	(7)	(33)
-	-	(26)	(7)	(33)
(28,560)	**-**	**2,891**	**340**	**(25,329)**

10.3. Bond

a. Bond - Insurance contracts issued

i. Reconciliation of the liability for remaining coverage and the liability for incurred claims - Premium Allocation Approach

	31 December 2023				
	Liabilities for Remaining Coverage		Liability for incurred claims		
Cash flows	Excluding loss component ₦'000	Loss-component ₦'000	Present value of future cash flows ₦'000	Risk adjustment ₦'000	Total ₦'000
Premiums received- premium from insurance contract (1)	24,788	-	-	-	24,788
Claims and other expenses paid	-	-	(879)	-	(879)
Acquisition cash flows paid	(2,885)	-	-	-	(2,885)
	21,903	-	(879)	-	21,024
Non- cashflow Items					
Premiums received- premium from insurance contract (2)	-	-	-	-	-
	-	-	-	-	-
Closing insurance contract assets	-	-	-	-	-
Closing insurance contract liabilities	4,990	-	2,765	316	8,071
Net closing balance	**4,990**	**-**	**2,765**	**316**	**8,071**

31 December 2022				
Liabilities for Remaining Coverage		Liability for incurred claims		
Excluding loss component ₦'000	Loss-component ₦'000	Present value of future cash flows ₦'000	Risk adjustment ₦'000	Total ₦'000
32,310	-	-	-	32,310
-	-	(1,134)	-	(1,134)
(2,413)	-	-	-	(2,413)
29,897	-	(1,134)	-	28,763
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
11,742	-	2,241	390	14,373
11,742	**-**	**2,241**	**390**	**14,373**

b. **Bond - reinsurance contracts held**

i. **Reconciliation of the liability for remaining coverage and the liability for incurred claims - Premium Allocation Approach**

	31 December 2023				
	Assets for Remaining Coverage		Asset for incurred claims		
Bond - reinsurance contracts held	Excluding loss recovery component ₦'000	Loss-recovery component ₦'000	Present value of future cash flows ₦'000	Risk adjustment ₦'000	Total ₦'000
Opening reinsurance contract assets	(4,266)	-	(145)	(36)	(4,447)
Opening reinsurance contract liabilities		-			
Net Opening balance	(4,266)		(145)	(36)	(4,447)
Changes in the statement of profit or loss and OCI					
Reinsurance expenses	11,121	-	-	-	11,121
	11,121	-	-	-	11,121
Reinsurance service expenses					
Incurred claims recovery	-	-	(24)	30	6
Other incurred directly attributable expenses	(3,336)	-	-	-	(3,336)
Changes that relate to future services: losses on onerous contracts and reversals (resulting from underlying GoC for reins)	-	-	(1,210)	(350)	(1,560)
Changes that relate to past services: changes to liabilities for incurred claims (including reinsurer's non-performance risk)	-	-	-	-	-
	(3,336)	-	(1,234)	(320)	(4,890)
Reinsurance finance expenses/income	-	-	70	20	90
	-	-	70	20	90
Total changes in the statement of profit or loss and OCI	**7,785**	**-**	**(1,164)**	**(300)**	**6,321**

31 December 2022				
Assets for Remaining Coverage		Asset for incurred claims		
Excluding loss recovery component ₦'000	Loss-recovery component ₦'000	Present value of future cash flows ₦'000	Risk adjustment ₦'000	Total ₦'000
(539)	-	(192)	(49)	(780)
	-			
(539)		(192)	(49)	(780)
3,085	-	-	-	3,085
3,085	-	-	-	3,085
-	-	(132)	15	(117)
818	-	-	-	818
-	-	6	(3)	3
-	-	-	-	-
818	-	(126)	12	704
-	-	(5)	-	(5)
-	-	(5)	-	(5)
3,903	**-**	**(131)**	**12**	**3,784**

b. **Bond - reinsurance contracts held**

i. **Reconciliation of the liability for remaining coverage and the liability for incurred claims - Premium Allocation Approach**

	31 December 2023				
	Assets for Remaining Coverage		Asset for incurred claims		
Cash flows	Excluding loss component ₦'000	Loss-component ₦'000	Present value of future cash flows ₦'000	Risk adjustment ₦'000	Total ₦'000
Reinsurance Premiums paid - reinsurance premium on reinsurance contract-1	(6,522)	-	-	-	(6,522)
Recoveries from reinsurance	-	-	-	-	-
Acquisition cash flows for ceding commissions and other directly attributable expenses paid	1,820	-	-	-	1,820
	(4,702)	-	-	-	(4,702)
Closing reinsurance contract assets					
Closing reinsurance contract liabilities	(1,183)	-	(1,309)	(336)	(2,828)
Net closing balance		-			
	(1,183)	**-**	**(1,309)**	**(336)**	**(2,828)**

31 December 2022				
Assets for Remaining Coverage		Asset for incurred claims		
Excluding loss component ₦'000	Loss-component ₦'000	Present value of future cash flows ₦'000	Risk adjustment ₦'000	Total ₦'000
(8,404)		-	-	(8,404)
-	-	179	-	179
774	-	-	-	774
(7,630)	-	179	-	(7,451)
(4,266)	-	(144)	(37)	(4,447)
	-			
(4,266)	**-**	**(144)**	**(37)**	**(4,447)**

10.4. Marine

a. Marine - Insurance contracts issued

i. Reconciliation of the liability for remaining coverage and the liability for incurred claims - Premium Allocation Approach

	31 December 2023				
	Liabilities for Remaining Coverage		Liability for incurred claims		
Marine - Insurance contracts issued	Excluding loss component ₦'000	Loss-component ₦'000	Present value of future cash flows ₦'000	Risk adjustment ₦'000	Total ₦'000
Opening insurance contract assets					-
Opening insurance contract liabilities	99,574	-	467,845	81,405	648,824
Net Opening balance	99,574	-	467,845	81,405	648,824
Changes in the statement of profit or loss and OCI					
Insurance revenue					
Insurance revenue	(1,672,080)	-	-	-	(1,672,080)
	(1,672,080)	-	-	-	(1,672,080)
Insurance service expenses					
Incurred claims and other expenses	-	-	221,121	(56,197)	164,924
Acquisition expenses	282,226	-	-	-	282,226
Changes that relate to future services: losses on onerous contracts and reversals	-	-	163,048	36,111	199,159
Changes that relate to past services: changes to liabilities for incurred claims (including reinsurer's non-performance risk)	-	-	-	-	-
	282,226	-	384,169	(20,086)	646,309
Insurance finance expenses					
Insurance finance expenses	-	-	(13,461)	(4,565)	(18,026)
	-	-	(13,461)	(4,565)	(18,026)
Total changes in the statement of profit or loss and OCI	**(1,389,854)**	**-**	**370,708**	**(24,651)**	**(1,043,797)**

31 December 2022				
Liabilities for Remaining Coverage		Liability for incurred claims		
Excluding loss component ₦'000	Loss-component ₦'000	Present value of future cash flows ₦'000	Risk adjustment ₦'000	Total ₦'000
				-
204,684	-	288,385	29,704	522,773
204,684	-	288,385	29,704	522,773
(1,396,920)	-	-	-	(1,396,920)
(1,396,920)	-	-	-	(1,396,920)
-	-	302,906	23,002	325,908
257,830	-	-	-	257,830
-	-	127,538	30,930	158,468
-	-	-	-	-
257,830	-	430,444	53,932	742,206
-	-	(1,515)	(2,231)	(3,746)
-	-	(1,515)	(2,231)	(3,746)
(1,139,090)	**-**	**428,929**	**51,701**	**(658,460)**

10.4. Marine

a. Marine - Insurance contracts issued

i. Reconciliation of the liability for remaining coverage and the liability for incurred claims - Premium Allocation Approach

	31 December 2023				
	Liabilities for Remaining Coverage		Liability for incurred claims		
Cash flows	Excluding loss component ₦'000	Loss-component ₦'000	Present value of future cash flows ₦'000	Risk adjustment ₦'000	Total ₦'000
Premiums received- premium from insurance contract (1)	1,835,309	-	-	-	1,835,309
Claims and other expenses paid	-	-	(340,709)	-	(340,709)
Acquisition cash flows paid	(311,631)	-	-	-	(311,631)
	1,523,678	-	(340,709)	-	1,182,969
Non- cashflow Items					
Premiums received- premium from insurance contract (2)	18,131	-	-	-	18,131
	18,131	-	-	-	18,131
Closing insurance contract assets	-	-	-	-	-
Closing insurance contract liabilities	251,529	-	497,844	56,754	806,127
Net closing balance	**251,529**	**-**	**497,844**	**56,754**	**806,127**

31 December 2022				
Liabilities for Remaining Coverage		Liability for incurred claims		
Excluding loss component ₦'000	Loss-component ₦'000	Present value of future cash flows ₦'000	Risk adjustment ₦'000	Total ₦'000
1,223,080	-	-	-	1,223,080
-	-	(249,469)	-	(249,469)
(231,038)	-	-	-	(231,038)
992,042	-	(249,469)	-	742,573
41,938	-	-	-	41,938
41,938	-	-	-	41,938
-	-	-	-	-
99,574	-	467,845	81,405	648,824
99,574	-	**467,845**	**81,405**	**648,824**

10.4. Marine - reinsurance contracts held

b. Reconciliation of the liability for remaining coverage and the liability for incurred claims - Premium Allocation Approach

	31 December 2023				
	Assets for Remaining Coverage		Asset for incurred claims		
	Excluding loss recovery component ₦'000	Loss-recovery component ₦'000	Present value of future cash flows ₦'000	Risk adjustment ₦'000	Total ₦'000
Marine - Reinsurance contracts held					
Opening reinsurance contract assets	(43,051)	-	(178,463)	(44,973)	(266,487)
Opening reinsurance contract liabilities		-			
Net Opening balance	(43,051)		(178,463)	(44,973)	(266,487)
Changes in the statement of profit or loss and OCI					
Reinsurance expenses	763,079	-	-	-	763,079
	763,079	-	-	-	763,079
Reinsurance service expenses					
Incurred claims recovery	-	-	(47,490)	32,768	(14,722)
Other incurred directly attributable expenses	(118,513)	-	-	-	(118,513)
Changes that relate to future services: losses on onerous contracts and reversals (resulting frm undrlying GoC for reins)	-	-	(292,873)	(91,422)	(384,295)
Changes that relate to past services: changes to liabilities for incurred claims (including reinsurer's non-performance risk)	-	-	-	-	-
	(118,513)	-	(340,363)	(58,654)	(517,530)
Reinsurance finance expenses/income	-	-	18,369	7,392	25,761
	-	-	18,369	7,392	25,761
Total changes in the statement of profit or loss and OCI	**644,566**	**-**	**(321,994)**	**(51,262)**	**271,310**

31 December 2022				
Assets for Remaining Coverage		Asset for incurred claims		
Excluding loss recovery component ₦'000	Loss-recovery component ₦'000	Present value of future cash flows ₦'000	Risk adjustment ₦'000	Total ₦'000
(70,129)	-	(143,416)	(36,141)	(249,686)
	-			
(70,129)		(143,416)	(36,141)	(249,686)
467,287	-	-	-	467,287
467,287	-	-	-	467,287
-	-	(94,783)	12,256	(82,527)
(89,911)	-	-	-	(89,911)
-	-	(29,705)	(23,003)	(52,708)
-	-	-	-	-
(89,911)	-	(124,488)	(10,747)	(225,146)
-	-	1,342	1,916	3,258
-	-	1,342	1,916	3,258
377,376	**-**	**(123,146)**	**(8,831)**	**245,399**

10.4. Marine - reinsurance contracts held

b. Reconciliation of the liability for remaining coverage and the liability for incurred claims - Premium Allocation Approach

	31 December 2023				
	Assets for Remaining Coverage		Asset for incurred claims		
Cash flows	Excluding loss component ₦'000	Loss-component ₦'000	Present value of future cash flows ₦'000	Risk adjustment ₦'000	Total ₦'000
Reinsurance Premiums paid - reinsurance premium on reinsurance contract-1	(891,960)	-	-	-	(891,960)
Recoveries from reinsurance	-	-	126,001	-	126,001
Acquisition cash flows for ceding commissions and other directly attributable expenses paid	131,059	-	-	-	131,059
	(760,901)	-	126,001	-	(634,900)
Closing reinsurance contract assets					
Closing reinsurance contract liabilities	(159,386)	-	(374,456)	(96,235)	(630,077)
Net closing balance	**(159,386)**	**-**	**(374,456)**	**(96,235)**	**(630,077)**

31 December 2022				
Assets for Remaining Coverage		Asset for incurred claims		
Excluding loss component ₦'000	Loss-component ₦'000	Present value of future cash flows ₦'000	Risk adjustment ₦'000	Total ₦'000
(432,042)	-	-	-	(432,042)
-	-	88,098	-	88,098
81,743	-	-	-	81,743
(350,299)	-	88,098	-	(262,201)
(43,052)	-	(178,464)	(44,972)	(266,488)
(43,052)	**-**	**(178,464)**	**(44,972)**	**(266,488)**

10.5. Aviation

a. Aviation - Insurance contracts issued

i. Reconciliation of the liability for remaining coverage and the liability for incurred claims - Premium Allocation Approach

	31 December 2023				
	Liabilities for Remaining Coverage		Liability for incurred claims		
Aviation - Insurance contracts issued	Excluding loss component ₦'000	Loss-component ₦'000	Present value of future cash flows ₦'000	Risk adjustment ₦'000	Total ₦'000
Opening insurance contract assets					-
Opening insurance contract liabilities	21,340	-	16,756	2,915	41,011
Net Opening balance	21,340	-	16,756	2,915	41,011
Changes in the statement of profit or loss and OCI					
Insurance revenue	(228,223)	-	-	-	(228,223)
Insurance revenue	(228,223)	-	-	-	(228,223)
Insurance service expenses					
Incurred claims and other expenses	-	-	21,757	(435)	21,322
Acquisition expenses	27,920	-	-	-	27,920
Changes that relate to future services: losses on onerous contracts and reversals	-	-	59,155	-	64,736
Changes that relate to past services: changes to liabilities for incurred claims (including reinsurer's non-performance risk)	-	-	-		-
	27,920	-	80,912	5,146	113,978
Insurance finance expenses					
Insurance finance expenses	-	-	(2,223)	(410)	(2,633)
	-	-	(2,223)	(410)	(2,633)
Total changes in the statement of profit or loss and OCI	**(200,303)**	**-**	**78,689**	**4,736**	**116878**

	31 December 2022				
	Liabilities for Remaining Coverage		Liability for incurred claims		
	Excluding loss component ₦'000	Loss-component ₦'000	Present value of future cash flows ₦'000	Risk adjustment ₦'000	Total ₦'000
					-
	24,825		16,006	1,649	42,480
	24,825	-	16,006	1,649	42,480
	(189,329)	-	-	-	(189,329)
	(189,329)	-	-	-	(189,329)
	-	-	10,501	179	10,680
	24,981	-	-	-	24,981
	-	-	42,252	1,210	43,462
	-	-	-	-	-
	24,981	-	52,753	1,389	79,123
	-	-	(221)	(122)	(343)
	-	-	(221)	(122)	(343)
	(164,348)	**-**	**52,532**	**1,267**	**(110,549)**

10.5. Aviation

a. Aviation - Insurance contracts issued

i. Reconciliation of the liability for remaining coverage and the liability for incurred claims - Premium Allocation Approach

	31 December 2023				
	Liabilities for Remaining Coverage		Liability for incurred claims		
Cash flows	Excluding loss component ₦'000	Loss-component ₦'000	Present value of future cash flows ₦'000	Risk adjustment ₦'000	Total ₦'000
Premiums received- premium fron insurance contract (1)	243,212	-	-	-	243,212
Claims and other expenses paid	-	-	(28,331)	-	(28,331)
Acquisition cash flows paid	(32,062)	-	-	-	(32,062)
	211,150	-	(28,331)	-	182,819
Non- cashflow Items					
Premiums received- premium fron insurance contract (2)	8,927	-	-	-	8,927
	8,927	-	-	-	8,927
Closing insurance contract assets	-	-	-	-	-
Closing insurance contract liabilities	41,114	-	67,114	7,651	115,879
Net closing balance	**41,114**	**-**	**67,114**	**7,651**	**115,879**

31 December 2022				
Liabilities for Remaining Coverage		Liability for incurred claims		
Excluding loss component ₦'000	Loss-component ₦'000	Present value of future cash flows ₦'000	Risk adjustment ₦'000	Total ₦'000
182,613	-	-	-	182,613
-	-	(51,782)	-	(51,782)
(25,223)	-	-	-	(25,223)
157,390	-	(51,782)	-	105,608
3,473		-	-	3,473
3,473	-	-	-	3,473
-	-	-	-	-
21,340	-	16,756	2,916	41,012
21,340	**-**	**16,756**	**2,916**	**41,012**

10.5. Aviation

b. Aviation - reinsurance contracts held

i. Reconciliation of the liability for remaining coverage and the liability for incurred claims - Premium Allocation Approach

	31 December 2023				
	Assets for Remaining Coverage		Asset for incurred claims		
Aviation - reinsurance contracts held	Excluding loss recovery component ₦'000	Loss-recovery component ₦'000	Present value of future cash flows ₦'000	Risk adjustment ₦'000	Total ₦'000
Opening reinsurance contract assets	(10,106)	-	-	-	(10,106)
Opening reinsurance contract liabilities	-	-	-	-	-
Net Opening balance	(10,106)	-	-	-	(10,106)
Changes in the statement of profit or loss and OCI					
Reinsurance expenses	38,147	-	-	-	38,147
	38,147	-	-	-	38,147
Reinsurance service expenses					
Incurred claims recovery	-	-	-	-	-
Other incurred directly attributable expenses	(5,771)	-	-	-	(5,771)
Changes that relate to future services: losses on onerous contracts and reversals (resulting from underlying GoC for reins)	-	-	-	-	-
Changes that relate to past services: changes to liabilities for incurred claims (including reinsurer's non-performance risk)	-	-	-	-	-
	(5,771)	-	-	-	(5,771)
Reinsurance finance expenses/income	-	-	-	-	-
	-	-	-	-	-
Total changes in the statement of profit or loss and OCI	**32,376**	**-**	**-**	**-**	**32,376**

31 December 2022				
Assets for Remaining Coverage		Asset for incurred claims		
Excluding loss recovery component ₦'000	Loss-recovery component ₦'000	Present value of future cash flows ₦'000	Risk adjustment ₦'000	Total ₦'000
(518)	-	-	-	(518)
-	-	-	-	-
(518)	-	-	-	(518)
13,369	-	-	-	13,369
13,369	-	-	-	13,369
-	-	-	-	-
(2,222)	-	-	-	(2,222)
-	-	-	-	-
-	-	-	-	-
(2,222)	-	-	-	(2,222)
-	-	-	-	-
-	-	-	-	-
11,147	**-**	**-**	**-**	**11,147**

10.5. Aviation

b. Aviation - reinsurance contracts held

i. Reconciliation of the liability for remaining coverage and the liability for incurred claims - Premium Allocation Approach

	31 December 2023				
	Assets for Remaining Coverage		Asset for incurred claims		
Cash flows	Excluding loss component ₦'000	Loss-component ₦'000	Present value of future cash flows ₦'000	Risk adjustment ₦'000	Total ₦'000
Reinsurance Premiums paid - reinsurance premium on reinsurance contract-1	(48,402)	-	-	-	(48,402)
Recoveries from reinsurance	-	-	-	-	-
Acquisition cash flows for ceding commissions and other directly attributable expenses paid	7,120	-	-	-	7,120
	(41,282)	-	-	-	(41,282)
Closing reinsurance contract assets	(19,012)	-	-	-	(19,012)
Closing reinsurance contract liabilities					
Net closing balance	**(19,012)**	**-**	**-**	**-**	**(19,012)**

	31 December 2022				
	Assets for Remaining Coverage		Asset for incurred claims		
	Excluding loss component ₦'000	Loss-component ₦'000	Present value of future cash flows ₦'000	Risk adjustment ₦'000	Total ₦'000
	(25,475)	-	-	-	(25,475)
	-	-	-	-	-
	4,740	-	-	-	4,740
	(20,735)	-	-	-	(20,735)
	(10,106)	-	-	-	(10,106)
	(10,106)	**-**	**-**	**-**	**(10,106)**

10.6. Fire

a. Fire - Insurance contracts issued

i. Reconciliation of the liability for remaining coverage and the liability for incurred claims - Premium Allocation Approach

	31 December 2023				
	Liabilities for Remaining Coverage		Liability for incurred claims		
Fire - Insurance contracts issued	Excluding loss component ₦'000	Loss-component ₦'000	Present value of future cash flows ₦'000	Risk adjustment ₦'000	Total ₦'000
Opening insurance contract assets	-	-	-	-	-
Opening insurance contract liabilities	2,453,739	-	1,995,550	347,225	4,796,514
Net Opening balance	2,453,739	-	1,995,550	347,225	4,796,514
Changes in the statement of profit or loss and OCI					
Insurance revenue					
Insurance revenue	(12,044,682)	-	-	-	(12,044,682)
	(12,044,682)	-	-	-	(12,044,682)
Insurance service expenses					
Incurred claims and other expenses	-	-	1,469,998	(179,646)	1,290,352
Acquisition expenses	1,242,258	-	-	-	1,242,258
Changes that relate to future services: losses on onerous contracts and reversals	-	-	2,320,397	181,564	2,501,961
Changes that relate to past services: changes to liabilities for incurred claims (including reinsurer's non-performance risk)	-	-	-	-	-
	1,242,258	-	3,790,395	1,918	5,034,571
Insurance finance expenses	-	-	(53,083)	(19,301)	(72,384)
Insurance finance expenses	-	-	(53,083)	(19,301)	
Total changes in the statement of profit or loss and OCI	**(10,802,424)**	**-**	**3,737,312**	**(17,383)**	**(7,010,111)**

31 December 2022				
Liabilities for Remaining Coverage		Liability for incurred claims		
Excluding loss component ₦'000	Loss-component ₦'000	Present value of future cash flows ₦'000	Risk adjustment ₦'000	Total ₦'000
-	-	-	-	-
2,168,060	-	2,418,061	249,060	4,835,181
2,168,060	-	2,418,061	249,060	4,835,181
(9,154,341)	-	-	-	(9,154,341)
(9,154,341)	-	-	-	(9,154,341)
-	-	1,049,975	(66,365)	983,610
1,005,034	-	-	-	1,005,034
-	-	1,419,438	179,584	1,599,022
-	-	-	-	-
1,005,034	-	2,469,413	113,219	3,587,666
-	-	(1,855)	(15,054)	(16,909)
-	-	(1,855)	(15,054)	(16,909)
(8,149,307)	**-**	**2,467,558**	**98,165**	**(5,583,584)**

10.6. Fire

a. Fire - Insurance contracts issued

i. Reconciliation of the liability for remaining coverage and the liability for incurred claims - Premium Allocation Approach

	31 December 2023				
	Liabilities for Remaining Coverage		Liability for incurred claims		
Cash flows	Excluding loss component ₦'000	Loss-component ₦'000	Present value of future cash flows ₦'000	Risk adjustment ₦'000	Total ₦'000
Premiums received- premium fron insurance contract (1)	12,811,322	-	-	-	12,811,322
Claims and other expenses paid	-	-	(2,839,501)	-	(2,839,501)
Acquisition cash flows paid	(1,342,570)	-	-	-	(1,342,570)
	11,468,752	-	(2,839,501)	-	8,629,251
Non- cashflow Items					
Premiums received- premium fron insurance contract (2)	80,513	-	-	-	80,513
	80,513	-	-	-	80,513
Closing insurance contract assets	-		-	-	-
Closing insurance contract liabilities	3,200,580	-	2,893,361	329,842	6,423,783
Net closing balance	**3,200,580**	**-**	**2,893,361**	**329,842**	**6,423,783**

	31 December 2022				
	Liabilities for Remaining Coverage		Liability for incurred claims		
	Excluding loss component ₦'000	Loss-component ₦'000	Present value of future cash flows ₦'000	Risk adjustment ₦'000	Total ₦'000
	9,485,340	-	-	-	9,485,340
	-	-	(2,890,069)	-	(2,890,069)
	(1,092,640)	-	-	-	(1,092,640)
	8,392,700	-	(2,890,069)	-	5,502,631
	42,286	-	-	-	42,286
	42,286	-	-	-	42,286
	-		-	-	-
	2,453,739	-	1,995,550	347,225	4,796,514
	2,453,739	**-**	**1,995,550**	**347,225**	**4,796,514**

10.6. Fire - reinsurance contracts held

a. Reconciliation of the liability for remaining coverage and the liability for incurred claims - Premium Allocation Approach

	31 December 2023				
	Assets for Remaining Coverage		Asset for incurred claims		
	Excluding loss recovery component ₦'000	Loss-recovery component ₦'000	Present value of future cash flows ₦'000	Risk adjustment ₦'000	Total ₦'000
Fire - reinsurance contracts held					
Opening reinsurance contract assets	(1,800,625)	-	(1,078,268)	(271,724)	(3,150,617)
Opening reinsurance contract liabilities		-			
Net Opening balance	(1,800,625)	-	(1,078,268)	(271,724)	(3,150,617)
Changes in the statement of profit or loss and OCI					
Reinsurance expenses	8,982,877	-	-	-	8,982,877
	8,982,877	-	-	-	8,982,877
Reinsurance service expenses					
Incurred claims recovery	-	-	(1,274,635)	(55,858)	(1,330,493)
Other incurred directly attributable expenses	(747,008)	-	-	-	(747,008)
Changes that relate to future services: losses on onerous contracts and reversals (resulting frm undrlying GoC for reins)	-	-	(406,411)	(236,463)	(642,874)
Changes that relate to past services: changes to liabilities for incurred claims (including reinsurer's non-performance risk)	-	-	-	-	-
	(747,008)	-	(1,681,046)	(292,321)	(2,720,375)
Insurance finance expenses					
Insurance finance expenses	-	-	36,074	26,436	62,510
	-	-	36,074	26,436	62,510
Total changes in the statement of profit or loss and OCI	**8,235,869**	**-**	**(1,644,972)**	**(265,885)**	**6,325,012**

31 December 2022				
Assets for Remaining Coverage		Asset for incurred claims		
Excluding loss recovery component ₦'000	Loss-recovery component ₦'000	Present value of future cash flows ₦'000	Risk adjustment ₦'000	Total ₦'000
(1,457,511)	-	(1,333,224)	(335,972)	(3,126,707)
	-			
(1,457,511)	-	(1,333,224)	(335,972)	(3,126,707)
6,683,190	-	-	-	6,683,190
6,683,190	-	-	-	6,683,190
-	-	(658,576)	170,011	(488,565)
(662,704)	-	-	-	(662,704)
-	-	(434,218)	(127,646)	(561,864)
-	-	-	-	-
(662,704)	-	(1,092,794)	42,365	(1,713,133)
-	-	26,438	21,884	48,322
-	-	26,438	21,884	48,322
6,020,486	**-**	**(1,066,356)**	**64,249**	**5,018,379**

10.6. Fire - reinsurance contracts held

a. Reconciliation of the liability for remaining coverage and the liability for incurred claims - Premium Allocation Approach

	31 December 2023				
	Assets for Remaining Coverage		Asset for incurred claims		
Cash flows	Excluding loss component ₦'000	Loss-component ₦'000	Present value of future cash flows ₦'000	Risk adjustment ₦'000	Total ₦'000
Reinsurance Premiums paid - reinsurance premium on reinsurance contract-1	(9,804,172)	-	-	-	(9,804,172)
Recoveries from reinsurance	-	-	631,379	-	631,379
Acquisition cash flows for ceding commissions and other directly attributable expenses paid	720,819	-	-	-	720,819
	(9,083,353)	-	631,379	-	(8,451,974)
Closing reinsurance contract assets					
Closing reinsurance contract liabilities	(2,648,109)	-	(2,091,861)	(537,609)	(5,277,579)
Net closing balance	**(2,648,109)**	**-**	**(2,091,861)**	**(537,609)**	**(5,277,579)**

31 December 2022				
Assets for Remaining Coverage		Asset for incurred claims		
Excluding loss component ₦'000	Loss-component ₦'000	Present value of future cash flows ₦'000	Risk adjustment ₦'000	Total ₦'000
(7,096,836)	-	-	-	(7,096,836)
-	-	1,321,311	-	1,321,311
733,236	-	-	-	733,236
(6,363,600)	-	1,321,311	-	(5,042,289)
(1,800,625)	-	(1,078,269)	(271,723)	(3,150,617)
(1,800,625)	**-**	**(1,078,269)**	**(271,723)**	**(3,150,617)**

10.7. Engineering

a. Engineering - Insurance contracts issued

i. Reconciliation of the liability for remaining coverage and the liability for incurred claims - Premium Allocation Approach

	31 December 2023				
	Liabilities for Remaining Coverage		Liability for incurred claims		
Engineering - Insurance contracts issued	Excluding loss component ₦'000	Loss-component ₦'000	Present value of future cash flows ₦'000	Risk adjustment ₦'000	Total ₦'000
Opening insurance contract assets				39,146	-
Opening insurance contract liabilities	249,120	-	224,974	39,146	513,240
Net Opening balance	249,120	-	224,974		513,240
Changes in the statement of profit or loss and OCI					
Insurance revenue					
Insurance revenue	(892,325)	-	-	-	(892,325)
	(892,325)	-	-	-	(892,325)
Insurance service expenses					
Incurred claims and other expenses	-	-	940,976	68,126	1,009,102
Acquisition expenses	155,268	-	-	-	155,268
Changes that relate to future services: losses on onerous contracts and reversals	-	-	277,230	23,271	300,501
Changes that relate to past services: changes to liabilities for incurred claims (including reinsurer's non-performance risk)	-	-	-	-	-
	155,268	-	1,218,206	91,397	1,464,871
Insurance finance expenses					
Insurance finance expenses	-	-	(8,593)	(2,641)	(11,234)
	-	-	(8,593)	(2,641)	(11,234)
Total changes in the statement of profit or loss and OCI	**(737,057)**	**-**	**1,209,613**	**88,756**	**561,312**

31 December 2022				
Liabilities for Remaining Coverage		Liability for incurred claims		
Excluding loss component ₦'000	Loss-component ₦'000	Present value of future cash flows ₦'000	Risk adjustment ₦'000	Total ₦'000
				-
149,084	-	253,312	26,091	428,487
149,084	-	253,312	26,091	428,487
(596,060)	-	-	-	(596,060)
(596,060)	-	-	-	(596,060)
-	-	107,873	(7,321)	100,552
106,680	-	-	-	106,680
-	-	252,570	22,158	274,728
	-	-	-	-
106,680	-	360,443	14,837	481,960
-	-	1,499	(1,782)	(283)
-	-	1,499	(1,782)	(283)
(489,380)	**-**	**361,942**	**13,055**	**(114,383)**

10.7. Engineering

a. Engineering - Insurance contracts issued

i. Reconciliation of the liability for remaining coverage and the liability for incurred claims - Premium Allocation Approach

	31 December 2023				
	Liabilities for Remaining Coverage		Liability for incurred claims		
Cash flows	Excluding loss component ₦'000	Loss-component ₦'000	Present value of future cash flows ₦'000	Risk adjustment ₦'000	Total ₦'000
Premiums received- premium fron insurance contract (1)	1,095,793	-	-	-	1,095,793
Claims and other expenses paid	-	-	(312,648)	-	(312,648)
Acquisition cash flows paid	(199,510)	-	-	-	(199,510)
	896,283	-	(312,648)	-	583,635
Non- cashflow Items					
Premiums received- premium fron insurance contract (2)	21,635	-	-	-	21,635
	21,635	-	-	-	21,635
Closing insurance contract assets	-		-	-	-
Closing insurance contract liabilities	429,981	-	1,121,939	127,902	1,679,822
Net closing balance	**429,981**	**-**	**1,121,939**	**127,902**	**1,679,822**

31 December 2022				
Liabilities for Remaining Coverage		Liability for incurred claims		
Excluding loss component ₦'000	Loss-component ₦'000	Present value of future cash flows ₦'000	Risk adjustment ₦'000	Total ₦'000
706,862	-	-	-	706,862
-	-	(390,280)	-	(390,280)
(118,424)	-	-	-	(118,424)
588,438	-	(390,280)	-	198,158
978	-	-	-	978
978	-	-	-	978
-		-	-	-
249,120	-	224,974	39,146	513,240
249,120	**-**	**224,974**	**39,146**	**513,240**

10.7. Engineering

a. Engineering - Reinsurance contracts held

i. Reconciliation of the liability for remaining coverage and the liability for incurred claims - Premium Allocation Approach

	31 December 2023				
	Assets for Remaining Coverage		Asset for incurred claims		
Engineering - reinsurance contracts held	Excluding loss recovery component ₦'000	Loss-recovery component ₦'000	Present value of future cash flows ₦'000	Risk adjustment ₦'000	Total ₦'000
Opening reinsurance contract assets	(180,406)	-	(128,497)	(32,381)	(341,284)
Opening reinsurance contract liabilities		-			
Net Opening balance	(180,406)	-	(128,497)	(32,381)	(341,284)
Changes in the statement of profit or or loss and OCI					
Reinsurance expenses	391,038	-	-	-	391,038
	391,038	-	-	-	391,038
Reinsurance service expenses					
Incurred claims recovery	-	-	(505,068)	(97,421)	(602,489)
Other incurred directly attributable expenses	(82,539)	-	-	-	(82,539)
Changes that relate to future services: losses on onerous contracts and reversals (resulting frm undrlying GoC for reins)	-	-	(94,647)	(34,156)	(128,803)
Changes that relate to past services: changes to liabilities for incurred claims (including reinsurer's non-performance risk)	-	-	-	-	-
	(82,539)	-	(599,715)	(131,577)	(813,831)
Reinsurance finance expenses/income	-	-	5,231	3,789	9,020
	-	-	5,231	3,789	9,020
Total changes in the statement of profit or loss and OCI	**308,499**	**-**	**(594,484)**	**(127,788)**	**(413,773)**

31 December 2022				
Assets for Remaining Coverage		Asset for incurred claims		
Excluding loss recovery component ₦'000	Loss-recovery component ₦'000	Present value of future cash flows ₦'000	Risk adjustment ₦'000	Total ₦'000
(86,807)	-	(118,835)	(29,946)	(235,588)
	-			
(86,807)	-	(118,835)	(29,946)	(235,588)
347,647	-	-	-	347,647
347,647	-	-	-	347,647
-	-	(88,186)	7,724	(80,462)
(75,146)	-	-	-	(75,146)
-	-	(187,476)	(11,065)	(198,541)
-	-	-	-	-
(75,146)	-	(275,662)	(3,341)	(354,149)
-	-	(1,199)	907	(292)
-	-	(1,199)	907	(292)
272,501	**-**	**(276,861)**	**(2,434)**	**(6,794)**

10.7. Engineering

a. Engineering - Reinsurance contracts held

i. Reconciliation of the liability for remaining coverage and the liability for incurred claims - Premium Allocation Approach

	31 December 2023				
	Assets for Remaining Coverage		Asset for incurred claims		
Cash flows	Excluding loss component ₦'000	Loss-component ₦'000	Present value of future cash flows ₦'000	Risk adjustment ₦'000	Total ₦'000
Reinsurance Premiums paid - reinsurance premium on reinsurance contract-1	(544,756)	-	-	-	(544,756)
Recoveries from reinsurance	-	-	99,750	-	99,750
Acquisition cash flows for ceding commissions and other directly attributable expenses paid	114,475	-	-	-	114,475
	(430,281)	-	99,750	-	(330,531)
Closing reinsurance contract assets	(302,188)	-	(623,231)	(160,169)	(1,085,588)
Closing reinsurance contract liabilities	-	-	-	-	-
Net closing balance	**(302,188)**	**-**	**(623,231)**	**(160,169)**	**(1,085,588)**

31 December 2022				
Assets for Remaining Coverage		Asset for incurred claims		
Excluding loss component ₦'000	Loss-component ₦'000	Present value of future cash flows ₦'000	Risk adjustment ₦'000	Total ₦'000
(446,416)	-	-	-	(446,416)
-	-	267,199	-	267,199
80,316	-	-	-	80,316
(366,100)	-	267,199	-	(98,901)
(180,406)	-	(128,497)	(32,380)	(341,283)
-	-	-	-	-
(180,406)	**-**	**(128,497)**	**(32,380)**	**(341,283)**

10.8. Oil & Energy

a. Oil & Energy - Insurance contracts issued

i. Reconciliation of the liability for remaining coverage and the liability for incurred claims - Premium Allocation Approach

	31 December 2023				
	Liabilities for Remaining Coverage		Liability for incurred claims		
Oil & Energy - Insurance contracts issued	Excluding loss component ₦'000	Loss-component ₦'000	Present value of future cash flows ₦'000	Risk adjustment ₦'000	Total ₦'000
Opening insurance contract assets					-
Opening insurance contract liabilities	3,362,070	-	809,214	140,805	4,312,089
Net Opening balance	3,362,070	-	809,214	140,805	4,312,089
Changes in the statement of profit or loss and OCI					
Insurance revenue					
Insurance revenue	(14,744,161)	-	-	-	(14,744,161)
	(14,744,161)	-	-	-	(14,744,161)
Insurance service expenses					
Incurred claims and other expenses	-	-	1,406,022	19,486	1,425,508
Acquisition expenses	830,338	-	-	-	830,338
Changes that relate to future services: losses on onerous contracts and reversals	-	-	5,950,362	510,901	6,461,263
Changes that relate to past services: changes to liabilities for incurred claims (including reinsurer's non-performance risk)	-	-	-	-	-
	830,338	-	7,356,384	530,387	8,717,109
Insurance finance expenses					
Insurance finance expenses	-	-	(957,230)	(115,578)	(1,072,808)
	-	-	(957,230)	(115,578)	(1,072,808)
Total changes in the statement of profit or loss and OCI	**(13,913,823)**	**-**	**6,399,154**	**414,809**	**(7,099,860)**

31 December 2022				
Liabilities for Remaining Coverage		Liability for incurred claims		
Excluding loss component ₦'000	Loss-component ₦'000	Present value of future cash flows ₦'000	Risk adjustment ₦'000	Total ₦'000
				-
3,201,967		727,765	74,959	4,004,691
3,201,967	-	727,765	74,959	4,004,691
(17,869,011)	-	-	-	(17,869,011)
(17,869,011)	-	-	-	(17,869,011)
-	-	272,317	(27,576)	244,741
601,555	-	-	-	601,555
-	-	661,711	104,490	766,201
		-	-	-
601,555	-	934,028	76,914	1,612,497
-	-	(27,003)	(11,068)	(38,071)
-	-	(27,003)	(11,068)	(38,071)
(17,267,456)	**-**	**907,025**	**65,846**	**(16,294,585)**

10.8. Oil & Energy

a. Oil & Energy - Insurance contracts issued

i. Reconciliation of the liability for remaining coverage and the liability for incurred claims - Premium Allocation Approach

	31 December 2023				
	Liabilities for Remaining Coverage		Liability for incurred claims		
Cash flows	Excluding loss component ₦'000	Loss-component ₦'000	Present value of future cash flows ₦'000	Risk adjustment ₦'000	Total ₦'000
Premiums received- premium fron insurance contract (1)	15,114,410	-	-	-	15,114,410
Claims and other expenses paid	-	-	(2,334,584)	-	(2,334,584)
Acquisition cash flows paid	(867,806)	-	-	-	(867,806)
	14,246,604	-	(2,334,584)	-	11,912,020
Non- cashflow Items					
Premiums received- premium fron insurance contract (2)	75,065	-	-	-	75,065
	75,065	-	-	-	75,065
Closing insurance contract assets	-		-	-	-
Closing insurance contract liabilities	3,769,916	-	4,873,784	555,614	9,199,314
Net closing balance	**3,769,916**	**-**	**4,873,784**	**555,614**	**9,199,314**

31 December 2022				
Liabilities for Remaining Coverage		Liability for incurred claims		
Excluding loss component ₦'000	Loss-component ₦'000	Present value of future cash flows ₦'000	Risk adjustment ₦'000	Total ₦'000
18,032,527	-	-	-	18,032,527
-	-	(825,576)	-	(825,576)
(644,828)	-	-	-	(644,828)
17,387,699	-	(825,576)	-	16,562,123
39,860	-	-	-	39,860
39,860	-	-	-	39,860
-		-	-	-
3,362,070	-	809,214	140,805	4,312,089
3,362,070	**-**	**809,214**	**140,805**	**4,312,089**

10.8. Oil & Energy

b. Oil & Energy - reinsurance contracts held

i. Reconciliation of the liability for remaining coverage and the liability for incurred claims - Premium Allocation Approach

	31 December 2023				
	Assets for Remaining Coverage		Asset for incurred claims		
Oil & Energy - reinsurance contracts held	Excluding loss recovery component ₦'000	Loss-recovery component ₦'000	Present value of future cash flows ₦'000	Risk adjustment ₦'000	Total ₦'000
Opening reinsurance contract assets	(2,960,089)	-	(513,408)	(129,379)	(3,602,876)
Opening reinsurance contract liabilities	-	-	-	-	-
Net Opening balance	(2,960,089)	-	(513,408)	(129,379)	(3,602,876)
Changes in the statement of profit or or loss and OCI					
Reinsurance expenses	13,811,792	-	-	-	13,811,792
	13,811,792	-	-	-	13,811,792
Reinsurance service expenses					
Incurred claims recovery	-	-	(182,680)	82,431	(100,249)
Other incurred directly attributable expenses	(285,331)	-	-	-	(285,331)
Changes that relate to future services: losses on onerous contracts and reversals (resulting frm undrlying GoC for reins)	-	-	(373,711)	(235,955)	(609,666)
Changes that relate to past services: changes to liabilities for incurred claims (including reinsurer's non-performance risk)	-	-	-	-	-
	(285,331)	-	(556,391)	(153,524)	(995,246)
Reinsurance finance expenses/income	-	-	35,478	19,183	54,661
	-	-	35,478	19,183	54,661
Total changes in the statement of profit or loss and OCI	**13,526,461**	**-**	**(520,913)**	**(134,341)**	**12,871,207**

31 December 2022				
Assets for Remaining Coverage		Asset for incurred claims		
Excluding loss recovery component ₦'000	Loss-recovery component ₦'000	Present value of future cash flows ₦'000	Risk adjustment ₦'000	Total ₦'000
(2,762,728)	-	(407,912)	(102,794)	(3,273,434)
-	-	-	-	-
(2,762,728)	-	(407,912)	(102,794)	(3,273,434)
15,717,466	-	-	-	15,717,466
15,717,466	-	-	-	15,717,466
-	-	(289,966)	29,723	(260,243)
(638,989)	-	-	-	(638,989)
-	-	171,455	(61,186)	110,269
-	-	-	-	-
(638,989)	-	(118,511)	(31,463)	(788,963)
-	-	(2,036)	4,878	2,842
-	-	(2,036)	4,878	2,842
15,078,477	**-**	**(120,547)**	**(26,585)**	**14,931,345**

10.8. Oil & Energy

b. Oil & Energy - reinsurance contracts held

i. Reconciliation of the liability for remaining coverage and the liability for incurred claims - Premium Allocation Approach

	31 December 2023				
	Assets for Remaining Coverage		Asset for incurred claims		
Cash flows	Excluding loss component ₦'000	Loss-component ₦'000	Present value of future cash flows ₦'000	Risk adjustment ₦'000	Total ₦'000
Reinsurance Premiums paid - reinsurance premium on reinsurance contract-1	(14,118,902)	-	-	-	(14,118,902)
Recoveries from reinsurance	-	-	8,168	-	8,168
Acquisition cash flows for ceding commissions and other directly attributable expenses paid	512,865	-	-	-	512,865
	(13,606,037)	-	8,168	-	(13,597,869)
Closing reinsurance contract assets	(3,039,665)	-	(1,026,153)	(263,720)	(4,329,538)
Closing reinsurance contract liabilities	-	-	-	-	-
Net closing balance	**(3,039,665)**	**-**	**(1,026,153)**	**(263,720)**	**(4,329,538)**

31 December 2022				
Assets for Remaining Coverage		Asset for incurred claims		
Excluding loss component ₦'000	Loss-component ₦'000	Present value of future cash flows ₦'000	Risk adjustment ₦'000	Total ₦'000
(15,933,735)	-	-	-	(15,933,735)
-	-	15,051	-	15,051
657,897	-	-	-	657,897
(15,275,838)	-	15,051	-	(15,260,787)
(2,960,089)	-	(513,408)	(129,379)	(3,602,876)
-	-	-	-	-
(2,960,089)	**-**	**(513,408)**	**(129,379)**	**(3,602,876)**

10.9 Insurance contract liabilities

Age analysis of Incurred claims

10.9a Age analysis by number of claimants:

	2023 Number of claimants	2023 Amounts ₦'000	2022 Number of claims	2022 Amounts ₦'000
0 - 90 days	918	2,445,681	692	1,126,281
91- 180 days	523	2,591,680	323	390,993
181-270 days	365	781,757	301	367,589
271-365 days	305	569,732	342	836,178
365 days and above	3,313	6,041,299	2,786	2,411,060
	5,424	12,430,149	4,444	5,132,101

10.9b **Age analysis of incurred claims by reason of being outstanding:**

2023 claims status- reason	0- 90 days Qty	0- 90 days ₦'000	91- 180 days Qty	91- 180 days ₦'000	181-270 days Qty	181-270 days ₦'000	271-365 days Qty	271-365 days ₦'000	365 days and above Qty	365 days and above ₦'000	Total Qty	Total ₦'000
Discharged vouchers signed and returned to policyholders	105	125,126	-	-	-	-	-	-	-	-	105	125,126
Discharge vouchers not yet signed	2	1,270	-	-	-	-	-	-	-	-	2	1,270
Claims reported but incomplete documentation	658	2,094,274	523	2,591,680	365	781,757	305	569,732	3,313	6,041,299	5,164	12,078,741
Claims reported but being adjusted	153	225,011	-	-	-	-	-	-	-	-	153	225,011
Claims repudiated	-	-	-	-	-	-	-	-	-	-	-	-
Awaiting Adjusters final report	-	-	-	-	-	-	-	-	-	-	-	-
Litigation awarded	-	-	-	-	-	-	-	-	-	-	-	-
Awaiting Lead Insurer's instruction	-	-	-	-	-	-	-	-	-	-	-	-
Third party liability outstanding	-	-	-	-	-	-	-	-	-	-	-	-
Adjusters fee payable	-	-	-	-	-	-	-	-	-	-	-	-
Total	918	2,445,681	523	2,591,680	365	781,757	305	569,732	3,313	6,041,299	5,424	12,430,149

10.9b Age analysis of incurred claims by reason of being outstanding:

	0- 90 days		91- 180 days		181-270 days		271-365 days		365 days and above		Total	
2022 claims status-reason	Qty	₦'000	Qty	₦'000	Qty	₦'000	Qty	₦'000	Qty	₦'000	Qty	₦'000
Discharged vouchers signed and returned to policyholders	110	81,098	-	-	-	-	-	-	-	-	110	81,098
Discharge vouchers not yet signed	3	641	-	-	-	-	-	-	-	-	3	641
Claims reported but incomplete documentation	479	892,984	323	390,993	301	367,589	342	836,178	2,786	2,411,060	4,231	4,898,804
Claims reported but being adjusted	100	151,558	-	-	-	-	-	-	-	-	100	151,558
Claims repudiated	-	-	-	-	-	-	-	-	-	-	-	-
Awaiting Adjusters final report	-	-	-	-	-	-	-	-	-	-	-	-
Litigation awarded	-	-	-	-	-	-	-	-	-	-	-	-
Awaiting Lead Insurer's instruction	-	-	-	-	-	-	-	-	-	-	-	-
Third party liability outstanding	-	-	-	-	-	-	-		-	-	-	-
Adjusters fee payable	-	-	-	-	-	-	-	-	-	-	-	-
Total	692	1,126,281	323	390,993	301	367,589	342	836,178	2,786	2,411,060	4,444	5,132,101

10.9c Age analysis by number of claimants:

2023 incurred claims	0 - 90 days ₦'000	91- 180 days ₦'000	181-270 days ₦'000	271-365 days ₦'000	365 days and above ₦'000	Total
Motor	434,752	205,878	199,089	85,567	330,660	1,255,946
Accident	252,039	227,159	265,670	173,212	799,311	1,717,391
Bond	-	-	-	-	2,767	2,767
Fire	381,456	851,291	210,753	139,506	1,310,355	2,893,361
Marine	63,458	48,965	47,780	52,479	285,162	497,844
Aviation	14,777	-	2,087	2,380	47,870	67,114
Engineering	236,094	712,929	34,536	16,399	121,981	1,121,940
Oil & Energy	1,063,105	545,458	21,841	100,190	3,143,192	4,873,786
Total	**2,445,681**	**2,591,680**	**781,757**	**569,732**	**6,041,299**	**12,430,149**

Age analysis of outstanding claims by class of business

2022 incurred claims						
Motor	112,482	176,332	128,626	52,608	498,179	968,227
Accident	-	902	2,113	8,054	5,687	16,756
Bond	2,240	-	-	-	-	2,240
Fire	15,992	17,719	15,951	43,493	131,819	224,974
Marine	393,978	40,261	130,290	620,192	810,830	1,995,550
Aviation	169,880	61,194	11,502	56,095	169,175	467,845
Engineering	314,092	61,930	53,738	41,456	176,079	647,295
Oil & Energy	117,618	32,655	25,370	14,280	619,291	809,214
Total	**1,126,281**	**390,993**	**367,590**	**836,178**	**2,411,060**	**5,132,101**

10.9d Age analysis of incurred claims by class of business and number of claimants

2023 incurred claims	0 - 90 days ₦'000	91- 180 days ₦'000	181-270 days ₦'000	271-365 days ₦'000	365 days and above ₦'000	Total
	Number of Claimants					
Motor	485	162	108	133	770	1,658
Accident	198	146	94	80	980	1,498
Bond	-	-	-	-	3	3
Fire	75	63	56	41	860	1,095
Marine	115	91	94	37	198	535
Aviation	3	-	1	1	13	18
Engineering	35	59	11	10	188	303
Oil and Gas	7	2	1	3	301	314
Total	**918**	**523**	**365**	**305**	**3,313**	**5,424**

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

The technical reserves and valuation models as at 31 December 2023 were independently reviewed by Ernst and Young Nigeria duly registered with the Financial Reporting Council of Nigeria. The actuary, Kingsley Miller, 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/00000002392.

10.e 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.

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 2023 are the same as 2022 due to stable claims distribution experience during the year

11 Trade payables

	31-Dec-2023 ₦'000	31-Dec-2022 ₦'000
Reinsurance payable (Note 11.1)	5,216,790	3,170,374
Premium deposit (Note 11.2)	14,620,617	6,564,236
	19,837,407	9,734,610

All amounts are payable within one year.

11.1 Analysis of movement in Reinsurance premium paid for cashflow purpose

Reinsurance premium for prior year paid in current year	3,170,374	2,585,505
Premium paid in respect of current year contract	23,146,944	23,179,945
	26,317,318	25,765,450

11.2 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 and insurance intermidiaries for the subsequent year

12 Other payables and accruals

	31-Dec-2023 ₦'000	31-Dec-2022 ₦'000
Accrued expenses (Note 12.1)	889,445	545,221
Statutory payables (Note 12.2)	964,505	537,814
Survey fees payables (Note 12.3)	797,143	400,682
Other payables (Note 12.4)	29,009	92,834
	2,680,102	**1,576,551**

12.1 Accrued expenses

	31-Dec-2023 ₦'000	31-Dec-2022 ₦'000
Audit fee	24,000	7,740
Fees and subscriptions	54,219	22,934
NAICOM levy	411,037	274,735
Corporate branding expenses	4,524	4,310
Performance bonus	217,962	199,263
General welfare and entertainment	68,119	27,348
Other accruals	109,585	8,891
	889,445	545,221

12.2 Statutory payables

Withholding tax due to Federal government	35,556	37,620
Value added tax payables	7,539	5,604
Nigerian content development levy	919,638	493,317
Withholding tax due to State government	1,772	1,273
	964,505	537,814

12.3 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.

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

13 Deferred rental income

	Rent ₦'000	Total ₦'000
At 1 January 2022	33,250	33,250
Additions during the year	66,500	66,500
Credit to profit or loss (Note 24)	(66,500)	(66,500)
At 31 December 2022	**33,250**	**33,250**
Additions during the year	70,000	70,000
Credit to profit or loss (Note 24)	(68,250)	(68,250)
At 31 December 2023	**35,000**	**35,000**

Deferred income consists of rental income received in advance on investment properties leased by the Company to third parties.

14 Income taxes

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

- Recognised in profit or loss:

	2023 ₦'000	2022 ₦'000
Income tax	358,674	1,229,231
Tertiary Education tax	-	71,528
Information technology development levy (NITDA)	149,126	60,435
Adjustment of current tax of prior periods	15,223	(347,460)
Current tax charge for the year	523,023	1,013,734
Deferred tax (credit)/charge	4,368,696	(129,121)
Income tax expense 0	**4,891,720**	**884,612**

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

		31-Dec-2023 ₦'000	31-Dec-2022 ₦'000
At 1 January		1,361,495	836,792
Charge for the year		523,023	1,361,193
Withholding tax credit	Note 4.5	(19,479)	(153,173)
Adjustment of current tax of prior periods		15,223	(347,460)
Payment during the year		(1,372,462)	(335,858)
At 31 December		507,800	1,361,495

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.

14.3 Reconciliation of income tax expense

The income tax expense of the Company for the year can be reconciled to the accounting profits as follows:

	2023 ₦'000	2022 ₦'000
Profit before income tax expense	15,050,032	6,121,164
Income tax expense calculated at 30%	4,515,010	1,836,349
Effect of income that is exempt from taxation	(4,418,095)	(1,023,610)
Effect of expenses not tax deductible	423	287,370
Effect of minimum tax	261,335	-
Effect of origination and reversal of temporary difference	4,368,697	-
Education tax	-	71,528
Information technology development levy (NITDA)	149,127	60,435
Adjustment of current tax of prior periods	15,223	(347,460)
Company income tax	**4,891,720**	**884,612**
Effective tax rate	33%	14%

The tax rate applied for the 2023 and 2022 reconciliations above is the corporate tax rate of 30% and payable by the Company. Education tax of 2.5% is applied on the assessable profits.

15 Deferred tax liabilities

Deferred tax related to items recognised in profit or loss

	31-Dec-2023 ₦'000	31-Dec-2022 ₦'000
Fair value gains on investment properties	172,194	134,870
Unrealised exchange gains on financial assets at amortised costs	4,969,217	732,364
Accelerated depreciation for tax purposes	487,359	43,229
Unrealised fair value gains on Financial asset FVTPL	27,292	-
Impairment of financial assets:		
Impairment of cash and cash equivalents	(115,810)	(41,273)
Impairment of debt instruments at amortised cost	(416,944)	(98,610)
Impairment of other receivables	(39,815)	(1,198)
Impairment on balance due from reinsurance broker	(90,101)	(144,688)
	4,993,392	624,695
Deferred tax related to items recognised in OCI		
Net (gain)/Loss on equity instruments designated at fair value through OCI	185,074	48,137
Deferred tax liabilities	**5,178,466**	**672,831**
Total impairment of financial assets	(572,569)	(141,080)
Reconciliation of deferred tax liabilities is as shown below:		
At 1 January	672,831	753,816
Amounts recorded in profit or loss (Note 14)	4,368,698	(129,122)
Deferred tax related to items recognised in OCI	136,937	48,137
At 31 December	5,178,466	672,831
Per Statement of profit or loss:		
Fair value gains on investment properties	37,324	(2,596)
On unrealised exchange (loss)/gains	4,236,853	35,662
Unrealised fair value gains on Financial asset FVTPL	27,292	-
Accelerated depreciation for tax purposes	444,130	(11,276)
Impairment of financial assets	(431,489)	(6,223)
Impairment on balance due from reinsurance broker	54,587	(144,688)
	4,368,697	(129,121)

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.

16 Share capital and premium

16.1 Authorised share capital

	31-Dec-2023 ₦'000	31-Dec-2022 ₦'000
20,000,000 ordinary shares at 50 kobo each	10,000,000	10,000,000

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 in 2022.

16.2 Issued and paid up capital comprises:

20,000,000,000 fully paid ordinary shares at 50 Kobo each

	2023		2022	
	Share Capital ₦'000	Share Premium ₦'000	Share Capital ₦'000	Share Premium ₦'000
Balance at 1 January	10,000,000	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	10,000,000	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.

17 Reserves

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

17.1 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.

Required annual transfers:	31-Dec-2023 ₦'000	31-Dec-2022 ₦'000
Total premium	42,594,486	37,982,979
Net profit	15,212,733	6,121,164
The higher of the below:		
3% of total gross premium	1,277,835	1,139,489
20% of net profit	3,042,547	1,224,233
Transfer to contingency reserves	3,042,547	1,224,233
Maximum limit:		
50% of Net premium	6,769,356	5,515,389
Minimum paid up capital	3,000,000	3,000,000
Movement in contingency reserve:		
As at 1 January	10,000,000	10,000,000
Transfer from retained earnings	-	-
As at 31 December	**10,000,000**	**10,000,000**

There was no transfer from retained earnings to statutory contingency reserve 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.

17.2 Retained earnings

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

	31-Dec-2023 ₦'000	31-Dec-2022 ₦'000
As at 1 January	4,596,443	4,970,380
Impact of initial application of IFRS 17	-	(38,478)
Profit for the year	10,321,013	5,252,927
Distributions made and proposed	(2,000,000)	(2,800,000)
Issue of bonus shares (Note 16)	-	(3,000,000)
Transfer from fair value reserves (Note 17.3)	-	211,614
As at 31 December	12,917,456	4,596,443

17.3 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-2023 ₦'000	31-Dec-2022 ₦'000
As at 1 January	433,230	376,934
Net gain on equity instruments designated at fair value through other comprehensive income(Note 30)	1,232,439	267,910
Transfer to retained earnings (Note 17.3a)	-	(211,614)
As at 31 December	1,665,669	433,230

17.3a 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.

	2023 ₦'000	2022 ₦'000
Cost at initial recognition of Financial assets at FVOCI	-	66,928
Accumulated fair value gain as at 1/1/2022	-	(66,928)
Carrying amount of financial assets at FVOCI at 1/1/2022	-	-
Accumulated fair value gain for 2022 prior to derecognition on 31/3/2022	-	278,542
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**

Revenue account

2023	Motor ₦'000	Accident ₦'000	Bond ₦'000	Marine ₦'000	Aviation ₦'000	Fire ₦'000	Engineering ₦'000	Oil & Energy ₦'000	Total ₦'000
Insurance contract revenue	5,675,375	5,088,840	31,441	1,672,080	228,223	12,044,681	892,324	14,744,164	40,377,128
Insurance service expense	(3,586,085)	(2,905,445)	(4,049)	(646,309)	(113,978)	(5,034,571)	(1,464,871)	(8,717,109)	(22,472,417)
Net reinsurance expense	258,631	(2,381,002)	(6,231)	(245,549)	(32,376)	(6,262,502)	422,793	(12,816,547)	(21,062,783)
Insurance service result	**2,347,921**	**(197,607)**	**21,161**	**780,222**	**81,869**	**747,608**	**(149,754)**	**(6,789,492)**	**(3,158,072)**
Investment return	657,243	593,048	2,788	206,646	28,058	1,427,021	123,216	1,664,415	4,702,435
Net realised gain/(loss)	18,922	19,774	248	9,290	1,035	63,487	(5,185)	54,584	162,153
Fair value gain	75,399	78,795	989	37,019	4,123	252,984	(20,662)	217,507	646,154
Other income - Foreign exchange gain	1,716,342	1,793,649	22,502	842,666	93,852	5,758,774	(470,345)	4,951,199	14,708,640
Impairment losses on financial assets	(54,432)	(56,884)	(714)	(26,724)	(2,976)	(182,634)	14,917	(157,022)	(466,470)
Total investment income	**2,413,474**	**2,428,382**	**25,813**	**1,068,896**	**124,091**	**7,319,632**	**(358,060)**	**6,730,683**	**19,752,911**
Net insurance finance (expense)/income	13,309	159,418	(67)	18,026	2,633	72,381	11,234	1,072,809	1,349,743
Net reinsurance finance income/(expense)	42,175	(25,564)	(90)	(25,759)	-	(62,510)	(9,020)	(54,662)	(135,430)
Net investment financial result	**55,484**	**133,854**	**(157)**	**(7,733)**	**2,633**	**9,871**	**2,214**	**1,018,147**	**1,214,313**
									-
Other operating income	(5,184)	436	(47)	(1,723)	(181)	(1,651)	331	14,991	6,973
Other operating expenses	(360,463)	(328,082)	(1,515)	(113,283)	(15,411)	(787,954)	(68,298)	(928,387)	(2,603,393)
Profit before tax	**4,451,232**	**2,036,984**	**45,255**	**1,726,379**	**193,001**	**7,287,506**	**(573,567)**	**45,942**	**15,212,733**

Revenue account

2022	Motor ₦'000	Accident ₦'000	Bond ₦'000	Marine ₦'000	Aviation ₦'000	Fire ₦'000	Engineering ₦'000	Oil & Energy ₦'000	Total ₦'000
Insurance contract revenue	3,476,734	3,802,947	31,131	1,396,920	189,329	9,154,341	596,060	17,869,013	36,516,475
Insurance service expense	(2,526,136)	(2,014,366)	(5,835)	(742,206)	(79,123)	(3,587,666)	(481,960)	(1,612,497)	(11,049,789)
Net reinsurance expense	(36,674)	(1,654,890)	(3,789)	(242,141)	(11,147)	(4,970,057)	6,502	(14,928,503)	(21,840,699)
Insurance service result	**913,924**	**133,691**	**21,507**	**412,573**	**99,059**	**596,618**	**120,602**	**1,328,013**	**3,625,987**
Investment return	347,976	355,855	2,098	98,903	13,051	842,880	59,643	1,591,148	3,311,554
Net realised gain/(loss)	1,174	2,209	31	809	136	6,875	141	20,078	31,454
Fair value gain	222	418	6	153	26	1,302	27	3,801	5,955
Other income - Foreign exchange gain	90,828	170,895	2,417	62,557	10,530	531,885	10,902	1,553,278	2,433,292
Impairment losses on financial assets	(18,481)	(34,773)	(492)	(12,729)	(2,143)	(108,227)	(2,218)	(316,058)	(495,121)
Total investment income	**421,719**	**494,604**	**4,060**	**149,692**	**21,600**	**1,274,716**	**68,495**	**2,852,248**	**5,287,134**
Net insurance finance (expense)/income	(12,919)	73,638	33	3,748	344	16,909	283	38,072	120,108
Net reinsurance finance income/(expense)	1,779	(9,697)	5	(3,258)	-	(48,323)	291	(2,843)	(62,046)
Net investment result	**(11,140)**	**63,941**	**38**	**490**	**344**	**(31,414)**	**574**	**35,229**	**58,062**
Other operating income	35,667	5,217	839	16,101	3,866	23,284	4,707	51,827	141,508
Other operating expenses	(330,546)	(311,099)	(2,531)	(99,087)	(14,576)	(746,285)	(55,444)	(1,415,584)	(2,975,152)
Profit before tax	**1,029,624**	**386,354**	**23,913**	**479,769**	**110,293**	**1,116,918**	**138,933**	**2,851,733**	**6,137,539**

18 Insurance revenue

	Motor ₦'000	Accident ₦'000	Bond ₦'000	Marine ₦'000	Aviation ₦'000	Fire ₦'000	Engineering ₦'000	Oil & Energy ₦'000	Total ₦'000
For the year ended 31 December 2023									
Contracts measured under PAA	5,675,375	5,088,840	31,441	1,672,080	228,223	12,044,681	892,324	14,744,164	40,377,128
Insurance revenue	**5,675,375**	**5,088,840**	**31,441**	**1,672,080**	**228,223**	**12,044,681**	**892,324**	**14,744,164**	**40,377,128**
For the year ended 31 December 2022									
Contracts measured under PAA	3,476,734	3,802,947	31,131	1,396,920	189,329	9,154,341	596,060	17,869,013	36,516,475
Insurance revenue	**3,476,734**	**3,802,947**	**31,131**	**1,396,920**	**189,329**	**9,154,341**	**596,060**	**17,869,013**	**36,516,475**

19 Insurance service expense

	Motor ₦'000	Accident ₦'000	Bond ₦'000	Marine ₦'000	Aviation ₦'000	Fire ₦'000	Engineering ₦'000	Oil & Energy ₦'000	Total ₦'000
For the year ended 31 December 2023									
Incurred claims and other expenses	993,433	802,019	2,126	164,924	21,322	1,290,352	1,009,102	1,425,508	5,708,786
Acquisition expenses	591,818	747,279	2,785	282,226	27,920	1,242,258	155,268	830,338	3,879,892
Changes that relate to future services: losses on onerous contracts and reversals	2,000,834	1,356,147	(862)	199,159	64,736	2,501,961	300,501	6,461,263	12,883,739
Changes that relate to past services: changes to liabilities for incurred claims (including reinsurer's non-performance risk)	-	-	-	-	-	-	-	-	-
	3,586,085	**2,905,445**	**4,049**	**646,309**	**113,978**	**5,034,571**	**1,464,871**	**8,717,109**	**22,472,417**
For the year ended 31 December 2022									
Incurred claims and other expenses	574,103	687,025	1,515	325,908	10,680	983,610	100,552	244,741	2,928,134
Acquisition expenses	364,160	584,519	2,571	257,830	24,981	1,005,034	106,680	601,555	2,947,330
Changes that relate to future services: losses on onerous contracts and reversals	1,587,873	742,822	1,749	158,468	43,462	1,599,022	274,728	766,201	5,174,325
Changes that relate to past services: changes to liabilities for incurred claims (including reinsurer's non-performance risk)	-	-	-	-	-	-	-	-	-
	2,526,136	**2,014,366**	**5,835**	**742,206**	**79,123**	**3,587,666**	**481,960**	**1,612,497**	**11,049,789**

20 **Net expenses from reinsurance contracts** Reinsurance expenses - contracts measured under the PAA	**Motor ₦'000**	**Accident ₦'000**	**Bond ₦'000**	**Marine ₦'000**	**Aviation ₦'000**	**Fire ₦'000**	**Engineering ₦'000**	**Oil & Energy ₦'000**	**Total ₦'000**
For the year ended 31 December 2023									
Reinsurance expenses	(130,806)	(2,690,453)	(11,121)	(763,079)	(38,147)	(8,982,877)	(391,038)	(13,811,792)	(26,819,313)
Incurred claims recovery	607,541	18,799	(6)	14,722	-	1,330,493	602,489	100,249	2,674,287
Changes that relate to future services: losses on onerous contracts and reversals	14,708	323,010	3,336	118,513	5,771	747,008	82,539	285,331	1,580,216
Changes that relate to past services: changes to liabilities for incurred claims (including reinsurer's non-performance risk)	(232,812)	(32,358)	1,560	384,295	-	642,874	128,803	609,665	1,502,027
	258,631	**(2,381,002)**	**(6,231)**	**(245,549)**	**(32,376)**	**(6,262,502)**	**422,793**	**(12,816,547)**	**(21,062,783)**
For the year ended 31 December 2022									
Reinsurance expenses	113,885	2,143,846	3,085	467,287	-	6,683,190	347,647	15,717,466	25,489,775
Incurred claims recovery	(4,068)	(6,178)	(117)	(82,527)	13,369	(488,565)	(80,462)	(260,243)	(922,160)
Changes that relate to future services: losses on onerous contracts and reversals	(11,915)	(201,706)	818	(89,911)	(2,222)	(662,704)	(75,146)	(638,989)	(1,681,775)
Changes that relate to past services: changes to liabilities for incurred claims (including reinsurer's non-performance risk)	(61,228)	(281,072)	3	(52,708)	-	(561,864)	(198,541)	110,269	(1,045,141)
	36,674	**1,654,890**	**3,789**	**242,141**	**11,147**	**4,970,057**	**(6,502)**	**14,928,503**	**21,840,699**

21 Net insurance finance (expense) /income

2023	Motor ₦'000	Accident ₦'000	Bond ₦'000	Marine ₦'000	Aviation ₦'000	Fire ₦'000	Engineering ₦'000	Oil & Energy ₦'000	Total ₦'000
Interest accreted on Insurance contracts	29,640	64,996	101	26,579	1,378	116,221	14,574	56,615	310,104
Effect of changes in interest rates and other financial assumptions	(42,949)	(224,414)	(34)	(44,605)	(4,011)	(188,602)	(25,808)	(1,129,424)	(1,659,847)
	(13,309)	**(159,418)**	**67**	**(18,026)**	**(2,633)**	**(72,381)**	**(11,234)**	**(1,072,809)**	**(1,349,743)**
2022									
Interest accreted on Insurance contracts	18,129	33,204	15	11,307	480	84,663	11,740	36,611	196,149
Effect of changes in interest rates and other financial assumptions	(5,210)	(106,842)	(48)	(15,055)	(824)	(101,572)	(12,023)	(74,683)	(316,257)
	12,919	**(73,638)**	**(33)**	**(3,748)**	**(344)**	**(16,909)**	**(283)**	**(38,072)**	**(120,108)**

There was a change in locked in rate between the date of initial recognition and the reporting date with insurance finance expense resulting to income. In line with the company's accounting policy, the impact was accounted for in the statement of profit or loss.

22 Net reinsurance finance income/(expense)

	Motor ₦'000	Accident ₦'000	Bond ₦'000	Marine ₦'000	Aviation ₦'000	Fire ₦'000	Engineering ₦'000	Oil & Energy ₦'000	Total ₦'000
2023									
Interest accreted	(765)	(7,067)	(8)	(10,393)	-	(66,790)	(9,510)	(39,165)	(133,698)
Effect of changes in interest rates and other financial assumptions	(41,410)	32,629	98	36,154	-	129,300	18,530	93,827	269,128
	(42,175)	25,562	90	25,761	-	62,510	9,020	54,662	135,430
2022					-				
Interest accreted	(2,048)	(1,995)	(6)	(6,261)		(60,404)	(4,797)	(21,394)	(96,905)
Effect of changes in interest rates and other financial assumptions	269	11,692	1	9,519	-	108,727	4,506	24,237	158,951
	(1,779)	9,697	(5)	3,258	-	48,323	(291)	2,843	62,046

There was a change in locked in rate between the date of initial recognition and the reporting date with reinsurance finance income resulting to expense. In line with the company's accounting policy, the impact was accounted for in the statement of profit or loss.

			2023	2022
23	**Interest income based on effective interest rate**		**₦'000**	**₦'000**
	Interest income on bonds	Note 2.7	3,706,928	2,627,446
	interest income on other debt securities- Term deposits	Note 2.7	169,556	9,980
	interest on current accounts with banks	Note 1.1	955	220
	Interest income on calls and term deposits with banks	Note 1.2	562,885	330,774
	Interest income on statutory deposits		18,045	12,551
	Interest income on staff loans	Note 4.1	4,045	3,939
		a	**4,462,414**	**2,984,910**
24	**Other investment and operating income**			
	Other investment income			
	Rental income	Note 13	68,250	66,500
	Dividend income	Note 2.7	171,771	260,144
			240,021	326,644
	Other operating income	Note 24.1	6,973	141,508
		b	**246,994**	**468,152**
24.1	**Other operating income**			
	Gain on disposal of property, plant and equipment		-	3,282
	Withholding tax credit notes received		1,026	138,226
	Other sundry income		5,947	-
			6,973	141,508
	Investment and sundry income is attributable to:			
	Policy holders' funds		1,470,114	811,577
	Shareholders' funds		3,239,293	2,641,485
		a + b	**4,709,408**	**3,453,062**

			2023 ₦'000	2022 ₦'000
25	**Net realised gain/(loss)**			
	Realised on:			
	Net realised gain on equities at fair value through profit or loss	Note 2.5	40,097	1,412
	Net realised (loss)/gain on foreign exchange		122,056	30,042
			162,153	31,454

Net realised gain on foreign exchange is based on the sale of foreign currency.

			2023 ₦'000	2022 ₦'000
26	**Fair value gain/ (loss)**			
	Unrealised gain on fair value of FVTPL equities	Note 2.5	272,924	31,907
	Net fair value (loss)/ gains on investment properties	Note 5	373,230	(25,952)
		a	646,154	5,955
27	**Unrealised foreign exchange gain**			
	Net unrealised gain on foreign exchange on the gross amount of cash and cash equivalents		1,425,536	1,128,953
	Foreign exchange adjustments on the ECL relating to cash and cash equivalents (Note 1.3a)		(43,522)	(17,390)
	Foreign exchange adjustments on financial assets (AC)		22,013,717	809,208
	Foreign exchange adjustments on the ECL relating to financial assets (AC)		(451,942)	9,468
	Unrealised foreign exchange gain/(loss) on other receivables and payables		(8,235,151)	503,053
		b	14,708,640	2,433,292
		a+b	15,354,794	2,439,247

28 Impairment loss (charge)/ write back

		2023 ₦'000	2022 ₦'000
(Charge)/Write back on cash and cash equivalents	Note 1.3a	(169,837)	50,642
Charge on financial assets at amortised costs	Note 2.5	(482,827)	(62,515)
Charge on other receivables	Note 4.6	(23,064)	(955)
Writeback/(Charge) on Due from Reinsurance Brokers	Note 4.2	209,259	(482,293)
		(466,470)	(495,121)

Analysis of Impairment loss (charge)/write back	Cash and cash equivalent ₦'000	Financial asset at amortised cost ₦'000	Other receivables ₦'000	Due from reinsurance brokers ₦'000	Total ₦'000
At 1 January 2023	137,579	328,699	97,589	482,293	1,046,160
Increase/(write-back) during the year	169,837	482,827	23,064	(209,259)	466,470
Foreign exchange adjustments	43,522	451,942	-	-	495,463
Total movement during the year	213,359	934,769	23,064	(209,259)	961,933
At 31 December 2023	350,938	1,263,468	120,653	273,034	2,008,093
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

29	Management expenses		2023 ₦'000	2022 ₦'000
	Employee benefit expenses	Note 29.2	875,514	830,768
	Administrative expenses	Note 29.1	1,002,395	859,249
	Shared costs*	Note 35.2	-	751,018
	Adverts and publicity		532,745	552,838
	Repairs and maintenance	Note 29.4	403,939	303,396
	NAICOM insurance levy		425,944	379,829
	Professional fees		318,940	208,418
	Depreciation on property, plant and equipment	Note 6	107,170	129,261
	Depreciation on right of use asset	Note 7	4,711	-
	Rent and rates		37,756	29,101
	Directors' fees		104,925	34,860
	Audit fees		24,000	24,000
	Subscriptions		22,906	17,479
	Amortization of intangible assets - software	Note 8	824	2,481
	AGM expenses		183	9
	Penalties and fines	Note 40	7,250	500
	Loss on disposal of property, plant and equipment		12,961	-
			3,882,163	4,123,207

*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 (2022: Nil).

		2023 ₦'000	2022 ₦'000
29.1	**Administrative expenses**		
	Printing and stationary	20,404	19,479
	General entertainment	44,232	48,882
	General welfare	569,209	507,767
	Investment management expenses	44,279	13,696
	Business promotion expenses	215,014	209,044
	Other general expenses	109,257	60,381
		1,002,395	859,249
29.2	**Employee benefit expenses**		
	Wages and salaries	388,629	378,229
	Defined contribution pension costs	39,802	38,424
	Other staff allowances	447,083	414,115
		875,514	830,768

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

29.3 Below is the breakdown of the management expenses into directly attributable and unattributable expenses.

Directly attributable expenses	1,278,770	1,148,054
Non Directly attributable expenses /Other operating expenses	2,603,393	2,975,153
	3,882,163	4,123,207

29.4 Included in repairs and maintenance is an amount of N6.7million(2022: N8.9million) incurred in relation to investment properties owned by the company.

30 Net gain on equity instruments designated at fair value through OCI

	2023 ₦'000	2022 ₦'000
Gain during the year	1,369,377	316,047
Deferred tax on gains accumulated on equity instruments designated at FCTOCI	(136,938)	(48,137)
	1,232,439	267,910

31 Profit for the year

Profit for the year has been arrived at after:

	2023 ₦'000	2022 ₦'000
Net foreign exchange gain	14,830,696	2,463,334
Depreciation of property and equipment	(107,170)	(129,261)
Amortisation of intangible assets	(824)	(2,481)
Staff costs and other expenses	(875,514)	(830,768)
Auditors' remuneration	(24,000)	(24,000)
Gain/(loss) on disposal of property plant and equipment	(12,961)	3,282
Credit loss/(write back) on financial assets	(466,470)	(495,121)
Change in fair value of investment properties	373,230	(25,952)

32 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.

	2023	2022
Profit for the year attributable to owners of the Company ('N'000)	10,321,013	5,252,927
Weighted average number of ordinary shares('000)	20,000,000	15,666,667
Basic and diluted earnings per share (kobo)	52	33

33 Net gain on equity instruments designated at fair value through OCI

	2023 ₦'000	2022 ₦'000
Dividends paid and declared		
Final dividend 2023: 10kobo (2022:10kobo) (Note 14.1)	2,000,000	1,400,000
Interim dividend 2023:Nil (2022:10kobo) (Note 14.1)	-	1,400,000
	2,000,000	2,800,000

34 Hypothecation of Investment Assets

2023	Shareholder's Funds ₦'000	InsuranceFunds ₦'000	Total ₦'000
Cash and cash equivalents (Note 1)	6,107,091	5,312,122	11,419,213
Financial assets (Note 2):			
- Fair Value through Profit or Loss (FVTPL)	51,388	914,670	966,058
- Fair Value through OCI (FVOCI)	-	3,130,296	3,130,296
- FGN Bonds at AC*	6,524,476	19,297,457	25,821,933
- State Government Bonds at AC*	250,407	322,410	572,817
- Corporate Bonds at AC*	565,787	25,757,825	26,323,612
- Other debt instruments at AC*	-	254,986	254,986
Statutory deposits (Note 9)	-	300,000	300,000
Investment properties (Note 5.1)	1,513,600	2,536,400	4,050,000
Trade receivables (Note 3)	-	316,646	316,646
Other receivables and prepayments (Note 4)	-	1,350,212	1,350,212
Reinsurance contract assets (Note 10)	12,274,588	-	12,274,588
Right of use assets (Note 7)		8,333	8,333
Intangible assets (Note 8)	-	123	123
Property, plant and equipment (Note 6)	-	199,213	199,213
Total Assets	**27,287,337**	**59,700,693**	**86,988,030**
The Funds			
Insurance funds (Note 10)	24,081,523	-	24,081,523
Shareholders' and other Funds	-	62,906,507	62,906,507
Total Funds	**24,081,523**	**62,906,507**	**86,988,030**
Surplus/(Deficit)	**3,205,814**	**(3,205,814)**	**-**

34 Hypothecation of Investment Assets	2023	Shareholder's Funds ₦'000	InsuranceFunds ₦'000	Total ₦'000
Cash and cash equivalents (Note 1)		908,119	7,885,828	8,793,947
Financial assets (Note 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 (Note 9)		-	300,000	300,000
Investment properties (Note 5.1)		1,513,600	2,163,170	3,676,770
Trade receivables (Note 3)		-	365,397	365,397
Other receivables and prepayments (Note 4)		-	993,590	993,590
Reinsurance contract assets (Note 10)		7,937,788	-	7,937,788
Right of use assets(Note 7)			1,044	1,044
Intangible assets (Note 8)		-	946	946
Property, plant and equipment (Note 6)		-	232,664	232,664
Total Assets		**15,673,967**	**37,117,987**	**52,791,954**
The Funds				
Insurance funds (Note 12)		14,298,937	-	14,298,937
Shareholders' and other Funds		-	38,493,017	38,493,017
Total Funds		**14,298,937**	**38,493,017**	**52,791,954**
Surplus/(Deficit)		**1,375,030**	**(1,375,030)**	**-**

*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.

35 Notes to the statement of cash flows

	Note	2023 ₦'000	2022 ₦'000
Profit before income tax expense		15,212,733	6,137,539
Fair value gains on financial assets at fair value through profit or loss	26	(272,924)	(31,907)
Depreciation and impairment of property, plant and equipment and right-of-use assets	6 & 7	111,881	135,438
Gain on disposal of investments		(40,097)	(1,412)
Amortisation of intangible assets	8	823	2,481
Fair value gain on investment property	5.1, 5.2	(373,230)	25,952
Loss/(Gain) on disposal of property, plant and equipment		12,961	(3,282)
Impairment loss charge	28	466,470	495,121
Net foreign currency exchange gain		(21,409,506)	(568,548)
Interest income	23	(4,462,414)	(2,984,910)
Other investment and sundry income	24	(246,994)	(468,152)
Operating cash flows before movements in working capital		(11,000,297)	2,738,320
(Increase)/decrease in reinsurance contract assets		(4,336,800)	(701,771)
Increase/(decrease) in insurance contract liabilities		9,782,586	1,594,747
Increase)/(decrease) in trade receivables		48,751	(255,430)
(Increase)/decrease in other receivables		(356,622)	(220,868)
Increase in trade payables		10,102,797	2,783,057
Decrease/(increase) in right of use assets		(7,289)	6,177
Increase/(decrease) in deferred income		1,750	-
Increase/(decrease) in other payables		1,103,551	83,409
Cash generated by operations		5,338,427	6,027,641
Income tax paid	14	(1,372,462)	(335,858)
Net cash (used in)/ from operating activities		**3,965,965**	**5,691,783**

36 Contingencies and commitments

The Company, in its ordinary course of business, is presently involved in 5 cases as a defendant (31 December 2022: 5).

The Company has been advised by its legal counsel of total legal claims of N931.1million (2022: N716.4million). 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 2023

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

The next hearing of the case is slated for 26th February 2024 for Court to hear subpoenaed witness on the application of the claimant and opening of the defence.

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 N11,023,000 and 10% interest per annum.

Update/status

The case has been set down for pending applications on Ist February 2024 and we await a notification of the next hearing date.

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 :N37,264,000.

Update/status
The trial of the case came up on January 15, 2024 and the case was further adjourned to March 19, 26, 27 2024.

Suit 4
Soddel 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 N35.35m is being claimed for general and aggravated damages

Update/status
The claimant has closed the case and the matter has been adjourned to 20 February 2024 for custodian to open its defence.

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 still pending before the court and the next adjourned date is yet to be communicated.

There were no capital commitments as at 31st December 2023 (2022: Nil).

37 Related parties

Details of transactions and balances between the Company and other related parties are disclosed below.

37.1 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

37.2 Transactions with related parties

Detail of transactions carried out during the year with related parties are as follows:

	Nature of transaction	2023 ₦'000	2022 ₦'000
Interstate Securities Limited	Investment income	-	477
UPDC Plc(REITS)	Lease expense	2,690	2,384
Key management personnel	Loan	238	1,116
Custodian Investment Plc	Shared cost	-	751,018
	Dividend	2,000,000	2,800,000

37.3 **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**	**2023 ₦'000**	**2022 ₦'000**
Interstate Securities Limited	Investment	-	-
UPDC Plc(REITS)	Prepayment	642	794
Key management personnel	Loan	-	14,383
		642	15,177
Due to related parties:			
Custodian Investment Plc	Shared cost	-	-
	Refundable funds	-	-
		-	-

Shared cost relates to expenses incurred by the parent Company on behalf the Company which includes rents and salaries of management staffs. Effective 30 September 2022, CIP ceased to provide such services to Custodian and Allied Insurance Limited.

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 grated 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 collaterised and no impairment charge for the year (2022: Nil).

38 Directors and employees

38.1 Chairman and Directors' emoluments

	2023 ₦'000	2022 ₦'000
Emoluments:		
Chairman	12,250	10,750
Other Directors	92,675	24,110
	104,925	34,860
As Directors' fees	56,625	9,000
Other emoluments	48,300	25,860
	104,925	34,860

38.1 Employees remuneration

a The number of employees whose emoluments, excluding allowances within the following ranges were:

	2023 Numbers	2022 Numbers
60,000 - 999,999	1	2
1,000,000 - 1,999,999	10	22
2,000,000 - 2,999,999	30	17
3,000,000 - 3,999,999	3	13
4,000,000 - 4,999,999	18	8
5,000,000 - 5,999,999	6	10
6,000,000 and above	39	35
	107	107

b **Staff**

Average number of persons employed during the year were:

	2023 Numbers	2022 Numbers
Management staff	10	10
Non-management staff	97	97
	107	107

Staff cost excluding the Directors relating to the above	2023 ₦'000	2022 ₦'000
Wages and salaries	388,629	378,229
Defined contribution pension costs	39,802	38,424
Other staff allowances	447,083	414,115
	875,514	830,768

38.3 **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:

	2023 ₦'000	2022 ₦'000
Short-term employee benefits	270,339	194,186
Post employment benefit	18,685	21,098
	289,024	215,284
Fees and other emolument disclosed above includes amount paid to:		
Chairman	12,250	10,750
Highest paid director	12,250	10,750

39 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.

40 Contraventions

The Company incurred and paid the sum of N7,250,000(2022:N500,000) as a penalty for a contravention during the year.

	2023 ₦'000	2022 ₦'000
Violation of Paragraph 2.5.8 of the Market conduct and Business practice Guidelines for insurance Companies in Nigeria in 2016	7,250	-
Violation of Section 49(3)(a) of the NAICOM Act 1997.	-	500
	7,250	**500**

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 -

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

in the case of a new company -
(i) Government Bonds and Treasury Bills,
(ii) Cash and Bank balances, and
(iii) Cash and cash equivalent

As an existing company, our capital requirement is as shown below:	**2023 ₦'000**	**2022 ₦'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	12,917,456	4,970,380
Excess of admissible assets over liabilities	33,002,063	22,054,987
Less the amount of own shares held(Treasury shares)	-	-
	33,002,063	22,054,987
Subordinated liabilities subject to approval by the Commission	-	-
Any other financial instrument as prescribed by the Commission	-	-
Capital requirement	**33,002,063**	**22,054,987**

41 Capital management - continued

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:

Minimum capital requirement	2023 ₦'000	2022 ₦'000
** Non-life business	3,000,000	3,000,000

The Solvency Margin for the Company as at 31 December 2023 is as follows:

	Total	Admissible	Inadmissible
Assets:	**₦'000**	**₦'000**	**₦'000**
Cash and cash equivalents	11,419,213	11,355,462	63,751
Financial assets:			
-Fair Value through Profit or Loss (FVTPL)	966,058	698,628	267,430
-Fair Value through OCI (FVOCI)	3,130,296	2,922,927	207,369
-Amortised Cost	52,973,348	52,120,821	852,527
Trade receivables	316,646	316,646	-
Reinsurance contract assets	12,274,588	12,274,588	-
Other receivables and prepayments	1,350,212	129,732	1,220,480
Right of use assets	8,333	-	8,333
Investment properties	4,050,000	2,513,600	1,536,400
Intangible assets	123	123	-
Property, plant and equipment	199,213	199,213	-
Statutory deposits	300,000	300,000	-
Total assets	86,988,030	82,831,740	4,156,290
Liabilities:			
Insurance contract liabilities	24,081,523	24,081,523	-
Trade payables	19,837,407	19,837,407	-
Other payables and accruals	2,680,102	2,680,102	-
Deferred income	35,000	35,000	-
Current income tax payable	507,800	507,800	-
Deferred tax liabilities	5,178,466	-	5,178,466
Total liabilities	52,320,298	47,141,832	5,178,466
Solvency margin		35,689,909	
Subject to the higher of:			
A. Minimum capital requirement	3,000,000		
B. 15% of net premium (Premium less reinsurance)	2,030,807		
C. Higher of A and B		(3,000,000)	
D. Surplus achieved		32,689,909	

The Solvency Margin for the Company as at 31 December 2022 is as follows:

	Total	Admissible	Inadmissible
Assets:	**₦'000**	**₦'000**	**₦'000**
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 contract assets	7,937,788	7,937,788	
Other receivables and prepayments	993,590	182,461	811,129
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	52,791,954	49,877,818	2,914,136
Liabilities:			
Insurance contract liabilities	14,298,937	14,298,937	-
Trade payables	9,734,610	9,734,610	-
Other payables and accruals	1,576,551	1,576,551	-
Deferred income	33,250	33,250	-
Current income tax payable	1,361,495	1,361,495	-
Deferred tax liabilities	672,831	-	672,831
Total liabilities	27,677,674	27,004,843	672,831
Solvency margin		22,872,975	
Subject to the higher of:			
A. Minimum capital requirement	3,000,000		
B. 15% of net premium (Premium less reinsurance)	1,654,617		
C. Higher of A and B		(3,000,000)	
D. Surplus achieved		19,872,975	

42. 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.

42.1 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.

The table below shows financial assets carried at fair value.

31 December 2023	Notes	Fair value through profit or loss ₦'000	Fair value through OCI ₦'000	Fair value ₦'000
Quoted equities at FVTPL	2	966,058	-	966,058
Fair value through OCI - quoted		-	11,230	11,230
Fair value through OCI - unquoted	2	-	3,119,066	3,119,066
		966,058	3,130,296	4,096,354
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

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.

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.

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	2023: 5% 2022: 5%	2023: N21,632 2022: N261
		Discount to average multiple (10%)	2023: 1% 2022: 1%	2023: N13,683 2022: N6,705
Interswitch Limited	Market Approach	Market value adjustment	2023: 1% 2022: 1%	2023: N97,879 2022: N8,500l
WSTC Financial Services Limited	Income approach	Cost of capital (10.9%/16.78%)	2023: 5% 2022: 5%	2023: N2,047 2022: N1,863
		Dividend growth rate (2.51/7.62)	2023: 5% 2022: 5%	2023: N1,500 2022: N501
Energy and Allied Insurance Pool of Nigeria	Adjusted NAV	Discount for lack of liquidity	Unappropriated-ed reserves	2023: N55,613 2022: N20,381

Financial Assets measured at Fair Value	2023 ₦'000	2022 ₦'000
Quoted prices in active markets (level 1)	977,288	882,343
Valuation technique:		
Market observable data (level 2)	-	-
Other than observable market data (level 3)	3,119,066	1,748,937
	4,096,354	2,631,280
Financial Assets measured at Amortised Cost:		
Amortised cost		
	52,973,348	27,858,528
	52,973,348	27,858,528

42.1.1 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).

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.

Items measured at fair value	2023			
Financial assets	Level 1 ₦'000	Level 2 ₦'000	Level 3 ₦'000	Total ₦'000
Financial assets at FVTPL:				
Equity shares	966,058	-	-	966,058
	966,058	-	-	966,058
Financial assets at FVOCI:				
Equity shares	11,230	-	3,119,066	3,130,296
	977,288	-	3,119,066	4,096,354
Items whose fair values are disclosed				
Debt instruments	-	-	50,726,562	50,726,562
	-	-	50,726,562	50,726,562
Total financial assets	977,288	-	53,845,628	54,822,916

Items measured at fair value	2022			
Financial assets				
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

There were no transfers between level 1 and 2 or in and out of level 3 in 2023 and 2022.

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-2023		31-Dec-2022	
Financial assets	**Carrying value ₦'000**	**Fair value ₦'000**	**Carrying value ₦'000**	**Fair value ₦'000**
Cash and cash equivalents:				
Cash and bank balances	1,086,918	1,086,918	1,350,779	1,350,779
Short-term deposits	10,656,976	10,656,976	7,558,039	7,558,039
Debt instruments:				
Federal Government bonds &Tbills	26,146,085	24,425,116	13,987,908	12,411,567
State Government bonds	573,926	450,330	643,271	763,325
Corporate bonds	26,243,363	24,577,693	13,296,687	10,062,057
Commercial papers			-	-
Term deposits	1,273,442	1,273,423	259,361	266,779

42.2 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:

45.2. Market risk - continued

Carrying amounts of the Company’s foreign currency denominated assets and liabilities:

	2023			
Assets	**Pounds Sterling ₦’000**	**Euro ₦’000**	**US dollars ₦’000**	**Total ₦’000**
Cash and cash equivalents	635	10,775	5,950,937	5,962,347
Financial assets	-	-	47,474,607	47,474,607
Reinsurance contract assets	-	-	1,456,552	1,456,552
	635	10,775	54,882,095	54,893,505
Liabilities				
Insurance contract liabilities	-	-	3,438,258	
	-	-	3,438,258	3,438,258
				3,438,258
Net assets	635	10,775	51,443,837	51,455,247

	2022			
Assets	**Pounds Sterling ₦’000**	**Euro ₦’000**	**US dollars ₦’000**	**Total ₦’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	
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

42.2. Market risk - continued

Cash and cash equivalents	Changes in variables ₦'000	31-Dec-23 Impact on Profit before tax ₦'000	31-Dec-23 Impact on Equity ₦'000	31-Dec-22 Impact on Profit before tax ₦'000	31-Dec-22 Impact on Equity ₦'000
Sterling	+10%	63	-	74	-
	-10%	(63)	-	(74)	-
Euro	+10%	1,078	-	16,439	-
	-10%	(1,078)	-	(16,439)	-
USD	+10%	5,144,384	48,296	2,857,708	2,969
	-10%	(5,144,384)	(48,296)	(2,857,708)	(2,969)

42.3. 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).

Cash and cash equivalents	Changes in variables ₦'000	31-Dec-23 Impact on Profit before tax ₦'000	31-Dec-23 Impact on Equity ₦'000	31-Dec-22 Impact on Profit before tax ₦'000	31-Dec-22 Impact on Equity ₦'000
Fair value through profit or loss	+1%	9,661	-	8,704	-
	-1%	(9,661)	-	(8,704)	-
Fair value through OCI	+1%	-	31,303	-	17,609
	-1%	-	(31,303)	-	(17,609)

42.4. 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.

42.4. Credit risk - continued

Industry analysis 31 December 2023	Financial services ₦'000	Government ₦'000	Consumers ₦'000	Retail and Wholesale ₦'000	Construction and Materials ₦'000	Manufacturing and Petroleum ₦'000	Others ₦'000	Total ₦'000
Cash and cash equivalents	11,419,213	-	-	-	-	-	-	11,419,213
Debt instruments at amortised costs	24,600,376	26,394,750	256,224	-	-		1,721,998	52,973,348
Staff loans and advances	-	-	-	-	-	-	115,195	115,195
Sundry debtors	-	-	-	-	-	-	348,138	348,138
Deposit for properties	-	-	-	-	-	-	25,337	25,337
Trade receivables	27,205	15,266	2,558	35,814	16,478	153,756	65,568	316,646
Reinsurance contract assets	-	-	-	-	-	-	4,430,868	4,430,868
Statutory deposits	-	300,000	-	-	-	-	-	300,000
	36,046,794	26,710,016	258,782	35,814	16,478	153,756	6,707,104	69,928,745
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 contract assets	-	-	-	-	-	-	2,046,682	2,046,682
Statutory deposits	-	300,000	-	-	-	-	-	300,000
	19,162,543	14,829,983	275,713	65,748	4,798	200,421	3,575,390	39,626,622

42.4. 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:

31 December 2023	Investment Grade ₦'000	Non Investment Grade: Satisfactory ₦'000	Unrated Non Investment Grade: Unsatisfactory ₦'000	Total ₦'000
Debt instruments at amortised costs	-	52,714,687	258,661	52,973,348
Cash and cash equivalents	-	11,770,151	-	11,770,151
Staff loans and advances	-	-	115,195	115,195
Sundry debtors	-	-	348,138	348,138
Deposit for properties	-	-	25,337	25,337
Trade receivables	-	-	316,646	316,646
	-	64,484,838	1,063,977	65,548,815
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

The Company actively manages its product mix to ensure that there is no significant concentration of credit risk.

42.4. 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.

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.

Impairment losses on financial investments subject to impairment assessment

The table below shows the credit quality and the maximum exposure to credit risk based on Moody's credit rating system and year-end stage classification. The amounts presented are gross of impairment allowances. Details of the Company’s internal grading system are also provided.

	2023			2022		
Moody's rating **Performing** **Cash and cash equivalents**	**12mECL** **₦’000**	**LTECL** **₦’000**	**Total** **₦’000**	**12mECL** **₦’000**	**LTECL** **₦’000**	**Total** **₦’000**
AAA-A+	-	-	-	-	-	-
BBB-B+	11,770,151	-	11,770,151	8,931,526	-	8,931,526
C-CCC	-	-	-	-	-	-
Not rated						
Total Gross Amount	**11,770,151**	-	**11,770,151**	**8,931,526**	-	**8,931,526**
ECL	(350,938)		(350,938)	(137,579)		(137,579)
Total Net Amount	**11,419,213**	-	**11,419,213**	**8,793,947**	-	**8,793,947**
Financial assets - amortised cost						
AAA-A+	-	-	-	-	-	-
BBB-B+	53,978,155	-	53,978,155	28,085,629	-	28,085,629
C-CCC	-	-	-	-	-	-
Note rated	258,661	-	258,661	101,598	-	101,598
Total Gross Amount	**54,236,816**	-	**54,236,816**	**28,187,227**	-	**28,187,227**
ECL	(1,263,468)	-	(1,263,468)	(328,699)	-	(328,699)
Total Net Amount	**52,973,348**	-	**52,973,348**	**27,858,528**	-	**27,858,528**

Debt instruments measured at amortised cost

	2023			2022		
Unrated	**12mECL ₦'000**	**LTECL ₦'000**	**Total ₦'000**	**12mECL ₦'000**	**LTECL ₦'000**	**Total ₦'000**
Other receivables	488,670	109,567	598,237	262,068	96,355	358,423
Total Gross Amount	488,670	109,567	598,237	262,068	96,355	358,423
ECL	(11,086)	(109,567)	(120,653)	(1,234)	(96,355)	(97,589)
Total Net Amount	**477,584**	-	**477,584**	**260,834**	-	**260,834**

Collateral for other receivables

Some of the Company's receivables (e.g. mortgage loans and car loans) are collaterised with assets including properties and cars. As at 31 December 2023, 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 N160million (2022: N201million) against the receivables balances of N115million (2022:N161million).

As at 31 December 2023, 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 2023, the Company has not pledged any of its assets as collateral for any liability or payable balance (2022: nil)

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.

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.

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 (Moodys, 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 2023 and 31 December 2022.

The Company has identified and documented key divers 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 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 below.

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 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:

- 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)

42.4. Credit risk - continued

Analysis of inputs to the ECL model under multiple economic scenarios 31 December 2023

Key drivers	ECL Scenario	Assigned Weightings/ Probabilities	2022	2023	2024	2025	2026
Macroeconomic variable							
GDP Growth rate (%)							
	Upside	13%	2.64	3.14	3.44	3.54	3.74
	Base case	79%	2.60	3.10	3.40	3.50	3.70
	Downside	8%	2.56	3.06	3.36	3.46	3.66
Inflation rates (%)							
	Upside	13%	27.28	29.95	20.95	16.95	18.95
	Base case	79%	27.33	30.00	21.00	17.00	19.00
	Downside	8%	27.41	30.08	21.08	17.08	19.08
Oil Prices "USD"							
(price per barrel)	Upside	13%	121.02	130.75	139.12	129.39	121.02
	Base case	79%	79.90	89.63	98.00	88.27	79.90
	Downside	8%	50.74	60.47	68.84	59.11	50.74
Unemployment rates (%)							
	Upside	13%	34.91	35.61	29.32	28.63	34.91
	Base case	79%	37.00	37.70	31.42	30.72	37.00
	Downside	8%	41.81	42.51	36.23	35.53	41.81

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.

42.4. Credit risk - continued

Analysis of inputs to the ECL model under multiple economic scenarios 31 December 2022

Key drivers	ECL Scenario	Assigned Weightings/ Probabilities	2021	2022	2023	2024	2025
Macroeconomic variable							
GDP Growth rate (%)							
	Upside	12%	2.29	3.24	3.54	3.74	3.94
	Base case	79%	2.25	3.20	3.50	3.70	3.90
	Downside	9%	2.21	3.16	3.46	3.66	3.86
Inflation rates (%)							
	Upside	12%	15.04	13.10	11.64	11.54	11.54
	Base case	79%	0.21	15.00	13.06	11.60	11.50
	Downside	9%	14.96	13.02	11.56	11.46	11.46
Oil Prices "USD"							
(price per barrel)	Upside	12%	120.20	105.33	102.79	98.24	97.15
	Base case	79%	79.35	64.48	61.94	57.39	56.30
	Downside	9%	54.42	39.55	37.01	32.46	31.37
Unemployment rates (%)							
	Upside	12%	25.66	30.66	34.66	29.66	25.66
	Base case	79%	35.00	40.00	44.00	39.00	35.00
	Downside	9%	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 stable while inflation rate is on the rise with the expected minimum wage legislation. Long-term expectations remain unchanged.

42.4. Credit risk - continued

The following tables outline the impact of multiple scenarios on the allowance

31 December 2023		Cash and cash equivalents	Financial assets - amortised cost	Other receivables	Total
Upside	13%	47,026	169,305	16,168	232,498
Base case	79%	278,434	1,002,436	95,726	1,376,596
Downside	8%	28,988	104,362	9,966	143,315
		350,938	1,263,468	120,653	1,752,410
31 December 2022					
Upside	13%	18,191	43,465	12,904	74,561
Base case	79%	108,017	258,069	76,619	442,705
Downside	8%	11,371	27,165	8,065	46,601
		137,579	328,699	97,589	563,868

42.5. Liquid 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.

42.5. 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.

31 December 2023	< 1 month ₦'000	1 - 3 months ₦'000	3 - 12 months ₦'000	1 - 5 years ₦'000	> 5 years ₦'000	Total ₦'000
Cash and cash equivalents	11,515,384	-	-	-	-	11,770,151
Financial assets (debt securities at amortised cost)	5,514,845	11,793,829	7,235,000	22,435,535	11,793,829	56,739,209
Trade receivables	316,646	-	-	-	-	316,646
	17,346,875	11,793,829	7,235,000	22,435,535	11,793,829	68,826,006
Insurance contract liabilities	2,445,681	1,037,319	2,591,680	544,845	1,037,319	9,365,206
Trade payables	9,050,617	919,637	3,996,915	4,350,363	919,637	19,837,407
Other payables	1,853,950	-		-	-	2,680,102
	13,350,248	1,956,956	6,588,595	4,895,208	1,956,956	31,882,715
Liquidity Gap	3,996,627	9,836,873	646,405	17,540,327	9,836,873	36,943,291
31 December 2022						
Cash and cash equivalents	3,790,067	-	356	-	-	8,931,526
Financial assets (debt securities at amortised cost)	7,269,000	12,025,729	2,688,655	5,213,481	12,025,729	27,504,087
Trade receivables	365,397	-	-	-	-	365,397
	11,424,464	12,025,729	2,689,011	5,213,481	12,025,729	36,801,010
Insurance contract liabilities	547,083	304,781	247,417	544,845	304,781	3,008,577
Trade payables	6,564,236	-	2,627,458	-	-	9,734,610
Other payables	1,083,035	-		-	-	1,576,551
	8,194,354	304,781	2,874,875	544,845	304,781	14,319,738
Liquidity Gap	3,230,110	11,720,948	(185,864)	4,668,636	11,720,948	22,481,272

42.6. 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 2023

Asset	Current ₦'000	Non- current ₦'000	Total ₦'000
Cash and cash equivalents	11,419,213	-	11,419,213
Financial assets	15,274,845	41,794,857	57,069,702
Trade receivables	316,646	-	316,646
Reinsurance assets	12,274,588	-	12,274,588
Deferred acquisition costs	-	-	-
Other receivables and prepayments	1,350,212	-	1,350,212
Right of use assets	1,044	7,289	8,333
Investment properties	-	4,050,000	4,050,000
Property, plant and equipment	-	199,213	199,213
Intangible assets	-	123	123
Statutory deposit	-	300,000	300,000
Total assets	**40,636,548**	**46,351,482**	**86,988,030**
Liabilities			
Insurance contracts liabilities	11,999,359	12,082,164	24,081,523
Trade payables	19,837,407	-	19,837,407
Other liabilities	2,680,102	-	2,680,102
Deferred income	35,000	-	35,000
Current income tax payable	507,800	-	507,800
Deferred tax liabilities	-	5,178,466	5,178,466
Total liabilities	**35,059,668**	**17,260,630**	**52,320,298**

42.6. 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 ₦'000	Non- current ₦'000	Total ₦'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 contract assets	8,764,226		7,937,788
Other receivables and prepayments	398,317		993,590
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	**19,262,943**	**33,760,176**	**52,791,954**
Liabilities			
Insurance contracts liabilities	3,697,619	10,601,318	14,298,937
Trade payables	9,734,610		9,734,610
Other liabilities	1,576,551		1,576,551
Deferred rental income	33,250		33,250
Current income tax payable	1,361,495		1,361,495
Deferred tax liabilities	-	672,831	672,831
Total liabilities	**16,403,525**	**11,274,149**	**27,677,674**

43. 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.

The objective of the Company is to ensure that sufficient reserves are available to cover the liabilities associated with these insurance and reinsurance contracts that it issues. The risk exposure is mitigated by diversification across the portfolios of insurance contracts. The variability of risks is also improved by careful selection and implementation of underwriting strategy guidelines, as well as the use of reinsurance held arrangements. Furthermore, strict claim review policies to assess all new and ongoing claims, regular detailed review of claims handling procedures and frequent investigation of possible fraudulent claims are established to reduce the risk exposure of the Company. The Company further enforces a policy of actively managing and promptly settling claims, in order to reduce its exposure to unpredictable future developments that can negatively impact the business. Inflation risk is mitigated by taking expected inflation into account when estimating insurance contract liabilities and pricing appropriately

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	
	2023 ₦'000	2022 ₦'000	2023 ₦'000	2022 ₦'000	2023 ₦'000	2022 ₦'000
Within Nigeria	40,377,128	36,516,475	17,339,196	19,738,204	23,037,932	16,778,271
Outside Nigeria	-	-	3,723,587	2,102,495	(3,723,587)	(2,102,495)
	40,377,128	**36,529,918**	**21,062,783**	**21,840,699**	**19,314,345**	**14,675,776**

The Company monitors insurance risk per class of business. An analysis of the company's insurance risk concentration (both before and after reinsurance) per class of business is provided in the following table.The concentration of non-life insurance by type of contract is summarised below by reference insurance contract revenue and Net reinsiurance service expense.

	Insurance Contract Revenue		Net Expenses from Reinsurance Contracts held		Net	
	2023 ₦'000	2022 ₦'000	2023 ₦'000	2022 ₦'000	2023 ₦'000	2022 ₦'000
Accident	5,088,840	3,802,947	2,381,002	1,654,890	2,707,838	2,148,057
Aviation	228,223	189,329	32,376	11,147	195,847	178,182
Bond	31,441	31,131	6,231	3,791	25,210	27,340
Engineering	892,324	596,060	(422,793)	(6,504)	1,315,117	602,564
Fire	12,044,681	9,154,341	6,262,502	4,970,063	5,782,179	4,184,278
Marine	1,672,080	1,396,920	245,549	242,143	1,426,531	1,154,777
Motor	5,675,375	3,476,734	(258,631)	36,674	5,934,006	3,440,060
Oil and Energy	14,744,162	17,869,013	12,816,547	14,928,495	1,927,615	2,940,518
	40,377,126	**36,529,918**	**21,062,783**	**21,840,699**	**19,314,343**	**14,675,776**

The proportion that best represent the maximum exposure to credit risk in reinsurance contract assets at the reporting dates are analysed below, using the A.M best credit risk rating grading

Rating	A++	A+	A	A-	B++	B+
Propotional exposure	1%	3%	94%	1%	1%	1%

43 **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.

		Impact on profit before tax		Impact on equity	
	Change in assumptions	Gross of reinsurance ₦'000	Net of reinsurance ₦'000	Gross of reinsurance ₦'000	Net of reinsurance ₦'000
2023					
Expected loss	10%	2,324,456	1,884,123	1,720,097	1,394,251
Inflation	1%	6,043	3,347	4,472	2,477
Expected loss	10%	(2,324,456)	(128,423)	(1,720,097)	(95,033)
Inflation	1%	(6,043)	(3,347)	(4,472)	(2,477)
2022					
Expected loss	10%	1,785,322	1,575,825	1,535,377	1,355,210
Inflation	1%	1,183	1,022	1,017	879
Expected loss	10%	(1,577,351)	(1,575,825)	(1,356,522)	(1,355,210)
Inflation	1%	(1,183)	(1,022)	(1,017)	(879)

43 Insurance risk management - continued

43.2 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. The Company has not disclosed previously unpublished information about claims development that occurred earlier than five years before the end of the annual reporting period in which it first applies IFRS 17. Actual claims payments are compared with previous estimates of the undiscounted amounts of the claims in the claims development disclosure below on a gross of reinsurance basis as at 31 December 2023.

Analysis of claims development – Gross

Estimate of ultimates: End of accident year	2016 ₦'000	2017 ₦'000	2018 ₦'000	2019 ₦'000	2020 ₦'000	2021 ₦'000	2022 ₦'000	2023 ₦'000	Total ₦'000
1 year later	6,852,525	6,903,787	6,921,028	6,921,028	6,921,791	3,644,034	4,880,566	9,953,007	
2 years later	6,881,274	6,930,653	6,930,563	6,930,822	5,735,958	5,411,617	7,541,785		
3 years later	6,012,985	6,026,293	6,030,904	5,164,154	5,436,345	5,749,779			
4 years later	7,684,726	7,713,653	4,045,427	4,947,415	5,718,499				
5 years later	5,922,033	5,495,842	4,029,737	5,586,889					
6 years later	4,755,437	5,455,669	4,924,244						
7 years later	5,075,617	5,947,458							
8 years later	7,035,975								
Current estimate of ultimate claims	7,035,975	5,947,458	4,924,244	5,586,889	5,718,499	5,749,779	7,541,785	9,953,007	52,457,635
Net cumulative claims liabilities – prior accident years	45,785								45,785
Cummulative payments	6,503,201	5,408,176	3,934,532	4,619,600	4,937,534	3,906,073	3,934,469	3,655,130	36,898,716
Net cumulative claims liabilities – accident years from 2016 to 2023	**578,558**	**539,282**	**989,712**	**967,289**	**780,965**	**1,843,706**	**3,607,316**	**6,297,877**	**15,604,704**
Effect of discounting									(3,174,555)
Effect of the risk adjustment for non-financial risk									1,417,042
Net LIC for the contracts originated (refer tonotes 10a)									**13,847,191**

Analysis of claims development – Net

Estimate of ultimates: End of accident year	2016 ₦'000	2017 ₦'000	2018 ₦'000	2019 ₦'000	2020 ₦'000	2021 ₦'000	2022 ₦'000	2023 ₦'000	Total ₦'000
1 year later	4,076,419	5,672,662	6,469,742	2,186,660	3,836,936	2,538,022	3,038,248	6,792,762	
2 years later	3,088,087	4,958,226	6,409,350	2,328,371	3,179,597	4,201,230	2,034,960		
3 years later	2,973,164	4,250,979	5,697,968	1,734,869	2,620,633	4,045,862			
4 years later	3,515,434	5,595,525	3,822,099	1,912,519	3,240,928				
5 years later	3,005,179	3,986,713	3,804,642	2,209,778					
6 years later	2,413,181	3,953,458	4,153,511						
7 years later	2,636,280	3,686,568							
8 years later	4,069,880								
Current estimate of ultimate claims	4,069,880	3,686,568	4,153,511	2,209,778	3,240,928	4,045,862	2,034,960	6,792,762	30,234,249
Net cumulative claims liabilities – prior accident years	45,785								45,785
Cummulative payments	3,766,346	3,253,960	3,698,499	1,702,562	2,324,092	1,956,957	954,676	2,118,082	19,775,175
Net cumulative claims liabilities – accident years from 2016 to 2023	**349,319**	**432,608**	**455,012**	**507,216**	**916,836**	**2,088,905**	**1,080,284**	**4,674,680**	**10,504,859**
Effect of discounting									(2,505,578)
Effect of the risk adjustment for non-financial risk									278,310
Net LIC for the contracts originated									**8,277,591**

Statement Of Value Added

For The Year Ended 31 December 2023

	2023 ₦'000	%	2022 ₦'000	%
Insurance service result	(3,158,072)	(15)	3,625,987	46
Net Investment income	19,752,911	94	5,287,134	66
Net insurance financial result	1,214,313	6	58,063	1
	17,809,153	85	8,971,184	113
Other operating expenses	(2,603,393)	(12)	(2,975,153)	(37)
Adjustment for directly attributable expenses and other model adjuments	4,932,417	23	1,847,123	23
Value added	**21,087,962**	**100**	**7,984,662**	**100**
Applied as follows:				
To pay employees				
Salaries, wages and benefits	875,514	4	830,768	10
To pay Government:				
Taxes	523,023	3	1,013,734	13
Retained for asset replacement and future expansion of business:				
- Deferred taxation	4,368,698	21	(129,121)	-2
- Depreciation and amortization	107,994	1	131,742	2
- Profit for the year	15,212,733	72	6,137,539	77
	21,087,962	**100**	**7,984,662**	**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 2023

	31 December				
	IFRS 17			IFRS 4	
	2023	2022	2021	2020	2019
Assets	**₦'000**	**₦'000**	**₦'000**	**₦'000**	**₦'000**
Cash and cash equivalents	11,419,213	8,793,947	8,808,248	3,506,745	4,517,560
Financial assets	57,069,702	30,489,808	23,947,860	22,073,818	18,174,307
Trade receivables	316,646	365,397	109,967	132,603	107,318
Reinsurance assets	12,274,588	7,937,788	7,236,017	7,196,988	8,291,969
Deferred acquisition costs	-	-	-	583,433	543,304
Other receivables and prepayments	1,350,212	993,590	772,722	163,990	268,397
Investment properties	4,050,000	3,676,770	3,676,770	3,637,178	3,637,178
Right of use assets	199,213	232,664	303,954	6,250.00	-
Property, plant and equipment	8,333	1,044	7,221	211,944	194,005
Intangible assets	123	946	3,427	6,274	9,265
Statutory deposits	300,000	300,000	300,000	300,000	300,000
Total assets	**86,988,030**	**52,791,954**	**45,166,186**	**37,819,223**	**36,043,303**
Liabilities and equity					
Insurance contract liabilities	24,081,523	14,298,937	12,704,190	11,814,478	11,957,745
Trade payables	19,837,407	9,734,610	6,951,553	2,092,099	2,035,944
Other payables and accruals	2,680,102	1,576,551	1,493,142	1,653,323	1,473,465
Deferred commission income	-	-	-	232,848	326,417
Deferred rental income	35,000	33,250	33,250	44,500	55,750
Current income tax payable	507,800	1,361,495	836,792	878,769	898,023
Deferred tax liabilities	5,178,466	672,831	753,816	568,300	429,024
Total liabilities	**52,320,298**	**27,677,674**	**22,772,743**	**17,284,317**	**17,176,368**
Equity					
Share capital	10,000,000	10,000,000	7,000,000	7,000,000	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	9,394,735	8,447,097
Retained earnings	12,917,456	4,596,443	4,931,902	3,793,640	6,642,715
Fair value reserve	1,665,669	433,230	376,934	261,924	192,516
Total equity	**34,667,732**	**25,114,280**	**22,393,443**	**20,534,906**	**18,866,935**
Total liabilities and equity	**86,988,030**	**52,791,954**	**45,166,186**	**37,819,223**	**36,043,303**

Five-Year Financial Summary Contd

For the year ended 31 December 2023

	31 December				
	IFRS 17		IFRS 4		
	2023 ₦'000	2022 ₦'000	2021 ₦'000	2020 ₦'000	2019 ₦'000
Gross premium written	42,594,486	37,982,979	34,437,522	31,587,929	25,651,020
Insurance service result	(3,158,072)	3,625,987	-	-	-
Net premium income	-	-	10,426,320	9,214,365	7,377,618
Profit before income tax expense	15,212,733	6,137,539	5,022,684	4,255,453	3,440,531
Income tax expense	(4,891,720)	(884,612)	(578,485)	(578,367)	(461,240)
Profit for the year	10,321,013	5,252,927	4,444,199	3,677,086	2,979,291
Transfer to retained earnings	10,321,013	5,252,927	4,444,199	3,677,086	2,979,291
Basic earnings per share (kobo)	52	33	32	45	43
Diluted earnings per share (kobo)	52	33	32	45	43

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.

ERM Framework Contd

- 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;

ERM Framework Contd

- 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.

ERM Framework Contd

- 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.

ERM Framework Contd

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.

ERM Framework Contd

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.

ERM Framework Contd

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 polices and standards, physical changes and procedural changes that can reduce or eliminate certain risks within the various business units.

ERM Framework Contd

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.

ERM Framework Contd

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.

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.

ERM Framework Contd

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

ERM Framework Contd

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 Companys: 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.

8.1.2.2Sources 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 Companys 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.

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 Companys 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.

ERM Framework Contd

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 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 Companys 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 Companys 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 Companys 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.

ERM Framework Contd

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;

ERM Framework Contd

- 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.

ERM Framework Contd

- 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.

Corporate Social Responsibility/ Sustainability Report

HSE Report

Corporate Social Responsibility/Sustainability Report

Year 2023 was an eventful one globally. Arguably the worst event of the year was the hostilities in the Middle East which led to the loss of over 20,000 lives and several hundreds of injured persons. There were coups and attempted coups in some African countries – in Niger and Gabon and then Sierra Leone respectively, leading to unrest in the various countries, no doubt having a negative effect on the wellbeing of the citizens of the countries. Natural disasters which occurred in different parts of the world gravely affected many lives too. In Morocco, a northern African country, earthquakes experienced led to the death of over 2000 people. This was followed by severe storms that led to the collapse of two dams which in turn caused the flooding of a huge expanse of land, resulting in the loss of over 6,000 lives and several thousand missing. According to the International Organization for Migration's (IOM) Missing Migrants project, 2023 was the deadliest year on record for migrants, with 8,565 deaths recorded on migration routes worldwide. This is a marked increase of 20% over 2022, with serious implications for families and communities involved for years to come. As usual, environmental concerns due to climate change were also on the front burner last year. At the 28th United Nations Climate change conference, it was concluded that according to scientists, fossil fuels are mainly responsible for climate change. This means that Nigeria still has a long way to go in terms of climate change issues, since the country has an abundance and is heavily reliant on coal, oil and natural gas which are examples of fossil fuels triggering climate change issues.

Back home, elections were successfully conducted in 2023 implying that new policies of the new administration were implemented. Perhaps the ones with the greatest impact on Nigerian lives were the policies concerning the cancellation of oil subsidies, which resulted in the rise of fuel prices as well as attempts to unify the official window and parallel market rates of foreign exchange. Both policies combined had serious implication on the lives of Nigerians as they resulted in the rising cost of living in the country which automatically led generally to a lesser quality of life of many. The implementation of these policies also had economic and social sustainability implications not only for individuals and families but also the corporate sector. Over 300 manufacturing companies became distressed, whilst more than twice of that figure shut down, following the change in dynamics. Consequently, this increased the level of unemployment. There was serious flooding across at least 9 states following the release of water from Lagdo dam on the Benue river, affecting 159,157 persons, displacing over 48,000, and leaving 28 dead in 13 states of Nigeria. Besides, inflation, (including food inflation) increased and disposable income reduced, forcing many educated professionals who had their earnings negatively impacted to leave the country for developed countries. Though the migration especially of medical practitioners seriously started a year or two before, skilled workers in other fields also joined the exit and this was felt across virtually all industries, including ours.

The negative consequences did not, however, gravely affect the bottom line at Custodian, because as a forward-looking organization, succession plans are in place across our various businesses. Besides, the yearly recruiting of new blood through the Custodian Graduate Training Program as well as review of salaries and payment of palliatives helped to stabilize the system.

At Custodian, we are involved in the Insurance business (General and Life), as well as Pensions, Real Estate and Trustees businesses. Each separate business affects the lives of people, ensuring that people are restored as much as possible to their former position following loss, quality of life of workers remains high after retirement, people have reasonably priced housing options, and that those with assets experience growth of their portfolios, whilst offering advice on protection and transfer of their assets.

Custodian, is committed to impacting our local communities positively by making life easier for people, contributing to individual lives through making sound decisions on risk management, practicing of responsible insurance, sound investments, sustenance of lives and other operations. Through Custodian Social Responsibility Foundation (CSRF), the CSR arm of the Group owned and funded by the subsidiaries, the company is committed to alleviating suffering in our local communities, by providing support in times of need.

Section1: The Custodian Group

Custodian Investment Plc (CIP) is a diversified group, classified as a conglomerate by the Nigeria Exchange (NGX). The group company has a significant holding in subsidiaries offering services which include general and life insurance, pensions fund administration, Trustees, and real estate.

Custodian and Allied Insurance Limited

Custodian and Allied Insurance Limited (CAIL): CAIL provides general insurance services including Motor, Travel, Home, Personal Accident insurance, Special risks and others to individuals and corporate organizations. The company is registered with National Insurance Commission (NAICOM)and is a member of the Nigerian Insurers Association (NIA).

The company contribute 1% of its Profit Before Tax (PBT) to fund the Custodian Social Responsibility Foundation (CSRF), to ensure the success of the Foundation in handling initiatives relevant to the four areas of support.

Section 2: CSRF Strategy and activities for 2023

Custodian Social Responsibility Foundation (CSRF) is the CSR arm of Custodian Group with the main purpose of driving the company's social responsibility initiatives in four core areas:

- Education
- Health
- Community Development
- Sustainability

EDUCATION

One of the major concerns in our society is the dearth of skilled personnel who can contribute positively to the economy. Part of the problem faced by a large proportion of the populace in developing countries such as ours is affordability and accessibility of formal and informal education. Worse still is the challenge of the average Nigerian youth who these days is distracted and uninterested in acquiring lifelong skills that can enable him to be self-sufficient, preferring to engage in soft skills and engaging in other non-profitable adventures that add little to the economic growth of the country.

As of September 2022, the number of children and youth out of school between the ages of 6 and 18 years worldwide was put at 244 million. Sub-Sahara Africa remains the region with the most children and youth out of school, with 98 million excluded from education. Nigeria is one of the top three countries with the most children and youth excluded from education. Though the figure for Nigeria oscillated between 10.5 and 15 million for over a decade, the situation is getting worse, as Nigeria now has over 20 million out of school children and youth.
Source: UNESCO

At Custodian, we strive to contribute to human capital development in our nation by supporting both formal and informal education. In the past we supported informal education by our collaboration with the Vocational and Professional Development Academy (VPDA), Yaba between 2017 and 2018, setting up the academy and recruiting youths for training in the acquisition of numerous skills including plumbing, tiling, and electrical works. The project, which was in two phases jointly cost over N35 million in all, and involved the renovation of buildings, provision of a generator and the purchase of equipment to be used for training. The advent of the Covid Pandemic affected progress already made in that regard as newly recruited youths had to be disengaged, and it has been challenging getting them back or recruiting others. The VPDA was however able to achieve the following:

- Establishment of Vocational Training Empowerment Program (VOTEP), set up to train youths especially in the Yaba community ICT fundamentals and photography. About 50 youths were trained then.

- Various VPDA Partnerships: Partnerships included Google for the training of over 120 students between the ages of 16 and 25 years in basic courses in digital marketing and improving digital skills through Google tools.

Though a lot is still expected from our investment in informal education with the collaboration with VPDA, we have also supported formal education development.

1. Ilupeju E-library maintenance

In 2016, we partnered with the Lagos State Government by upgrading the Ilupeju Public Library to an e-library, by providing 14 computer terminals and a server, a solar-powered inverter, internet service, subscription for over 80,000 e-books for 100 users, hard copies of educational textbooks in the major professions of Law, Sciences, Engineering and other subjects, and furniture. The conversion of the public library to an e-library increased traffic to the facility and users have steadily increased over the years from an average of 10 -15 users per day before our intervention in 2016 to a total of 9,821 users in 2023. Of this figure, 3,638 people made use of the e-library/internet facility. We continue to maintain the computer systems and the inverter and spent about N2m in 2023 on maintenance, to ensure the library retains its standard.

2. Lagos City Senior College (LCSC) computer center maintenance

Having donated a computer center to the Lagos City Senior College in 2017 following the revelation the school had none, we have continued to maintain the computer systems since then. The donation consisted of 25 computer terminals, a server, computer tables, chairs and fans. In 2023, about N1million was spent on the maintenance of the equipment.

From left, Mr. F Babalola of LCSC, Mrs. Aderemi and Mrs. Oyebode

From left Chidi Anerobi of Custodian I.T., Mr. F Babalola, Mrs. Aderemi and Mrs. Oyebode of LCSC.

In recognition of the support that CSRF has given the college over the years, the Foundation was rewarded with a special award announced at the school's 70th anniversary. The award was personally presented to the Chief Executive Officer of CSRF.

3. Custodian Mentors Conference

The annual Mentors conference took place in August 2023 and as usual, there were three visible leaders in the society to share with the Mentees insight from their wealth of experience. The carefully chosen Mentors were Mrs Seyi Banigbe, a Lawyer, Entrepreneur and Talk-show Host, TY Bello, a multi-talented award-winning Photographer and music Artiste and Mr Chico Aligwekwe, an On-air Personality, Actor/Director, Speaker, and Author. There is no better time than now for our young people in Nigeria to be helped as a lot of them are confused about their relevance and purpose in life. Many are distracted by mundane activities, preferring to engage in trivial activities and trades that are not sustainable. Some are bent on adding to the statistics of migrants to more developed countries, because of the economic challenges experienced in the country. A few are focused but lack guidance to enable them to achieve something worthwhile in life. The Mentors conference is a forum to address the identified issues bothering a lot of youths. In 2023, 111 out of the registrants were invited and attended. Mentees were able to learn from the Mentors from their experience and left determined to do better for themselves.

Mr. Wole Oshin at the 2023 Mentors conference

From left, Mrs. Seyi Banigbe, Mr. Wole Oshin, TY Bello and Mr. Chico Aligwekwe

Custodian Mentoring Program

We realized that having an annual conference may not be enough to sustain the Mentees' interest and keep them going. It was necessary to come up with a more engaging program of activities that would take the Mentees through a year. A program that engages Mentees' for several months will be more rewarding than attending a yearly program. Consequently, a few of our valuable and trusted senior staff, who have excelled personally and at work were selected as Custodian Mentors, with each allocated several Mentees. The Custodian Mentors have the responsibility of meeting their Mentees at least twice in a month to engage them, listen to them, guide and provide advice to them. Also, every four months, one of our previous external Mentors will be invited to hold virtual meetings with the Mentees as well as the Custodian mentors, to further reiterate what was discussed at the Mentors conference and clarify issues that may arise. Not all the Mentees kept up with the Mentors allocated to them. However, we are confident that some will successfully pass through the program and have their lives positively impacted by reason of the program that is scheduled to end in June 2024.

4. Visit of Green Olives Private School, Surulere, Lagos students

We have always encouraged learning for different groups of students from primary to the tertiary levels, particularly those who have shown interest in Insurance, our area of expertise. We have offered opportunities to schools to come around and not only see our facilities but also given talks to students on various subjects, which can help to propel them to studies at the tertiary level. Some of our many professionals in the company have helped to stir up interest in various subjects such as insurance and the need for it and other areas.

Students of the Green Olives Private school visited in June 2023 to learn about investment. Though young and impressionable, it is believed that children should be exposed to important things that can help shape their lives and prepare them for the future. Our professionals in the Investment department helped to break down the meaning of investment using plenty of examples, so the young children will have an understanding. At the end of the session, the students as well as their teachers went away with better understanding from the talk.

Mr. Olumide Awe of Investment Unit with Green Olive school students


Students of Green Olive school, Surulere Lagos

Our plan for Education

Going forward, we intend to support Vocational Training and skills acquisition further by organizing annual vocational bootcamps. We will also endeavor to rehabilitate existing vocational centers and possibly establish new centers in selected underserved areas.

CSRF is interested in organizing workshops, seminars and training sessions aimed at enhancing the capabilities and teaching methods of primary school teachers. We will also consider the provision of innovative teaching tools and technology to select public primary schools across the country. We plan to establish an annual program that offers paid internship opportunities within the Custodian Group and its subsidiaries, as well as organize annual career fairs and networking events.

In future, we will consider the provision of scholarship opportunities for selecting indigent students at the primary school level, which will support their primary and secondary educational journey.

HEALTH

Health is a primary focal area of the CSRF as it is considered a very impactful area. Health pertains to human beings whose lives we want to impact. There are big gaps experienced in Public Health system in Nigeria and so we aim to contribute our quota in this sector by addressing significant issues in areas mostly affected.

One of the challenges faced all over the country because of bad road networks in some areas as well as over-speeding on good roads is the resultant accidents on our roads. Available data between 2015 and 2018 for instance shows a steady increase of about 16% year after year in the number of road traffic accidents, deaths, and injury. Nigeria ranks one of the highest in automobile-related deaths across the globe by WHO. Research has unveiled the absence of a well-structured health care model for road accident victims in Nigeria, which has been the reason for the persistent high number of road accident deaths, relative to more developed countries. There is a limited or lack of paramedic care in strategic locations to respond to accident cases. This contributes to a high death rate due to avoidable deterioration of victims' health condition at accident scene as well as the long transit time from an accident scene to a medical facility. This challenge led to the decision to set up an Accident and Emergency Center.

1. Trauma Care

Establishment of the Custodian Accident and Emergency Center (CAEC), Epe.

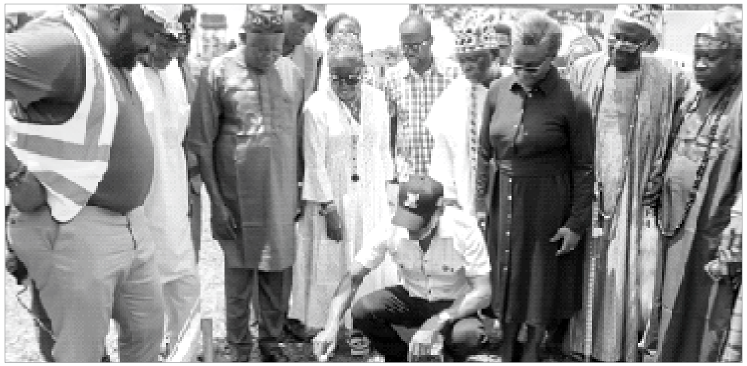
The idea of the Custodian Accident and Emergency Center was conceived about five years ago. At the time, different locations were being considered. Over the years, approvals were sought and there were delays which prevented the take-off from being effective until 2023. In late 2022, the Lagos State Government gave an approval in principle, but it was in early 2023 that suitable land was allocated for the project. Finally, on May 19, 2023, the groundbreaking event took place. The CAEC is located within the premises of the Epe General Hospital, which turns 70 years in September 2024. This location was considered ideal due to considerations such as adequate security, nearness to a hospital and a location not too far from a busy/major highway.

The Epe General Hospital was built to take care of Ijebu Ode, Sagamu, Ibeju Lekki and Eti Osa axis. Presently, there is an expressway being built from Lekki/Ajah to Epe, expected to be the major route to big organizations such as the Dangote Refinery and also serve as a link to other states of the Federation. Besides, the express road from Epe to Ijebu Ode which links up the Ijebu Ode/Ore Road is nearing completion. As a result of the infrastructural development in the axis, more users are expected to use the facilities, which unfortunately implies there will be an upsurge of accidents. In 2023, 197 motor vehicle accident cases were reported at the hospital, with 194 motorcycle accident cases, making a total of 391, compared to year 2020 when 144 motor vehicle accidents and 151 motorcycle accidents were reported. This shows an increase of 32.5% in reported accident cases, which further justifies the need for an Accident and emergency center to be in the area.

The CAEC is a level-4 20-patient trauma center, which will no doubt enable timely interventions that will hopefully minimize serious injury and ultimately help save lives. The trauma center which will cost Custodian over N500 million will need to be equipped with specialized medical equipment expected to cost over $500,000.00 to run efficiently. The project will therefore require not only Government assistance, but also help from Corporate Donors, other Foundations, and International Donors.

The CAEC is expected to be completed in 2024 and ready to be operational as soon as it is properly equipped. It is a project that will be well worth it because of the potential to save human lives and associated social benefits to families involved and the general nation.

Mr. Wole Oshin with Prof Abayomi and the Medical Director of Epe General Hospital, Dr Adesola



Prof Akin Abayomi, Lagos State Commissioner for Health at the Groundbreaking event, with Epe community members and others

2. Blood Donation Exercise

Having taken a break from the blood donation exercise since 2020, the year of the Covid pandemic and the following few years, to allow people to have confidence to donate, the exercise was resumed in November 2023. Ahead of the exercise, we got our partners – members of the Lagos State Blood Transfusion Services (LSBTS) to give a talk on the need for donation and remind people of the benefits.

The turnout was good enough as we had 41 staff members who offered themselves as voluntary donors. Of that figure, 27 people were eligible and 14 were temporarily deferred. With each eligible donor donating a unit of blood, 27 units of blood negative for transmissible infection were collected in all broken down as follows:

Red Blood Cells	27
Platelets	15
Fresh Frozen Plasma(ffp)	12

From the units collected, there were 54 beneficiaries as shown below.

S/N	Hospital	Usage	Red Cells/FFP
1	General Hospital, Lagos Island	4 Platelets 4 Red Cells	Red Cells & Platelets
2	Lagos State University Teaching Hospital, Ikeja (Lasuth)	8 Platelets	Red Cells, Platelets & Fresh Frozen Plasma (FFP)
3	Massey Street Children's Hospital	4 Red Cells	Red Cells
4	Lagos Island Maternity Hospital	6 Red Cells	Red Cells
5	Mother and Child Center, Ajah	5 Red Cells	Red Cells
6	Orile Agege General Hospital	3 Red Cells	Red Cells
7	Ikorodu General Hospital	3 Platelets 4 FFP	FFP
8	Epe General Hospital	3 Red Cells	Red Cells
	Total	**27 Red Cells** **15 Platelets** **12 FFP**	

Members of Custodian during the blood-donation exercise

We intend to continue to drive the blood donation exercise by ensuring that more staff members and others are educated on its importance and voluntarily donate. In future, donations to beneficiaries will be made through the CAEC when completed.

Our plan for Health

One of the intervention areas we intend to take forward is the rehabilitation of existing primary health centers in rural communities and tertiary institutions. It has been observed that where such infrastructure exists, it is either run down or do not function optimally due to lack of adequate equipment or other essential provisions.
In future, we intend to partner with a technological firm to launch data management systems across medical centers in both federal and state hospitals.

COMMUNITY DEVELOPMENT

Our desire has always been to impact positively the communities around where we have offices. Over time, we have reached out and made donations to educational institutions around our Head office and helping to develop them by modernizing their facilities. We have been involved with the uplifting of school facilities in the Yaba community. We have also been involved with the provision of boreholes in the past as well as road infrastructure on a major road in our community. Besides, members of our Custodian Graduate Trainee Program (CGTP) who are recruited on an annual basis always participate in a CSR project that aligns with any of our core areas of support, usually education. From time to time, they search for schools around the Head office, choosing them as beneficiaries.

Though renovation works of a nearby school were planned for the year 2023, for reasons beyond their control, the project was delayed but planned for the following year. We intend to continue to be actively involved with the development of the local communities where we exist by being financial members of the local associations.

Our plan for Community development

Going forward, we intend to invest in renewable energy initiatives that will enhance the quality of life of people residing around our operating communities.

Part of this plan would include projects involved with the provision of or improving access to portable water, sanitation facilities, electricity, and other essential services in disadvantaged communities.

SUSTAINABILITY

Sustainability is generally described as the ability to meet present needs whilst ensuring that future generations cam also meet their needs. At Custodian, we recognize that our operations, business activities and decision-making regarding all our operations have an impact on the sustainability of the environment. We are therefore committed to using natural resources in a responsible manner in our operations, just as we practice sustainable insurance by promoting responsible and ethical business behavior across our businesses spanning insurance, risk management, real estate, and investment decisions. We recognize that our operations must be ethical and responsible and must include ethical economic contributions and social responsibility to our employees whilst being guided by good corporate governance. This is a reason why sustainability is one of the core areas CSRF supports. We seek to ensure a healthy balance of economic, environmental, social and governance issues, which make up sustainability.

Economic sustainability which refers to practices supporting long-term economic growth without negatively impacting social, environmental, and cultural aspects of the community has become very relevant in the face of rising inflation, lack of adequate production, inadequate export proceeds, rising food prices and other economic issues. At Custodian, we have endeavored to keep abreast of such issues by introducing the paying of palliatives to staff regularly and ensuring upward reviews of salaries from time to time. However, the same cannot be said for many corporate organizations who after battling with new policies affecting their business are merely trying to survive in an economy that has begun to see the exit of some foreign companies. This is compounded by the fact that wages and incomes generally cannot rise as fast as the prices of goods and services. A negative economic effect will affect the social aspect of peoples' lives whose finances have been drained because of the food inflation as well as impact negatively the manufacturing industry, as companies may compromise by producing products that are not environmentally friendly. On the other hand, when the economic aspect thrives in an equitable manner, this will positively impact social sustainability.

Our nation will only thrive in a healthy environment, upon which all human, economic and social activities are hinged. Environmental sustainability refers to the responsible interaction with the environment to avoid depletion or degradation of natural resources which should lead to long-term environmental quality. When demands placed on the environment are met without necessarily having a negative impact on how people live now or in the future, then, environmental sustainability is achieved. There are several environmental challenges facing us as a country, such as poverty in many areas especially where serious flooding swept away farms leaving people without a means of livelihood and with family members scattered, extreme weather conditions due to climate change worsened by increased gases released from polluting generators, gas flaring and deforestation, inadequate access to natural resources such as water, security issues, etc. With increasing scarcity of resources and environmental disasters, businesses are also affected.

Corporate Social Responsibility/Sustainability Report Contd

Social sustainability is a process that promotes wellbeing of members in an organization whilst supporting the ability for future generations maintain a healthy lifestyle.

Custodian through our subsidiary Custodian and Allied Insurance Limited is a member of the United Nations Environment Program's Finance Initiative (UNEP-FI) and a signatory to its Principles of Sustainable Insurance (PSI) which was launched back in 2012 as a framework for the global insurance industry to address Environmental, Social and Governance (ESG) risks and opportunities. The PSI encourages members to embed ESG to insurance business, work with clients to raise awareness on ESG issues, manage risks and find responsible solutions, work with Government, Regulators, and other stakeholders to promote action across ESG issues as well as demonstrate accountability and transparency in regular disclosure and make progress on the implementation of the principles. We also endeavor to carry out our internal operations and relationships with external clients according to the NGX guidelines which mandate ethics, transparency, accountability, and responsibility in all decisions relating to our products and services, employees, community development and the public.

We understand the far-reaching implications of these and other issues and are committed to contributing our own quota by ensuring that we contribute positively to impact society at large. CSRF operates a system with ESG issues as they relate to our core business, our community, our people, and the environment. We will work with a framework that will be used to evaluate the initiatives we support such that the initiatives will fall within the core areas we support, which will in turn align with national and international frameworks.

Our Frameworks

As we implement CSRF's four core areas of support, we are aligning with the following frameworks:

a. The Sustainable Development Goals (SDGs)

b. Principles of Sustainable Insurance

PSI Principle

PSI Principle 1

We will embed in our decision-making environmental, social and governance issues relevant to our insurance business.

PSI 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.

PSI Principle 3

We will work together with governments, regulators, and other key stakeholders to promote widespread action across society on environmental, social and governance issues.

PSI Principle 4

We will demonstrate accountability and transparency in regularly disclosing publicly our progress in implementing the principles.

Custodian, through our general insurance subsidiary was the first Nigerian insurance company to become a signatory to the UNEP-FI PSI. Our remaining financial members since then demonstrate our support for incorporating ESG issues into our operations and business decisions in a transparent manner. We work to incorporate the PSI into our daily operations, whilst continuing to strengthen the implementation of the principles. The extent to which we have imbibed the 4 principles is revealed in the comparative framework chart from page 16.

c. NGX Sustainability Disclosure Guidelines

We will embed in our decision-making environmental, social and governance issues relevant to our insurance business.

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Corporate Social Responsibility/Sustainability Report Contd

Sustainability practice at Custodian

1. Good Governance

The highest responsible body for ESG issues in Custodian is the Board of Custodian Investment Plc, the parent company, chaired by a female since 2016. Every year Custodian submits itself for Board evaluation by an independent body – the Society for Corporate Governance of Nigeria and the evaluation report always reveals that the Board of Directors conducted its affairs in an acceptable and satisfactory manner. This was also the case in 2023. We intend to continue this practice in the future.

2. Anti-bribery and anti-corruption

CIP's Anti-bribery and anti-corruption policy prohibits offering of anything of value for persuading an official or any person to misuse his office to benefit Custodian or any of its employees. This policy prohibits any employee, including members of the Boards across the various businesses from receiving anything of value for influencing an official action. The Boards of Directors and senior management are responsible for ensuring that employees comply with the policy.

Meanwhile, Custodian employees attend the two mandatory anti-money laundering training courses every year. There was no reported incident, fine or exposure related to corruption in any of our businesses in 2023.

3. Code of ethics

Board members, Executives and staff of Custodian are held to high standards of ethics in their dealings within the company. Our code of ethics which outlines the minimum standard of conduct expected in the management of our businesses across the Group is documented and well disseminated.

4. **Responsible Investment**

We have an in-house Investment Committee which meets regularly to make investment decisions. The committee is guided by regulations in making investment decisions such as regulatory requirements for Environmental Impact Assessments (EIAs) conducted on infrastructure projects.

5. **Responsible Underwriting process**

We have made appreciable progress regarding the digitization of our processes relating to the insurance business. For instance, our claims processes have long been digitized, enabling clients to submit their claims through the website. This has improved accessibility, whilst reducing the use of paper resources and hence, wastage generated by us and the clients. Communication of the Claims and other underwriting processes are done through our Sales team and the Call Centre. We also endeavor to settle claims within 3 days. Finally, clients can check not only their claims status but others through the website.

6. **Responsible Supplier/Vendor Assessments**

We operate ethical procurement practices that foster fairness and transparency. We do not patronize employee-owned companies. All new vendors are evaluated before being on-boarded and assessed regularly by heads of relevant Units. There are Internal Control reviews carried out regularly by members of the Audit unit to ensure laid down processes are ethical and complied with. As much as possible, we incorporate ESG issues into our supplier evaluations and assessments, taking into special consideration processes used by would-be and existing suppliers, and engage services of those who are responsible.

7. **Sustainable solutions**

We take into consideration factors such as socio-economic demographic characteristics in packaging our different products, for existing and potential clients, thereby safeguarding their freedom of choice. For instance, regarding the Insurance business, we are mindful of the environment where even now, many people are unaware of the importance of insurance, and where they are, many are unable to access It due to poverty and low standard of living. Knowing that ideally, no one should be excluded from accessing insurance, we have introduced accessible micro-insurance products characterized by low barriers of entry to foster inclusion. At Custodian Life Assurance (CLA), we have products such as the Esusu Shield costing as low as between N400 and N1000 per week to open an account. With such micro-insurance products, insurance services are extended to excluded populations, making them more resilient to risks. Other similar products include Esusu, Ajo, Thrift Financing, Term Assurance and Safety Plus.

8. Use of Natural Resources

- Paper Reduction Strategies: We continue the practice of distributing compact discs of Annual Reports to Shareholders ahead of Annual General Meetings in place of printed hard copies, thereby reducing waste while being cost efficient.
- Digitization: With our digitized systems, many of the processes hitherto requiring the use of paper have been phased out and are now carried out with the computer. Internally, processes such as leave requests, appraisals are handled electronically and not via physical memos.
- Energy efficiency: At the Head office and the major branches, the traditional electric bulbs have now been replaced with Light Emitting Diode (LED)- lighting which lasts longer, is more economical, and better for the environment.
- Water reduction: Most of our toilets have a dual flush system, to reduce the water used when flushing, whilst the use of sanitizers, which prevent wastage of water, is encouraged.
- Waste reduction: We continue to separate plastic containers from general waste, batch, and hand over to recycling companies, who in turn produce items from such waste. Waste water at the Head office is processed in the sewage treatment plant located in the basement of our Head office building. The plant is used to treat wastewater which now passes out as water. Officials of the Lagos State Waste Water Management regularly visit the facility to test the wastewater and we have passed each test conducted.

9. Limitation of generator use

Our desire is to rely on green energy generated from natural resources in the not too distant future . We continue to explore alternative power sources that will drastically reduce or eliminate the use of generators across our businesses. We are mindful of the fact that the use of generators is not helpful to the environment as it causes carbon emission which contributes to climate issues. We are considering taking giant steps that will reduce our dependence on diesel-powered generators, including the use of solar powered inverters in the smaller branches and where possible, using premium power initiative options offered by electricity distribution companies, where available. We hope to achieve this soon.

10. Diversity in the Workplace

We know that a diverse workforce is of significant social and economic value, and that is why we are committed to being an inclusive employer. Our aim is to create a work environment that is inclusive and considerate to all people regardless of their gender, age, race, disability, tribe, culture, religion, or any other area of potential difference. Currently the Chairman of our group Board is a woman, who has held the position for 7 years and our Boards of Directors across all businesses consists of 21 % of women, whilst the general staff consists of 41% women, which is an improvement from 36% in 2022, as we continue to practice equity at work. To underscore the contributions of the female gender to our organization, we celebrate International Women's Day every year. In 2023, this was celebrated in the month of March with a panel constituted of female members across the various cadres of the company discussing embracing equity in the workplace. Meanwhile, International Men's Day is celebrated in the month of November.

11. Employee Wellbeing

The wellbeing of all members of Custodian is of paramount importance to us and so activities that improve their welfare and wellbeing are practiced, including the following:

Corporate Social Responsibility/Sustainability Report Contd

- Custodian Fit fam: As a healthy workforce is essential for internal efficiency, members are encouraged to take their health seriously by regular exercise and eating healthy food. The Custodian Fit-fam which is an in-house program operating twice a week offers high-intensity workout, aerobics, dancing exercises free of charge. This helps members who participate to keep fit physically and mentally.
- In-house Canteen: We have an in-house canteen run by carefully selected food vendors who offer healthy meals to Management and staff, at the Head office, free of charge. Members are therefore not only able to save on feeding expenses but socialize, which facilitates bonding.
- Staff bus: We have staff buses that operate in different areas of Lagos to take users to work and from work. This no doubt saves transportation expenses, especially in Lagos.
- Creche facilities: We have a creche in the Head Office manned by dedicated and trained handlers and utilized by both male and female employees with babies up to 18 months of age. This helps young parents have access to their babies, and helps them to focus on their work, leading to peace of mind whilst saving them from incurring additional costs. This not only promotes social but economic sustainability, as the productivity of the relevant staff increases.
- Employee Health and Safety: We actively keep abreast of issues that will ensure the safety and health of our members such as the provision of comfortable working spaces that are spacious, furnished and well ventilated.
- Employee Training: Every year, we operate the Custodian Graduate Trainee Program (CGTP) which aims at attracting intelligent young graduates across various disciplines to be engaged in a highly educative program. This enables us to develop a strong workforce of home-grown talent for the company and industry at large.

Corporate Social Responsibility/Sustainability Report Contd

Year 2023 CSR Highlights/ESG Status Reporting

Focal Areas	Activity highlights	Page Reference	Key PSI Reference	NGX Disclosure Guidelines	Direct SDG Reference
Education	• We continued to maintain the e-library at Ilupeju • We helped relocate the computer centre donated to Lagos City Senior College, Sabo, Yaba and continued to maintain the Server and computers donated to the school. • We hosted the Custodian Mentors Conference in August 2023 • We received students of Green Olives Private School, Surulere and taught them on Investment.	Page 364	**Principle 3:** We will work together with governments, regulators, and other key stakeholders to promote widespread action across society on environmental, social and governance issues.	**Principle 1:** Businesses should conduct and govern themselves with ethics, transparency and accountability **Principle 6:** Businesses should respect the interests 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:** Decent work and economic growth - Promote sustained, inclusive, and sustainable economic growth, full and productive employment, and decent work for all.

Corporate Social Responsibility/Sustainability Report Contd

Focal Areas	Activity highlights	Page Reference	Key PSI Reference	NGX Disclosure Guidelines	Direct SDG Reference
					Goal 17: Strengthen the means of implementation and revitalize the global partnership for sustainable development
Health	• Our health activities are geared towards provision of emergency services, which means the difference between life and death for accident victims. We had the groundbreaking ceremony of the Custodian Accident and Emergency Centre (CAEC), Epe • We resumed the blood donation exercise at the Head office in November 2023 and had 41 voluntary donors. Eight medical institutions received blood donated which was shared among 54 beneficiaries.	Page 370	N/A	**Principle 7:** Businesses should respect and promote human rights	**Goal 3:** Good health and well-being - Ensure healthy lives and promote well-being for all at all ages

Corporate Social Responsibility/Sustainability Report Contd

Focal Areas	Activity highlights	Page Reference	Key PSI Reference	NGX Disclosure Guidelines	Direct SDG Reference
Community Development	• Our Custodian Graduate Training Program (CGTP) students usually donate to schools around our community every year. In 2023, they were unable to do so, as their schedule pushed the donations beyond the year. • We continued to maintain the computer centre donated to Lagos City Senior College, Sabo Yaba, whilst helping to relocate the computer centre from the old block to a new building within the school.	Page 373	N/A	**Principle 8:** Businesses should support inclusive growth and equitable development	**Goal 4:** Quality Education - Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all

Corporate Social Responsibility/Sustainability Report Contd

Focal Areas	Activity highlights	Page Reference	Key PSI Reference	NGX Disclosure Guidelines	Direct SDG Reference
Sustainability	• We are the first Nigerian signatory to the UNEP-FI PSI • We have put in place supporting policies such as anti-bribery & anti-corruption, Code of Ethics for our employees, etc. • Our claims and complaints management processes are readily accessible and easy to submit. • Our group-wide digital transformation initiative helps us reduce our paper usage and our waste, protect customer data better, as well as enable new channels to reach retail (including micro) customers. We have also drastically reduced our printing in a bid to save on natural resource use and reduce waste generation.	Page 374	**Principle 1:** We will embed in our decision-making environmental, social and governance issues relevant to our insurance business. **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	**Principle 1:** Businesses should conduct and govern themselves with ethics, transparency, and accountability. **Principle 2:** Businesses when engaged in influencing public and regulatory policy should do so in a responsible manner. **Principle 3:** Businesses should provide products and services that are safe and contribute to sustainability throughout their life cycle.	**Goal 7:** Ensure access to affordable, reliable, sustainable, and modern energy for all. **Goal 12:** Ensure responsible consumption and production patterns. **Goal 13:** Take urgent action to combat climate change and its impacts.

Corporate Social Responsibility/Sustainability Report Contd

Focal Areas	Activity highlights	Page Reference	Key PSI Reference	NGX Disclosure Guidelines	Direct SDG Reference
Sustainability	• We have several sustainable solutions in the form of micro-insurance such as our Esusu, Esusu Shield, Safety Plus and others. • Our toilets have dual flush cisterns which helps regulate water usage. • We encourage the use of hand sanitizers therefore reducing the use of water. • We make conscious effort to promote diversity within our employees – we have a mix of religions, states of origins and age.	Page 374		**Principle 4:** Businesses should engage with and provide value to their customers and consumers in a responsible manner. **Principle 5:** Businesses should promote the wellbeing of all employees. **Principle 7:** Business should respect, protect, and make efforts to restore the environment. **Principle 9:** Business should respect, protect, and make efforts to restore the environment	**Goal 15:** Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss

Corporate Social Responsibility/Sustainability Report Contd

Focal Areas	Activity highlights	Page Reference	Key PSI Reference	NGX Disclosure Guidelines	Direct SDG Reference
Sustainability	• We have fair representation of women on the Boards of our companies including the Group Chairman who has occupied the position since 2016. Across the group the ratio of women to men increased from 36% to 41%. We will continue to make improvements in this regard. • We take employee wellbeing seriously and this shows in our Fit-Fam initiative, crèche facilities, H&S policy, Group life insurance, mandatory training hours (24.3 hours on average per employee) and several others. • In addition, our Head Office has ramps installed to make it accessible to people living with disabilities that hinder their mobility	Page 374			

HSE Report

HSE Report

Custodian's commitment to health and safety of people as well as care for the environment has continued with the maintenance of an effective HSE management system for the benefit of employees, contractors, visitors or communities around our business premises.

We aim to achieve this with continual improvement of our policy in relation to the dynamic demands of the work environment and people.

Our objective remains to maintain an occupational health and safety practice, focused on the prevention of work-related accidents and illnesses as well as carry out our business in a responsible manner that impacts our environment positively. To achieve the set objectives, we conduct frequent evaluations, tests, and safety awareness amongst our staff.

We develop our safety policy organically, hence the safety committee has representation from key business units. The committee meets every three months or as required, to discuss, plan, and put essential measures in place to prevent work-related illnesses and injuries.

Our commitment is strengthened with leadership involvement and determination to proactively improve occupational health and safety performance within the organization.

Key to our goal of achieving a hazard-free workplace are six critical areas of focus we have identified for the continuous development of a hazard and effect-management process.

The focus areas are as described below:

- **Creation of a Health and Safety Policy**
  The health and safety management of the organization is guided by its policy. The policy is reviewed continuously to accommodate current realities for the benefit of the employee, organization, and all other stakeholders.

- **Creation of a Safety Team**
  A safety committee has been set up within the organization. The committee members are all volunteers.

- **Identification of Risk**
  To reduce workplace incidents, it is the responsibility of all staff members and especially our Safety Marshals to identify potential hazards, report such to appropriate colleagues and take suitable measures to eliminate or control the risk.

HSE Report Contd

- **Creation of Awareness**
  One of the key responsibilities of the Safety Marshals is to educate others. Every new joiner meets with the head of the safety team during the company's mandatory induction program, with an opportunity for a refresher through training and the Human Resources knowledge-sharing initiative known as the Custodian Idol.

- **Provision of Appropriate Training**
  Members of the safety team are regularly trained both internally and externally. Training include practical demonstration on use of fire extinguishers, fire drills, interpretation of fire alarm panel indication and so on. This has continued to strengthen our knowledge and interest in health and safety.

- **Monitoring of Safety Management**
  This is a continuous and proactive strategy aimed at preventing accidents and occupational ill-health hazards. Safety Marshals carry out safety audit, whilst members of staff are expected to report hazards, non-compliance, slips, trip and falls.

The strict implementation of the steps listed above has been of huge benefit to the employees, organization, and other stakeholders in several ways. During year 2023, there was:

- No record of workplace incidents
- No record of employee absenteeism due to work-related illness
- Increased productivity
- Strengthened health and safety culture
- Staff morale boost
- Enhanced reputation
- No litigation
- No sanctions from Government Agencies

In conclusion, to achieve a safe work environment, we continue to drive our HSE initiatives to ensure no harm to people and protection of the environment.


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