



# Custodian

**CUSTODIAN AND ALLIED INSURANCE LIMITED**  
Lagos, Nigeria

**ANNUAL REPORTS  
AND  
FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2025**

**CUSTODIAN AND ALLIED INSURANCE LIMITED**  
**REPORT OF THE DIRECTORS AND AUDITED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2025**

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**CUSTODIAN AND ALLIED INSURANCE LIMITED**  
**CORPORATE INFORMATION**  
**FOR THE YEAR ENDED 31 DECEMBER 2025**

<b>DIRECTORS:</b>	Mr. Ibrahim Dikko Mr. Edeki Isujeh Mr. Ravi Sharma Mr. Ademola Ajuwon Mr. Moses Ariyibi Mr. Kofo Majekodunmi Mrs. Mimi Ade Odiachi Mr. Adeniyi Falade
<b>SECRETARY:</b>	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
<b>RC No.</b>	RC685235
<b>TIN NO.</b>	01451641-0001
<b>FRC No.</b>	FRC/2014/COY/00000005116
<b>REGISTERED OFFICE:</b>	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
<b>BANKERS:</b>	First Bank of Nigeria Limited Stanbic IBTC Plc Zenith Bank Plc Access Bank Limited Guaranty Trust Bank Limited Standard Chartered Bank Nigeria Limited
<b>AUDITORS:</b>	Deloitte & Touche Civic Towers Plot GA 1Ozumba Mbadiwe Avenue Lagos

**CUSTODIAN AND ALLIED INSURANCE LIMITED**  
**CORPORATE INFORMATION**  
**FOR THE YEAR ENDED 31 DECEMBER 2025**

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 OFFICES:

Abuja  
Oakland Center, 3rd Floor  
48 Aguiyi Ironsi, Maitama  
Tel.: 02092900465

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

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

Akure  
2<sup>nd</sup> & 3<sup>rd</sup> 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

**CUSTODIAN AND ALLIED INSURANCE LIMITED**  
**SUMMARY OF RESULTS AND BALANCES**  
**FOR THE YEAR ENDED 31 DECEMBER 2025**

	2025 ₹'000	2024 ₹'000	Variance Increase/ (Decrease) ₹'000	Growth %
<b>Statement of Profit or Loss and Other Comprehensive Income items</b>				
Gross premium written	108,833,232	71,688,127	37,145,105	52%
Insurance contract revenue	100,893,786	66,250,057	34,643,729	52%
Insurance service expenses	(33,366,069)	(29,585,585)	(3,780,484)	13%
Insurance service result	17,751,364	2,698,323	15,053,041	558%
Net Investment income	14,057,378	32,766,305	(18,708,927)	(57%)
Other operating expenses	(4,873,274)	(3,718,554)	(1,154,720)	31%
Profit before income tax expense	26,167,205	33,112,912	(6,945,707)	(21%)
Profit for the year	20,676,277	29,715,032	(9,038,755)	(30%)
<b>Statement of Financial Position Items</b>				
Total assets	152,711,924	136,237,128	16,474,796	12%
Insurance contract liabilities	50,686,122	36,886,613	13,799,509	37%
Statutory contingency reserve	17,318,613	12,085,172	5,233,441	43%
Total equity	66,773,612	60,267,339	6,506,273	11%

**CUSTODIAN AND ALLIED INSURANCE LIMITED**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED 31 DECEMBER 2025**

This "management discussion and analysis" of Custodian and Allied Insurance Limited's performance as at 31 December 2025 should be read in conjunction with the audited financial statements of the company as at 31 December 2025.

**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.

**Highlights of operating performance and financial position**

	<b>2025</b>	<b>2024</b>	<b>Change</b>
	<b>₦'000</b>	<b>₦'000</b>	<b>%</b>
Insurance contract revenue	100,893,786	66,250,057	52%
Insurance service expenses	(33,366,069)	(29,585,585)	13%
Net expense from reinsurance contracts held	(49,776,353)	(33,966,149)	47%
<b>Insurance service result</b>	<b>17,751,364</b>	<b>2,698,323</b>	<b>558%</b>
Interest and other investment income	12,566,442	10,450,497	20%
Other operating expenses	(4,873,274)	(3,718,554)	31%
Profit before income tax expense	26,167,205	33,112,912	(21%)
<b>Profit for the year</b>	<b>20,676,277</b>	<b>29,715,032</b>	<b>(30%)</b>
Earnings per share (kobo):			
Basic/diluted	103	149	(31%)
Cash and cash equivalents	29,957,783	20,646,170	45%
Total assets	152,711,924	136,237,128	12%
Insurance contract liabilities	50,686,122	36,886,613	37%
Total equity	66,773,612	60,267,339	11%

**Underwriting Performance**

Insurance contract revenue increased by 52% while insurance service expenses increased by 13%. Net expenses from reinsurance contracts also increased by 47% from ₦33.96b to ₦49.77b. The combination of these result in a 558% increase in Insurance service result from ₦2.70b to ₦17.75b.

**Interest and other investment income**

Interest and other investment income for the year was ₦12.57b up from ₦10.45b in 2024 representing a 20% increase.

**CUSTODIAN AND ALLIED INSURANCE LIMITED**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED 31 DECEMBER 2025**

*Expenses*

Management expenses for the year was ₦7.80b from ₦5.52b in 2024 representing an increase of 4%. Other operating expenses which relates to the non-directly attributable expenses increased by 31% from ₦4..87b to ₦3.72b.

*Insurance service result*

The result of insurance service rendered net of expense from reinsurance contracts held during the year was a surplus of ₦17.75b compared with a prior year surplus of ₦2.69b representing a year on year increase of 558%

*Profitability*

The Company's profit before income tax expense was ₦26.17b compared to ₦33.11b in 2024, a decrease of 21%. The Company's profit for the year was ₦20.67b compared to ₦29.72b in 2024, a decrease of 30% with basic earnings per share (EPS) decreasing to 103kobo from 149kobo.

*Liquidity and financial position*

The Company's cash and cash equivalents increased by 45% from ₦20.65b in 2024 to ₦29.92b as at 31 December 2025; while Insurance contract liabilities were ₦50.69b, 37% increase from ₦36.89b in 2024. Total assets now stand at ₦152.41b representing a 12% increase from ₦136.24b in 2024, while total equity increased by 11% to ₦66.77b when compared to ₦60.27b recorded in 2024.

**Future Outlook**

We evolve our products and services to ensure that we continue to meet customers' changing needs using our multi-channel and multiproduct approach, employing digital sales, fulfilment, and premium collection channels. We believe we are well-positioned to weather the disruption caused by the implementation of the current policies of the new administration 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, but that we will emerge from it stronger, more digitally enabled and even better able to serve our customers.

The Nigerian Insurance Industry Reform Act (NIIRA) 2025 is a landmark legislation that consolidates existing insurance laws and introduces a modern framework for regulation, supervision, and market development. It addresses licensing, capital requirements, consumer protection and confidence, digital transformation and market penetration, aiming to reposition the insurance sector as a stronger pillar of Nigeria's financial system. NIIRA empowered the regulators with broader authority to enforce compliance, revoke licenses, and monitor insurers more effectively introducing frameworks for risk based capital and solvency monitoring, aligning Nigeria with global best practices. While reforms are ambitious, concerns remain about regulatory overreach, infrastructural readiness, and the ability of smaller underwriters to meet new requirements.

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.

NIIRA is poised to reshape Nigeria's insurance industry into a more resilient, transparent, and technology driven market. In the medium term, consolidation and stricter compliance may create short term pressures, but in the long run, the reforms are expected to enhance financial stability, attract foreign investment, and expand insurance penetration across the country.

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.

The Nigerian Insurance 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.

## CUSTODIAN AND ALLIED INSURANCE LIMITED

### REPORT OF THE DIRECTORS

#### FOR THE YEAR ENDED 31 DECEMBER 2025

##### 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 2025.

##### 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.

##### 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:

	2025	2024
Mr. Ibrahim Dikko	Nil	Nil
Mr. Edeki Isujeh	Nil	Nil
Mr. Ravi Sharma	Nil	Nil
Mr. Ademola Ajuwon	Nil	Nil
Mr. Moses Ariyibi	Nil	Nil
Mr Kofo Majekodunmi	Nil	Nil
Mrs. Mimi Ade-Odiachi	Nil	Nil
Mr. Adeniyi Falade	Nil	Nil

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 2025.

##### 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 2025:

Name	Units ('000)	%
Custodian Investment Plc	19,998,000	99.99

**CUSTODIAN AND ALLIED INSURANCE LIMITED**  
**REPORT OF THE DIRECTORS**  
**FOR THE YEAR ENDED 31 DECEMBER 2025**

**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 2025 is available for inspection at the Annual General Meeting.

**9 Analysis of shareholdings**

The range of shareholdings as at 31 December 2025 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 and above	1	50%	2	19,998,000	99.99	20,000,000

**10 Results**

	<b>2025</b> <b>₦'000</b>	<b>2024</b> <b>₦'000</b>
Gross premium written	<u>108,833,232</u>	<u>71,688,127</u>
Insurance service revenue	<u>100,893,786</u>	<u>66,250,057</u>
Profit before income tax expense	26,167,205	33,112,912
Income tax expense	<u>(5,490,928)</u>	<u>(3,397,880)</u>
Profit for the year	20,676,277	29,715,032
Transfer to statutory contingency reserve	<u>-</u>	<u>-</u>
	20,676,277	29,715,032
Retained earnings brought forward	34,547,316	12,917,456
Transfer of fair value reserve of equity instruments designated at FVOCI (Note 19.2)	276,885	-
Transfer to statutory contingency reserve	<u>(5,233,441)</u>	<u>(2,085,172)</u>
	<b>50,267,037</b>	<b>40,547,316</b>
Final dividend	(15,000,000)	(6,000,000)
Interim dividend	-	-
<b>Retained earnings as at 31 December</b>	<b><u><u>35,267,037</u></u></b>	<b><u><u>34,547,316</u></u></b>

## CUSTODIAN AND ALLIED INSURANCE LIMITED

### REPORT OF THE DIRECTORS

#### FOR THE YEAR ENDED 31 DECEMBER 2025

#### 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 2020, the provisions of the Nigerian Insurance Industry Reform Act 2025 and 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:

- 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:

	<b>2025 Number</b>	<b>2024 Number</b>
Management	12	12
Staff	112	119

##### (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.

**CUSTODIAN AND ALLIED INSURANCE LIMITED**  
**REPORT OF THE DIRECTORS**  
**FOR THE YEAR ENDED 31 DECEMBER 2025**

**14 Auditors**

Deloitte and Touche 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.



FRC/2013/PRO/NBA/0000002403  
For: Custodian Trustees Limited

LAGOS, NIGERIA

COMPANY SECRETARY

27 February 2026

**CUSTODIAN AND ALLIED INSURANCE LIMITED**  
**STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RELATION**  
**TO THE PREPARATION OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2025**

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 Nigerian Insurance Industry Reform Act 2025 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  
27 February 2026



**Edeki Isujeh**  
Managing Director  
FRC/2020/PRO/DIR/003/00000022391  
27 February 2026

**CUSTODIAN AND ALLIED INSURANCE LIMITED**  
**CERTIFICATION PURSUANT TO**  
**SECTION 405 OF THE COMPANIES AND ALLIED MATTERS ACT, 2020**  
**FOR THE YEAR ENDED 31 DECEMBER 2025**

We the undersigned hereby certify to the following, with regards to the audited financial statements for the year ended 31 December 2025, 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:

- 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.



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**Edeki Isujeh**

FRC/2020/PRO/DIR/003/00000022391  
Managing Director  
27 February 2026



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**Foluso Sowande**

FRC/2024/PRO/ICAN/001/878660  
Chief Financial Officer  
27 February 2026

**CUSTODIAN AND ALLIED INSURANCE LIMITED**  
**INTERNAL CONTROL OVER FINANCIAL REPORTING (ICFR) CERTIFICATION**  
**FOR THE YEAR ENDED 31 DECEMBER 2025**

I, certify that:

- 1 I have reviewed this Financial Statements for the year ended 31st December 2025 of Custodian and Allied Insurance Limited
- 2 Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report.
- 3 Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report
- 4 The company's other certifying officer and I:
  - i. are responsible for establishing and maintaining internal controls.
  - ii. have designed such internal controls and procedures, or caused such internal controls and procedures to be designed under our supervision, to ensure that material information relating to the company, and its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared.
  - iii. have designed such internal control system or caused such internal control system to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles
  - iv. have evaluated the effectiveness of the company's internal controls and procedures as of a date within 90 days prior to the report and presented in this report our conclusions about the effectiveness of the internal controls and procedures, as of the end of the period covered by this report based on such evaluation.
- 5 The company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control system, to the company's auditors and the audit committee of the company's board of directors:
  - i. All significant deficiencies and material weaknesses in the design or operation of the internal control system which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and
  - ii. Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control system
- 6 The company's other certifying officer and I have identified, in the report whether or not there were significant changes in internal controls or other facts 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.



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**Edeki Isujeh**

FRC/2020/PRO/DIR/003/00000022391

Managing Director

27 February 2026

**CUSTODIAN AND ALLIED INSURANCE LIMITED**  
**INTERNAL CONTROL OVER FINANCIAL REPORTING (ICFR) CERTIFICATION**  
**FOR THE YEAR ENDED 31 DECEMBER 2025**

I, certify that:

- 1 I have reviewed this Financial Statements for the year ended 31st December 2025 of Custodian and Allied Insurance Limited
- 2 Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report.
- 3 Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report
- 4 The company's other certifying officer and I:
  - i. are responsible for establishing and maintaining internal controls.
  - ii. have designed such internal controls and procedures, or caused such internal controls and procedures to be designed under our supervision, to ensure that material information relating to the company, and its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared.
  - iii. have designed such internal control system or caused such internal control system to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles
  - iv. have evaluated the effectiveness of the company's internal controls and procedures as of a date within 90 days prior to the report and presented in this report our conclusions about the effectiveness of the internal controls and procedures, as of the end of the period covered by this report based on such evaluation.
- 5 The company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control system, to the company's auditors and the audit committee of the company's board of directors:
  - i. All significant deficiencies and material weaknesses in the design or operation of the internal control system which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and
  - ii. Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control system
- 6 The company's other certifying officer and I have identified, in the report whether or not there were significant changes in internal controls or other facts 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.



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**Foluso Sowande**  
FRC/2024/PRO/ICAN/001/878660  
Chief Financial Officer  
27 February 2026

## INDEPENDENT AUDITOR'S REPORT

### To the Shareholders of Custodian and Allied Insurance Limited

#### Report on the Audit of the Financial Statements

##### Opinion

We have audited the financial statements of Custodian and Allied Insurance Limited set out on pages 25 to 151, which comprise the statements of financial position as at 31<sup>st</sup> December 2025, and the statements of profit or loss and other comprehensive income, the statements of changes in equity and the statements of cash flows for the year then ended, the notes to the financial statements, including 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<sup>st</sup> December 2025, and its financial performance and cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board, the requirements of the Companies and Allied Matters Act, 2020, the Nigerian Insurance Industry Reform Act (NIIRA), 2025, 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 Auditor's 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 of public interest entities in Nigeria. We have also fulfilled our other ethical responsibilities in accordance with the IESBA Code and other ethical requirements that are relevant to our audit of Financial Statements in Nigeria.

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

##### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year. These matters were 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 these matters.



Key Audit Matter	How the matter was addressed in the audit
<p><b>Valuation of Insurance Contracts Liabilities</b></p> <p>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 determines the best estimate for claims development or payment.</p> <p>As disclosed in note 10 to the financial statements, the insurance contract liabilities for the Company amounted to N50.686 billion. This represents about 60% of the Company's total liabilities as at 31 December 2025.</p> <p>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 claims, LIC). The Company applied the IFRS 17 Premium Allocation Approach (PAA) for the measurement of groups of insurance contracts for its businesses.</p> <p>Accounting estimates in respect of provisions for insurance contracts is an</p>	<p><b>Our procedures included the following among others:</b></p> <ul style="list-style-type: none"> <li>▪ Reviewed the product classification, IFRS 17 policy and methodology papers.</li> <li>▪ Reviewed the Actuarial models and IFRS 17 Subledgers for completeness and accuracy.</li> <li>▪ 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.</li> <li>▪ 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.</li> <li>▪ 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 a thorough review of the basis and assumptions.</li> <li>▪ We reviewed the methodology and processes adopted by management for making reserves in the books of the company.</li> <li>▪ We tested entity's control around reserving process and maintenance of data for valuation of insurance contract liabilities.</li> <li>▪ We validated the data used in the valuation of the insurance contract liabilities.</li> </ul>

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 determination of discount rates reflecting the characteristics of cash flows.

Assumptions regarding the frequency and extent of insurance events and claims development patterns.

The use of complex actuarial methods and models to estimate the Liability for Incurred Claims (LIC) and Liability for Remaining Coverage (LRC).

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 quarterly 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.

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 insurance contract liabilities recognized in the company's books and the related disclosures in the financial statements to be adequate.

## Other Information

The directors are responsible for the other information. The other information comprises the information included in the document titled "Custodian and Allied Insurance Limited Annual Financial Statements for the year ended 31st December 2025, which includes Report of the Directors, Management Discussion and Analysis, Statement of Directors' Responsibilities in Relation to the Preparation of the Financial Statements, Certification of Financial Statements 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 the International Accounting Standards Board, the requirements of the Companies and Allied Matters Act, 2020, the Nigerian Insurance Industry Reform Act (NIIRA), 2025, circulars and guidelines issued by the National Insurance Commission (NAICOM) and the Financial Reporting Council of Nigeria (Amendment) Act 2023 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.
- 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 communicated 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, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance we determine those matters that were of most significance in the audit of the separate financial statements of the current year 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 public interest benefits of such communication.

## **Report on Other Legal and Regulatory Requirements**

In accordance with the Fifth Schedule of Companies and Allied Matters Act 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 have 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.



**Financial Reporting Council of Nigeria (FRCN) Guidance on Assurance Engagement Report on Internal Control Over Financial Reporting**

In accordance with the requirements of the Financial Reporting Council, we performed a limited assurance engagement and reported on management's assessment of the Entity's internal control over financial reporting as of December 31, 2025. The work performed was done in accordance with FRC Guidance on assurance engagement report on Internal Control over Financial Reporting and based on the procedures we have performed and the evidence obtained, we have issued an Unmodified conclusion in our report date 15 April 2026. That report is included on pages 22-24 of the financial statements.

A handwritten signature in black ink, appearing to read "Faturoti, Ayonike".

**Faturoti, Ayonike**

FRC/2022/PRO/ICAN/004/611525

**For: Deloitte & Touche**

Chartered Accountants

Lagos, Nigeria

15 April 2026

## Assurance Report of Independent Auditor

### To the Shareholders of Custodian and Allied Insurance Limited Assurance Report on management's assessment of controls over financial reporting

We have performed a limited assurance engagement in respect of the systems of internal control over financial reporting of Custodian and Allied Insurance Limited as of 31 December, 2025, in accordance with the FRC Guidance on assurance engagement report on Internal Control over Financial Reporting and based on criteria established in the Internal Control — Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) (“the ICFR framework”), and the FRC Guidance on Management Report on Internal Control Over Financial Reporting. Custodian and Allied Insurance Limited management is responsible for maintaining effective internal control over financial reporting and for assessing the effectiveness of internal control over financial reporting, including the accompanying Management's Report on Internal Control Over Financial Reporting.

We have also audited, in accordance with the International Standards on Auditing, the financial statements of the company and our report dated 15 April 2026 expressed an unmodified opinion.

### Limited Assurance Conclusion

Based on the procedures we have performed and the evidence that we have obtained, nothing has come to our attention that causes us to believe that the company did not establish and maintain an effective system of internal control over financial reporting, as of the specified date, based on the FRC Guidance on Management Report on Internal Control Over Financial Reporting.

### Definition of internal control over financial reporting

Internal control over financial reporting is a process designed by, or under the supervision of, the entity's principal executive and principal financial officers, or persons performing similar functions, and effected by the entity's board of directors, management, and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that:

- I. Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- II. Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and
- III. Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.





## **Inherent limitations**

Our procedures included the examination of historical evidence of the design and implementation of the company's system of internal control over financial reporting for the year ended 31 December 2025. Because of its inherent limitations, internal control over financial reporting may not prevent or detect all misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions or that the degree of compliance with the policies or procedures may deteriorate. Our limited assurance report is subject to these inherent limitations.

## **Directors' and Management's Responsibilities**

The Directors are responsible for ensuring the integrity of the entity's financial controls and reporting.

Management is responsible for establishing and maintaining a system of internal control over financial reporting that provides reasonable assurance regarding the reliability of financial reporting, and the preparation of financial statements for external purposes in accordance with the International Financial Reporting Standards (IFRS) and the ICFR framework.

Section 7(2f) of the Financial Reporting (Amendment) Act 2023 further requires that management perform an assessment of internal controls, including information system controls. Management is responsible for maintaining evidential matters, including documentation, to provide reasonable support for its assessment of internal control over financial reporting.

## **Our Independence and Quality Control**

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality, and professional behavior.

The firm applies the International Standard on Quality Management 1, Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

## **Auditor's Responsibility and Approach**

Our responsibility is to express a limited assurance opinion on the company's internal control over financial reporting based on our Assurance engagement.

We performed our work in accordance with the FRC Guidance on Assurance Engagement Report on Internal Control over Financial Reporting and the International Standard on Assurance Engagements (ISAE) 3000, Assurance Engagements other than the Audits or Reviews of Historical Financial Information (ISAE 3000) revised. That Standard requires that we comply with ethical requirements and plan and perform the limited assurance engagement to obtain limited assurance on whether any matters come to our attention that causes us to believe that the company did not establish and maintain an effective system of internal control over financial reporting in accordance with the ICFR framework.

That Guidance requires that we plan and perform the assurance engagement and provide a limited assurance report on the entity's internal control over financial reporting based on our assurance engagement.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. As a result, the level of assurance obtained in a



limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement. Accordingly, we do not express a reasonable assurance opinion on whether the company established and maintained an effective system of internal control over financial reporting.

As prescribed in the Guidance, the procedures we performed included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our engagement also included performing such other procedures as we considered necessary in the circumstances.

We believe the procedures performed provides a basis for our report on the internal control put in place by management over financial reporting.

A handwritten signature in black ink, appearing to read "Faturoti, Ayonike".

**Faturoti, Ayonike, FCA**  
FRC/2022/PRO/ICAN/004/611525

For: **Deloitte & Touche**  
Chartered Accountants  
Lagos.

15 April 2026

## CUSTODIAN AND ALLIED INSURANCE LIMITED

### 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 policy holders' 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 material 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 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 Section 3 of the Summary of Material Accounting Policies).

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

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

##### 2.3 Changes in accounting policies and disclosures

###### New and amended standards and interpretations

The company applied for the first time, certain standards and amendments which became effective for annual periods beginning on 1 January 2025. Their adoption has not had any material impact on the disclosures 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.

## CUSTODIAN AND ALLIED INSURANCE LIMITED

### SUMMARY OF MATERIAL ACCOUNTING POLICIES

#### 2.3 Changes in accounting policies and disclosures

##### New and amended standards and interpretations

##### i) 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. When applying the amendments, an entity cannot restate comparative information.

The amendments did not have any impact on the financial statements as the reporting currency and functional currency (the Nigerian Naira) is adequately exchangeable for any other currency, as at the date of this financial statements.

#### 2.4 Presentation and functional currency

The financial statements are presented in Nigeria Naira (₦) 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.

## CUSTODIAN AND ALLIED INSURANCE LIMITED

### SUMMARY OF MATERIAL ACCOUNTING POLICIES

#### 2.7 Financial assets

##### **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 premium 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.

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.

#### 2.7 Financial assets

##### **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

## CUSTODIAN AND ALLIED INSURANCE LIMITED

### SUMMARY OF MATERIAL ACCOUNTING POLICIES

#### 2.7 Financial assets – continued

##### **Financial assets at amortised cost (debt instruments)**

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

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

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

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

##### **Financial assets at fair value through OCI (debt instruments)**

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

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

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

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

##### **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 include listed equity investments which the Company had not irrevocably elected to classify at fair value through profit or loss. Dividends on listed equity investments are also recognised as other investment income in profit or loss when the right of payment has been established.

## CUSTODIAN AND ALLIED INSURANCE LIMITED

### SUMMARY OF MATERIAL ACCOUNTING POLICIES

#### 2.7 Financial assets – continued

##### **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.

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 Agosto 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.

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

- Disclosures for significant estimates Judgements and assumptions - Section 3 of Summary of Material Accounting Policies).
- Financial assets at amortised cost - Notes 1.3, 2.3 and 2.4 to the financial statements
- Other receivables and prepayments - Note 4.7 to the financial statements

## CUSTODIAN AND ALLIED INSURANCE LIMITED

### SUMMARY OF MATERIAL ACCOUNTING POLICIES

#### 2.7 Financial assets – continued

##### 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.

The company does not have any issued debt instrument as at the end of 2025 financial year(2024:nil)

##### 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.

## CUSTODIAN AND ALLIED INSURANCE LIMITED

### SUMMARY OF MATERIAL ACCOUNTING POLICIES

#### 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.

#### 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 Receivables

#### 2.9.1 Premium receivables

Trade receivables are recognized when due. The premium receivables arising from insurance contracts issued and include amounts due from agents, brokers and insurance contract holders. Premium receivables are those for which credit notes issued by brokers are within 30 days, in conformity with the "NO PREMIUM NO COVER" NAICOM policy.

#### 2.9.2 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.

## CUSTODIAN AND ALLIED INSURANCE LIMITED

### SUMMARY OF MATERIAL ACCOUNTING POLICIES – Continued

#### 2.10 Investment properties

##### Transfers

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).

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.

## CUSTODIAN AND ALLIED INSURANCE LIMITED

### SUMMARY OF MATERIAL ACCOUNTING POLICIES – Continued

#### 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.

## CUSTODIAN AND ALLIED INSURANCE LIMITED

### SUMMARY OF MATERIAL ACCOUNTING POLICIES – Continued

#### 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.

##### 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- (Section 2.12 of the Summary of Material Accounting Policies).

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

##### ii) Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

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

##### 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.

## CUSTODIAN AND ALLIED INSURANCE LIMITED

### SUMMARY OF MATERIAL ACCOUNTING POLICIES – Continued

#### 2.13 Leases - continued

##### **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.

##### **i) Right-of-use assets - continued**

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 section 2.7 of the Summary of Material Accounting Policies).

##### **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 section. 2.8.4 of the Summary of Material Accounting Policies.

#### 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.

## CUSTODIAN AND ALLIED INSURANCE LIMITED

### SUMMARY OF MATERIAL ACCOUNTING POLICIES – Continued

#### 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.

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:

## CUSTODIAN AND ALLIED INSURANCE LIMITED

### SUMMARY OF MATERIAL ACCOUNTING POLICIES – Continued

#### 2.15 Insurance and reinsurance contracts held

##### Recognition, measurement and presentation of insurance contracts

##### Separating components from insurance and reinsurance contracts

- 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 contracts 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 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).

## CUSTODIAN AND ALLIED INSURANCE LIMITED

### SUMMARY OF MATERIAL ACCOUNTING POLICIES – Continued

#### 2.15 Insurance and reinsurance contracts held

##### Recognition, measurement and presentation of insurance contracts

##### *Separating components from insurance and reinsurance contracts*

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:

- 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. 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:

- 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.

## CUSTODIAN AND ALLIED INSURANCE LIMITED

### SUMMARY OF MATERIAL ACCOUNTING POLICIES – Continued

#### 2.15 Insurance and reinsurance contracts held

##### Recognition, measurement and presentation of insurance contracts

###### Contract boundary - continued

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

- 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:

- 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.

## CUSTODIAN AND ALLIED INSURANCE LIMITED

### SUMMARY OF MATERIAL ACCOUNTING POLICIES – Continued

#### 2.15 Insurance and reinsurance contracts held

##### Recognition, measurement and presentation of insurance contracts

##### *Initial recognition of reinsurance contracts held*

And

- 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 arise from the costs of selling, underwriting and starting a group of insurance contracts (issued or expected to be issued) that are directly attributable to the portfolio of insurance contracts to which the group belongs.

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.

**CUSTODIAN AND ALLIED INSURANCE LIMITED**

**SUMMARY OF MATERIAL ACCOUNTING POLICIES – Continued**

**2.15 Insurance and reinsurance contracts held**

**Recognition, measurement and presentation of insurance contracts**

**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.

**Measurement - Premium Allocation Approach**

The company have adopted the following options and practical expedients available in IFRS 17 as detailed below:

<b>Alternatives</b>	<b>IFRS 17 Options</b>	<b>Adopted approach</b>
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.

**CUSTODIAN AND ALLIED INSURANCE LIMITED**

**SUMMARY OF MATERIAL ACCOUNTING POLICIES – Continued**

**2.15 Insurance and reinsurance contracts held**

**Measurement - Premium Allocation Approach (continued)**

<b>Alternatives</b>	<b>IFRS 17 Options</b>	<b>Adopted approach</b>
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.

**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

## CUSTODIAN AND ALLIED INSURANCE LIMITED

### SUMMARY OF MATERIAL ACCOUNTING POLICIES – Continued

#### 2.15 Insurance and reinsurance contracts held

##### **Insurance contract – Initial measurement**

- 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 mean 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
- 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 result 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.

## CUSTODIAN AND ALLIED INSURANCE LIMITED

### SUMMARY OF MATERIAL ACCOUNTING POLICIES – Continued

#### 2.15 Insurance and reinsurance contracts held

##### **Insurance contract – Initial measurement**

###### **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.

## CUSTODIAN AND ALLIED INSURANCE LIMITED

### SUMMARY OF MATERIAL ACCOUNTING POLICIES – Continued

#### 2.15 Insurance and reinsurance contracts held

##### **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

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.

## CUSTODIAN AND ALLIED INSURANCE LIMITED

### SUMMARY OF MATERIAL ACCOUNTING POLICIES – Continued

#### 2.15 Insurance and reinsurance contracts held

##### **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

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

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.

##### **Profit or loss presentation for insurance and reinsurance contract held**

###### **Insurance contract revenue**

The insurance contract 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 contract is 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.

## CUSTODIAN AND ALLIED INSURANCE LIMITED

### SUMMARY OF MATERIAL ACCOUNTING POLICIES – Continued

#### 2.15 Insurance and reinsurance contracts held

##### Profit or loss presentation for insurance and reinsurance contract held

###### 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 service expenses

Insurance service expenses arising from insurance contracts are recognised in profit or loss as they are incurred. This comprise the following items.

- Incurred claims (excluding investment components): The company allocates claims expenses based on number of claims on the policies.
- Other incurred insurance service expenses: This consists of cash flows arising from the costs of maintaining an existing group of insurance contracts as well as directly attributable expenses (fixed and variable overheads). The company allocates maintenance cost to policies based on actual expense on each policy. Fixed and variable overhead cost are allocated based on apportionment basis. Apportionment between other incurred insurance service expenses and other operating expenses in profit or loss is based on space occupied, number of employees, asset allocated, etc. between the core business facing staff and the back office staff.
- Amortization of insurance acquisition cash flows: The company amortises insurance acquisition cash flows on a straight-line basis over the coverage period of the group of contracts.
- Changes that relate to past service, i.e. changes in fulfilment cash flows relating to the liability for incurred claims; and
- Changes that relate to future service, i.e. losses on onerous groups of contracts and reversals of such losses.

###### 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.

###### 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 Payables

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 technical liabilities

Other technical liabilities represents premium advance deposit i.e. premium paid in advance into the Company's bank account by insurance intermediaries (insurance agent, brokers and companies) for policies that relates to future periods i.e. they do not fall within the insurance contract boundary. for cashflow purpose, premium deposit received.

The company recognises premium inflows for policies with future start dates as cashflows outside of the insurance contract boundary and are reported as other technical liabilities which become part of the insurance contract liability measurement once the insurance contract is recognised on the earlier of when the premium is due, the start date of the insurance policy or when the insurance contract is onerous.

## CUSTODIAN AND ALLIED INSURANCE LIMITED

### SUMMARY OF MATERIAL ACCOUNTING POLICIES – Continued

#### 2.18 Provisions and other payables

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.

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.

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

#### 2.19 Taxation

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

##### 2.19.1 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).

##### 2.19.2 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.

## CUSTODIAN AND ALLIED INSURANCE LIMITED

### SUMMARY OF MATERIAL ACCOUNTING POLICIES - Continued

#### 2.19.3 **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

#### 2.20 **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.

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.

#### 2.21 **Share capital and share premium**

Shares are classified as equity when there is no obligation to transfer cash or other assets. Any amounts received over and above the par value of the shares issued are classified as 'share premium' in equity. Incremental external costs that are directly attributable to the issue of these shares are recognised in equity, net of tax.

#### 2.22 **Retained earnings**

This reserve represents amount set aside out of the profits of the Company which shall at the discretion of the Directors be applicable for meeting contingencies, repairs or maintenance of any works connected with the business of the Company, for equalising dividends, for special dividend or bonus, or such other purposes for which the profits of the Company may lawfully be applied.

#### 2.23 **Reserves**

##### 2.23.1 **Fair value reserve**

The fair value reserve comprises the cumulative net change in the fair value of the equity instruments designated at fair value through other comprehensive income until the assets are derecognised or impaired. This amount cannot be recycled to profit or loss in subsequent period even if the instruments are derecognized.

##### 2.23.2 **Statutory contingency reserve**

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

#### 2.24 **Dividends**

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

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

## CUSTODIAN AND ALLIED INSURANCE LIMITED

### SUMMARY OF MATERIAL ACCOUNTING POLICIES – Continued

#### 2.25 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.

#### 2.26 Other operating expenses

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

#### 2.27 Fair value measurement

IFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e. an exit price). The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

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

The principal or the most advantageous market must be accessible to the Company.

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

## CUSTODIAN AND ALLIED INSURANCE LIMITED

### SUMMARY OF MATERIAL ACCOUNTING POLICIES – Continued

#### 2.27 Fair value measurement - continued

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.

## CUSTODIAN AND ALLIED INSURANCE LIMITED

### SUMMARY OF MATERIAL ACCOUNTING POLICIES – Continued

#### 3 Critical accounting judgments and key sources of estimation uncertainty - continued

##### **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. 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

## CUSTODIAN AND ALLIED INSURANCE LIMITED

### SUMMARY OF MATERIAL ACCOUNTING POLICIES – Continued

#### 3 Critical accounting judgments and key sources of estimation uncertainty - continued

##### **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

##### **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.

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.

## CUSTODIAN AND ALLIED INSURANCE LIMITED

### SUMMARY OF MATERIAL ACCOUNTING POLICIES – Continued

#### 3 Critical accounting judgments and key sources of estimation uncertainty - continued

##### **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:

- 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
- 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.

## CUSTODIAN AND ALLIED INSURANCE LIMITED

### SUMMARY OF MATERIAL ACCOUNTING POLICIES – Continued

#### 3 Critical accounting judgments and key sources of estimation uncertainty - continued

##### Claims payment pattern for liability for incurred claims - continued

- 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.

##### 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.

##### Claims payment pattern for liability for incurred claims - continued

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).

## CUSTODIAN AND ALLIED INSURANCE LIMITED

### SUMMARY OF MATERIAL ACCOUNTING POLICIES – Continued

#### 3 Critical accounting judgments and key sources of estimation uncertainty - continued

##### **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).

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.

## CUSTODIAN AND ALLIED INSURANCE LIMITED

### SUMMARY OF MATERIAL ACCOUNTING POLICIES – Continued

#### 3 Critical accounting judgments and key sources of estimation uncertainty – continued

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 fair valued using valuation techniques as at the report date are ₦7.32 billion (31 December 2024: ₦5.80 billion) for financial asset designated at fair value through OCI and ₦4.19 billion (31 December 2024: ₦2.79 billion) for financial assets fair valued through profit or loss.

#### Revaluation of property, plant and equipment and investment properties

The Company carries its investment properties at fair value, with changes in fair value being recognised in the statement of profit or loss. For investment properties, a valuation methodology based on a market comparable or discounted cash flow (DCF) model was used where there is a lack of comparable market data because of the nature of the properties. The Company engaged an independent valuation specialist to assess fair values as at 31 December 2025 and 2024 for the investment properties. The key assumptions used to determine the fair value of the properties and sensitivity analyses are provided in Notes 5 to the financial statements

#### 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.

#### 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.

## CUSTODIAN AND ALLIED INSURANCE LIMITED

### SUMMARY OF MATERIAL ACCOUNTING POLICIES – Continued

#### 3 Critical accounting judgments and key sources of estimation uncertainty – continued

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

## CUSTODIAN AND ALLIED INSURANCE LIMITED

### SUMMARY OF MATERIAL ACCOUNTING POLICIES – Continued

#### 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.

#### 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.

##### i) Amendments to IFRS 10 and IAS 28 —Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

The effective date of the amendments is yet to be set by the International Accounting Standards Board (IASB); however, earlier application of the amendments is permitted. The application of these amendments does not have a material impact on the financial statements of the company since it has no associates or joint venture arrangements.

##### iii) 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.

Entities will be required to classify income and expenses in the categories (operating, investing, financing, income taxes and discontinued operations. 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 note.

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. Having aligned the presentation and disclosure in the financial statements with IFRS 17 requirements, the company assessment of the impact of this standard on the financial statements are detailed below:

- A more structured income statement with clearly distinct new categories (operating, investing and financing),
- A newly defined "operating profit" subtotal, and an analysis of operating expenses on the face on the income statement;
- Disclosure of "management-defined performance measure" (MPMs), how these are calculated and why these provide useful information; reconciled to the IFRS reporting; and
- Greater disaggregation of information.

Category	Item	Expected change
Primary financial statements	Statement of financial position (balance sheet)	Minimal
	Statement of profit or loss (income statement)	Major
	Statement presenting comprehensive income	Minimal
	Statement of changes in equity	Minimal
	Statement of cash flows (cash flow statement)	Medium
Notes	Notes to the financial statements	Major

## CUSTODIAN AND ALLIED INSURANCE LIMITED

### SUMMARY OF MATERIAL ACCOUNTING POLICIES – Continued

#### 4 Standards issued but not yet effective - continued

##### iv) IFRS 19 - Subsidiaries without Public Accountability: Disclosures

In May 2024, the Board issued IFRS 19 Subsidiaries without Public Accountability: Disclosures (IFRS 19), which allows eligible entities to elect to apply reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other IFRS accounting standards. Unless otherwise specified, eligible entities that elect to apply IFRS 19 will not need to apply the disclosure requirements in other IFRS accounting standards. An entity applying IFRS 19 is required to disclose that fact as part of its general IFRS accounting standards compliance statement. IFRS 19 requires an entity whose financial statements comply with IFRS accounting standards including IFRS 19 to make an explicit and unreserved statement of such compliance

An entity may elect to apply IFRS 19 if at the end of the reporting period:

- It is a subsidiary as defined in IFRS 10 Consolidated Financial Statements;
- It does not have public accountability; and
- It has a parent (either ultimate or intermediate) that prepares consolidated financial statements, available for public use, which comply with IFRS accounting standards

An entity has public accountability if its debt or equity instruments are traded in a public market, or it is in the process of issuing such instruments for trading in a public market; or It holds assets in a fiduciary capacity for a broad group of outsiders as one of its primary businesses (i.e., not for reasons incidental to its primary business). The disclosure requirements in IFRS 19 are organised into subheadings per IFRS accounting standards and where disclosure requirements in other IFRS Accounting Standards remain applicable, these are specified under the subheading of each IFRS accounting standard. IFRS 19 disclosures exclude IFRS 8 Operating Segments, IFRS 17 Insurance Contracts and IAS 33 Earnings per Share.

Therefore, if an entity that applies IFRS 19 is required to apply IFRS 17 or elects to apply IFRS 8 and/or IAS 33, that entity would be required to apply all the relevant disclosure requirements in those standards.

IFRS 19 is effective for reporting periods beginning on or after 1 January 2027 and earlier adoption is permitted. If an eligible entity chooses to apply the standard earlier, it is required to disclose that fact. An entity is required, during the first period (annual and interim) in which it applies the standard, to align the disclosures in the comparative period with the disclosures included in the current period under IFRS 19, unless IFRS 19 or another IFRS accounting standard permits or requires otherwise. The Company is publicly accountable and so will not be materially impacted by the new standard.

##### v) Classification and Measurement of Financial Instruments - Amendments to IFRS 9 and IFRS 7

In May 2024, the Board issued Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7), which:

Clarifies that a financial liability is derecognised on the 'settlement date', i.e., when the related obligation is discharged, cancelled, expires or the liability otherwise qualifies for derecognition. It also introduces an accounting policy option to derecognise financial liabilities that are settled through an electronic payment system before settlement date if certain conditions are met

Clarified how to assess the contractual cash flow characteristics of financial assets that include environmental, social and governance (ESG)-linked features and other similar contingent features

Clarifies the treatment of non-recourse assets and contractually linked instruments

Requires additional disclosures in IFRS 7 for financial assets and liabilities with contractual terms that reference a contingent event (including those that are ESG-linked), and equity instruments classified at fair value through other comprehensive income

The amendments will be effective for annual reporting periods beginning on or after 1 January 2026. Entities can early adopt the amendments that relate to the classification of financial assets plus the related disclosures and apply the other amendments later. The new requirements will be applied retrospectively with an adjustment to opening retained earnings. Prior periods are not required to be restated and can only be restated without using hindsight. An entity is required to disclose information about financial assets that change their measurement category due to the amendments. The amendment is not expected to have any material impact on the Company's financial statements.

## CUSTODIAN AND ALLIED INSURANCE LIMITED

### SUMMARY OF MATERIAL ACCOUNTING POLICIES – Continued

#### 4 Standards issued but not yet effective - continued

##### vi) IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information

IFRS S1 sets out overall requirements for sustainability-related financial disclosures with the objective to require an entity to disclose information about its sustainability-related risks and opportunities that is useful to primary users of general purpose financial reports in making decisions relating to providing resources to the entity.

The Group is currently assessing the impact of the standards which will be effective from 1 January 2028 in order to ascertain the significance of impact to have on its financial statements in providing adequate disclosure on this in line with the requirements.

##### vii) IFRS S2 Climate-related Disclosures

IFRS S2 sets out the requirements for identifying, measuring and disclosing information about climate-related risks and opportunities that is useful to primary users of general purpose financial reports in making decisions relating to providing resources to the entity. The Group is currently assessing this in order to ascertain the significance of impact to have on its financial statements in providing adequate disclosure on this in line with the requirements.

##### viii) Contracts Referencing Nature - dependent Electricity (Power Purchase Agreements) – Amendments to IFRS 9 and IFRS 7

In December 2024, the Board issued Contracts Referencing Nature-dependent Electricity (Amendments to IFRS 9 and IFRS 7). The amendments include:

- Clarifying the application of the 'own-use' requirements
- Permitting hedge accounting if these contracts are used as hedging instruments
- Adding new disclosure requirements to enable investors to understand the effect of these contracts on a company's financial performance and cash flows.

The clarifications regarding the 'own use' requirements must be applied retrospectively, but the guidance permitting hedge accounting have to be applied prospectively to new hedging relationships designated on or after the date of initial application. The amendments will be effective for annual reporting periods beginning on or after 1 January 2026. The Company is still assessing the impact of the amendments.

##### ix) Translation to a Hyperinflationary Presentation Currency – Amendments to IAS 21

In November 2025, the Board issued Translation to a Hyperinflationary Presentation Currency – Amendments to IAS 21. The amendments require translation from a nonhyperinflationary functional currency into a hyperinflationary presentation currency at the closing rate.

If an entity's functional currency is the currency of a nonhyperinflationary economy, but its presentation currency is the currency of a hyperinflationary economy, its results and financial position are translated into the presentation currency by translating all amounts (i.e., assets, liabilities, equity items, income and expenses) and all comparatives at the closing rate at the date of the most recent statement of financial position.

An entity whose functional currency and presentation currency are the currency of a hyperinflationary economy, restates the comparative amounts of a foreign operation, whose functional currency is that of a non-hyperinflationary economy, by applying the general price index, in accordance with paragraph 34 of IAS 29, to the foreign operation's comparative figures.

If an entity's functional currency and presentation currency are the currency of a hyperinflationary economy (or are the currencies of different hyperinflationary economies) and it translates the results and financial position of foreign operations whose functional currency is that of a nonhyperinflationary economy, then it is required to apply the amendments from the beginning of the annual reporting period in which it first applies the amendments. In addition, it restates the comparative amounts of its foreign operations included in the entity's previously issued financial statements by applying the general price index it applies to corresponding figures in accordance with paragraph 34 of IAS 29.

The amendments apply for annual reporting periods beginning on or after 1 January 2027 and earlier application is permitted. The amendment is not expected to have material impact of the financial statements of the company as it is domiciled in a country whose economy have not been declared hyperinflationary.

## CUSTODIAN AND ALLIED INSURANCE LIMITED

### SUMMARY OF MATERIAL ACCOUNTING POLICIES – Continued

#### 4 Standards issued but not yet effective - continued

##### x) Annual Improvements to IFRS Accounting Standards — Volume II

On 18 July 2024, the IASB published nine narrow scoped amendments as part of its annual improvements process that deals with non-urgent, but necessary, clarifications and amendments to IFRS Accounting Standards. The Group is currently assessing the impact of the amendments which are applicable for annual reporting periods beginning on or after 1 January 2026. Earlier application is permitted.

The following is a summary of the amendments from the Annual Improvements to IFRS Accounting Standards—Volume II:

##### - **IFRS 1 First-time Adoption of International Financial Reporting Standards**

###### *Hedge Accounting by a First-time Adopter*

Paragraphs B5 and B6 of IFRS 1 have been amended to include cross references to the qualifying criteria for hedge accounting in paragraph 6.4.1(a), (b) and (c) of IFRS 9. These amendments are intended to address potential confusion arising from an inconsistency between the wording in IFRS 1 and the requirements for hedge accounting in IFRS 9.

##### - **IFRS 7 Financial Instruments: Disclosures**

###### *Gain or Loss on Derecognition*

The amendments update the language on unobservable inputs in paragraph B38 of IFRS 7 and include a cross reference to paragraphs 72 and 73 of IFRS 13 Fair Value Measurement.

##### - **Guidance on implementing IFRS 7 Financial Instruments: Disclosures**

###### *Introduction*

The amendments to paragraph IG1 of the Guidance on implementing IFRS 7 clarify that the guidance does not necessarily illustrate all the requirements in the referenced paragraphs of IFRS 7, nor does it create additional requirements.

###### *Disclosure of Deferred Difference between Fair Value and Transaction Price*

Paragraph IG14 of the Guidance on implementing IFRS 7 has been amended mainly to make the wording consistent with the requirements in paragraph 28 of IFRS 7 and with the concepts and terminology used in IFRS 9 and IFRS 13.

###### *Credit Risk Disclosures*

Paragraph IG20B of the Guidance on implementing IFRS 7 has been amended to simplify the explanation of which aspects of the IFRS requirements are not illustrated in the example.

##### - **IFRS 9 Financial Instruments**

###### *Lessee Derecognition of Lease Liabilities*

Paragraph 2.1 of IFRS 9 has been amended to clarify that, when a lessee has determined that a lease liability has been extinguished in accordance with IFRS 9, the lessee is required to apply paragraph 3.3.3 and recognise any resulting gain or loss in profit or loss. However, the amendment does not address how a lessee distinguishes between a lease modification as defined in IFRS 16 and an extinguishment of a lease liability in accordance with IFRS 9.

###### *Transaction Price*

Paragraph 5.1.3 of IFRS 9 has been amended to replace the reference to 'transaction price as defined by IFRS 15 Revenue from Contracts with Customers' with 'the amount determined by applying IFRS 15'. The use of the term 'transaction price' in relation to IFRS 15 was potentially confusing and so it has been removed. The term was also deleted from Appendix A of IFRS 9.

##### - **IFRS 10 Consolidated Financial Statements**

Paragraph B74 of IFRS 10 has been amended to clarify that the relationship described in paragraph B74 is just one example of various relationships that might exist between the investor and other parties acting as de facto agents of the investor. The amendments are intended to remove the inconsistency with the requirement in paragraph B73 for an entity to use judgement to determine whether other parties are acting as de facto agents. The amendments is applicable for annual reporting periods beginning on or after 1 January 2026. Earlier application is permitted.

##### - **IAS 7 Statement of Cash Flows**

Paragraph 37 of IAS 7 has been amended to replace the term 'cost method' with 'at cost', following the prior deletion of the definition of 'cost method'.

**CUSTODIAN AND ALLIED INSURANCE LIMITED**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2025**

	Note	2025 N'000	2024 N'000
<b>Assets</b>			
Cash and cash equivalents	1	29,957,783	20,646,170
Financial assets	2	83,744,665	95,008,524
Premium receivables	3	290,146	270,207
Reinsurance contract assets	10	13,505,031	10,426,226
Other receivables and prepayments	4	1,241,370	3,826,595
Investment properties	5	22,682,000	5,495,500
Property, plant and equipment	6	939,802	183,369
Right of use assets	7	333	4,333
Intangible assets	8	50,794	76,204
Statutory deposits	9	300,000	300,000
<b>Total assets</b>		<b>152,711,924</b>	<b>136,237,128</b>
<b>Liabilities</b>			
Insurance contract liabilities	10	50,686,122	36,886,613
Other technical liabilities	12	14,509,756	25,126,168
Provisions and other payables	13	6,438,668	5,164,715
Deferred rental income	14	42,000	35,000
Current income tax payable	15	10,300,169	1,983,227
Deferred tax liabilities	16	3,961,597	6,774,066
<b>Total liabilities</b>		<b>85,938,312</b>	<b>75,969,789</b>
<b>Equity</b>			
Share capital	17.2	10,000,000	10,000,000
Share premium	17.2	84,607	84,607
Statutory contingency reserve	18.1	17,318,613	12,085,172
Retained earnings	18.2	35,267,037	34,547,316
Fair value reserve	18.3	4,103,355	3,550,244
<b>Total equity attributable to Owners</b>		<b>66,773,612</b>	<b>60,267,339</b>
<b>Total liabilities and equity</b>		<b>152,711,924</b>	<b>136,237,128</b>

These financial statements were approved by the Board of Directors and authorized for issue on 27 February 2026 and signed on its behalf by:



**Mr. Ibrahim Dikko**  
**Chairman**

FRC/2013/PRO/DIR/003/00000001718



**Edeki Isujeh**  
**Managing Director**

FRC/2020/PRO/DIR/003/00000022391



**Foluso Sowande**  
**Chief Financial Officer**

FRC/2024/PRO/ICAN/001/878660

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

**CUSTODIAN AND ALLIED INSURANCE LIMITED**  
**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE PERIOD ENDED 31 DECEMBER 2025**

	Note	31 DEC 2025 ₦'000	31 DEC 2024 ₦'000
Insurance contract revenue	19	100,893,786	66,250,057
Insurance service expenses	20	(33,366,069)	(29,585,585)
Net expense from reinsurance contracts held	21	(49,776,353)	(33,966,149)
<b>Insurance service result</b>		<b>17,751,364</b>	<b>2,698,323</b>
Interest revenue calculated using effective interest rate method	24	11,881,691	10,251,060
Other investment income	25	684,751	199,437
Net realised gain	26	132,266	195,790
Unrealised fair value gains	27	3,872,836	3,292,562
Unrealised foreign exchange (loss)/gains	28	(2,170,794)	19,484,987
Impairment loss charge	29	(343,372)	(657,531)
<b>Net Investment income</b>		<b>14,057,378</b>	<b>32,766,305</b>
Finance (expense)/income from insurance contract issued	22	(1,333,577)	1,376,788
Finance income/ (expense) from reinsurance contract held	23	374,211	(129,048)
<b>Net insurance financial result</b>		<b>(959,366)</b>	<b>1,247,740</b>
Other operating income	25.1	191,103	119,098
Other operating expenses	30.3	(4,873,274)	(3,718,554)
<b>Profit before income tax expense</b>		<b>26,167,205</b>	<b>33,112,912</b>
Income tax expense	15.1	(5,490,928)	(3,397,880)
<b>Profit for the year</b>		<b>20,676,277</b>	<b>29,715,032</b>
Other Comprehensive Income:			
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:			
Net gain on equity instruments designated at fair value through other comprehensive income (net of tax)	31	829,995	1,884,575
Other comprehensive profit for the year, net of tax		829,995	1,884,575
<b>Total comprehensive income for the year, net of tax</b>		<b>21,506,273</b>	<b>31,599,607</b>
<b>Earnings per share:</b>			
Basic & Diluted (kobo)	33	103	149
Diluted (kobo)	33	103	149

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

**CUSTODIAN AND ALLIED INSURANCE LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE PERIOD ENDED 31 DECEMBER 2025**

	<b>Atributable to equity holders</b>					
	<b>Issued and paid - up share capital</b>	<b>Share premium</b>	<b>Statutory contingency reserve</b>	<b>Retained earnings</b>	<b>Fair value reserve</b>	<b>Total equity</b>
	<b>₦'000</b>	<b>₦'000</b>	<b>₦'000</b>	<b>₦'000</b>	<b>₦'000</b>	<b>₦'000</b>
<b>At 1 January 2025</b>	10,000,000	84,607	12,085,172	34,547,316	3,550,244	60,267,339
Profit for the year	-	-	-	20,676,277	-	20,676,277
Other comprehensive income, net of tax (Note 31)	-	-	-	-	829,995	829,995
Total Comprehensive income	-	-	-	20,676,277	829,995	21,506,273
Dividend for last financial result (2024) (Note 34)	-	-	-	(15,000,000)	-	(15,000,000)
Transfer of fair value reserve of equity instruments designated at FVOCI (Note 19.2)	-	-	-	276,885	(276,885)	-
Transfer between reserves (Note 18)	-	-	5,233,441	(5,233,441)	-	-
<b>At 31 December 2025</b>	<b>10,000,000</b>	<b>84,607</b>	<b>17,318,613</b>	<b>35,267,037</b>	<b>4,103,355</b>	<b>66,773,612</b>
	<b>Issued and paid - up share capital</b>	<b>Share premium</b>	<b>Statutory contingency reserve</b>	<b>Retained earnings</b>	<b>Fair value reserve</b>	<b>Total equity</b>
	<b>₦'000</b>	<b>₦'000</b>	<b>₦'000</b>	<b>₦'000</b>	<b>₦'000</b>	<b>₦'000</b>
<b>For the year ended 31 December 2024</b>						
<b>At 1 January 2024</b>	10,000,000	84,607	10,000,000	12,917,456	1,665,669	34,667,732
Profit for the year	-	-	-	29,715,032	-	29,715,032
Other comprehensive income, net of tax (Note 31)	-	-	-	-	1,884,575	1,884,575
Total Comprehensive income	-	-	-	29,715,032	1,884,575	31,599,607
Dividend for last financial result (2023) (Note 34)	-	-	-	(6,000,000)	-	(6,000,000)
Transfer between reserves (Note 18)	-	-	2,085,172	(2,085,172)	-	-
<b>At December 31 2024</b>	<b>10,000,000</b>	<b>84,607</b>	<b>12,085,172</b>	<b>34,547,316</b>	<b>3,550,244</b>	<b>60,267,339</b>

**CUSTODIAN AND ALLIED INSURANCE LIMITED**  
**STATEMENT OF CASH FLOWS**  
**FOR THE PERIOD ENDED 31 DECEMBER 2025**

	Note	2025 ₹'000	2024 ₹'000
<b>Cash flows from operating activities</b>			
Premiums received for insurance contracts	3.1	83,687,125	57,113,949
Premiums received in respect of future policies	12	14,509,756	25,126,168
Reinsurance premium paid during the year	11	(61,004,744)	(42,811,024)
cash payments to and on behalf of employees	30.2	(1,477,416)	(996,961)
Other cashflow from/(to) providers of services		1,930,819	2,197,121
Claims paid on behalf of reinsurance brokers	4.2	(2,106,716)	(886,138)
Recovery from reinsurance brokers during the year	4.2	1,767,668	1,543,503
Minimum deposit on premium paid	4.3	(130,251)	(161,911)
Acquisition cashflows received	10.2	4,280,491	3,096,876
Acquisition cashflows paid	10.2	(12,077,184)	(7,960,859)
Claims and directly attributable expenses paid	10.2	(16,762,394)	(12,880,928)
Recoveries from reinsurance	10.2	4,354,185	2,393,294
Cash flows generated from operating activities		<u>16,971,338</u>	<u>25,786,723</u>
Income tax paid	15.2	(1,073,759)	(405,677)
<b>Net cash provided by operating activities</b>	<b>36</b>	<b><u>15,897,579</u></b>	<b><u>25,381,046</u></b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	6	(930,181)	(96,396)
Purchase of intangible software	8	-	(23,289)
Deposit for shares	4	3,000,000	(3,073,024)
Deposit for asset acquisition	4.4.3	(95,000)	(80,000)
Addition to investment properties	5	(14,600,000)	-
Proceeds on disposal of investment property	5	600,000	-
Proceeds on disposal of property, plant and equipment		49,044	1,302
Staff loan disbursed during the year	4.1	(13,000)	(11,550)
Staff loan repayment during the period	4.1	30,066	25,183
Interest income received		10,459,385	9,084,578
Rental income received	14	84,000	70,000
Dividend income received	25	607,751	129,437
Proceeds on disposal of investments	2.5	27,813,322	2,700,753
Purchase of investments	2.5	(30,088,748)	(23,060,974)
Proceed from redemption of financial assets measured at amortised costs	2.5	11,365,130	3,997,733
<b>Net cash (used in) / provided by investing activities</b>		<b><u>8,281,769</u></b>	<b><u>(10,349,880)</u></b>
<b>Cash flows from financing activities</b>			
Dividends paid to shareholders		<u>(15,000,000)</u>	<u>(6,000,000)</u>
<b>Net cash used in financing activities</b>		<b><u>(15,000,000)</u></b>	<b><u>(6,000,000)</u></b>
<b>Net (decrease)/ increase in cash and cash equivalents</b>		<b>9,179,348</b>	<b>9,031,166</b>
Net foreign exchange difference	26	132,266	195,790
Cash and cash equivalents at 1 January		20,646,170	11,419,213
<b>Cash and cash equivalents at 31 December</b>	<b>1</b>	<b><u>29,957,784</u></b>	<b><u>20,646,170</u></b>

**CUSTODIAN AND ALLIED INSURANCE LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**

<b>1 Cash and cash equivalents</b>		<b>31-Dec-2025</b>	<b>31-Dec-2024</b>
		<b>₦'000</b>	<b>₦'000</b>
Cash and bank balances	(Note 1.1)	4,327,591	11,105,068
Short-term deposits	(Note 1.2)	<u>26,598,182</u>	<u>9,920,084</u>
		30,925,773	21,025,152
Less: Allowance for credit losses	Note 1.3	<u>(967,990)</u>	<u>(378,982)</u>
Cash and cash equivalents(per statement of cash flows)		<u><b>29,957,783</b></u>	<u><b>20,646,170</b></u>

**1.1 Cash and banks is made up of the following:**

Cash on hand		54	56
Balances held with local banks		3,871,210	827,494
Balances held in domiciliary accounts		<u>456,327</u>	<u>10,277,518</u>
	(Note 1.3)	4,327,591	11,105,068
Less: Allowance for credit losses	(Note 1.3)	<u>(137,232)</u>	<u>(197,575)</u>
Total Cash and banks		<u><b>4,190,359</b></u>	<u><b>10,907,493</b></u>

Interest income on bank accounts held with banks amounted to ₦9.55m (2024: ₦1.5m). See note 24 to the financial statements.

**1.2 Short term deposit is made up of:**

Call deposits	(Note 1.3)	55,595	1,504,040
Term deposits	(Note 1.3)	<u>26,542,587</u>	<u>8,416,044</u>
		26,598,182	9,920,084
Less: Allowance for credit losses		<u>(830,758)</u>	<u>(181,407)</u>
		<u><b>25,767,424</b></u>	<u><b>9,738,677</b></u>

Interest income on calls and term deposits with banks amounted to ₦2.28 billion (2024: ₦1.55 billion). See note 24 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 13.44% per annum (2024:11%).

**1.3 Impairment loss on cash and cash equivalents**

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

	<b>Stage 1</b>	<b>31-Dec-25</b>		<b>Total</b>
		<b>Individual</b>	<b>Stage 2</b>	
	<b>Individual</b>	<b>Individual</b>	<b>Individual</b>	<b>Individual</b>
	<b>₦'000</b>	<b>₦'000</b>	<b>₦'000</b>	<b>₦'000</b>
<b>Gross carrying amount</b>				
Cash on hand	54	-	-	54
Balances held with local banks and domiciliary accounts (Note 1.1)	4,327,537	-	-	4,327,537
Call deposits (Note 1.2)	55,595	-	-	55,595
Term deposits (Note 1.2)	<u>26,542,587</u>	-	-	<u>26,542,587</u>
	<u><b>30,925,773</b></u>	<u>-</u>	<u>-</u>	<u><b>30,925,773</b></u>
<b>Expected credit losses</b>				
Cash on hand	-	-	-	-
Balances held with local banks and domiciliary accounts (Note 1.1)	137,232	-	-	137,232
Call deposits (Note 1.2)	1,681	-	-	1,681
Term deposits (Note 1.2)	<u>829,077</u>	-	-	<u>829,077</u>
	<u><b>967,990</b></u>	<u>-</u>	<u>-</u>	<u><b>967,990</b></u>

**CUSTODIAN AND ALLIED INSURANCE LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**

**1** 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:

	Stage 1 Individual	31-Dec-2024			Total #'000
		#'000	Stage 2 Individual #'000	Stage 3 Individual #'000	
<b>Gross carrying amount</b>					
Cash on hand		56	-	-	56
Balances held with local banks and domiciliary accounts (Note 1.1)	11,105,012		-	-	11,105,012
Call deposits (Note 1.2)	1,504,040		-	-	1,504,040
Term deposits (Note 1.2)	8,416,044		-	-	8,416,044
	<b>21,025,152</b>		<b>-</b>	<b>-</b>	<b>21,025,152</b>
<b>Expected credit losses</b>					
Cash on hand		-	-	-	-
Balances held with local banks and domiciliary accounts (Note 1.1)	197,575		-	-	197,575
Call deposits (Note 1.2)	26,721		-	-	26,721
Term deposits (Note 1.2)	154,686		-	-	154,686
	<b>378,982</b>		<b>-</b>	<b>-</b>	<b>378,982</b>

**1.3a Analysis of impairment allowance on cash and cash equivalents**

		31-Dec-2025	31-Dec-2024
		#'000	#'000
At 1 January		378,982	350,938
Charged for the year	Note 29	614,055	59,429
Foreign exchange adjustments	Note 28	(25,047)	(31,385)
At 31 December		<b>967,990</b>	<b>378,982</b>

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:**

	Gross carrying amount		Gross carrying amount		Gross carrying amount		Gross carrying amount	
	ECL		ECL		ECL		ECL	
	2025							
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
	#'000	#'000	#'000	#'000	#'000	#'000	#'000	#'000
<b>Cash and cash equivalents</b>								
As at 1 January 2025	21,025,152	378,982	-	-	-	-	21,025,152	378,982
New assets purchased	155,532,476	2,803,500	-	-	-	-	155,532,476	2,803,500
Liquidation of managed funds(FVTPL) to cash and cash equivalents (Note 2.5)	-	-	-	-	-	-	-	-
Assets derecognised or matured (excluding write-offs)	(144,242,278)	(2,599,992)	-	-	-	-	(144,242,278)	(2,599,992)
Amounts written off	-	-	-	-	-	-	-	-
Changes to models and inputs used for ECL calculations	-	410,548	-	-	-	-	-	410,548
Unrealised foreign exchange adjustments	(1,389,577)	(25,047)	-	-	-	-	(1,389,577)	(25,047)
At 31 December 2025 (Note 1)	<b>30,925,773</b>	<b>967,990</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>30,925,773</b>	<b>967,990</b>
	<b>2024</b>							
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
	#'000	#'000	#'000	#'000	#'000	#'000	#'000	#'000
As at 1 January 2024	11,770,151	350,938	-	-	-	-	11,770,151	350,938
New assets purchased	11,148,007	322,737	-	-	-	-	11,148,007	322,737
Liquidation of managed funds(FVTPL) to cash and cash equivalents (Note 2.5)	323,679	9,651	-	-	-	-	323,679	9,651
Assets derecognised or matured (excluding w	(3,269,297)	(87,826)	-	-	-	-	(3,269,297)	(87,826)
Amounts written off	-	-	-	-	-	-	-	-
Changes to models and inputs used for ECL calculations	-	(185,133)	-	-	-	-	-	(185,133)
Unrealised foreign exchange adjustments	1,052,612	(31,385)	-	-	-	-	1,052,612	(31,385)
At 31 December 2024 (Note 1)	<b>21,025,152</b>	<b>378,982</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>21,025,152</b>	<b>378,982</b>

During the year, there were no transfers between stages (2024: nil). The total Income Statement (writeback)/charge for the allowance for ECL on cash and cash equivalents for the year was N626.05 million (2024: N28.04 million). Related foreign exchange adjustments are reported as part of net unrealised (loss)/gain on foreign exchange in note 29.

**CUSTODIAN AND ALLIED INSURANCE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - Continued**

**2 Financial assets**

		<b>31-Dec-2025</b>	<b>31-Dec-2024</b>
		<b>₦'000</b>	<b>₦'000</b>
<b>Below is an analysis of the Company's financial assets</b>			
Equity : Fair Value through profit or loss (FVTPL)	Note 2.1	4,193,797	2,791,610
Equity : Fair Value through OCI (FVTOCI)	Note 2.2	7,315,949	5,802,819
Debt instruments measured at amortised cost:			
Treasury bills		3,786,654	-
Federal government bonds		43,538,819	43,095,412
State government bonds		510,724	485,542
Corporate bonds		22,357,160	43,689,218
Other debt securities - term deposits		4,206,252	1,689,017
Impairment losses on financial assets measured at amortised cost	Note 2.4	(2,164,690)	(2,545,094)
Total debt instruments measured at amortised cost (Note 2.3)		<u>72,234,919</u>	<u>86,414,095</u>
		<b><u>83,744,665</u></b>	<b><u>95,008,524</u></b>

**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.

		<b>31-Dec-2025</b>	<b>31-Dec-2024</b>
		<b>₦'000</b>	<b>₦'000</b>
<b>Listed Equities</b>			
Aradel Holdings Plc		2,144,000	1,913,600
Dangote Cement Plc		76,125	59,850
Dangote Sugar Refinery Plc		12,000	6,500
GTCO Plc		498,850	47,410
Wema Bank Plc		2,069	924
Presco Plc		29,000	-
African Prudential Registrars Plc		12	-
Tourist Company of Nigeria Plc.		-	7,911
UAC OF Nigeria		2,108	729
United Bank for Africa Plc		20,825	-
Union Homes Savings and Loans Plc.		-	48
Zenith Bank Plc		556,200	138,576
		<u>3,341,189</u>	<u>2,175,548</u>
<b>Managed Funds</b>			
ARM Aggressive Fund		70,348	46,458
ARM Discovery Fund		27,496	20,466
Coral Growth Fund		233,542	155,149
FBN Heritage Fund		319,496	219,344
Stanbic IBTC Bond Fund		129,620	129,455
Zenith Equity Fund		72,106	45,190
		<u>852,608</u>	<u>616,062</u>
<b>Total FVTPL Financial assets</b>	Note 2.5	<b><u>4,193,797</u></b>	<b><u>2,791,610</u></b>

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

**2.1a Analysis of fair value gains on FVTPL financial assets**

Unrealised gain on equities at FVTPL	Note 27	686,336	1,847,062
Net realised gain on equities at FVTPL	Note 26	-	-
		<u>686,336</u>	<u>1,847,062</u>

The Company received dividends of N184.74million on equity holdings reported as fair valued through profit or loss during the year(2024: N13.80 million ). See note 2.7.

## CUSTODIAN AND ALLIED INSURANCE LIMITED

### NOTES TO THE FINANCIAL STATEMENTS - Continued

#### 2 Financial assets

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

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

The fair values of the non listed equities are determined using either income or market approach (See Note 43.1- Valuation bases) while fair value of OTC listed equities are determined by reference to the published price quotation in the active market. The resulting fair value adjustments of all equities designated at fair value through other comprehensive income(FVTOCI) are recorded in other comprehensive income.

	31-Dec-2025 ₦'000	31-Dec-2024 ₦'000
ARM Properties Plc.	350	10,750
Friesland Wamco Nig. Plc.	4,442	1,919
ARM Hospitality Fund	-	165,895
African Reinsurance Corporation	818,348	806,405
Energy and Allied Insurance Pool of Nigeria	409,185	986,222
African Oil and Energy Pool	2,078,712	-
Interswitch Limited	2,297,216	3,076,500
FBS Re Limited	1,613,850	695,812
WSTC Financial Services Limited	93,846	59,316
<b>Total FVTOCI Financial assets</b>	<b>7,315,949</b>	<b>5,802,819</b>

Note 2.5

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

##### 2.2a Analysis of fair value gains on FVTOCI financial assets

Fair value gains recorded in OCI	Note 31	1,941,824	2,093,973
Net realised gain on equities at FVTOCI	Note 18.3a	-	-
		<b>1,941,824</b>	<b>2,093,973</b>

The Company received dividends of N423million on equity shares designated as FVTOCI during the year(2024: N115.7million ). See note 2.7.

2.3 Debt instruments at amortised cost	Credit Rating	31-Dec-2025 ₦'000	31-Dec-2024 ₦'000
<b>Federal Government Debt Securities</b>			
Treasury bills	B3/Moody's	3,786,654	7,890,313
Impairment allowance of treasury bills		(5,486)	(5,066)
a		<b>3,781,168</b>	<b>7,885,247</b>
FGN Naira Bonds			
FGN Bond 12.5% 22 Jan 2026	B3/Moody's	598,127	599,298
FGN Bond 13.98% 23 Feb 2028	B3/Moody's	2,275,273	2,304,149
FGN Bond 19.30% 17 April 2029	B3/Moody's	1,658,224	-
FGN Bond 18.50% 21 Feb 2031	B3/Moody's	511,449	-
FGN Bond 19.75% SUKUK SERIES VII 21 Feb 2032	B3/Moody's	25,435	-
FGN Bond 12.75% 27 April 2033	B3/Moody's	990,976	1,904,388
FGN Bond 12.75% 21 June 2033	B3/Moody's	914,236	-
FGN Bond 12.15% 18 July 2034	B3/Moody's	222,916	223,736
FGN Bond 22.6% 29 Jan 2035	B3/Moody's	713,974	-
FGN Bond 12.5% 27 March 2035	B3/Moody's	389,261	388,574
Impairment allowance of FGN NGN Bonds		(15,956)	(7,651)
b		<b>8,283,915</b>	<b>5,412,495</b>
<b>FGN Eurobonds</b>			
NIGERIA 8.375% 21-Mar-2029	B3/Moody's	-	-
NIGERIA 7.143% 23-Feb-2030	B3/Moody's	4,414,774	4,702,572
NIGERIA 8.747% 23-Feb-2031	B3/Moody's	23,570,596	25,082,381
NIGERIA 10.37% 9-Dec-2034	B3/Moody's	7,253,579	-
Impairment allowance on FGN Euro Bonds		(1,481,435)	(1,208,533)
c		<b>33,757,514</b>	<b>28,576,420</b>
<b>Total Federal government debt securities</b>		<b>45,822,598</b>	<b>41,874,163</b>

**CUSTODIAN AND ALLIED INSURANCE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - Continued**

**2 Financial assets**

<b>2.3 Debt instruments at amortised cost</b>	<b>Credit Rating</b>	<b>31-Dec-2025 ₦'000</b>	<b>31-Dec-2024 ₦'000</b>
<i>State Government Debt Securities</i>			
ONDO 13% 30-JAN-2027	A-/ Agosto	155,731	244,580
LAGOS IIA 16.00% 20 NOV-2030	A+/Augusto	135,065	-
LAGOS IIA 13.00% 20 DEC-2031	A+/Augusto	219,928	240,962
Impairment on State Bonds		(2,024)	(1,134)
d		<u>508,700</u>	<u>484,408</u>
<i>Corporate Debt Securities</i>			
PRIMERO BRT-SPV 17.00%15-MAY-2026	Bbb-/Agusto	272,351	272,373
FLOURMILLS IIIB 11.10% 27-FEB-2025	A/Agusto	-	259,849
NOVAMBL SPV I 12.00% 23-JUL-2027	Bbb-/Agusto	37,037	37,038
LAPO MFB II 13.00% 30-MAR-2025	Bbb+/ Agosto	-	310,010
VETIVA ELECTRON BOND 22% 7-JULY-2040	A/Agusto	94,044	-
MTN 2020 TRANCH B 14.50% 30-SEPT-2032	AAA/GCR	234,306	234,329
Impairment on Corporate Bonds		(13,042)	(14,095)
e		<u>624,696</u>	<u>1,099,504</u>
<i>Corporate Eurobonds</i>			
FBNL 8.625% 27-OCT-2025	B2/Moody's	-	6,575,272
SEPLAT 9.25% 01- OCT-2026	B2/Moody's	-	7,603,759
ECOTRA 8.75 17 JUNE 2031	B3/Moody's	11,119,539	11,925,547
ACCESS 9.125% PERPETUAL BOND	B2/Moody's	10,599,883	16,471,041
Impairment on Corporate Euro Bonds		(539,420)	(1,267,648)
f		<u>21,180,003</u>	<u>41,307,971</u>
<i>Commercial papers</i>			
Dangote Sugar Plc CP14	AA+/GCR	95,331	-
Stanbic IBTC CP2	A1+(NG)/GCR	455,833	-
FCMB CP	BBB+/GCR	114,274	-
Dangote Cement CP21	A+/GCR	350,625	-
Dangote Sugar CP12	AA+/GCR	389,508	-
Champion Breweries CP2	BBB+/GCR	467,491	-
Dangote Sugar Plc CP15	AA+/GCR	615,196	-
Impairment on Commercial papers		(50,811)	-
g		<u>2,437,446</u>	<u>-</u>
<i>Other debt securities - term deposits</i>			
Meristem Wealth Management Limited	BBB/Datapro	1,385,368	1,377,178
WSTC Financial Services Limited	BBB-/ GCR	254,611	255,692
Capital Bancorp Securities Limited	Not rated	51,607	51,587
Accrued interest on CBN deposit		26,408	4,560
Impairment on other debt securities		(56,517)	(40,968)
h		<u>1,661,477</u>	<u>1,648,049</u>
<b>Total Amortised Cost Financial assets( a+b+c+d+e+f+g+h)</b>		<b><u>72,234,919</u></b>	<b><u>86,414,095</u></b>

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

**CUSTODIAN AND ALLIED INSURANCE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - Continued**

**2 Financial assets - continued**

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

	2025							
	Stage 1		Stage 2		Stage 3		Total	
	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 2025	88,959,189	2,545,094	-	-	-	-	88,959,189	2,545,094
New assets purchased	29,445,921	842,438	-	-	-	-	29,445,921	842,438
Assets derecognised or matured (excluding write-offs)	(38,749,758)	(1,108,618)	-	-	-	-	(38,749,758)	(1,108,618)
Amounts written off	-	-	-	-	-	-	-	-
Changes to models and inputs used for ECL calculations	-	36,141	-	-	-	-	-	36,141
Unrealised foreign exchange adjustments	(5,255,743)	(150,365)	-	-	-	-	(5,255,743)	(150,365)
At 31 December 2025	74,399,609	2,164,690	-	-	-	-	74,399,609	2,164,690

  

	2024							
	Stage 1		Stage 2		Stage 3		Total	
	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 2024	54,236,816	1,263,468	-	-	-	-	54,236,816	1,263,468
New assets purchased	22,180,254	516,698	-	-	-	-	22,180,254	516,698
Assets derecognised or matured (excluding write-offs)	(6,698,486)	(156,044)	-	-	-	-	(6,698,486)	(156,044)
Amounts written off	-	-	-	-	-	-	-	-
Changes to models and inputs used for ECL calculations	-	472,755	-	-	-	-	-	472,755
Unrealised foreign exchange adjustments	19,240,605	448,217	-	-	-	-	19,240,605	448,217
At 31 December 2024	88,959,189	2,545,094	-	-	-	-	88,959,189	2,545,094

**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 2024	3,130,296	966,058	52,973,348	57,069,702
Additions	578,551	302,169	22,180,254	23,060,974
Liquidation of managed funds (FVTOCI) to cash and cash equivalents	-	(323,679)	-	(323,679)
Maturities and redemptions	-	-	(3,997,733)	(3,997,733)
Proceeds on disposals	-	-	(2,700,753)	(2,700,753)
Realised fair value gains recorded in profit or loss (Note 26)	-	-	-	-
Fair value gains recorded in OCI (Note 31)	2,093,972	-	-	2,093,972
Unrealised fair value gains taken to profit or loss (Note 27)	-	1,847,062	-	1,847,062
Impairment charge during the year (Note 29)	-	-	(833,409)	(833,409)
Unrealised foreign exchange adjustments (Note 28)	-	-	19,240,605	19,240,605
Unrealised foreign exchange adjustments on ECL relating to Amortised cost financial assets (Note 28)	-	-	(448,217)	(448,217)
At 31 December 2024	<b>5,802,819</b>	<b>2,791,610</b>	<b>86,414,095</b>	<b>95,008,524</b>
Additions	-	642,827	29,445,921	30,088,748
Liquidation of managed funds (FVTOCI) to cash and cash equivalents (Note 1.3b)	-	-	-	-
Maturities and redemptions	-	-	(11,365,130)	(11,365,130)
Proceeds on disposals	(428,694)	-	(27,384,628)	(27,813,322)
Reclassification from deposit for shares (Note 4.6)	-	73,024	-	73,024
Realised fair value gains recorded in profit or loss (Note 26)	-	-	-	-
Fair value gains recorded in OCI (Note 31)	1,941,824	-	-	1,941,824
Unrealised fair value gains taken to profit or loss (Note 27)	-	686,336	-	686,336
Impairment writeback during the year (Note 29)	-	-	230,039	230,039
Unrealised foreign exchange adjustments (Note 28)	-	-	(5,255,743)	(5,255,743)
Unrealised foreign exchange adjustments on ECL relating to Amortised cost financial assets (Note 28)	-	-	150,365	150,365
At 31 December 2025	<b>7,315,949</b>	<b>4,193,797</b>	<b>72,234,919</b>	<b>83,744,665</b>

**CUSTODIAN AND ALLIED INSURANCE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - Continued**

**2 Financial assets - continued**

<b>2.6 Maturity profile of debt instruments at amortised cost (Net):</b>	<b>31-Dec-2025</b>	<b>31-Dec-2024</b>
	<b>₦'000</b>	<b>₦'000</b>
Within one year	8,750,571	16,678,429
More than one year	63,484,348	69,735,666
	<b>72,234,919</b>	<b>86,414,095</b>

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**

<b>Financial Assets</b>	<b>Note</b>	<b>Carrying amount</b>	<b>Income type</b>	<b>2025</b>	<b>2024</b>
		<b>₦'000</b>		<b>₦'000</b>	<b>₦'000</b>
Equity: Fair value through Profit or loss	Note 2.1	4,193,797	Dividends	184,744	13,759
Equity: Fair value through Other Comprehensive Income	Note 2.2	7,315,949	Dividends	423,007	115,678
Total dividend received	Note 25			607,751	129,437
Debt instruments measured at amortised cost:					
Federal government Bond	Note 2.3	42,041,428	Interest	4,397,658	3,816,187
State government bonds	Note 2.3	508,700	Interest	48,897	66,834
Corporate bonds	Note 2.3	21,804,699	Interest	3,764,920	3,493,514
Treasury bills	Note 2.3	3,781,168	Interest	750,672	1,115,160
Commercial papers		2,437,446	Interest	348,616	164,066
				8,962,148	8,491,695
Other debt securities- Term deposits	Note 2.3	1,661,477	Interest	548,012	171,346
Total interest received/receivables		83,744,665		9,510,160	8,663,041

<b>3 Premium receivables</b>	<b>31-Dec-2025</b>	<b>31-Dec-2024</b>
	<b>₦'000</b>	<b>₦'000</b>
Due from brokers	290,146	270,207
Due from insurers	-	-
	<b>290,146</b>	<b>270,207</b>

**3.1 Analysis of movement in premium received for cashflow purpose**

	<b>31-Dec-2025</b>	<b>31-Dec-2024</b>
	<b>₦'000</b>	<b>₦'000</b>
Premium received 30days after previous year end	270,207	316,646
Gross written premium(GWP)	108,833,232	71,688,127
Exclude premium deposit	(25,126,168)	(14,620,617)
Premium received from insurance contracts in the year	(83,687,125)	(57,113,949)
	<b>290,146</b>	<b>270,207</b>

	<b>31-Dec-2025</b>		<b>31-Dec-2024</b>	
<b>3.2 Aging analysis of trade receivables:</b>	<b>No of Policies</b>	<b>Amount</b>	<b>No of Policies</b>	<b>Amount</b>
		<b>(₦'000)</b>		<b>(₦'000)</b>
Within 14 days	66	53,005	115	45,184
Within 15-30 days	256	237,141	390	225,023
Within 31-90 days	-	-	-	-
Within 91-180 days	-	-	-	-
Above 180days	-	-	-	-
	<b>322</b>	<b>290,146</b>	<b>482</b>	<b>270,207</b>

All insurance receivables are designated as premium receivables and their carrying values approximate fair value at the reporting date. The total amount outstanding was received as at 31 January 2026 (2024: ₦270.2m ).

**CUSTODIAN AND ALLIED INSURANCE LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS - Continued**

<b>4 Other receivables and prepayments</b>	<b>31-Dec-2025</b>	<b>31-Dec-2024</b>
	<b>₦'000</b>	<b>₦'000</b>
Staff loans (Note 4.1)	90,728	104,973
Prepayments and sundry debtors (Note 4.4)	531,311	428,325
Due from reinsurance brokers (Note 4.2)	645,568	306,520
Minimum deposit on premiums paid (Note 4.3)	91,500	72,134
Deposit for shares (Note 4.6)	-	3,073,024
	<u>1,359,107</u>	<u>3,984,976</u>
*Allowance for impairment on Other receivables (Note 4.8)	<u>(117,737)</u>	<u>(158,381)</u>
	<b><u>1,241,370</u></b>	<b><u>3,826,595</u></b>

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

<b>4.1 Staff loans</b>	<b>31-Dec-2025</b>	<b>31-Dec-2024</b>
	<b>₦'000</b>	<b>₦'000</b>
At 1 January	104,973	115,195
Addition during the period	13,000	11,550
Interest on staff loan (Note 24)	2,821	3,411
Repayment during the period	<u>(30,066)</u>	<u>(25,183)</u>
	90,728	104,973
ECL impairment provision	<u>(37,919)</u>	<u>(38,475)</u>
At 31 December	<b><u>52,809</u></b>	<b><u>66,498</u></b>

As at the end of the year, outstanding balance in respect of staff loans granted to key management staff was nil (2024: ₦1.4m). See note 38.3

<b>4.2 Due from reinsurance brokers</b>	<b>31-Dec-2025</b>	<b>31-Dec-2024</b>
	<b>₦'000</b>	<b>₦'000</b>
At 1 January	306,520	963,885
Claims paid on behalf of reinsurance brokers	2,106,716	886,138
Recovery from reinsurance brokers during the year	<u>(1,767,668)</u>	<u>(1,543,503)</u>
	645,568	306,520
Allowance for impairment	-	-
At 31 December	<b><u>645,568</u></b>	<b><u>306,520</u></b>

Amounts due from reinsurance brokers represent amounts outstanding in respect of claims paid on behalf of reinsurers. 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 reinsurance brokers as at year end, there was no outstanding amount due from any of the brokers above 90 days (2024 : Nil).

<b>4.3 Minimum deposit on premiums paid to reinsurance brokers</b>	<b>31-Dec-2025</b>	<b>31-Dec-2024</b>
	<b>₦'000</b>	<b>₦'000</b>
At 1 January	72,134	52,990
Addition	130,251	161,911
Expensed during the year	<u>(110,885)</u>	<u>(142,767)</u>
At 31 December	<b><u>91,500</u></b>	<b><u>72,134</u></b>

This relates to minimum deposits made to Reinsurance brokers as reinsurance intermediaries. M&D premium paid during the year in the sum of ₦ 130.25 million(2024: ₦161.91m) are reported separately in the statement of cashflow.

**CUSTODIAN AND ALLIED INSURANCE LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS - Continued**

**4 Other receivables and prepayments - continued**

<b>4.4 Prepayment and sundry debtors</b>	<b>31-Dec-2025</b>	<b>31-Dec-2024</b>
	<b>₦'000</b>	<b>₦'000</b>
Sundry debtors (Note 4.4.1)	54,657	54,826
Prepaid others (Note 4.4.2)	201,317	145,499
Deposit for assets acquisition (Note 4.4.3)	120,337	105,337
Prepaid insurance on owned assets	128,331	72,809
Prepaid rent	26,669	49,854
	<b><u>531,311</u></b>	<b><u>428,325</u></b>

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

<b>4.4.2 Prepaid others</b>	<b>31-Dec-2025</b>	<b>31-Dec-2024</b>
	<b>₦'000</b>	<b>₦'000</b>
Prepaid NSITF contribution	20,410	14,239
Prepaid IT subscriptions	149,758	87,281
Prepaid service charge	1,013	8,685
Prepaid HMO	3,789	3799
Prepaid staff expenses	26,347	31,495
	<b><u>201,317</u></b>	<b><u>145,499</u></b>

<b>4.4.3 Deposit for asset acquisition</b>	<b>31-Dec-2025</b>	<b>31-Dec-2024</b>
	<b>₦'000</b>	<b>₦'000</b>
Motor Vehicle (Note 4.4.3.1)	95,000	80,000
Properties (Note 4.4.3.2)	25,337	25,337
	<b><u>120,337</u></b>	<b><u>105,337</u></b>

4.4.3.1 This represents payments for vehicles yet to be delivered as at the end of the year. This amount will be capitalised as additions to motor vehicles when delivered. The vehicle amounting to ₦80 million was received and capitalised during the 2025 financial year.

4.4.3.2 This relates to payments made in advance in respect of a property development for which an initial deposit of ₦36.8million was made. The property development stalled and the developer had so far refunded the sum of ₦11.4million whilst the balance of ₦25.4million was fully impaired.



**CUSTODIAN AND ALLIED INSURANCE LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS - Continued**

**4 Other receivables and prepayments - continued**

**4.8 Impairment loss on other receivables - continued**

Analysis of impact of impairment 2025

	<b>Asset</b>		<b>Impairment</b>		<b>Asset</b>	
	<b>Gross carrying amount as at 31 December</b>	<b>Balance as at 1 January</b>	<b>Increase/ (Write-back) during the year</b>	<b>Balance as at 31 December</b>	<b>Carrying amount as at 31 December</b>	
	<b>₦'000</b>	<b>₦'000</b>	<b>₦'000</b>	<b>₦'000</b>	<b>₦'000</b>	<b>₦'000</b>
Staff loans	90,728	38,475	(556)	37,919	52,809	
Prepayments	356,317	-	-	-	356,317	
Sundry debtors	54,657	47,089	14	47,103	7,554	
Due from reinsurance brokers	645,568	-	-	-	645,568	
Minimum deposit on premiums paid	91,500	-	-	-	91,500	
Deposit for assets acquisition	120,337	25,337	7,378	32,715	87,622	
Withholding tax credit notes	-	-	-	-	-	
Deposit for shares	-	47,481	(47,481)	-	-	
<b>Total</b>	<b>1,359,107</b>	<b>158,381</b>	<b>(40,644)</b>	<b>117,737</b>	<b>1,241,370</b>	

Analysis of impact of impairment 2024

	<b>Asset</b>		<b>Impairment</b>		<b>Asset</b>	
	<b>Gross carrying amount as at 31 December</b>	<b>Balance as at 1 January</b>	<b>Increase/ (Write-back) during the year</b>	<b>Balance as at 31 December</b>	<b>Carrying amount as at 31 December</b>	
	<b>₦'000</b>	<b>₦'000</b>	<b>₦'000</b>	<b>₦'000</b>	<b>₦'000</b>	<b>₦'000</b>
Staff loans	104,973	38,451	24	38,475	66,498	
Prepayments	268,162	-	-	-	268,162	
Sundry debtors	54,826	56,865	(9,778)	47,089	7,737	
Due from reinsurance brokers	306,520	273,034	(273,034)	-	306,520	
Minimum deposit on premiums paid	72,134	-	-	-	72,134	
Deposit for assets acquisition	105,337	25,337	-	25,337	80,000	
Withholding tax credit notes	-	-	-	-	-	
Deposit for shares	3,073,024	-	47,481	47,481	3,025,543	
<b>Total</b>	<b>3,984,976</b>	<b>393,687</b>	<b>(235,307)</b>	<b>158,381</b>	<b>3,826,595</b>	

**CUSTODIAN AND ALLIED INSURANCE LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS - Continued**

<b>5 Investment properties</b>	<b>31-Dec-2025</b>	<b>31-Dec-2024</b>
	<b>₦'000</b>	<b>₦'000</b>
At 1 January	5,495,500	4,050,000
Additions during the year	14,600,000	-
Disposals during the year	(600,000)	-
Net gain on fair value adjustments (Note 27)	3,186,500	1,445,500
At 31 December	<u>22,682,000</u>	<u>5,495,500</u>

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

**5.1 Description of properties and movement**

	<b>1-Jan-2025</b>	<b>Additions during the year</b>	<b>Disposal during the year</b>	<b>Fair value adjustments recognised in profit or loss</b>	<b>31-Dec-2025</b>
	<b>₦'000</b>	<b>₦'000</b>	<b>₦'000</b>	<b>₦'000</b>	<b>₦'000</b>
88, Adetokunbo Ademola Street, Victoria Island, Lagos	460,000	-	(600,000)	140,000	-
3, Aja Nwachukwu Close, Off Bourdillon Road, Ikoyi, Lagos*	4,000,000	-	-	2,500,000	6,500,000
156 Awolowo Road, Ikoyi, Lagos	540,000	-	-	304,000	844,000
Plot 3243, Block 71, Peace Prayer Estate, Amuwo Odofin, Lagos	75,000	-	-	50,000	125,000
Plot 676 Cadastral Zone, Abuja	250,000	-	-	100,000	350,000
39 Alfred Rewane (Old Kingsway rd.) Ikoyi Lagos	-	14,600,000	-	-	14,600,000
5 Chapel Street, Yaba	170,500	-	-	92,500	263,000
	<u>5,495,500</u>	<u>14,600,000</u>	<u>(600,000)</u>	<u>3,186,500</u>	<u>22,682,000</u>

The Company acquired a new investment property (2024:Nil) and disposed off the property located at 88 Ademola adetokunbo street Vistoria Island during the year(2024: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 ₦1,513m is owned by policyholders while shareholder own any excess above the same value(i.e. ₦4,987m as at year end, 2024: ₦2,487m). 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.

**CUSTODIAN AND ALLIED INSURANCE LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS - Continued**

**5 Investment properties - continued**

**5.1 Description of properties and movement**

	1-Jan-2024	Additions during the year	Improvements during the year	Fair value adjustments recognised in profit or loss	31-Dec-2024
	N'000	N'000	N'000	N'000	N'000
88, Adetokunbo Ademola Street, Victoria Island, Lagos	245,000	-	-	215,000	460,000
3, Aja Nwachukwu Close, Off Bourdillon Road, Ikoyi, Lagos*	3,140,000	-	-	860,000	4,000,000
156 Awolowo Road, Ikoyi, Lagos	440,000	-	-	100,000	540,000
Plot 3243, Block 71, Peace Prayer Estate, Amuwo Odofin, Lagos	45,000	-	-	30,000	75,000
Plot 676 Cadastral Zone, Abuja	70,000	-	-	180,000	250,000
5 Chapel Street, Yaba	110,000	-	-	60,500	170,500
	<b>4,050,000</b>	<b>-</b>	<b>-</b>	<b>1,445,500</b>	<b>5,495,500</b>

**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 2025 and 31 December 2024 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 2025 and 31 December 2024 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/004/0000000597.

The rental income arising during the year amounted to ₦77million (2024: ₦70million) 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.

**CUSTODIAN AND ALLIED INSURANCE LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS - Continued**

**5 Investment properties - continued**

	<b>2025</b>	<b>2024</b>
	<b>₦'000</b>	<b>₦'000</b>
Rental income derived from investment properties (Note 25)	77,000	70,000
Direct operating expenses in generating rental income ( Note 30.4)	<u>(4,621)</u>	<u>(11,808)</u>
Profit from investment properties carried at fair value	<u><b>72,379</b></u>	<u><b>58,192</b></u>

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

**Valuation techniques used for fair valuation of investment properties - 31 December 2025**

<b>Location</b>	<b>Status of Title</b>	<b>Valuation technique</b>	<b>Significant unobservable inputs</b>
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 ₦40,000,000 – ₦50,000,000 per flat - Rent growth p.a 10% - Long-term vacancy rate less 10% - Discount rate 5%
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 ₦125,000/m <sup>2</sup> - Rent growth p.a 5% - Annual outgoings - 10% - Long-term vacancy rate 2% - Discount rate 5%
Plot 3243, Block 71, Peace Prayer Estate, Amuwo Odofin, Lagos	Title is evidenced by the D160 Deed of Assignment dated 1995. Title perfection is ongoing with the Lagos State Government since April 2017.	Market comparison approach.	- Estimated price per square metre - ₦125,000
No 39B, Alfred Rewane Rd. (Former Kingsway road Ikoyi)	Title is evidenced by the Deed of Assignment dated 30 October 2025 and registered as No 70 page 70 in volume 171 at the Federal Land Registry Ikoyi Lagos.	Market comparison approach.	- Estimated price per square metre ₦3,000,000

**CUSTODIAN AND ALLIED INSURANCE LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS - Continued**

**5 Investment properties - continued**

**Valuation techniques used for fair valuation of investment 2025 - continued**

Location	Status of Title	Valuation technique	Significant unobservable inputs
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 ₦125,000
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 : ₦600,000, - Land cost/M2: ₦ 350,000/m <sup>2</sup> Depreciation rate of building), - 7%

**Valuation techniques used for fair valuation of investment properties - 31 December 2024**

Location	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 : ₦15,015,000 for Main Building of 300.3m <sup>2</sup> , ₦1,516,800 for Domestic Staff Quarters of 47.4m <sup>2</sup> and ₦130,000 for Gate house of 8.48m <sup>2</sup> Depreciation rate of 70% Unit Land price (₦275,000-₦33000/m <sup>2</sup> )
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 ₦25,000,000 – ₦30,000,000 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 ₦80,000/m <sup>2</sup> - Rent growth p.a 5% - Annual outgoings - 10% - Long-term vacancy rate 2% - Discount rate 10%

**CUSTODIAN AND ALLIED INSURANCE LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS - Continued**

**5 Investment properties - continued**

**Valuation techniques used for fair valuation of investment 2024 - continued**

Location	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 ₦75,000
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 ₦90,000
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 : ₦350,000 - ₦500,000, - Land cost/M2: ₦150,000 - ₦200,000/m <sup>2</sup> Depreciation rate of building), - Nil

**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.

**CUSTODIAN AND ALLIED INSURANCE LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS - Continued**

**5 Investment properties - continued**

**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 comparison applied by the Company is the price per square meter(sqam). 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**

	<b>Level1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>₹'000</b>	<b>₹'000</b>	<b>₹'000</b>	<b>₹'000</b>
At 31 December 2025				
Investment properties	-	-	22,682,000	22,682,000
At 31 December 2024				
Investment properties	-	-	5,495,500	5,495,500

**CUSTODIAN AND ALLIED INSURANCE LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS - Continued**

**6 Property, plant and equipment**

	Motor Vehicles R'000	Furniture and Fittings R'000	Computer and Office Equipment R'000	Plant and Machinery R'000	Total R'000
<b>Cost:</b>					
At 1 January 2024	534,814	83,498	236,604	20,835	875,751
Additions	37,050	963	58,382	-	96,396
Disposals	(55,718)	-	-	-	(55,718)
At 31 December 2024	516,146	84,461	294,986	20,835	916,429
Additions	904,000	1,649	24,532	-	930,181
Transfer from deposit for assets	80,000	-	-	-	80,000
Disposals	(152,600)	-	-	-	(152,600)
At 31 December 2025	<u>1,347,546</u>	<u>86,110</u>	<u>319,518</u>	<u>20,835</u>	<u>1,774,010</u>
<b>Accumulated depreciation:</b>					
At 1 January 2024	384,736	80,641	196,746	14,415	676,538
Charge for the year	77,290	1,163	26,094	2,693	107,240
Disposals	(50,718)	-	-	-	(50,718)
At 31 December 2024	411,308	81,804	222,840	17,108	733,060
Charge for the year	172,024	1,206	31,793	2,188	207,211
Disposals	(106,063)	-	-	-	(106,063)
At 31 December 2025	<u>477,269</u>	<u>83,010</u>	<u>254,633</u>	<u>19,296</u>	<u>834,208</u>
<b>Carrying Amount</b>					
At 31 December 2025	<u>870,277</u>	<u>3,100</u>	<u>64,885</u>	<u>1,539</u>	<u>939,802</u>
At 31 December 2024	<u>104,838</u>	<u>2,657</u>	<u>72,146</u>	<u>3,727</u>	<u>183,369</u>

**6.1** The Company had no capital commitment as at the end of the period (2024: 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 (2024: Nil).

**CUSTODIAN AND ALLIED INSURANCE LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS - Continued**

<b>7 Right of use assets</b>	<b>31-Dec-2025</b>	<b>31-Dec-2024</b>
	<b>₦'000</b>	<b>₦'000</b>
At 1 January	4,333	8,333
Additions during the year	-	-
Depreciation expense	(4,000)	(4,000)
At 31 December	<u><b>333</b></u>	<u><b>4,333</b></u>

The Company leases buildings used as office premises and land spaces used for storing accidented vehicles. The total lease term for the office spaces are 12 month or less which are treated as short term lease (See *prepaid rent in note 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 lessee and lessor without penalty.

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 and 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.

<b>8 Intangible assets</b>	<b>Software costs</b>	<b>Total</b>
	<b>₦'000</b>	<b>₦'000</b>
<b>Cost:</b>		
At 1 January 2024	128,542	128,542
Additions	23,289	23,289
Transfer from deposit for Assets ( IFRS 17 software solution)- Note 4.4.3	78,297	78,297
At 31 December 2024	<u>230,128</u>	<u>230,128</u>
Additions	-	-
At 31 December 2025	<u>230,128</u>	<u>230,128</u>
<b>Accumulated amortisation:</b>		
At 1 January 2024	128,419	128,419
Charge for the year	25,505	25,505
At 31 December 2024	<u>153,924</u>	<u>153,924</u>
Charge for the year	25,410	25,410
At 31 December 2025	<u>179,334</u>	<u>179,334</u>
<b>Carrying amount:</b>		
At 31 December 2025	<u><b>50,794</b></u>	<u><b>50,794</b></u>
At 31 December 2024	<u><b>76,204</b></u>	<u><b>76,204</b></u>

**CUSTODIAN AND ALLIED INSURANCE LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS - Continued**

<b>9</b>	<b>Statutory deposits</b>	<b>31-Dec-2025</b>	<b>31-Dec-2024</b>
		<b>₦'000</b>	<b>₦'000</b>
	Deposits with CBN	<u><u>300,000</u></u>	<u><u>300,000</u></u>

The statutory deposit requirements outlined in Section 16(3) of the Nigerian Insurance Industry Reform Act (NIIRA) 2025 mandates that all existing insurers must deposit 10% of their minimum share capital (N15 billion for non life insurance company) with the Central Bank of Nigeria (CBN). In line with the guidelines on Minimum Capital Requirement(MCR) for Insurance and Reinsurance companies in Nigeria, the short fall of N1.2 billion will be made to the CBN from existing cash and bank balances before 30th May 2026.

**10 Insurance contract liabilities issued / Reinsurance contract assets held**

**10.1 Carrying amount of Insurance contract issued and Reinsurance contract held**

	<b>31-Dec-2025</b>	<b>31-Dec-2024</b>
	<b>₦'000</b>	<b>₦'000</b>
<b>a Insurance contract Liabilities</b>		
Insurance contract liabilities ( excluding insurance acquisition cashflows assets and other pre - recognition cashflows)	53,580,927	38,757,789
Insurance acquisition cashflows	(2,894,805)	(1,871,175)
Other pre-recognition cashflows	-	-
Insurance contract Liabilities	<u><u>50,686,122</u></u>	<u><u>36,886,613</u></u>
<b>b Insurance contract Assets</b>		
Insurance contract liabilities ( excluding insurance acquisition cashflows assets and other pre - recognition cashflows)	-	-
Insurance acquisition cashflows	-	-
Other pre-recognition cashflows	-	-
	<u><u>-</u></u>	<u><u>-</u></u>
<b>c Reinsurance contract Assets</b>		
Reinsurance contract assets ( excluding reinsurance deferred acquisition income cashflows assets and other pre - recognition cashflows and reinsurance payables)	26,463,936	19,146,394
Reinsurance deferred acquisition income cashflows assets	(1,298,569)	(811,036)
Other pre-recognition cashflows	-	-
Reinsurance payables	<u><u>(11,660,336)</u></u>	<u><u>(7,909,132)</u></u>
	<u><u>13,505,031</u></u>	<u><u>10,426,226</u></u>
<b>d Reinsurance contract liabilities</b>		
Reinsurance contract liabilities ( excluding reinsurance deferred acquisition income cashflows assets and other pre - recognition cashflows and reinsurance payables)	-	-
Reinsurance deferred acquisition income cashflows assets	-	-
Other prerecognition cashflows	-	-
Reinsurance payables	-	-
	<u><u>-</u></u>	<u><u>-</u></u>

**CUSTODIAN AND ALLIED INSURANCE LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS - Continued**

**10 Insurance contract liabilities issued / Reinsurance contract assets held**

**10.1 Carrying amount of Insurance contract issued and Reinsurance contract held**

<b>Insurance contract liabilities</b>	<b>31-Dec-25</b>	<b>31-Dec-2024</b>
	<b>₹'000</b>	<b>₹'000</b>
<b>e Liabilities for remaining coverage:</b>		
Excluding loss component	21,850,725	14,934,909
loss component	2,140.00	-
	<u>21,852,865</u>	<u>14,934,909</u>
<b>Liabilities for incurred claims:</b>		
Estimates of present value of future cash flows	26,259,797	19,992,444
Risk adjustment for non financial risk	2,573,460	1,959,260
	<u>28,833,257</u>	<u>21,951,704</u>
	<u><b>50,686,122</b></u>	<u><b>36,886,613</b></u>
<b>f Reinsurance contract Assets</b>		
<b>Assets for remaining coverage:</b>		
Excluding loss recovery component	(2,606,647)	2,155,501
Loss recovery component	-	-
	<u>(2,606,647)</u>	<u>2,155,501</u>
<b>Assets for incurred claims:</b>		
Estimates of present value of future cash flows	(8,718,709)	6,616,580
Risk adjustment for non financial risk	(2,179,674)	1,654,145
	<u>(10,898,383)</u>	<u>8,270,725</u>
	<u><b>(13,505,030)</b></u>	<u><b>10,426,226</b></u>
<b>g Movement in Deferred acquisition cost(DAC)</b>		
At 1 January	1,871,175	1,133,672
Insurance acquisition cashflows(commissions) paid during the year	12,007,184	7,960,859
Insurance acquisition cashflows(commissions) amortised during the year	<u>(11,053,552)</u>	<u>(7,223,356)</u>
At 31 December	2,824,807	1,871,175
Transferred to/netted off insurance contract liabilities	<u>(2,824,807)</u>	<u>(1,871,175)</u>
	<u>-</u>	<u>-</u>

CUSTODIAN AND ALLIED INSURANCE LIMITED  
NOTES TO THE FINANCIAL STATEMENTS - Continued

10 Insurance contract liabilities issued / Reinsurance contracts held  
(10.2 Portfolios of insurance and reinsurance contract assets and liabilities)

	Motor	Accident	Bond	Marine	Aviation	Fire	Engineering	Oil & Energy	Total
<b>31 December 2025</b>									
Insurance contract liabilities	6,262,544	6,181,187	175,953	3,136,883	1,040,587	11,633,555	4,637,349	17,618,065	50,686,122
Reinsurance contract assets	212,411	1,593,142	10,317	1,504,161	588	2,958,100	1,814,200	5,412,114	13,505,031
<b>31 December 2024</b>									
Insurance contracts liabilities	4,328,731	4,268,313	35,699	1,418,898	546,113	10,778,511	3,441,580	12,068,768	36,886,613
Reinsurance contracts assets	147,825	1,484,182	3,118	554,107	1,860	2,988,478	2,053,887	3,192,769	10,426,226

(a) Insurance contracts issued

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

	Note	31 December 2025					31 December 2024				
		Liabilities for Remaining Coverage		Liability for incurred claims		Total	Liabilities for Remaining Coverage		Liability for incurred claims		Total
		Excluding loss component	Loss- component	Present value of future cash flows	Risk adjustment		Excluding loss component	Loss- component	Present value of future cash flows	Risk adjustment	
		N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Opening insurance contract assets		-	-	-	-	-	-	-	-	-	
Opening insurance contract liabilities		14,934,907	-	19,992,440	1,959,266	36,886,613	10,234,339	-	12,430,145	1,417,041	24,081,525
Net Opening balance		14,934,907	-	19,992,440	1,959,266	36,886,613	10,234,339	-	12,430,145	1,417,041	24,081,525
<b>Changes in the statement of profit or loss and OCI</b>											
<b>Insurance revenue</b>											
Insurance revenue	19	(100,893,787)	-	-	-	(100,893,787)	(66,250,056)	-	-	-	(66,250,056)
		(100,893,787)	-	-	-	(100,893,787)	(66,250,056)	-	-	-	(66,250,056)
<b>Insurance service expenses</b>											
Incurred claims		-	-	5,048,739	(250,842)	4,797,897	-	-	9,356,807	(500,070)	8,856,737
Other incurred insurance service expense		-	-	4,203,227	-	4,203,227	-	-	-	-	-
Acquisition expenses		11,053,552	-	-	-	11,053,552	7,223,356	-	-	-	7,223,356
Changes that relate to future services: Losses on onerous groups of contracts and reversals		-	2,140	-	-	2,140	-	-	-	-	-
Changes that relate to past services: changes to liabilities for incurred claims (including reinsurer's non-performance risk)		-	-	12,414,369	894,884	13,309,253	-	-	12,243,851	1,261,641	13,505,492
	20	11,053,552	2,140	21,666,335	644,042	33,366,069	7,223,356	-	21,600,658	761,571	29,585,585
<b>Insurance finance expenses</b>											
Insurance finance expenses		-	-	1,363,416	(29,846)	1,333,570	-	-	(1,157,435)	(219,346)	(1,376,781)
	22	-	-	1,363,416	(29,846)	1,333,570	-	-	(1,157,435)	(219,346)	(1,376,781)
<b>Total changes in the statement of profit or loss and OCI</b>		<b>(89,840,235)</b>	<b>2,140</b>	<b>23,029,751</b>	<b>614,196</b>	<b>(66,194,148)</b>	<b>(59,026,700)</b>	<b>-</b>	<b>20,443,223</b>	<b>542,225</b>	<b>(38,041,252)</b>
<b>Cash flows</b>											
Premiums received- premium from insurance contract (1)		83,687,125	-	-	-	83,687,125	57,113,949	-	-	-	57,113,949
Claims paid		-	-	(12,559,174)	-	(12,559,174)	-	-	(9,992,674)	-	(9,992,674)
Directly attributable expenses paid		-	-	(4,203,220)	-	(4,203,220)	-	-	(2,888,254)	-	(2,888,254)
Acquisition cash flows paid		(12,077,184)	-	-	-	(12,077,184)	(7,960,859)	-	-	-	(7,960,859)
		71,609,941	-	(16,762,394)	-	54,847,547	49,153,090	-	(12,880,928)	-	36,272,162
<b>Non- cashflow items</b>											
Premiums on new insurance contract( premium received in previous year(2)		25,126,162	-	-	-	25,126,162	14,620,616	-	-	-	14,620,616
Premiums on new insurance contract( adjustment to premium receivables during the year)		19,950	-	-	-	19,950	(46,438)	-	-	-	(46,438)
		25,146,112	-	-	-	25,146,112	14,574,178	-	-	-	14,574,178
Closing insurance contract assets		-	-	-	-	-	-	-	-	-	-
Closing insurance contract liabilities		21,850,725	2,140	26,259,797	2,573,460	50,686,122	14,934,907	-	19,992,440	1,959,266	36,886,613
<b>Net closing balance</b>		<b>21,850,725</b>	<b>2,140</b>	<b>26,259,797</b>	<b>2,573,460</b>	<b>50,686,122</b>	<b>14,934,907</b>	<b>-</b>	<b>19,992,440</b>	<b>1,959,266</b>	<b>36,886,613</b>

CUSTODIAN AND ALLIED INSURANCE LIMITED  
NOTES TO THE FINANCIAL STATEMENTS - Continued

10 Insurance contract liabilities issued/ Reinsurance contracts assets held

(b) Reinsurance contracts assets

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

	Note	31 December 2025					31 December 2024				
		Assets for Remaining Coverage		Asset for incurred claims		Total	Assets for Remaining Coverage		Asset for incurred claims		Total
		Excluding loss recovery component	Loss-recovery component	Present value of future cash flows	Risk adjustment		Excluding loss recovery component	Loss-recovery component	Present value of future cash flows	Risk adjustment	
		N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Opening reinsurance contract assets		2,155,498	-	6,616,583	1,654,145	10,426,226	1,488,198	-	4,430,868	1,138,732	7,057,798
Opening reinsurance contract liabilities		-	-	-	-	-	-	-	-	-	-
Net Opening balance		2,155,498	-	6,616,583	1,654,145	10,426,226	1,488,198	-	4,430,868	1,138,732	7,057,798
<b>Changes in the statement of profit or loss and OCI insurance revenue</b>											
Reinsurance expenses		(60,175,069)	-	-	-	(60,175,069)	(42,096,153)	-	-	-	(42,096,153)
		(60,175,069)	-	-	-	(60,175,069)	(42,096,153)	-	-	-	(42,096,153)
<b>Net income (expenses) from reinsurance contracts held</b>											
<b>Reinsurance service expenses</b>											
Incurred claims recovery		-	-	2,998,143	(369,694)	2,628,449	-	-	2,774,496	(445,108)	2,329,388
Acquisition income amortised		3,791,081	-	-	-	3,791,081	2,906,537	-	-	-	2,906,537
Changes that relate to future services: Losses on onerous groups of contracts and reversals		-	-	-	-	-	-	-	-	-	-
Changes that relate to past services: changes to liabilities for incurred claims (including reinsurer's non-performance risk)		-	-	3,054,153	925,031	3,979,184	-	-	1,837,295	1,056,786	2,894,081
		3,791,081	-	6,052,296	555,337	10,398,714	2,906,537	-	4,611,791	611,678	8,130,006
<b>Reinsurance service result</b>	21	(56,383,988)	-	6,052,296	555,337	(49,776,355)	(39,189,616)	-	4,611,791	611,678	(33,966,147)
<b>Insurance finance expenses/income from reinsurance contracts held</b>											
Reinsurance finance expenses/income		-	-	404,015	(29,808)	374,207	-	-	(32,781)	(96,265)	(129,046)
	23	-	-	404,015	(29,808)	374,207	-	-	(32,781)	(96,265)	(129,046)
<b>Total changes in the statement of profit or loss and OCI</b>		<b>(56,383,988)</b>	<b>-</b>	<b>6,456,311</b>	<b>525,529</b>	<b>(49,402,148)</b>	<b>(39,189,616)</b>	<b>-</b>	<b>4,579,010</b>	<b>515,413</b>	<b>(34,095,193)</b>
<b>Cash flows</b>											
Reinsurance Premiums paid on new contracts - reinsurance premium paid during the year-1		61,004,744	-	-	-	61,004,744	42,811,024	-	-	-	42,811,024
Recoveries from reinsurance		-	-	(4,354,185)	-	(4,354,185)	-	-	(2,393,294)	-	(2,393,294)
Acquisition cash flows for ceding commissions		(4,280,491)	-	-	-	(4,280,491)	(3,096,876)	-	-	-	(3,096,876)
		56,724,253	-	(4,354,185)	-	52,370,068	39,714,148	-	(2,393,294)	-	37,320,854
<b>Non- cash flow items</b>											
Reinsurance Premiums payable - Amortisation of M&D premium paid in previous period - (2)		110,884	-	-	-	110,884	142,768	-	-	-	142,768
Reinsurance Premiums on new contracts (adjustment to reinsurance payables during the year- (3)		-	-	-	-	-	-	-	-	-	-
Commission receivable - commission on reinsurance contract		-	-	-	-	-	-	-	-	-	-
		110,884	-	-	-	110,884	142,768	-	-	-	142,768
Closing reinsurance contract assets		2,606,647	-	8,718,709	2,179,674	13,505,031	2,155,498	-	6,616,583	1,654,145	10,426,226
Closing reinsurance contract liabilities		-	-	-	-	-	-	-	-	-	-
<b>Net closing balance</b>		<b>2,606,647</b>	<b>-</b>	<b>8,718,709</b>	<b>2,179,674</b>	<b>13,505,031</b>	<b>2,155,498</b>	<b>-</b>	<b>6,616,583</b>	<b>1,654,145</b>	<b>10,426,226</b>

CUSTODIAN AND ALLIED INSURANCE LIMITED  
 NOTES TO THE FINANCIAL STATEMENTS - Continued

10 Insurance contract liabilities issued/ Reinsurance contracts held  
 10.2 Portfolios of insurance and reinsurance contract assets and liabilities  
 10.2 Motor

10.2.1 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 2025					31 December 2024				
	Liabilities for Remaining Coverage		Liability for incurred claims		Total	Liabilities for Remaining Coverage		Liability for incurred claims		Total
	Excluding loss component	Loss component	Present value of future cash flows	Risk adjustment		Excluding loss component	Loss-component	Present value of future cash flows	Risk adjustment	
	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Opening insurance contract assets	-	-	-	-	-	-	-	-	-	-
Opening insurance contract liabilities	2,139,598	-	1,993,746	195,387	4,328,731	1,668,235	-	1,255,946	143,177	3,067,358
Net Opening balance	2,139,598	-	1,993,746	195,387	4,328,731	1,668,235	-	1,255,946	143,177	3,067,358
<b>Changes in the statement of profit or loss and OCI</b>										
Insurance revenue	(15,313,400)	-	-	-	(15,313,400)	(9,966,116)	-	-	-	(9,966,116)
Insurance revenue	(15,313,400)	-	-	-	(15,313,400)	(9,966,116)	-	-	-	(9,966,116)
<b>Insurance service expenses</b>										
Incurred claims	-	-	967,615	11,825	979,440	-	-	999,600	5,970.00	993,630
Other incurred insurance service expense	-	-	775,248	-	775,248	-	-	400,476	-	400,476
Acquisition expenses	1,700,592	-	-	-	1,700,592	1,101,356	-	-	-	1,101,356
Changes that relate to future services: Losses on onerous groups of contracts and reversals	-	242	-	-	242	-	-	-	-	-
Changes that relate to past services: changes to liabilities for incurred claims (including reinsurer's non-performance risk)	-	-	4,465,088	146,812	4,611,900	-	-	2,797,818	65,814	2,863,632
	1,700,592	242	6,207,951	158,637	8,067,422	1,101,356	-	4,197,894	59,844	5,359,094
<b>Insurance finance expenses</b>										
Insurance finance expenses	-	-	109,082	(3,405)	105,677	-	-	7,373	(7,634)	(261)
	-	-	109,082	(3,405)	105,677	-	-	7,373	(7,634)	(261)
<b>Total changes in the statement of profit or loss and OCI</b>	<b>(13,612,808)</b>	<b>242</b>	<b>6,317,033</b>	<b>155,232</b>	<b>(7,140,301)</b>	<b>(8,864,760)</b>	<b>-</b>	<b>4,205,267</b>	<b>52,210</b>	<b>(4,607,283)</b>
<b>Cash flows</b>										
Premiums received- premium from insurance contract (1)	11,930,987	-	-	-	11,930,987	8,253,400	-	-	-	8,253,400
Claims paid	-	-	(3,957,434)	-	(3,957,434)	-	-	(2,787,033)	-	(2,787,033)
Directly attributable expenses paid	-	-	(775,603)	-	(775,603)	-	-	(680,434)	-	(680,434)
Acquisition cash flows paid	(1,708,830)	-	-	-	(1,708,830)	(1,142,428)	-	-	-	(1,142,428)
	10,222,157	-	(4,733,037)	-	5,489,120	7,110,972	-	(3,467,467)	-	3,643,505
<b>Non- cashflow items</b>										
Premiums on new insurance contract( premium received in previous year(2)	3,779,775	-	-	-	3,779,775	2,199,406	-	-	-	2,199,406
Premiums on new insurance contract( adjustment to premium receivables during the year)	(194,781)	-	-	-	(194,781)	25,746	-	-	-	25,746
	3,584,994	-	-	-	3,584,994	2,225,152	-	-	-	2,225,152
Closing insurance contract assets	-	-	-	-	-	-	-	-	-	-
Closing insurance contract liabilities	2,333,941	242	3,577,742	350,619	6,262,544	2,139,598	-	1,993,746	195,387	4,328,731
Net closing balance	2,333,941	242	3,577,742	350,619	6,262,544	2,139,598	-	1,993,746	195,387	4,328,731

(b) Motor - reinsurance contracts assets held

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

	31 December 2025					31 December 2024				
	Assets for Remaining Coverage		Asset for incurred claims		Total	Assets for Remaining Coverage		Asset for incurred claims		Total
	Excluding loss recovery component	Loss-recovery component	Present value of future cash flows	Risk adjustment		Excluding loss recovery component	Loss-recovery component	Present value of future cash flows	Risk adjustment	
	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Opening reinsurance contract assets	19,326	-	102,800	25,699	147,825	8,018	-	245,808	63,173	316,999
Opening reinsurance contract liabilities	-	-	-	-	-	-	-	-	-	-
Net Opening balance	19,326	-	102,800	25,699	147,825	8,018	-	245,808	63,173	316,999
<b>Changes in the statement of profit or loss and OCI</b>										
Reinsurance expenses	(307,810)	-	-	-	(307,810)	(202,815)	-	-	-	(202,815)
Reinsurance expenses	(307,810)	-	-	-	(307,810)	(202,815)	-	-	-	(202,815)
<b>Reinsurance service expenses</b>										
Incurred claims recovery	-	-	58,398	(3,504)	54,894	-	-	31,989	(55,176)	(23,187)
Acquisition income amortised	31,966	-	-	-	31,966	20,635	-	-	-	20,635
Changes that relate to future services: loss on onerous contracts and reversals	-	-	-	-	-	-	-	-	-	-
Changes that relate to past services: changes to liabilities for incurred claims (including reinsurer's non-performance risk)	-	-	175,652	20,643	196,295	-	-	(65,219)	19,433	(45,786)
	31,966	-	234,050	17,139	283,155	20,635	-	(33,230)	(35,743)	(48,338)
<b>Reinsurance finance expenses/income</b>										
	-	-	5,366	(655)	4,711	-	-	7,645	(1,731)	5,914
	-	-	5,366	(655)	4,711	-	-	7,645	(1,731)	5,914
<b>Total changes in the statement of profit or loss and OCI</b>	<b>(275,844)</b>	<b>-</b>	<b>239,416</b>	<b>16,484</b>	<b>(19,944)</b>	<b>(182,180)</b>	<b>-</b>	<b>(25,585)</b>	<b>(37,474)</b>	<b>(245,239)</b>
<b>Cash flows</b>										
Reinsurance Premiums paid on new contracts - reinsurance	277,837	-	-	-	277,837	(210,350)	-	-	-	(210,350)
Recoveries from reinsurance	-	-	(173,478)	-	(173,478)	-	-	(117,423)	-	(117,423)
Acquisition cash flows for ceding commissions	(20,356)	-	-	-	(20,356)	(22,652)	-	-	-	(22,652)
	257,481	-	(173,478)	-	84,003	(233,002)	-	(117,423)	-	(350,425)
<b>Non- cash flow items</b>										
Reinsurance Premiums payable - Amortisation of M&D premium paid in previous period - (2)	527	-	-	-	527	426,491	-	-	-	426,491
Reinsurance Premiums on new contracts (adjustment to reinsurance payables during the year - (3)	-	-	-	-	-	-	-	-	-	-
Commission receivable - commission on reinsurance contract	-	-	-	-	-	-	-	-	-	-
	527	-	-	-	527	426,491	-	-	-	426,491
Closing reinsurance contract assets	1,490	-	168,738	42,183	212,411	19,326	-	102,800	25,699	147,825
Closing reinsurance contract liabilities	-	-	-	-	-	-	-	-	-	-
Net closing balance	1,490	-	168,738	42,183	212,411	19,326	-	102,800	25,699	147,825

CUSTODIAN AND ALLIED INSURANCE LIMITED  
 NOTES TO THE FINANCIAL STATEMENTS - Continued

- 10 Insurance contract liabilities issued/ Reinsurance contracts held  
 10.2 Portfolios of insurance and reinsurance contract assets and liabilities  
 10.2.2 Accident

- (a) Accident - Insurance contracts issued  
 (i) Reconciliation of the liability for remaining coverage and the liability for incurred claims - Premium Allocation Approach

	31 December 2025					31 December 2024					
	Liabilities for Remaining Coverage		Liability for incurred claims			Liabilities for Remaining Coverage		Liability for incurred claims			Total
	Excluding loss component	Loss component	Present value of future cash flows	Risk adjustment	Total	Excluding loss component	Loss-component	Present value of future cash flows	Risk adjustment	Total	
	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	
Opening insurance contract assets	-	-	-	-	-	-	-	-	-	-	
Opening insurance contract liabilities	1,469,003	-	2,549,463	249,847	4,268,313	867,994	-	1,717,392	195,783	2,781,169	
Net Opening balance	1,469,003	-	2,549,463	249,847	4,268,313	867,994	-	1,717,392	195,783	2,781,169	
<b>Changes in the statement of profit or loss and OCI</b>											
<b>Insurance revenue</b>											
Insurance revenue	(9,390,864)	-	-	-	(9,390,864)	(7,060,109)	-	-	-	(7,060,109)	
	(9,390,864)	-	-	-	(9,390,864)	(7,060,109)	-	-	-	(7,060,109)	
<b>Insurance service expenses</b>											
Incurred claims	-	-	1,484,171	63,682	1,547,853	-	-	916,672	(75,632)	841,040	
Other incurred insurance service expense	-	-	384,553	-	384,553	-	-	309,360	-	309,360	
Acquisition expenses	790,034	-	-	-	790,034	991,272	-	-	-	991,272	
Changes that relate to future services: Losses on onerous groups of contracts and reversals	-	281	-	-	281	-	-	-	-	-	
Changes that relate to past services: changes to liabilities for incurred claims (including reinsurer's non-performance risk)	-	-	1,872,582	82,797	1,955,379	-	-	2,279,843	167,764	2,447,607	
	790,034	281	3,726,733	146,479	4,663,527	991,272	-	3,505,875	92,132	4,589,279	
<b>Insurance finance expenses</b>											
Insurance finance expenses	-	-	206,288	(2,126)	204,162	-	-	(242,711)	(38,068)	(280,779)	
	-	-	206,288	(2,126)	204,162	-	-	(242,711)	(38,068)	(280,779)	
<b>Total changes in the statement of profit or loss and OCI</b>	<b>(8,600,830)</b>	<b>-</b>	<b>3,933,021</b>	<b>144,353</b>	<b>(4,523,175)</b>	<b>(6,068,837)</b>	<b>-</b>	<b>3,263,164</b>	<b>54,064</b>	<b>(2,751,609)</b>	
<b>Cash flows</b>											
Premiums received- premium from insurance contract (1)	7,483,854	-	-	-	7,483,854	6,186,320	-	-	-	6,186,320	
Claims paid	-	-	(207,5482)	-	(2,075,482)	-	-	(2,159,817)	-	(2,159,817)	
Directly attributable expenses paid	-	-	(384,553)	-	(384,553)	-	-	(271,276)	-	(271,276)	
Acquisition cash flows paid	(836,500)	-	-	-	(836,500)	(1,061,933)	-	-	-	(1,061,933)	
	6,647,354	-	(2,460,035)	-	4,187,319	5,124,387	-	(2,431,093)	-	2,693,294	
<b>Non- cashflow items</b>											
Premiums received- premium from insurance contract (2)	2,677,635	-	-	-	2,677,635	1,558,084	-	-	-	1,558,084	
Premiums on new insurance contract (adjustment to premium receivables during the year)	(428,905)	-	-	-	428,905	(12,625)	-	-	-	12,625	
	2,248,730	-	-	-	2,248,730	1,545,459	-	-	-	1,545,459	
Closing insurance contract assets	-	-	-	-	-	-	-	-	-	-	
Closing insurance contract liabilities	1,764,257	281	4,022,449	394,200	6,181,187	1,469,003	-	2,549,463	249,847	4,268,313	
<b>Net closing balance</b>	<b>1,764,257</b>	<b>281</b>	<b>4,022,449</b>	<b>394,200</b>	<b>6,181,187</b>	<b>1,469,003</b>	<b>-</b>	<b>2,549,463</b>	<b>249,847</b>	<b>4,268,313</b>	

- (b) Accident - reinsurance contracts assets held  
 (i) Reconciliation of the assets for remaining coverage and the assets for incurred claims - Premium Allocation Approach

	31 December 2024					31 December 2024					
	Assets for Remaining Coverage		Asset for incurred claims			Assets for Remaining Coverage		Asset for incurred claims			Total
	Excluding loss recovery component	Loss-recovery component	Present value of future cash flows	Risk adjustment	Total	Excluding loss recovery component	Loss-recovery component	Present value of future cash flows	Risk adjustment	Total	
	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	
Opening reinsurance contract assets	748,639	-	588,434	147,109	1,484,182	527,427	-	68,050	17,490	621,722	
Opening reinsurance contract liabilities	-	-	-	-	-	-	-	-	-	-	
Net Opening balance	748,639	-	588,434	147,109	1,484,182	527,427	-	68,050	17,490	621,722	
<b>Changes in the statement of profit or loss and OCI</b>											
Reinsurance expenses	(5,792,283)	-	-	-	(5,792,283)	(4,010,651)	-	-	-	(4,010,651)	
	(5,792,283)	-	-	-	(5,792,283)	(4,010,651)	-	-	-	(4,010,651)	
<b>Reinsurance service expenses</b>											
Incurred claims recovery	-	-	462,820	45,427	508,247	-	-	565,998	124,010	690,008	
Acquisition income amortised	336,594	-	-	-	336,594	354,843	-	-	-	354,843	
Changes that relate to future services: loss on onerous contracts and reversals	-	-	-	-	-	-	-	-	-	-	
Changes that relate to past services: changes to liabilities for incurred claims (including reinsurer's non-performance risk)	-	-	34,480	74,549	109,029	-	-	10,693	5,991	16,684	
	336,594	-	497,300	119,976	953,870	354,843	-	576,691	130,001	1,061,535	
Reinsurance finance expenses/income	-	-	38,063	(3,600)	34,463	-	-	6,530	(382)	6,148	
	-	-	38,063	(3,600)	34,463	-	-	6,530	(382)	6,148	
<b>Total changes in the statement of profit or loss and OCI</b>	<b>(5,455,689)</b>	<b>-</b>	<b>535,363</b>	<b>116,376</b>	<b>(4,803,950)</b>	<b>(3,655,808)</b>	<b>-</b>	<b>583,221</b>	<b>129,619</b>	<b>(2,942,968)</b>	
<b>Cash flows</b>											
Reinsurance Premiums paid - reinsurance premium	5,365,712	-	-	-	5,365,712	4,285,792	-	-	-	4,285,792	
Recoveries from reinsurance	-	-	(69,857)	-	(69,857)	-	-	(62,837)	-	(62,841)	
Acquisition cash flows for ceding commissions	(393,129)	-	-	-	(393,129)	(423,985)	-	-	-	(423,985)	
	4,972,583	-	(69,857)	-	4,902,726	3,861,807	-	(62,837)	-	3,798,968	
<b>Non- cash flow items</b>											
Reinsurance Premiums payable - Amortisation of M&D premium paid in previous period - (2)	10,184	-	-	-	10,184	15,214	-	-	-	15,214	
Reinsurance Premiums on new contracts (adjustment to reinsurance payables during the year- (3)	-	-	-	-	-	-	-	-	-	-	
Commission receivable - commission on reinsurance contract	-	-	-	-	-	-	-	-	-	-	
	10,184	-	-	-	10,184	15,214	-	-	-	15,214	
Closing reinsurance contract assets	275,717	-	1,053,940	263,485	1,593,142	748,639	-	588,434	147,109	1,484,182	
Closing reinsurance contract liabilities	-	-	-	-	-	-	-	-	-	-	
<b>Net closing balance</b>	<b>275,717</b>	<b>-</b>	<b>1,053,940</b>	<b>263,485</b>	<b>1,593,142</b>	<b>748,639</b>	<b>-</b>	<b>588,434</b>	<b>147,109</b>	<b>1,484,182</b>	

CUSTODIAN AND ALLIED INSURANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS - Continued

- 10 Insurance contract liabilities issued/ Reinsurance contracts held  
 10.2 Portfolios of insurance and reinsurance contract assets and liabilities  
 10.2.3 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 2025					31 December 2024				
	Liabilities for Remaining Coverage		Liability for incurred claims		Total	Liabilities for Remaining Coverage		Liability for incurred claims		Total
	Excluding loss component	Loss component	Present value of future cash flows	Risk adjustment		Excluding loss component	Loss component	Present value of future cash flows	Risk adjustment	
	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Opening insurance contract assets	-	-	-	-	-	-	-	-	-	-
Opening insurance contract liabilities	29,502	-	5,643	554	35,699	4,990	-	2,765	316	8,071
Net Opening balance	29,502	-	5,643	554	35,699	4,990	-	2,765	316	8,071
<b>Changes in the statement of profit or loss and OCI</b>										
<b>Insurance revenue</b>										
Insurance revenue	(590,649)	-	-	-	(590,649)	(44,800)	-	-	-	(44,800)
	(590,649)	-	-	-	(590,649)	(44,800)	-	-	-	(44,800)
<b>Insurance service expenses</b>										
Included claims	-	-	-	9	9	-	-	395	9	404
Other incurred insurance service expense	-	-	5,738	-	5,738	-	-	2,915	-	2,915
Acquisition expenses	108,478	-	-	-	108,478	7,319	-	-	-	7,319
Changes that relate to future services: Losses on onerous groups of contracts and reversals	-	-	-	-	-	-	-	-	-	-
Changes that relate to past services: changes to liabilities for incurred claims (including reinsurer's non-performance risk)	-	-	20,267	298	20,565	-	-	1,780	243	2,023
	108,478	-	26,005	307	134,790	7,319	-	5,090	252	12,661
<b>Insurance finance expenses</b>										
Insurance finance expenses	-	-	308	(4)	304	-	-	21	(14)	7
	-	-	308	(4)	304	-	-	21	(14)	7
<b>Total changes in the statement of profit or loss and OCI</b>	<b>(482,171)</b>	<b>-</b>	<b>26,313</b>	<b>303</b>		<b>(37,481)</b>	<b>-</b>	<b>5,111</b>	<b>238</b>	
<b>Cash flows</b>										
Premiums received- premium from insurance contract (1)	585,086	-	-	-	585,086	65,762	-	-	-	65,762
Claims paid	-	-	-	-	-	-	-	-	-	-
Directly attributable expenses paid	-	-	(23,230)	-	(23,230)	-	-	(2,233)	-	(2,233)
Acquisition cash flows paid	(141,854)	-	-	-	(141,854)	(13,656)	-	-	-	(13,656)
	443,232	-	(23,230)	-	420,002	52,106	-	(2,233)	-	49,873
<b>Non- cashflow Items</b>										
Premiums received- premium from insurance contract (2)	16,991	-	-	-	16,991	9,887	-	-	-	9,886.84
Premiums on new insurance contract( adjustment to premium receivables during the year)	158,815	-	-	-	158,815.00	-	-	-	-	-
	175,806	-	-	-	175,806	9,887	-	-	-	9,887
Closing insurance contract assets	-	-	-	-	-	-	-	-	-	-
Closing insurance contract liabilities	166,370	-	8,726	857	175,953	29,502	-	5,643	554	35,699
<b>Net closing balance</b>	<b>166,370</b>	<b>-</b>	<b>8,726</b>	<b>857</b>	<b>175,953</b>	<b>29,502</b>	<b>-</b>	<b>5,643</b>	<b>554</b>	<b>35,699</b>

- (b) Bond - reinsurance contract asset held  
 (i) Reconciliation of the assets for remaining coverage and the assets for incurred claims - Premium Allocation Approach  
 Reinsurance contracts assets

	31 December 2025					31 December 2024				
	Assets for Remaining Coverage		Asset for incurred claims		Total	Assets for Remaining Coverage		Asset for incurred claims		Total
	Excluding loss recovery component	Loss-recovery component	Present value of future cash flows	Risk adjustment		Excluding loss recovery component	Loss-recovery component	Present value of future cash flows	Risk adjustment	
	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Opening reinsurance contract assets	2,583	-	428	107	3,118	1,183	-	1,309	336	2,828
Opening reinsurance contract liabilities	-	-	-	-	-	-	-	-	-	-
Net Opening balance	2,583	-	428	107	3,118	1,183	-	1,309	336	2,828
<b>Changes in the statement of profit or loss and OCI</b>										
<b>Reinsurance expenses</b>										
Reinsurance expenses	(64,891)	-	-	-	(64,891)	(8,339)	-	-	-	(8,339)
	(64,891)	-	-	-	(64,891)	(8,339)	-	-	-	(8,339)
<b>Reinsurance service expenses</b>										
Included claims recovery	-	-	805	178	983	-	-	172	(293)	(121)
Acquisition income amortised	16,984	-	-	-	16,984	2,085	-	-	-	2,085
Changes that relate to future services: Losses on onerous groups of contracts and reversals	-	-	-	-	-	-	-	-	-	-
Changes that relate to past services: changes to liabilities for incurred claims (including reinsurer's non-performance risk)	-	-	212	87	299	-	-	(705)	99	(606)
	16,984	-	1,017	265	18,266	2,085	-	(533)	(194)	1,358
<b>Reinsurance finance expenses/income</b>										
Reinsurance finance expenses/income	-	-	35	(2)	33	-	-	(61)	(35)	(96)
	-	-	35	(2)	33	-	-	61	(35)	(96)
<b>Total changes in the statement of profit or loss and OCI</b>	<b>(47,907)</b>	<b>-</b>	<b>1,052</b>	<b>263</b>	<b>(46,592)</b>	<b>(6,254)</b>	<b>-</b>	<b>(594)</b>	<b>(229)</b>	<b>(7,077)</b>
<b>Cash flows</b>										
Reinsurance Premiums paid - reinsurance premium	58,017	-	-	-	58,017	11,226	-	-	-	11,226
Recoveries from reinsurance	-	-	-	-	-	-	-	(409)	-	(409)
Acquisition cash flows for ceding commissions	(4,339)	-	-	-	(4,339)	(3,668)	-	-	-	(3,668)
	53,678	-	-	-	53,678	(7,558)	-	(409)	-	(7,149)
<b>Non- cash flow Items</b>										
Reinsurance Premiums payable - Amortisation of M&D premium paid in previous period - (2)	112	-	-	-	112	97	-	-	-	97
Reinsurance Premiums on new contracts (adjustment to reinsurance payables during the year- (3)	-	-	-	-	-	-	-	-	-	-
Commission receivable - commission on reinsurance contract	-	-	-	-	-	-	-	-	-	-
	112	-	-	-	112	97	-	-	-	97
Closing reinsurance contract assets	8,467	-	1,480	370	10,317	2,583	-	428	107	3,118
Closing reinsurance contract liabilities	-	-	-	-	-	-	-	-	-	-
<b>Net closing balance</b>	<b>8,467</b>	<b>-</b>	<b>1,480</b>	<b>370</b>	<b>10,317</b>	<b>2,583</b>	<b>-</b>	<b>428</b>	<b>107</b>	<b>3,118</b>

JSTODIAN AND ALLIED INSURANCE LIMITED  
 NOTES TO THE FINANCIAL STATEMENTS - Continued

10 Insurance contract liabilities issued/ Reinsurance contracts assets held

10.2 Portfolios of insurance and reinsurance contract assets and liabilities

10.2.4 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 2025					31 December 2024				
	Liabilities for Remaining Coverage		Liability for incurred claims		Total	Liabilities for Remaining Coverage		Liability for incurred claims		Total
	Excluding loss component	Loss component	Present value of future cash flows	Risk adjustment		Excluding loss component	Loss component	Present value of future cash flows	Risk adjustment	
	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Opening insurance contract assets										
Opening insurance contract liabilities	344,094	-	978,874	95,930	1,418,898	251,529	-	497,844	56,754	806,127
Net Opening balance	344,094	-	978,874	95,930	1,418,898	251,529	-	497,844	56,754	806,127
<b>Changes in the statement of profit or loss and OCI</b>										
<b>Insurance revenue</b>										
Insurance revenue	(6,859,750)	-	-	-	(6,859,750)	(4,299,723)	-	-	-	(4,299,723)
	(6,859,750)	-	-	-	(6,859,750)	(4,299,723)	-	-	-	(4,299,723)
<b>Insurance service expenses</b>										
Incurred claims	-	-	1,231,812	75,113	1,306,925	-	-	293,049	(11,086)	281,963
Other incurred insurance service expense	-	-	282,143	-	282,143	-	-	172,953	-	172,953
Acquisition expenses	1,228,648	-	-	-	1,228,648	774,928	-	-	-	774,928
Changes that relate to future services: Losses on onerous groups of contracts and reversals	-	1,250	-	-	1,250	-	-	-	-	-
Changes that relate to past services: changes to liabilities for incurred claims (including reinsurer's non performance risk)	-	-	1,088,124	62,128	1,150,252	-	-	742,284	56,474	798,758
	1,228,648	1,250	2,583,917	137,241	3,951,056	774,928	-	1,208,286	45,388	2,028,602
<b>Insurance finance expenses</b>										
Insurance finance expenses	-	-	55,769	(1,788)	53,981	-	-	(22,996)	(6,212)	(29,208)
	-	-	55,769	(1,788)	53,981	-	-	(22,996)	(6,212)	(29,208)
<b>Total changes in the statement of profit or loss and OCI</b>	<b>(5,631,102)</b>	<b>1,250</b>	<b>2,639,686</b>	<b>135,453</b>	<b>(2,854,713)</b>	<b>(3,524,795)</b>	<b>-</b>	<b>1,185,290</b>	<b>39,176</b>	<b>(2,300,329)</b>
<b>Cash flows</b>										
Premiums received- premium from insurance contract (1)	5,459,862	-	-	-	5,459,862	3,440,242	-	-	-	3,440,242
Claims paid	-	-	(975,362)	-	(975,362)	-	-	(522,025)	-	(522,025)
Directly attributable expenses paid	-	-	(282,151)	-	(282,151)	-	-	(182,235)	-	(182,235)
Acquisition cash flows paid	(1,270,219)	-	-	-	(1,270,219)	(809,095)	-	-	-	(809,095)
	4,189,643	-	(1,257,513)	-	2,932,130	2,631,147	-	(704,260)	-	1,926,887
<b>Non- cashflow items</b>										
Premiums received- premium from insurance contract (2)	1,630,724	-	-	-	1,630,724	948,899	-	-	-	948,899
Premiums on new insurance contract (adjustment to premium receivables during the year)	11,094	-	-	-	11,094	37,314	-	-	-	37,314
	1,641,818	-	-	-	1,641,818	986,213	-	-	-	986,213
Closing insurance contract assets	-	-	-	-	-	-	-	-	-	-
Closing insurance contract liabilities	544,453	-	2,361,047	231,383	3,136,883	344,094	-	978,874	95,930	1,418,898
<b>Net closing balance</b>	<b>544,453</b>	<b>-</b>	<b>2,361,047</b>	<b>231,383</b>	<b>3,136,883</b>	<b>344,094</b>	<b>-</b>	<b>978,874</b>	<b>95,930</b>	<b>1,418,898</b>

(b) Marine - reinsurance contract asset held

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

	31 December 2025					31 December 2024				
	Assets for Remaining Coverage		Asset for incurred claims		Total	Assets for Remaining Coverage		Asset for incurred claims		Total
	Excluding loss recovery component	Loss-recovery component	Present value of future cash flows	Risk adjustment		Excluding loss recovery component	Loss-recovery component	Present value of future cash flows	Risk adjustment	
	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Opening reinsurance contract assets	18,395	-	428,569	107,143	554,107	159,386	-	374,456	96,235	630,077
Opening reinsurance contract liabilities	-	-	-	-	-	-	-	-	-	-
Net Opening balance	18,395	-	428,569	107,143	554,107	159,386	-	374,456	96,235	630,077
<b>Changes in the statement of profit or loss and OCI</b>										
Reinsurance expenses	(2,935,108)	-	-	-	(2,935,108)	(1,983,618)	-	-	-	(1,983,618)
	(2,935,108)	-	-	-	(2,935,108)	(1,983,618)	-	-	-	(1,983,618)
<b>Reinsurance service expenses</b>										
Incurred claims recovery	-	-	822,546	139,850	962,396	-	-	249,221	(33,930)	215,291
Acquisition income amortised	382,872	-	-	-	382,872	214,655	-	-	-	214,655
Changes that relate to future services: Losses on onerous groups of contracts and reversals	-	-	-	-	-	-	-	-	-	-
Changes that relate to past services: changes to liabilities for incurred claims (including reinsurer's non performance risk)	-	-	405,713	39,303	445,016	-	-	65,751	50,091	115,842
	382,872	-	1,228,259	179,153	1,790,284	214,655	-	314,972	16,161	545,788
Reinsurance finance expenses/income	-	-	28,871	(1,595)	27,276	-	-	5,112	(5,253)	(141)
	-	-	28,871	(1,595)	27,276	-	-	5,112	(5,253)	(141)
<b>Total changes in the statement of profit or loss and OCI</b>	<b>(2,552,236)</b>	<b>-</b>	<b>1,257,130</b>	<b>177,558</b>	<b>(1,117,548)</b>	<b>(1,768,963)</b>	<b>-</b>	<b>320,084</b>	<b>10,908</b>	<b>(1,437,971)</b>
<b>Cash flows</b>										
Reinsurance Premiums paid - reinsurance premium	2,815,433	-	-	-	2,815,433	1,838,609	-	-	-	1,838,609
Recoveries from reinsurance	-	-	(546,897)	-	(546,897)	-	-	(265,971)	-	(265,971)
Acquisition cash flows for ceding commissions	(206,278)	-	-	-	(206,278)	(219,903)	-	-	-	(219,903)
	2,609,155	-	(546,897)	-	2,062,258	1,618,706	-	(265,971)	-	1,352,735
<b>Non- cash flow items</b>										
Reinsurance Premiums payable - Amortisation of M&D premium paid in previous period - (2) reinsurance premiums on new contracts (adjustment to reinsurance payables during the year- (3)	5,344	-	-	-	5,344	9,266	-	-	-	9,266
Commission receivable - commission on reinsurance contract	-	-	-	-	-	-	-	-	-	-
	5,344	-	-	-	5,344	9,266	-	-	-	9,266
Closing reinsurance contract assets	80,658	-	1,138,802	284,701	1,504,161	18,395	-	428,569	107,143	554,107
Closing reinsurance contract liabilities	-	-	-	-	-	-	-	-	-	-
<b>Net closing balance</b>	<b>80,658</b>	<b>-</b>	<b>1,138,802</b>	<b>284,701</b>	<b>1,504,161</b>	<b>18,395</b>	<b>-</b>	<b>428,569</b>	<b>107,143</b>	<b>554,107</b>

CUSTODIAN AND ALLIED INSURANCE LIMITED  
NOTES TO THE FINANCIAL STATEMENTS - Continued

- 10 Insurance contract liabilities issued/ Reinsurance contracts assets held  
10.2 Portfolios of insurance and reinsurance contract assets and liabilities  
10.2.5 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 2025					31 December 2024				
	Liabilities for Remaining Coverage		Liability for incurred claims		Total	Liabilities for Remaining Coverage		Liability for incurred claims		Total
	Excluding loss component	Loss component	Present value of future cash flows	Risk adjustment		Excluding loss component	Loss-component	Present value of future cash flows	Risk adjustment	
	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Opening insurance contract assets					-					-
Opening insurance contract liabilities	76,186	-	427,984	41,943	546,113	41,114	-	67,114	7,651	115,879
Net Opening balance	76,186	-	427,984	41,943	546,113	41,114	-	67,114	7,651	115,879
<b>Changes in the statement of profit or loss and OCI</b>										
<b>Insurance revenue</b>										
Insurance revenue	(667,921)	-	-	-	(667,921)	(608,328)	-	-	-	(608,328)
	(667,921)	-	-	-	(667,921)	(608,328)	-	-	-	(608,328)
<b>Insurance service expenses</b>										
Incurred claims	-	-	513,752	15,530	529,282	-	-	146,542	9,350	155,892
Other incurred insurance service expense	-	-	19,983	-	19,983	-	-	26,936	-	26,936
Acquisition expenses	108,896	-	-	-	108,896	107,507	-	-	-	107,507
Changes that relate to future services: Losses on onerous groups of contracts and reversals	-	-	-	-	-	-	-	-	-	-
Changes that relate to past services: changes to liabilities for incurred claims (including reinsurer's non-performance risk)	-	-	492,636	30,246	522,882	-	-	541,066	27,172	568,238
	108,896	-	1,006,388	45,776	1,161,060	107,507	-	714,544	36,522	858,573
<b>Insurance finance expenses</b>										
Insurance finance expenses	-	-	20,527	(979)	19,548	-	-	(18,232)	(2,230)	(20,462)
	-	-	20,527	(979)	19,548	-	-	(18,232)	(2,230)	(20,462)
<b>Total changes in the statement of profit or loss and OCI</b>	<b>(559,025)</b>	<b>-</b>	<b>1,026,915</b>	<b>44,797</b>	<b>512,687</b>	<b>(500,821)</b>	<b>-</b>	<b>696,312</b>	<b>34,292</b>	<b>(500,821)</b>
<b>Cash flows</b>										
Premiums received- premium from insurance contract (1)	506,780	-	-	-	506,780	523,494	-	-	-	523,494
Claims paid	-	-	(549,819)	-	(549,819)	-	-	(316,431)	-	(316,431)
Directly attributable expenses paid	-	-	(19,984)	-	(19,984)	-	-	(19,011)	-	(19,011)
Acquisition cash flows paid	(107,466)	-	-	-	(107,466)	(113,472)	-	-	-	(113,472)
	399,314	-	(569,803)	-	(170,489)	410,022	-	(335,442)	-	74,580
<b>Non- cashflow items</b>										
Premiums received- premium from insurance contract (2)	230,716	-	-	-	230,716	134,251	-	-	-	134,251
Premiums on new insurance contract( adjustment to premium receivables during the year)	(78,440)	-	-	-	(78,440)	(8,380)	-	-	-	(8,380)
	152,276	-	-	-	152,276	125,871	-	-	-	125,871
Closing insurance contract assets	-	-	-	-	-	-	-	-	-	-
Closing insurance contract liabilities	68,751	-	885,096	86,740	1,040,587	76,186	-	427,984	41,943	546,113
<b>Net closing balance</b>	<b>68,751</b>	<b>-</b>	<b>885,096</b>	<b>86,740</b>	<b>1,040,587</b>	<b>76,186</b>	<b>-</b>	<b>427,984</b>	<b>41,943</b>	<b>546,113</b>

- (b) Aviation - reinsurance contracts assets held  
(i) Reconciliation of the assets for remaining coverage and the assets for incurred claims - Premium Allocation Approach

	31 December 2025					31 December 2024				
	Assets for Remaining Coverage		Asset for incurred claims		Total	Assets for Remaining Coverage		Asset for incurred claims		Total
	Excluding loss recovery component	Loss-recovery component	Present value of future cash flows	Risk adjustment		Excluding loss recovery component	Loss-recovery component	Present value of future cash flows	Risk adjustment	
	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Opening reinsurance contract assets	1,860	-	-	-	1,860	19,012	-	-	-	19,012
Opening reinsurance contract liabilities	-	-	-	-	-	-	-	-	-	-
Net Opening balance	1,860	-	-	-	1,860	19,012	-	-	-	19,012
<b>Changes in the statement of profit or loss and OCI</b>										
<b>Reinsurance expenses</b>										
Reinsurance expenses	(58,832)	-	-	-	(58,832)	(47,951)	-	-	-	(47,951)
	(58,832)	-	-	-	(58,832)	(47,951)	-	-	-	(47,951)
<b>Reinsurance service expenses</b>										
Incurred claims recovery	-	-	-	-	-	-	-	-	-	-
Acquisition income amortised	-	-	-	-	-	3,867	-	-	-	3,867
Changes that relate to future services: Losses on onerous groups of contracts and reversals	-	-	-	-	-	-	-	-	-	-
Changes that relate to past services: changes to liabilities for incurred claims (including reinsurer's non-performance risk)	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	3,867	-	-	-	3,867
Reinsurance finance expenses/income	-	-	-	-	-	-	-	-	-	-
<b>Total changes in the statement of profit or loss and OCI</b>	<b>(58,832)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(58,832)</b>	<b>(44,084)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(44,084)</b>
<b>Cash flows</b>										
Reinsurance Premiums paid - reinsurance premium or Recoveries from reinsurance	57,453	-	-	-	57,453	899	-	-	-	899
Acquisition cash flows for ceding commissions	-	-	-	-	-	-	-	-	-	-
	57,453	-	-	-	57,453	899	-	-	-	899
<b>Non- cash flow items</b>										
Reinsurance Premiums payable - Amortisation of M&D premium paid in previous period - (2)	107	-	-	-	107	26,033	-	-	-	26,033
Reinsurance Premiums on new contracts (adjustment to reinsurance payables during the year- (3)	-	-	-	-	-	-	-	-	-	-
Commission receivable - commission on reinsurance contract	-	-	-	-	-	-	-	-	-	-
	107	-	-	-	107	26,033	-	-	-	26,033
Closing reinsurance contract assets	588	-	-	-	588	1,860	-	-	-	1,860
Closing reinsurance contract liabilities	-	-	-	-	-	-	-	-	-	-
<b>Net closing balance</b>	<b>588</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>588</b>	<b>1,860</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,860</b>

CUSTODIAN AND ALLIED INSURANCE LIMITED  
 NOTES TO THE FINANCIAL STATEMENTS - Continued

10 Insurance contract liabilities issued/ Reinsurance contracts assets held  
 10.2 Portfolios of insurance and reinsurance contract assets and liabilities  
 10.2.6 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 2025

	Liabilities for Remaining Coverage					Liability for incurred claims				Total	Liabilities for Remaining Coverage					Liability for incurred claims				Total					
	Excluding loss component		Loss component	Present value of future cash flows		Risk adjustment	Excluding loss component		Loss component		Present value of future cash flows		Risk adjustment	Excluding loss component		Loss component	Present value of future cash flows		Risk adjustment						
	₦'000	₦'000		₦'000	₦'000		₦'000	₦'000			₦'000	₦'000		₦'000	₦'000		₦'000	₦'000			₦'000	₦'000	₦'000		
Opening insurance contract assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-						
Opening insurance contract liabilities	4,983,747	-	-	5,277,564	517,200	10,778,511	3,200,580	-	-	2,893,361	329,842	6,423,783	4,983,747	-	-	5,277,564	517,200	10,778,511	3,200,580	-	-	2,893,361	329,842	6,423,783	
<b>Net Opening balance</b>	<b>4,983,747</b>	<b>-</b>	<b>-</b>	<b>5,277,564</b>	<b>517,200</b>	<b>10,778,511</b>	<b>3,200,580</b>	<b>-</b>	<b>-</b>	<b>2,893,361</b>	<b>329,842</b>	<b>6,423,783</b>	<b>4,983,747</b>	<b>-</b>	<b>-</b>	<b>5,277,564</b>	<b>517,200</b>	<b>10,778,511</b>	<b>3,200,580</b>	<b>-</b>	<b>-</b>	<b>2,893,361</b>	<b>329,842</b>	<b>6,423,783</b>	
<b>Changes in the statement of profit or loss and OCI</b>																									
<b>Insurance revenue</b>																									
Insurance revenue	(27,044,404)	-	-	-	-	(27,044,404)	(19,347,408)	-	-	-	-	(19,347,408)	(27,044,404)	-	-	-	-	-	-	-	-	-	-	(19,347,408)	
<b>Insurance service expenses</b>																									
Incurred claims	-	-	1,140,841	(154,519)	986,322	-	-	2,004,483	(49,916)	1,954,567	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,954,567
Other incurred insurance service expense	-	-	970,163	-	970,163	-	-	851,921	-	851,921	-	-	-	-	-	-	-	-	-	-	-	-	-	-	851,921
Acquisition expenses	2,702,773	-	-	-	2,702,773	1,756,057	-	-	-	1,756,057	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,756,057
Changes that relate to future services; Losses on onerous groups of contracts and reversals	-	367	-	-	367	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Changes that relate to past services; changes to liabilities for incurred claims (including reinsurer's non-performance risk)	-	-	1,529,144	161,304	1,690,448	-	-	2,611,730	261,527	2,873,257	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,873,257
	2,702,773	367	3,640,148	6,785	6,350,073	1,756,057	-	5,468,134	211,611	7,435,802	-	-	-	-	-	-	-	-	-	-	-	-	-	-	7,435,802
<b>Insurance finance expenses</b>																									
Insurance finance expenses	-	-	336,575	(7,336)	329,239	-	-	(24,379)	(24,253)	(48,632)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	336,575	(7,336)	329,239	-	-	(24,379)	(24,253)	(48,632)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total changes in the statement of profit or loss and OCI</b>	<b>(24,341,631)</b>	<b>367</b>	<b>3,976,723</b>	<b>(551)</b>	<b>(20,365,092)</b>	<b>(17,591,351)</b>	<b>-</b>	<b>5,443,755</b>	<b>187,358</b>	<b>(11,911,606)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Cash flows</b>																									
Premiums received- premium from insurance contract (1)	21,573,542	-	-	-	21,573,542	17,078,624	-	-	-	17,078,624	-	-	-	-	-	-	-	-	-	-	-	-	-	-	17,078,624
Claims paid	-	-	(3,012,541)	-	(3,012,541)	-	-	(2,289,598)	-	(2,289,598)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(2,289,598)
Directly attributable expenses paid	-	-	(969,803)	-	(969,803)	-	-	(769,954)	-	(769,954)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(769,954)
Acquisition cash flows paid	(2,853,431)	-	-	-	(2,853,431)	(1,971,449)	-	-	-	(1,971,449)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,971,449)
	18,720,111	-	(3,982,344)	-	14,737,767	15,107,175	-	(3,059,552)	-	12,047,623	-	-	-	-	-	-	-	-	-	-	-	-	-	-	12,047,623
<b>Non- cashflow items</b>																									
Premiums received- premium from insurance contract (2)	7,337,748	-	-	-	7,337,748	4,269,748	-	-	-	4,269,748	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4,269,748
Premiums on new insurance contract (adjustment to premium receivables during the year)	855,379	-	-	-	855,379	(2,405)	-	-	-	2,405	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,405
	6,482,369	-	-	-	6,482,369	4,267,343	-	-	-	4,267,343	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4,267,343
Closing insurance contract assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Closing insurance contract liabilities	5,844,596	367	5,271,943	516,649	11,633,555	4,983,747	-	5,277,564	517,200	10,778,511	5,844,596	367	5,271,943	516,649	11,633,555	4,983,747	-	5,277,564	517,200	10,778,511	5,844,596	367	5,271,943	516,649	11,633,555
<b>Net closing balance</b>	<b>5,844,596</b>	<b>367</b>	<b>5,271,943</b>	<b>516,649</b>	<b>11,633,555</b>	<b>4,983,747</b>	<b>-</b>	<b>5,277,564</b>	<b>517,200</b>	<b>10,778,511</b>	<b>5,844,596</b>	<b>367</b>	<b>5,271,943</b>	<b>516,649</b>	<b>11,633,555</b>	<b>4,983,747</b>	<b>-</b>	<b>5,277,564</b>	<b>517,200</b>	<b>10,778,511</b>	<b>5,844,596</b>	<b>367</b>	<b>5,271,943</b>	<b>516,649</b>	<b>11,633,555</b>

(b) Fire - reinsurance contracts assets held  
 (i) Reconciliation of the assets for remaining coverage and the assets for incurred claims - Premium Allocation Approach  
 31 December 2025

	Assets for Remaining Coverage					Asset for incurred claims				Total	Assets for Remaining Coverage					Asset for incurred claims				Total					
	Excluding loss recovery component		Loss-recovery component	Present value of future cash flows		Risk adjustment	Excluding loss recovery component		Loss-recovery component		Present value of future cash flows		Risk adjustment	Excluding loss recovery component		Loss-recovery component	Present value of future cash flows		Risk adjustment						
	₦'000	₦'000		₦'000	₦'000		₦'000	₦'000			₦'000	₦'000		₦'000	₦'000		₦'000	₦'000			₦'000	₦'000	₦'000		
Opening reinsurance contract assets	229,744	-	-	2,206,987	551,747	2,988,478	(351,889)	-	-	2,091,861	537,609	2,277,581	229,744	-	-	2,206,987	551,747	2,988,478	(351,889)	-	-	2,091,861	537,609	2,277,581	
Opening reinsurance contract liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Net Opening balance</b>	<b>229,744</b>	<b>-</b>	<b>-</b>	<b>2,206,987</b>	<b>551,747</b>	<b>2,988,478</b>	<b>(351,889)</b>	<b>-</b>	<b>-</b>	<b>2,091,861</b>	<b>537,609</b>	<b>2,277,581</b>	<b>229,744</b>	<b>-</b>	<b>-</b>	<b>2,206,987</b>	<b>551,747</b>	<b>2,988,478</b>	<b>(351,889)</b>	<b>-</b>	<b>-</b>	<b>2,091,861</b>	<b>537,609</b>	<b>2,277,581</b>	
<b>Changes in the statement of profit or loss and OCI</b>																									
<b>Reinsurance expenses</b>																									
Reinsurance expenses	(19,676,786)	-	-	-	(19,676,786)	(15,455,651)	-	-	-	(15,455,651)	-	-	(19,676,786)	-	-	-	-	-	-	-	-	-	-	-	(15,455,651)
<b>Reinsurance service expenses</b>																									
Incurred claims recovery	-	-	936,556	(176,799)	759,757	-	-	944,498	(301,484)	643,014	-	-	-	-	-	-	-	-	-	-	-	-	-	-	643,014
Acquisition income amortised	1,482,488	-	-	-	1,482,488	1,149,418	-	-	-	1,149,418	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,149,418
Changes that relate to future services; Losses on onerous groups of contracts and reversals	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Changes that relate to past services; changes to liabilities for incurred claims (including reinsurer's non-performance risk)	-	-	1,886,450	426,257	2,312,707	-	-	656,534	350,872	1,007,406	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,007,406
	1,482,488	-	2,823,006	249,458	4,554,952	1,149,418	-	1,601,032	49,388	2,799,838	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,799,838
<b>Insurance finance expenses</b>																									
Insurance finance expenses	-	-	114,474	(13,109)	101,365	-	-	27,434	(35,250)	(7,816)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(7,816)
	-	-	114,474	(13,109)	101,365	-	-	27,434	(35,250)	(7,816)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(7,816)
<b>Total changes in the statement of profit or loss and OCI</b>	<b>(18,194,298)</b>	<b>-</b>	<b>2,937,480</b>	<b>236,349</b>	<b>(15,020,469)</b>	<b>(14,306,233)</b>	<b>-</b>	<b>1,573,598</b>	<b>84,638</b>	<b>(12,663,629)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Cash flows</b>																									
Reinsurance Premiums paid - reinsurance premium Recoveries from reinsurance	18,287,319	-	-	(1,992,082)	-	18,287,319	16,321,263	-	-	16,321,263	-	-	-	-	-	-	-	-	-	-	-	-	-	-	16,321,263
Acquisition cash flows for ceding commissions	(1,339,855)	-	-	-	(1,339,855)	(1,475,090)	-	-	-	(1,475,090)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,475,090)
	16,947,464	-	-	(1,992,082)	-	14,955,382	14,846,173	-	-	14,846,173	-	-	-	-	-	-	-	-	-	-	-	-	-	-	14,846,173
<b>Non- cash flow items</b>																									
Reinsurance Premiums payable - Amortisation of M&D premium paid in previous period - (2)	34,709	-	-	-	34,709	41,693	-	-	-	41,693	-	-	-	-	-	-	-	-	-	-	-	-	-	-	41,693
Reinsurance Premiums on new contracts (adjustment to reinsurance payables during the year - (3))	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Commission receivable - commission on reinsurance contract	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	34,709	-	-	-	34,709	41,693	-	-	-	41,693	-	-	-	-	-	-	-	-	-	-	-	-	-	-	41,693
Closing reinsurance contract assets	(982,381)	-	3,152,385	788,096	2,958,100	(229,744)	-	(2,206,987)	(551,747)	2,988,478	(982,381)	-	3,152,385	788,096	2,958,100	(229,744)	-	(2,206,987)	(551,747)	2,988,478	(982,381)	-	3,152,385	788,096	2,958,100
Closing reinsurance contract liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Net closing balance</b>	<b>(982,381)</b>	<b>-</b>	<b>3,152,385</b>	<b>788,096</b>	<b>2,958,100</b>	<b>(229,744)</b>	<b>-</b>	<b>(2,206,987)</b>	<b>(</b>																

CUSTODIAN AND ALLIED INSURANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS - Continued

10 Insurance contract liabilities issued/ Reinsurance contracts assets held

0 10.2 Portfolios of insurance and reinsurance contract assets and liabilities

10.2.7 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 2025					31 December 2024				
	Liabilities for Remaining Coverage		Liability for incurred claims		Total	Liabilities for Remaining Coverage		Liability for incurred claims		Total
	Excluding loss component	Loss component	Present value of future cash flows	Risk adjustment		Excluding loss component	Loss component	Present value of future cash flows	Risk adjustment	
	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Opening insurance contract assets					-					-
Opening insurance contract liabilities	1,008,634	-	2,215,797	217,149	3,441,580	429,981	-	1,121,939	127,902	1,679,822
Net Opening balance	1,008,634	-	2,215,797	217,149	3,441,580	429,981	-	1,121,939	127,902	1,679,822
<b>Changes in the statement of profit or loss and OCI</b>										
<b>Insurance revenue</b>										
Insurance revenue	(2,666,563)	-	-	-	(2,666,563)	(1,713,227)	-	-	-	(1,713,227)
	(2,666,563)	-	-	-	(2,666,563)	(1,713,227)	-	-	-	(1,713,227)
<b>Insurance service expenses</b>										
Incurred claims	-	-	898,361	(67,209)	831,152	-	-	1,268,684	5,967	1,274,651
Other incurred insurance service expense	-	-	172,237	-	172,237	-	-	97,320	-	97,320
Acquisition expenses	478,541	-	-	-	478,541	310,026	-	-	-	310,026
Changes that relate to future services: Losses on onerous groups of contracts and reversals	-	-	-	-	-	-	-	-	-	-
Changes that relate to past services: changes to liabilities for incurred claims (including reinsurer's non-performance risk)	-	-	1,344,007	122,144	1,466,151	-	-	653,579	94,537	748,116
	478,541	-	2,414,605	54,935	2,948,081	310,026	-	2,019,583	100,504	2,430,113
<b>Insurance finance expenses</b>										
Insurance finance expenses	-	-	137,457	(2,425)	135,032	-	-	(16,331)	(11,257)	(27,588)
	-	-	137,457	(2,425)	135,032	-	-	(16,331)	(11,257)	(27,588)
<b>Total changes in the statement of profit or loss and OCI</b>	<b>(2,188,022)</b>	<b>-</b>	<b>2,552,062</b>	<b>52,510</b>	<b>416,550</b>	<b>(1,403,201)</b>	<b>-</b>	<b>2,003,252</b>	<b>89,247</b>	<b>689,298</b>
<b>Cash flows</b>										
Premiums received- premium from insurance contract (1)	2,556,633	-	-	-	2,556,633	2,077,724	-	-	-	2,077,724
Claims paid	-	-	(1,844,014)	-	(1,844,014)	-	-	(809,188)	-	(809,188)
Directly attributable expenses paid	-	-	(172,232)	-	(172,232)	-	-	(100,206)	-	(100,206)
Acquisition cash flows paid	(529,379)	-	-	-	(529,379)	(454,721)	-	-	-	(454,721)
	2,027,254	-	(2,016,246)	-	11,008	1,623,003	-	(909,394)	-	713,609
<b>Non- cashflow items</b>										
Premiums received- premium from insurance contract (2)	649,763	-	-	-	649,763	378,089	-	-	-	378,089
Premiums on new insurance contract (adjustment to premium receivables during the year)	118,448	-	-	-	118,448	19,238	-	-	-	19,238
	768,211	-	-	-	768,211	358,851	-	-	-	358,851
Closing insurance contract assets	-	-	-	-	-	-	-	-	-	-
Closing insurance contract liabilities	1,616,077	-	2,751,613	269,659	4,637,349	1,008,634	-	2,215,797	217,149	3,441,580
<b>Net closing balance</b>	<b>1,616,077</b>	<b>-</b>	<b>2,751,613</b>	<b>269,659</b>	<b>4,637,349</b>	<b>1,008,634</b>	<b>-</b>	<b>2,215,797</b>	<b>217,149</b>	<b>3,441,580</b>

(b) Engineering - reinsurance contracts assets held

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

	31 December 2025					31 December 2024				
	Assets for Remaining Coverage		Asset for incurred claims		Total	Assets for Remaining Coverage		Asset for incurred claims		Total
	Excluding loss recovery component	Loss-recovery component	Present value of future cash flows	Risk adjustment		Excluding loss recovery component	Loss-recovery component	Present value of future cash flows	Risk adjustment	
	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Opening reinsurance contract assets	538,522	-	1,212,293	303,072	2,053,887	302,188	-	623,231	160,169	1,085,588
Opening reinsurance contract liabilities										
Net Opening balance	538,522	-	1,212,293	303,072	2,053,887	302,188	-	623,231	160,169	1,085,588
<b>Changes in the statement of profit or loss and OCI</b>										
Reinsurance expenses	(1,023,118)	-	-	-	(1,023,118)	(646,252)	-	-	-	(646,252)
	(1,023,118)	-	-	-	(1,023,118)	(646,252)	-	-	-	(646,252)
<b>Reinsurance service expenses</b>										
Incurred claims recovery	-	-	319,667	(78,579)	241,088	-	-	595,291	(11,347)	583,944
Acquisition income amortised	224,891	-	-	-	224,891	177,956	-	-	-	177,956
Changes that relate to future services: Losses on onerous groups of contracts and reversals	-	-	-	-	-	-	-	-	-	-
Changes that relate to past services: changes to liabilities for incurred claims (including reinsurer's non-performance risk)	-	-	380,135	(75,733)	304,402	-	-	317,050	178,999	496,049
	224,891	-	699,802	(154,312)	770,381	177,956	-	912,341	167,652	1,257,949
Reinsurance finance expenses/income	-	-	100,760	(1,136)	99,624	-	-	(44,712)	(24,749)	(69,461)
	-	-	100,760	(1,136)	99,624	-	-	(44,712)	(24,749)	(69,461)
<b>Total changes in the statement of profit or loss and OCI</b>	<b>(798,227)</b>	<b>-</b>	<b>800,562</b>	<b>(155,448)</b>	<b>(153,113)</b>	<b>(468,296)</b>	<b>-</b>	<b>867,629</b>	<b>142,903</b>	<b>542,236</b>
<b>Cash flows</b>										
Reinsurance Premiums paid - reinsurance premium	1,438,439	-	-	-	1,438,439	894,498	-	-	-	894,498
Recoveries from reinsurance	-	-	(1,422,353)	-	(1,422,353)	-	-	(278,567)	-	(278,567)
Acquisition cash flows for ceding commissions	(105,390)	-	-	-	(105,390)	(193,560)	-	-	-	(193,560)
	1,333,049	-	(1,422,353)	-	(89,304)	700,938	-	(278,567)	-	422,371
<b>Non- cash flow items</b>										
Reinsurance Premiums payable - Amortisation of M&D premium paid in previous period - (2)	2,730	-	-	-	2,730	3,692	-	-	-	3,692
Reinsurance Premiums on new contracts (adjustment to reinsurance payables during the year- (3)	-	-	-	-	-	-	-	-	-	-
Commission receivable - commission on reinsurance contract	-	-	-	-	-	-	-	-	-	-
	2,730	-	-	-	2,730	3,692	-	-	-	3,692
Closing reinsurance contract assets	1,076,074	-	590,502	147,624	1,814,200	538,522	-	1,212,293	303,072	2,053,887
Closing reinsurance contract liabilities	-	-	-	-	-	-	-	-	-	-
<b>Net closing balance</b>	<b>1,076,074</b>	<b>-</b>	<b>590,502</b>	<b>147,624</b>	<b>1,814,200</b>	<b>538,522</b>	<b>-</b>	<b>1,212,293</b>	<b>303,072</b>	<b>2,053,887</b>

CUSTODIAN AND ALLIED INSURANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS - Continued

10 Insurance contract liabilities issued/ Reinsurance contracts assets held

10.2 Portfolios of insurance and reinsurance contract assets and liabilities

10.2.8 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 2025					31 December 2024				
	Liabilities for Remaining Coverage		Liability for incurred claims		Total	Liabilities for Remaining Coverage		Liability for incurred claims		Total
	Excluding loss component	Loss component	Present value of future cash flows	Risk adjustment		Excluding loss component	Loss component	Present value of future cash flows	Risk adjustment	
	N'000	N'000			N'000	N'000	N'000			N'000
Opening insurance contract assets										
Opening insurance contract liabilities	4,884,144	-	6,543,371	641,253	12,068,768	3,769,916	-	4,873,784	555,614	9,199,314
Net Opening balance	4,884,144	-	6,543,371	641,253	12,068,768	3,769,916	-	4,873,784	555,614	9,199,314
<b>Changes in the statement of profit or loss and OCI</b>										
<b>Insurance revenue</b>										
Insurance revenue	(38,360,235)	-	-	-	(38,360,235)	(23,210,345)	-	-	-	(23,210,345)
	(38,360,235)	-	-	-	(38,360,235)	(23,210,345)	-	-	-	(23,210,345)
<b>Insurance service expenses</b>										
Incurred claims	-	-	(1,117,602)	195,273	(1,312,875)	-	-	940,274	372,792	567,482
Other incurred insurance service expense	-	-	1,575,669	-	1,575,669	-	-	925,227	-	925,227
Acquisition expenses	3,935,590	-	-	-	3,935,590	2,174,891	-	-	-	2,174,891
Changes that relate to future services: Losses on onerous groups of contracts and reversals	-	-	-	-	-	-	-	-	-	-
Changes that relate to past services: changes to liabilities for incurred claims (including reinsurer's non-performance risk)	-	-	1,602,521	289,155	1,891,676	-	-	2,615,751	588,110	3,203,861
	3,935,590	-	2,060,588	93,882	6,090,060	2,174,891	-	4,481,252	215,318	6,871,461
<b>Insurance finance expenses</b>										
Insurance finance expenses	-	-	497,410	(11,777)	485,633	-	-	(840,180)	(129,679)	(969,859)
	-	-	497,410	(11,777)	485,633	-	-	(840,180)	(129,679)	(969,859)
<b>Total changes in the statement of profit or loss and OCI</b>	<b>(34,424,645)</b>	<b>-</b>	<b>2,557,998</b>	<b>82,105</b>	<b>(31,784,542)</b>	<b>(21,035,454)</b>	<b>-</b>	<b>3,641,072</b>	<b>85,639</b>	<b>(17,308,743)</b>
<b>Cash flows</b>										
Premiums received- premium from insurance contract (1)	33,590,381	-	-	-	33,590,381	19,488,382	-	-	-	19,488,382
Claims paid	-	-	(144,523)	-	(144,523)	-	-	(1,108,582)	-	(1,108,582)
Directly attributable expenses paid	-	-	(1,575,669)	-	(1,575,669)	-	-	(1,971,485)	-	(1,971,485)
Acquisition cash flows paid	(4,629,505)	-	-	-	(4,629,505)	(2,394,105)	-	-	-	(2,394,105)
	28,960,876	-	(1,720,192)	-	27,240,684	17,094,277	-	(1,971,485)	-	15,122,792
<b>Non- cashflow items</b>										
Premiums received- premium from insurance contract (2)	8,802,817	-	-	-	8,802,817	5,122,253	-	-	-	5,122,253
Premiums on new insurance contract (adjustment to premium receivables during the year)	1,290,338	-	-	-	1,290,338	66,849	-	-	-	66,849
	10,093,155	-	-	-	10,093,155	5,055,405	-	-	-	5,055,405
Closing insurance contract assets	-	-	-	-	-	-	-	-	-	-
Closing insurance contract liabilities	9,513,530	-	7,381,177	723,358	17,618,065	4,884,144	-	6,543,371	641,253	12,068,768
<b>Net closing balance</b>	<b>9,513,530</b>	<b>-</b>	<b>7,381,177</b>	<b>723,358</b>	<b>17,618,065</b>	<b>4,884,144</b>	<b>-</b>	<b>6,543,371</b>	<b>641,253</b>	<b>12,068,768</b>

(b) Oil & Energy - reinsurance contracts assets held

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

	31 December 2025					31 December 2024				
	Assets for Remaining Coverage		Asset for incurred claims		Total	Assets for Remaining Coverage		Asset for incurred claims		Total
	Excluding loss recovery component	Loss-recovery component	Present value of future cash flows	Risk adjustment		Excluding loss recovery component	Loss-recovery component	Present value of future cash flows	Risk adjustment	
	N'000	N'000			N'000	N'000	N'000			N'000
Opening reinsurance contract assets	596,425	-	2,077,076	519,268	3,192,769	822,873	-	1,026,153	263,720	2,141,526
Opening reinsurance contract liabilities	-	-	-	-	-	-	-	-	-	-
Net Opening balance	596,425	-	2,077,076	519,268	3,192,769	822,873	-	1,026,153	263,720	2,141,526
<b>Changes in the statement of profit or loss and OCI</b>										
<b>Reinsurance expenses</b>										
Reinsurance expenses	(30,316,241)	-	-	-	(30,316,241)	(19,740,876)	-	-	-	(19,740,876)
	(30,316,241)	-	-	-	(30,316,241)	(19,740,876)	-	-	-	(19,740,876)
<b>Reinsurance service expenses</b>										
Incurred claims recovery	-	-	397,351	(296,267)	101,084	-	-	387,327	(166,888)	220,439
Acquisition income amortised	1,315,286	-	-	-	1,315,286	983,078	-	-	-	983,078
Changes that relate to future services: Losses on onerous groups of contracts and reversals	-	-	-	-	-	-	-	-	-	-
Changes that relate to past services: changes to liabilities for incurred claims (including reinsurer's non-performance risk)	-	-	171,511	439,925	611,436	-	-	853,191	451,301	1,304,492
	1,315,286	-	568,862	143,658	2,027,806	983,078	-	1,240,518	284,413	2,508,009
Reinsurance finance expenses/income	-	-	116,446	(9,711)	106,735	-	-	(34,728)	(28,865)	(63,593)
	-	-	116,446	(9,711)	106,735	-	-	(34,728)	(28,865)	(63,593)
<b>Total changes in the statement of profit or loss and OCI</b>	<b>(29,000,955)</b>	<b>-</b>	<b>685,308</b>	<b>133,947</b>	<b>(28,181,700)</b>	<b>(18,757,798)</b>	<b>-</b>	<b>1,205,790</b>	<b>255,548</b>	<b>(17,296,460)</b>
<b>Cash flows</b>										
Reinsurance Premiums paid - reinsurance premium	32,704,535	-	-	-	32,704,535	19,669,087	-	-	-	19,669,087
Recoveries from reinsurance	-	-	(149,518)	-	(149,518)	-	-	(154,867)	-	(154,867)
Acquisition cash flows for ceding commissions	(2,211,145)	-	-	-	(2,211,145)	(758,018)	-	-	-	(758,018)
	30,493,390	-	(149,518)	-	30,343,872	18,911,069	-	(154,867)	-	18,756,202
<b>Non- cash flow items</b>										
Reinsurance Premiums payable - Amortisation of M&D premium paid in previous period - (2)	57,172	-	-	-	57,172	(379,718)	-	-	-	(373,011)
Reinsurance Premiums on new contracts (adjustment to reinsurance payables during the year- (3)	-	-	-	-	-	-	-	-	-	-
Commission receivable - commission on reinsurance contract	-	-	-	-	-	-	-	-	-	-
	57,172	-	-	-	57,172	(379,718)	-	-	-	(373,011)
Closing reinsurance contract assets	2,146,033	-	2,612,866	653,215	5,412,114	596,425	-	2,077,076	519,268	3,192,769
Closing reinsurance contract liabilities	-	-	-	-	-	-	-	-	-	-
<b>Net closing balance</b>	<b>2,146,033</b>	<b>-</b>	<b>2,612,866</b>	<b>653,215</b>	<b>5,412,114</b>	<b>596,425</b>	<b>-</b>	<b>2,077,076</b>	<b>519,268</b>	<b>3,192,769</b>

**CUSTODIAN AND ALLIED INSURANCE LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS - Continued**

**10 Insurance contract liabilities**

**10.3 Age analysis of Incurred claims**

**10.3a** Age analysis by number of claimants:

Days	2025		2024	
	No of Claimants	Amount (R'000)	No of Claimants	Amount (R'000)
0 - 90 days	1,999	11,600,764	765	2,394,946
91- 180 days	284	2,467,165	492	2,093,157
181-270 days	291	2,477,613	385	1,384,988
271-365 days	335	1,196,232	363	3,419,468
365 days and above	1,292	8,518,023	2,703	10,699,885
	<b>4,201</b>	<b>26,259,797</b>	<b>4,708</b>	<b>19,992,444</b>

**10.3b** Age analysis of incurred claims by reason of being outstanding:

2025 claims status - Reason	0 - 90 days		91- 180 days		181-270 days		271-365 days		365 days and above		Total	
	Qty	R'000	Qty	R'000	Qty	R'000	Qty	R'000	Qty	R'000	Qty	R'000
Discharged vouchers signed and returned to policyholders	96	107,296	-	-	-	-	-	-	-	-	96	107,296
Discharge vouchers not yet signed	15	148,619	-	-	-	-	-	-	-	-	15	148,619
Claims reported but incomplete documentation	830	3,894,104	284	2,467,165	291	2,477,613	335	1,196,232	1,292	8,518,023	3,032	18,553,137
Claims reported but being adjusted	1,058	7,450,745	-	-	-	-	-	-	-	-	1,058	7,450,745
Claims repudiated	-	-	-	-	-	-	-	-	-	-	-	-
Awaiting Adjusters final report	-	-	-	-	-	-	-	-	-	-	-	-
Litigation awarded	-	-	-	-	-	-	-	-	-	-	-	-
Awaiting Lead Insurer's instruction	-	-	-	-	-	-	-	-	-	-	-	-
Third party liability outstanding	-	-	-	-	-	-	-	-	-	-	-	-
Adjusters fee payable	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>1,999</b>	<b>11,600,764</b>	<b>284</b>	<b>2,467,165</b>	<b>291</b>	<b>2,477,613</b>	<b>335</b>	<b>1,196,232</b>	<b>1,292</b>	<b>8,518,023</b>	<b>4,201</b>	<b>26,259,797</b>

**CUSTODIAN AND ALLIED INSURANCE LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS - Continued**

**10 Insurance contract liabilities - continued**

**10.3b** 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	
<b>2024 claims status - Reason</b>	<b>Qty</b>	<b>₦'000</b>	<b>Qty</b>	<b>₦'000</b>	<b>Qty</b>	<b>₦'000</b>	<b>Qty</b>	<b>₦'000</b>	<b>Qty</b>	<b>₦'000</b>	<b>Qty</b>	<b>₦'000</b>
Discharged vouchers signed and returned to policyholders	70	249,632	-	-	-	-	-	-	-	-	70	249,632
Discharge vouchers not yet signed	24	37,705	-	-	-	-	-	-	-	-	24	37,705
Claims reported but incomplete documentation	475	1,575,605	492	2,093,157	385	1,384,988	363	3,419,468	2,703	10,699,885	4,418	19,173,103
Claims reported but being adjusted	196	532,004	-	-	-	-	-	-	-	-	196	532,004
Claims repudiated	-	-	-	-	-	-	-	-	-	-	-	-
Awaiting Adjusters final report	-	-	-	-	-	-	-	-	-	-	-	-
Litigation awarded	-	-	-	-	-	-	-	-	-	-	-	-
Awaiting Lead Insurer's instruction	-	-	-	-	-	-	-	-	-	-	-	-
Third party liability outstanding	-	-	-	-	-	-	-	-	-	-	-	-
Adjusters fee payable	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>765</b>	<b>2,394,946</b>	<b>492</b>	<b>2,093,157</b>	<b>385</b>	<b>1,384,988</b>	<b>363</b>	<b>3,419,468</b>	<b>2,703</b>	<b>10,699,885</b>	<b>4,708</b>	<b>19,992,444</b>

**10.3c** Age analysis of incurred claims by class of business

	0 - 90 days	91- 180 days	181-270 days	271-365 days	365 days and above	Total
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
<b>2025 incurred claims</b>						
Motor	2,559,294	160,398	118,628	258,069	481,353	3,577,742
Accident	2,098,837	415,661	147,855	487,377	872,720	4,022,450
Bond	-	-	-	-	-	-
Fire	2,367,483	1,382,064	952,955	271,060	298,381	5,271,943
Marine	1,321,905	371,844	494,052	17,342	155,904	2,361,047
Aviation	260,247	-	96,814	1,936	526,099	885,096
Engineering	931,184	45,919	605,918	76,081	1,092,511	2,751,613
Oil & Energy	2,061,814	91,279	61,391	84,367	5,091,055	7,389,906
<b>Total</b>	<b>11,600,764</b>	<b>2,467,165</b>	<b>2,477,613</b>	<b>1,196,232</b>	<b>8,518,023</b>	<b>26,259,797</b>

**CUSTODIAN AND ALLIED INSURANCE LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS - Continued**

**10 Insurance contract liabilities - continued**

<b>10.3c</b> Age analysis of incurred claims by class of business	<b>0 - 90 days</b>	<b>91- 180 days</b>	<b>181-270 days</b>	<b>271-365 days</b>	<b>365 days and above</b>	<b>Total</b>
<i>2024 incurred claims</i>	<b>₦'000</b>	<b>₦'000</b>	<b>₦'000</b>	<b>₦'000</b>	<b>₦'000</b>	<b>₦'000</b>
Motor	849,899	178,125	117,668	202,606	645,448	1,993,746
Accident	487,080	395,281	439,327	211,441	1,016,334	2,549,463
Bond	-	-	-	-	5,646	5,646
Fire	298,107	481,512	169,751	2,878,036	1,450,150	5,277,556
Marine	287,677	154,713	120,488	20,570	395,426	978,874
Aviation	120,524	580	-	2,331	304,550	427,985
Engineering	330,754	481,981	211,506	82,177	1,109,381	2,215,799
Oil & Energy	20,914	400,965	326,237	22,307	5,772,952	6,543,375
<b>Total</b>	<b>2,394,955</b>	<b>2,093,157</b>	<b>1,384,977</b>	<b>3,419,468</b>	<b>10,699,887</b>	<b>19,992,444</b>

<b>10.3d</b> Age analysis of incurred claims by class of business and number of claimants	<b>0 - 90 days</b>	<b>91- 180 days</b>	<b>181-270 days</b>	<b>271-365 days</b>	<b>365 days and above</b>	<b>Total</b>
<i>2025 incurred claims</i>	Number of claimants					
Motor	559	59	55	68	196	937
Accident	735	130	112	140	566	1,683
Bond	-	-	-	-	-	-
Fire	247	55	75	100	143	620
Marine	290	17	12	9	54	382
Aviation	7	-	1	1	10	19
Engineering	136	14	17	14	55	236
Oil and Gas	25	9	19	3	268	324
<b>Total</b>	<b>1,999</b>	<b>284</b>	<b>291</b>	<b>335</b>	<b>1,292</b>	<b>4,201</b>

**CUSTODIAN AND ALLIED INSURANCE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - Continued**

**10 Insurance contract liabilities - continued**

**10.3** Age analysis of incurred claims - continued

**10.3d** Age analysis of incurred claims by class of business and number of claimants  
2024 incurred claims

	<b>0 - 90 days</b>	<b>91- 180 days</b>	<b>181-270 days</b>	<b>271-365 days</b>	<b>365 days and above</b>	<b>Total</b>
	Number of claimants					
Motor	288	121	99	133	549	1,190
Accident	288	180	150	164	965	1,747
Bond	-	-	-	-	3	3
Fire	54	88	56	28	510	736
Marine	75	67	38	19	201	400
Aviation	3	2	-	2	14	21
Engineering	55	29	35	13	153	285
Oil and Gas	2	5	7	4	308	326
<b>Grand Total</b>	<b>765</b>	<b>492</b>	<b>385</b>	<b>363</b>	<b>2,703</b>	<b>4,708</b>

The technical reserves and valuation models as at 31 December 2024 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/0000002392.

**CUSTODIAN AND ALLIED INSURANCE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - Continued**

**10 Insurance contract liabilities - continued**

**10.3e 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 2025 are the same as 2024 due to stable claims distribution experience during the year

**CUSTODIAN AND ALLIED INSURANCE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - Continued**

**11 Reinsurance premium payable**

**11.1** Analysis of movement in Reinsurance premium paid for cashflow purpose.

	<b>31-Dec-25</b>	<b>31-Dec-24</b>
	<b>₦'000</b>	<b>₦'000</b>
Reinsurance premium for prior year paid in current year	7,909,132	5,216,790
Premium paid in respect of current year contract	(57,142,655)	45,646,133
Minimum deposit premium paid in advance	(110,885)	(142,767)
Premium paid on reinsurance contract during the year	61,004,744	(42,811,024)
	<u>11,660,336</u>	<u>7,909,132</u>
Transfer to Reinsurance contract assets (Note 10.1c)	<u>(11,660,336)</u>	<u>(7,909,132)</u>
	<u><u>-</u></u>	<u><u>-</u></u>

**12 Other technical liabilities**

Premium deposit	<u>14,509,756</u>	<u>25,126,168</u>
	<u><b>14,509,756</b></u>	<u><b>25,126,168</b></u>

Premium advance deposit represents premium paid in advance into the Company's bank account by insurance intermediaries (insurance agent, brokers and companies) for policies that relates to future periods i.e. they do not fall within the insurance contract boundary. for cashflow purpose, premium deposit received.

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 intermediaries for the subsequent year.

**13 Provisions and other payables**

	<b>31-Dec-25</b>	<b>31-Dec-24</b>
	<b>₦'000</b>	<b>₦'000</b>
Accrued expenses ( Note 13.1)	2,304,284	1,407,316
Statutory payables (Note 13.2)	2,094,456	2,055,751
Survey fees payables (Note 13.3)	2,006,367	1,667,370
Other payables (Note 13.4)	33,561	34,278
	<u><b>6,438,668</b></u>	<u><b>5,164,715</b></u>

**13.1 Accrued expenses**

Audit fee	10,320	10,320
Fees and subscriptions	107,967	40,203
NAICOM levy	1,098,207	660,831
Performance bonus	404,345	361,738
General welfare and entertainment	50,376	33,408
Other accruals (Note 13.1.1)	633,069	300,816
	<u>2,304,284</u>	<u>1,407,316</u>

**13.1.1** Other accruals are accrued expenses in respect of brand campaign, advert and other office administrative expenses.

**13.2 Statutory payables**

Withholding tax due to Federal government	37,597	37,996
Value added tax payables	19,872	9,856
Nigerian Content Development Levy	2,032,469	2,004,899
Withholding tax due to State government	4,518	3,000
	<u>2,094,456</u>	<u>2,055,751</u>

**13.3** 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.

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

**CUSTODIAN AND ALLIED INSURANCE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - Continued**

**14 Deferred rental income**

	<b>2025</b>	<b>2024</b>
	<b>₦'000</b>	<b>₦'000</b>
<b>At 1 January 2024</b>	<b>35,000</b>	35,000
Additions during the year	84,000	70,000
Credit to profit or loss (Note 25)	(77,000)	(70,000)
<b>At 31 December 2024</b>	<b>42,000</b>	<b>35,000</b>

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

**15 Income taxes**

<b>15.1 Per Statement of profit or loss and other comprehensive</b>	<b>2025</b>	<b>2024</b>
	<b>₦'000</b>	<b>₦'000</b>
- Recognised in profit or loss:		
Income tax	8,261,163	1,278,976
Development levy	-	-
Capital gains tax	48,237	-
Tertiary Education tax	845,852	173,121.27
NPTF levy	1,295	-
Information technology development levy (NITDA)	258,678	331,129
Adjustment of current tax of prior periods	-	228,450
Current tax charge for the year	9,415,226	2,011,677
Deferred tax (credit)/charge	(3,924,298)	1,386,203
<b>Income tax expense</b>	<b>5,490,928</b>	<b>3,397,880</b>

**15.2 Current income tax payable as per statement of financial position:**

	<b>31-Dec-2025</b>	<b>31-Dec-2024</b>
At 1 January	1,983,227	507,800
Charge for the year	9,415,226	1,783,227
Withholding tax credit	(24,524)	(130,573)
Adjustment of current tax of prior periods	-	228,450
Payment during the year	(1,073,759)	(405,677)
<b>At 31 December</b>	<b>10,300,169</b>	<b>1,983,227</b>

The charge for income tax in these financial statements is based on the provisions of the Nigerian Tax Act 2025

**15.3 Reconciliation of income tax expense**

<i>The income tax expense of the Company for the year can be reconciled to the accounting profits as follows:</i>	<b>2025</b>	<b>2024</b>
	<b>₦'000</b>	<b>₦'000</b>
Profit before income tax expense	26,167,205	34,301,937
Income tax expense calculated at 30%	7,850,161	9,933,874
Effect of income that is exempt from taxation	(4,093,704)	(12,688,878)
Effect of expenses not tax deductible	286,832	4,858,956
Chargeable gains adjustments	48,237	-
Effect of minimum tax	4,217,875	(947,381)
Effect of origination and reversal of temporary difference	(3,924,298)	1,386,203
NPTF Levy	1,295	-
Education tax	845,852	282,963
Information technology development levy (NITDA)	258,678	343,693
Adjustment of current tax of prior periods	-	228,450
Company income tax	<b>5,490,928</b>	<b>3,397,880</b>
Effective tax rate	21%	10%

**CUSTODIAN AND ALLIED INSURANCE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - Continued**

**15 Income taxes**

The tax rate applied for the 2025 and 2024 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 in 2024 based on the provisions of the Finance Act 2021 which ammended some sections of the Companies Income Tax Act, CAP C21 LFN 2004 and the Education tax Act, E4 LFN, 2024.

<b>16 Deferred tax liabilities</b>	<b>31-Dec-2025</b>	<b>31-Dec-2024</b>
	<b>₦'000</b>	<b>₦'000</b>
<b>Deferred tax related to items recognised in profit or loss</b>		
Fair value gains on investment properties	2,394,271	316,744
Unrealised exchange gains on financial assets at amortised costs	633,439	6,089,610
Accelerated depreciation for tax purposes	168,581	731,030
Unrealised fair value gains on Financial asset FVTPL	324,505	18,406
Impairment of financial assets:		
<i>Impairment of cash and cash equivalents</i>	(303,223)	(124,903)
<i>Impairment of debt instruments at amortised cost</i>	(726,954)	(599,026)
<i>Impairment of other receivables</i>	(35,322)	(52,266)
	<u>2,455,297</u>	<u>6,379,595</u>
<b>Deferred tax related to items recognised in OCI</b>		
Net (gain)/Loss on equity instruments designated at fair value through OCI	1,506,300	394,472
<b>Deferred tax liabilities</b>	<b><u>3,961,597</u></b>	<b><u>6,774,066</u></b>
<b>Reconciliation of deferred tax liabilities is as shown below:</b>		
At 1 January	6,774,066	5,178,466
Amounts recorded in profit or loss (Note 15)	(3,924,298)	1,386,203
Deferred tax related to items recognised in OCI (Note 31)	1,111,829	209,397
At 31 December	<b><u>3,961,597</u></b>	<b><u>6,774,066</u></b>
<b>Per Statement of profit or loss:</b>		
Fair value gains on investment properties	2,077,527	144,550
On unrealised exchange (loss)/gains	(5,456,171)	1,120,393
Unrealised fair value gains on Financial asset FVTPL	306,099	(8,886)
Accelerated depreciation for tax purposes	(562,449)	243,671
Impairment of financial assets	(289,304)	(203,625)
Impairment on balance due from reinsurance broker	-	90,101
	<u>(3,924,298)</u>	<u>1,386,203</u>
<b>Per statement of other comprehensive income:</b>		
Deferred tax related to financial assets designated at FVTOCI	194,182	209,397
Effect of changes in tax rates from 10% to 30%	917,646	-
	<u>1,111,829</u>	<u>209,397</u>

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.

Commulative deferred tax liabilities on fair value gains from financial assets designated at fair value through other comprehensive income was reassessed at 30% instead of the usual 10% capital gains tax previously used. The effect of the change in tax rate amounts to additional N917.6m reported as deferred tax liability from fair value gain on FVTOCI financial assets.

**CUSTODIAN AND ALLIED INSURANCE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - Continued**

<b>17 Share capital and premium</b>	<b>31-Dec-2025</b>	<b>31-Dec-2024</b>
	<b>₦'000</b>	<b>₦'000</b>
<b>17.1 Share capital</b>		
20,000,000 ordinary shares at 50 kobo each	<u><b>10,000,000</b></u>	<u><b>10,000,000</b></u>

**17.2 Issued and paid up capital comprises:**

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

	2025		2024	
	Share Capital	Share Premium	Share Capital	Share Premium
	₦'000	₦'000	₦'000	₦'000
Balance at 1 January	10,000,000	84,607	10,000,000	84,607
Issue of shares during the year	-	-	-	-
Balance at 31 December	<u><b>10,000,000</b></u>	<u><b>84,607</b></u>	<u><b>10,000,000</b></u>	<u><b>84,607</b></u>

**18 Reserves**

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

**18.1 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 Nigerian Insurance Industry Reform Act 2025.

	<b>31-Dec-2025</b>	<b>31-Dec-2024</b>
	<b>₦'000</b>	<b>₦'000</b>
<i>Required annual transfers:</i>		
Total premium	108,833,232	71,688,127
Net profit	26,167,205	34,301,937
The higher of the below:		
a) 3% of total gross premium	3,264,997	2,150,644
b) 20% of net profit	5,233,441	6,860,387
Higher of a and b	<u><b>5,233,441</b></u>	<u><b>6,860,387</b></u>
<i>Maximum limit:</i>		
50% of Net premium	20,358,419	12,085,172
Minimum paid up capital	<u><b>3,000,000</b></u>	<u><b>3,000,000</b></u>
<i>Movement in contingency reserve:</i>		
As at 1 January	12,085,172	10,000,000
Transfer from retained earnings	5,233,441	2,085,172
As at 31 December	<u><b>17,318,613</b></u>	<u><b>12,085,172</b></u>

**CUSTODIAN AND ALLIED INSURANCE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - Continued**

**18 Reserves - continued**

**18.2 Retained earnings**

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

	<b>31-Dec-2025</b>	<b>31-Dec-2024</b>
	<b>₹'000</b>	<b>₹'000</b>
As at 1 January	34,547,316	12,917,456
Profit for the year	20,676,277	29,715,032
Dividend declared and paid	(15,000,000)	(6,000,000)
Transfer to statutory contingency reserves (Note 18.1)	(5,233,441)	(2,085,172)
Issue of bonus shares (Note 16)	-	-
Transfer from fair value reserves (Note 18.3)	276,885	-
As at 31 December	<b>35,267,038</b>	<b>34,547,316</b>

**18.3 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.

	<b>31-Dec-2025</b>	<b>31-Dec-2024</b>
	<b>₹'000</b>	<b>₹'000</b>
As at 1 January	3,550,244	1,665,669
Net gain on equity instruments designated at fair value through other comprehensive income (Note 31)	829,995	1,884,575
Transfer to retained earnings (Note 18.3a)	(276,885)	-
As at 31 December	<b>4,103,355</b>	<b>3,550,244</b>

**18.3a Reconciliation of fair value gain reclassified to retained earnings**

During financial year, equity investment in ARM Hospitality Fund. Below is the detail of the derecognition of the equity investments.

	<b>2025</b>
	<b>₹'000</b>
Cost at initial recognition of Financial assets at FVOCI	151,809
Accumulated fair value gain as at 1/1/2025	14,087
Carrying amount of financial assets at FVOCI at 1/1/2025	165,895
Accumulated fair value gain for 2025 prior to derecognition on 30/4/2025	262,798
Carrying amount of financial assets at FVOCI at derecognition date	428,694
Profit on disposal of financial asset at FVOCI	-
Proceeds from disposal of financial assets at FVOCI	<b>428,694</b>
Accumulated fair value gain prior to derecognition on 30/4/2025	276,885
Profit on disposal of financial asset at FVOCI	-
Fair value gains reclassified to retained earnings	<b>276,885</b>

CUSTODIAN AND ALLIED INSURANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS - Continued

REVENUE ACCOUNT

For the year ended 31 December

2025	Motor R'000	Accident R'000	Bond R'000	Marine R'000	Aviation R'000	Fire R'000	Engineering R'000	Oil & Energy R'000	TOTAL R'000
Insurance contract revenue	15,313,400	9,390,864	590,649	6,859,750	667,921	27,044,404	2,666,563	38,360,235	100,893,786
Insurance service expense	(8,067,422)	(4,663,527)	(134,790)	(3,951,056)	(1,161,060)	(6,350,073)	(2,948,081)	(6,090,060)	(33,366,069)
Net Expenses from Reinsurance Contracts	(24,655)	(4,838,413)	(46,625)	(1,144,824)	(58,832)	(15,121,834)	(252,737)	(28,288,433)	(49,776,353)
<b>Insurance service result</b>	<b>7,221,323</b>	<b>(111,076)</b>	<b>409,234</b>	<b>1,763,870</b>	<b>(551,971)</b>	<b>5,572,497</b>	<b>(534,255)</b>	<b>3,981,742</b>	<b>17,751,364</b>
Investment return	1,733,022	1,132,995	82,174	818,643	100,539	3,046,593	434,269	4,152,776	12,566,442
Net realised gain/(loss)	14,193	9,259	893	5,697	(966)	40,534	(551)	63,207	132,266
Fair value gain	415,570	271,121	26,144	166,819	(28,282)	1,186,857	(16,146)	1,850,753	3,872,836
Other income - Foreign exchange gain	(232,934)	(151,968)	(14,654)	(93,505)	15,853	(665,255)	9,050	(1,037,380)	(2,170,794)
Impairment losses on financial assets	(36,846)	(24,038)	(2,318)	(14,790)	2,508	(105,228)	1,431	(164,089)	(343,372)
<b>Total investment income</b>	<b>1,893,005</b>	<b>1,237,370</b>	<b>92,238</b>	<b>882,864</b>	<b>89,651</b>	<b>3,503,501</b>	<b>428,053</b>	<b>4,865,267</b>	<b>14,057,378</b>
Net insurance finance (expense)/income	(105,679)	(204,161)	(306)	(53,979)	(19,547)	(329,240)	(135,034)	(485,631)	(1,333,577)
Net reinsurance finance income/(expense)	4,710	34,464	32	27,279	-	101,367	99,627	106,732	374,211
<b>Net investment financial result</b>	<b>(100,969)</b>	<b>(169,697)</b>	<b>(274)</b>	<b>(26,700)</b>	<b>(19,547)</b>	<b>(227,873)</b>	<b>(35,407)</b>	<b>(378,899)</b>	<b>(959,366)</b>
Other operating income	77,741	(1,196)	4,406	18,989	(5,942)	59,991	(5,752)	42,866	191,103
Other operating expenses	(651,810)	(408,855)	(31,964)	(298,281)	(27,686)	(1,178,598)	(139,673)	(2,136,408)	(4,873,274)
<b>Profit before tax</b>	<b>8,439,290</b>	<b>546,546</b>	<b>473,640</b>	<b>2,340,742</b>	<b>(515,495)</b>	<b>7,729,518</b>	<b>(287,034)</b>	<b>6,374,568</b>	<b>26,167,205</b>

CUSTODIAN AND ALLIED INSURANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS - Continued

REVENUE ACCOUNT

2024	Motor #'000	Accident #'000	Bond #'000	Marine #'000	Aviation #'000	Fire #'000	Engineering #'000	Oil & Energy #'000	TOTAL #'000
Insurance contract revenue	9,966,116	7,060,109	44,800	4,299,723	608,328	19,347,408	1,713,227	23,210,346	66,250,057
Insurance service expense	(5,359,094)	(4,589,279)	(12,661)	(2,028,602)	(858,573)	(7,435,802)	(2,430,113)	(6,871,461)	(29,585,585)
Net reinsurance expense	(251,153)	(2,949,116)	(6,981)	(1,437,830)	(44,084)	(12,655,813)	611,697	(17,232,869)	(33,966,149)
<b>Insurance service result</b>	<b>4,355,869</b>	<b>(478,286)</b>	<b>25,158</b>	<b>833,291</b>	<b>(294,329)</b>	<b>(744,207)</b>	<b>(105,189)</b>	<b>(893,984)</b>	<b>2,698,323</b>
Investment return	1,904,083	2,133,087	14,706	650,981	468,984	2,765,517	1,580,464	932,674	10,450,497
Net realised gain/(loss)	24,602	13,194	172	12,128	(1,336)	63,609	(3,828)	87,251	195,790
Fair value gain	413,722	221,887	2,886	203,952	(22,473)	1,069,692	(64,378)	1,467,273	3,292,562
Other income - Foreign exchange gain	2,448,358	1,313,099	17,080	1,206,966	(132,990)	6,330,310	(380,982)	8,683,146	19,484,987
Impairment losses on financial assets	(82,621)	(44,311)	(576)	(40,730)	4,488	(213,620)	12,856	(293,017)	(657,531)
<b>Total investment income</b>	<b>4,708,144</b>	<b>3,636,956</b>	<b>34,268</b>	<b>2,033,297</b>	<b>316,673</b>	<b>10,015,509</b>	<b>1,144,132</b>	<b>10,877,326</b>	<b>32,766,305</b>
Net insurance finance (expense)/income	261	280,780	(6)	29,210	20,464	48,630	27,588	969,861	1,376,788
Net reinsurance finance income/(expense)	5,911	6,147	(95)	(142)	-	(7,817)	(69,458)	(63,594)	(129,048)
<b>Net investment result</b>	<b>6,172</b>	<b>286,927</b>	<b>(101)</b>	<b>29,068</b>	<b>20,464</b>	<b>40,813</b>	<b>(41,870)</b>	<b>906,267</b>	<b>1,247,740</b>
Other operating income	192,258	(21,110)	1,110	36,780	(12,991)	(32,848)	(4,643)	(39,458)	119,098
Other operating expenses	(543,535)	(401,057)	(3,924)	(229,606)	(33,683)	(1,107,241)	(126,388)	(1,273,121)	(3,718,554)
<b>Profit before tax</b>	<b>8,718,908</b>	<b>3,023,430</b>	<b>56,511</b>	<b>2,702,830</b>	<b>(3,866)</b>	<b>8,172,026</b>	<b>866,042</b>	<b>9,577,030</b>	<b>33,112,912</b>

CUSTODIAN AND ALLIED INSURANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS - Continued

19 Insurance revenue

	Motor	Accident	Bond	Marine	Aviation	Fire	Engineering	Oil & Energy	TOTAL
For the year ended 31 December 2025	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
<b>Contracts measured under PAA</b>	15,313,400	9,390,864	590,649	6,859,750	667,921	27,044,404	2,666,563	38,360,235	100,893,786
<b>Insurance revenue</b>	<b>15,313,400</b>	<b>9,390,864</b>	<b>590,649</b>	<b>6,859,750</b>	<b>667,921</b>	<b>27,044,404</b>	<b>2,666,563</b>	<b>38,360,235</b>	<b>100,893,786</b>

For the year ended 31 December 2024

<b>Contracts measured under PAA</b>	9,966,116	7,060,109	44,800	4,299,723	608,328	19,347,408	1,713,227	23,210,346	66,250,057
<b>Insurance revenue</b>	<b>9,966,116</b>	<b>7,060,109</b>	<b>44,800</b>	<b>4,299,723</b>	<b>608,328</b>	<b>19,347,408</b>	<b>1,713,227</b>	<b>23,210,346</b>	<b>66,250,057</b>

20 Insurance service expense

For the year ended 31 December 2025	Motor	Accident	Bond	Marine	Aviation	Fire	Engineering	Oil & Energy	TOTAL
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
Incurring claims	1,188,670	1,547,853	(21,833)	1,306,925	502,476	908,921	875,399	(1,191,945)	4,797,897
Other incurred insurance service expense	566,018	369,980	27,580	263,981	26,806	1,047,564	127,990	1,454,739	4,203,227
Acquisition expenses	1,700,592	790,034	108,478	1,228,648	108,896	2,702,773	478,541	3,935,590	11,053,552
Changes that relate to future services: losses on onerous contracts and reversals	242	281	-	1,250	-	367	-	-	2,140
Changes that relate to past services: changes to liabilities for incurred claims (including reinsurer's non-performance risk)	4,611,900	1,955,379	20,565	1,150,252	522,882	1,690,448	1,466,151	1,891,676	13,309,253
	<b>8,067,422</b>	<b>4,663,527</b>	<b>134,790</b>	<b>3,951,056</b>	<b>1,161,060</b>	<b>6,350,073</b>	<b>2,948,081</b>	<b>6,090,060</b>	<b>33,366,069</b>

For the year ended 31 December 2024

Incurring claims	979,098	829,814	298	275,687	154,914	1,923,653	1,271,119	533,907	5,968,491
Other incurred insurance service expense	415,008	320,586	3,021	179,229	27,914	882,835	100,852	958,802	2,888,246
Acquisition expenses	1,101,356	991,272	7,319	774,928	107,507	1,756,057	310,026	2,174,891	7,223,356
Changes that relate to future services: losses on onerous contracts and reversals	-	-	-	-	-	-	-	-	-
Changes that relate to past services: changes to liabilities for incurred claims (including reinsurer's non-performance risk)	2,863,632	2,447,607	2,023	798,758	568,238	2,873,257	748,116	3,203,861	13,505,492
	<b>5,359,094</b>	<b>4,589,279</b>	<b>12,661</b>	<b>2,028,602</b>	<b>858,573</b>	<b>7,435,802</b>	<b>2,430,113</b>	<b>6,871,461</b>	<b>29,585,585</b>

CUSTODIAN AND ALLIED INSURANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS - Continued

<b>21 Net expenses from reinsurance contracts Reinsurance expenses – contracts measured under the PAA</b>	<b>Motor</b>	<b>Accident</b>	<b>Bond</b>	<b>Marine</b>	<b>Aviation</b>	<b>Fire</b>	<b>Engineering</b>	<b>Oil &amp; Energy</b>	<b>TOTAL</b>
	<b>₦'000</b>	<b>₦'000</b>	<b>₦'000</b>	<b>₦'000</b>	<b>₦'000</b>	<b>₦'000</b>	<b>₦'000</b>	<b>₦'000</b>	<b>₦'000</b>
For the year ended 31 December 2025									
Reinsurance expenses	307,810	5,792,283	64,891	2,935,108	58,832	19,676,786	1,023,118	30,316,241	60,175,069
Incurred claims recovery	(54,894)	(508,247)	(983)	(962,396)	-	(759,757)	(241,088)	(101,084)	(2,628,449)
Acquisition income amortised	(31,966)	(336,594)	(16,984)	(382,872)	-	(1,482,488)	(224,891)	(1,315,286)	(3,791,081)
Changes that relate to future services: losses on onerous contracts and reversals	-	-	-	-	-	-	-	-	-
Changes that relate to past services: changes to liabilities for incurred claims (including reinsurer's non-performance risk)	(196,295)	(109,029)	(299)	(445,016)	-	(2,312,707)	(304,402)	(611,438)	(3,979,186)
	<b>24,655</b>	<b>4,838,413</b>	<b>46,625</b>	<b>1,144,824</b>	<b>58,832</b>	<b>15,121,834</b>	<b>252,737</b>	<b>28,288,433</b>	<b>49,776,353</b>
For the year ended 31 December 2024									
Reinsurance expenses	202,815	4,010,651	8,339	1,983,618	47,951	15,455,651	646,252	19,740,876	42,096,153
Incurred claims recovery	23,187	(690,008)	121	(215,291)	-	(643,014)	(583,944)	(220,439)	(2,329,388)
Acquisition income amortised	(20,635)	(354,843)	(2,085)	(214,655)	(3,867)	(1,149,418)	(177,956)	(983,078)	(2,906,537)
Changes that relate to future services: losses on onerous contracts and reversals	-	-	-	-	-	-	-	-	-
Changes that relate to past services: changes to liabilities for incurred claims (including reinsurer's non-performance risk)	45,786	(16,684)	606	(115,842)	-	(1,007,406)	(496,049)	(1,304,490)	(2,894,079)
	<b>251,153</b>	<b>2,949,116</b>	<b>6,981</b>	<b>1,437,830</b>	<b>44,084</b>	<b>12,655,813</b>	<b>(611,697)</b>	<b>17,232,869</b>	<b>33,966,149</b>
<b>22 Net insurance finance (expense) /income 2025</b>	<b>Motor</b>	<b>Accident</b>	<b>Bond</b>	<b>Marine</b>	<b>Aviation</b>	<b>Fire</b>	<b>Engineering</b>	<b>Oil &amp; Energy</b>	<b>TOTAL</b>
	<b>₦'000</b>	<b>₦'000</b>	<b>₦'000</b>	<b>₦'000</b>	<b>₦'000</b>	<b>₦'000</b>	<b>₦'000</b>	<b>₦'000</b>	<b>₦'000</b>
Interest accreted on Insurance contracts	143,830	227,988	354	74,015	30,517	411,437	162,202	617,584	1,667,927
Net foreign exchange income/(expense)	-	(3,295)	-	(4,000)	46,630	-	(37,900)	359,530	360,965
Effect of changes in interest rates and other financial assumptions	(38,151)	(20,532)	(48)	(16,036)	(57,600)	(82,197)	10,732	(491,483)	(695,315)
	<b>105,679</b>	<b>204,161</b>	<b>306</b>	<b>53,979</b>	<b>19,547</b>	<b>329,240</b>	<b>135,034</b>	<b>485,631</b>	<b>1,333,577</b>

CUSTODIAN AND ALLIED INSURANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS - Continued

<b>22 Net insurance finance (expense) /income 2024</b>	<b>Motor N'000</b>	<b>Accident N'000</b>	<b>Bond N'000</b>	<b>Marine N'000</b>	<b>Aviation N'000</b>	<b>Fire N'000</b>	<b>Engineering N'000</b>	<b>Oil &amp; Energy N'000</b>	<b>TOTAL N'000</b>
Interest accreted on Insurance contracts	85,273	145,734	167	40,395	4,527	223,104	98,537	483,071	1,080,808
Net foreign exchange income/(expense)	-	(5,437)	-	(6,600)	(76,940)	-	(62,535)	(593,225)	(744,736)
Effect of changes in interest rates and other financial assumptions	(85,534)	(421,077)	(161)	(63,005)	51,949	(271,734)	(63,590)	(859,707)	(1,712,860)
	<b>(261)</b>	<b>(280,780)</b>	<b>6</b>	<b>(29,210)</b>	<b>(20,464)</b>	<b>(48,630)</b>	<b>(27,588)</b>	<b>(969,861)</b>	<b>(1,376,788)</b>

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.

<b>23 Net reinsurance finance income/(expense) 2025</b>	<b>Motor N'000</b>	<b>Accident N'000</b>	<b>Bond N'000</b>	<b>Marine N'000</b>	<b>Aviation N'000</b>	<b>Fire N'000</b>	<b>Engineering N'000</b>	<b>Oil &amp; Energy N'000</b>	<b>TOTAL N'000</b>
Interest accreted	7,984	52,462	42	35,252	-	166,911	105,306	155,287	523,244
Effect of changes in interest rates and other financial assumptions	(3,273)	(17,998)	(10)	(7,973)	-	(65,544)	(5,680)	(48,555)	(149,033)
	<b>4,711</b>	<b>34,464</b>	<b>32</b>	<b>27,279</b>	<b>-</b>	<b>101,367</b>	<b>99,626</b>	<b>106,732</b>	<b>374,211</b>
<b>2024</b>									
Interest accreted	14,567	8,061	80	26,124	-	168,432	54,285	80,731	352,280
Effect of changes in interest rates and other financial assumptions	(8,656)	(1,912)	(175)	(26,268)	-	(176,249)	(123,743)	(144,325)	(481,328)
	<b>5,911</b>	<b>6,149</b>	<b>(95)</b>	<b>(144)</b>	<b>-</b>	<b>(7,817)</b>	<b>(69,458)</b>	<b>(63,594)</b>	<b>(129,048)</b>

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.

CUSTODIAN AND ALLIED INSURANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS - Continued

		2025 ₹'000	2024 ₹'000
<b>24 Interest income based on effective interest rate</b>			
Interest income on bonds	Note 2.7	8,962,148	8,491,695
Interest income on other debt securities- Term deposits	Note 2.7	548,012	171,346
Interest on current accounts with banks	Note 1.1	9,546	1,582
Interest income on calls and term deposits with banks	Note 1.2	2,275,540	1,547,812
Interest income on statutory deposits		83,624	35,214
Interest income on staff loans	Note 4.1	2,821	3,411
	a	<u>11,881,691</u>	<u>10,251,060</u>
<b>25 Other investment and operating income</b>			
<b>Other investment income</b>			
Rental income	Note 14	77,000	70,000
Dividend income	Note 2.7	607,751	129,437
		<u>684,751</u>	<u>199,437</u>
Other operating income	Note 25.1	191,103	119,098
	b	<u>875,854</u>	<u>318,535</u>
<b>25.1 Other operating income</b>			
Withholding tax credit notes received	Note 4.5	24,524	122,796
Profit/(loss) on disposal of property, plant and equipment		2,507	(3,698)
Other sundry income		164,072	-
		<u>191,103</u>	<u>119,098</u>
<b>Investment and operating income is attributable to:</b>			
Policy holders' funds		3,982,464	3,299,462
Shareholders' funds		8,775,081	7,270,133
	a + b	<u>12,757,545</u>	<u>10,569,595</u>
<b>26 Net realised gain</b>		2025 ₹'000	2024 ₹'000
Net realised gains on equities at fair value through profit or loss	Note 2.5	-	-
Net realised gains on foreign exchange		132,266	195,790
		<u>132,266</u>	<u>195,790</u>
Net realised gains on foreign exchange is based on the sale of foreign currency.			
<b>27 Unrealised fair value gains</b>			
Unrealised gains on fair value of FVTPL equities	Note 2.5	686,336	1,847,062
Net fair value gains on investment properties	Note 5	3,186,500	1,445,500
	a	<u>3,872,836</u>	<u>3,292,562</u>
<b>28 Unrealised foreign exchange (loss)/gains</b>			
Net unrealised (loss)/gain on foreign exchange on the gross amount of cash and cash equivalents		(1,389,577)	1,052,612
Foreign exchange adjustments on the ECL relating to cash and cash equivalents (Note 2.3a)		25,047	31,385
Foreign exchange adjustments on financial assets (AC)		(5,255,743)	19,240,605
Foreign exchange adjustments on the ECL relating to financial assets (AC)		150,365	(448,217)
Unrealised foreign exchange gain/(loss) on payables		4,299,112	(391,398)
	b	<u>(2,170,794)</u>	<u>19,484,987</u>
	a+b	<u>1,702,042</u>	<u>22,777,549</u>

**CUSTODIAN AND ALLIED INSURANCE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - Continued**

<b>29 Impairment loss charge</b>		<b>2025</b>	<b>2024</b>
		<b>₦'000</b>	<b>₦'000</b>
Charge on cash and cash equivalents	Note 1.3a	614,055	59,429
Writeback/(Charge) on financial assets at amortised costs	Note 2.5	(230,039)	833,409
Writeback/(Charge) on other receivables:			
(Writeback)/ Charge on staff loan	Note 4.8	(556)	24
(Writeback)/ Charge in deposit for shares	Note 4.8	(47,481)	47,481
Charges/(Writeback) on sundry debtors	Note 4.8	14	(9,778)
Charge on deposit for assets	Note 4.8	7378	-
Writeback on Due from Reinsurance Brokers	Note 4.8	-	(273,034)
		<b>343,372</b>	<b>657,531</b>

**Analysis of Impairment loss charge**

	Cash and cash equivalent ₦'000	Financial asset at amortised cost ₦'000	Other receivables ₦'000	Due from reinsurance brokers ₦'000	Total ₦'000
At 1 January 2025	378,982	2,545,094	158,381	-	3,082,457
Increase/(write-back) during the year	614,055	(230,039)	(40,644)	-	343,372
Foreign exchange adjustments	(25,047)	(150,365)	-	-	(175,412)
Total movement during the year	589,008	(380,404)	(40,644)	-	167,960
At 31 December 2025	<u>967,990</u>	<u>2,164,690</u>	<u>117,737</u>	<u>-</u>	<u>3,250,417</u>
At 1 January 2024	350,938	1,263,468	120,653	273,034	2,008,093
Increase/(write-back) during the year	59,429	833,409	37,728	(273,034)	657,532
Foreign exchange adjustments	(31,385)	448,217	-	-	416,832
Total movement during the year	28,044	1,281,626	37,728	(273,034)	1,074,364
At 31 December 2024	<u>378,982</u>	<u>2,545,094</u>	<u>158,381</u>	<u>-</u>	<u>3,082,457</u>

<b>30 Management expenses</b>		<b>2025</b>	<b>2024</b>
		<b>₦'000</b>	<b>₦'000</b>
Employee benefit expenses	Note 30.2	1,477,416	996,961
Administrative expenses	Note 30.1	2,389,404	1,666,879
Adverts and publicity		656,498	543,827
Repairs and maintenance	Note 30.4	942,340	711,440
NAICOM insurance levy		1,160,603	716,881
Professional fees		665,180	530,637
Depreciation on property, plant and equipment	Note 6	207,211	107,240
Depreciation on right of use asset	Note 7	4,000	4,000
Rent and rates		65,079	54,234
Directors' fees		105,100	77,050
Audit fees		34,400	34,400
Subscriptions		71,319	46,916
Amortization of intangible assets - software	Note 8	25,410	25,505
Penalties and fines	Note 41	-	173
		<b>7,803,960</b>	<b>5,516,143</b>

The auditors did not provide any non-audit service to the Company during the year (2024: Nil).

**CUSTODIAN AND ALLIED INSURANCE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - Continued**

	<b>2025</b>	<b>2024</b>
	<b>₦'000</b>	<b>₦'000</b>
<b>30.1 Administrative expenses</b>		
Printing and stationary	40,218	24,880
General entertainment	71,129	59,108
General welfare	1,086,698	933,824
Investment management expenses	32,911	74,340
Business promotion expenses	615,261	372,589
Other general expenses	543,187	202,138
	<u>2,389,404</u>	<u>1,666,879</u>
<b>30.2 Employee benefit expenses</b>		
Wages and salaries	562,982	428,818
Defined contribution pension costs	56,309	42,869
Other staff allowances	858,125	525,274
	<u>1,477,416</u>	<u>996,961</u>

Other staff allowances includes medical expenses, canteen expenses staff professional subscriptions incurred during the year

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

	<b>2025</b>	<b>2024</b>
	<b>₦'000</b>	<b>₦'000</b>
Directly attributable expenses	2,930,686	1,797,589
Non Directly attributable expenses /Other operating expenses	4,873,274	3,718,554
	<u>7,803,960</u>	<u>5,516,143</u>

**30.4** Included in repairs and maintenance is an amount of N4.6million(2024: N11.8million) incurred in relation to investment properties owned by the company.

	<b>2025</b>	<b>2024</b>
	<b>₦'000</b>	<b>₦'000</b>
<b>31 Net gain on equity instruments designated at fair value through OCI (net of tax)</b>		
Gain during the year	1,941,824	2,093,972
Deferred tax on gains accumulated on equity instruments designated at FVTOCI (Note 16)	(1,111,829)	(209,397)
	<u>829,995</u>	<u>1,884,575</u>

The amount reported as deferred tax on fair value gains on financial assets reported as fair value through other comprehensive income was reassessed at a new rate of 30% instead of the 10% capital gains tax used in prior years. This accounted for the additional N917.6m reported. See note 16 for breakdown of the tax impact reported in current year.

	<b>2025</b>	<b>2024</b>
	<b>₦'000</b>	<b>₦'000</b>
<b>32 Profit for the year</b>		
<b>Profit for the year has been arrived at after:</b>		
Net foreign exchange gain	(2,038,528)	19,680,777
Depreciation of property and equipment	(207,211)	(107,240)
Amortisation of intangible assets	(25,410)	(25,505)
Staff costs and other expenses	(1,477,416)	(996,961)
Auditors' remuneration	(34,400)	(34,400)
Loss on disposal of property plant and equipment	2,507	(3,698)
Credit write back /(loss) on financial assets	343,372	531,494
Change in fair value of investment properties	3,186,500	1,445,500

**33 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.

	<b>2025</b>	<b>2024</b>
Profit for the year attributable to owners of the Company (₦'000)	<u>20,676,277</u>	<u>29,715,032</u>
Weighted average number of ordinary shares('000)	<u>20,000,000</u>	<u>20,000,000</u>
Basic and diluted earnings per share (kobo)	<u>103</u>	<u>149</u>

CUSTODIAN AND ALLIED INSURANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS - Continued

	2025	2024
	#'000	#'000
<b>34 Dividends paid and declared</b>		
Final dividend 2024: 75kobo (2023:30kobo) (Note 14.1)	15,000,000	6,000,000
	<u>15,000,000</u>	<u>6,000,000</u>

35 Hypothecation of Investment	Insurance Funds		Shareholder's Funds	Total
	2025	#'000	#'000	#'000
<b>Assets</b>				
Cash and cash equivalents (Note 1)				
-Cash and bank balances		-	4,190,359	4,190,359
-Short-term deposits	13,239,273		25,767,424	25,767,424
Financial assets (Note 2):				
-Quoted shares (FVTPL)	88,125		4,105,672	4,193,797
-Quoted shares (FVOCI)			4,792	4,792
-Unquoted shares (FVOCI)			7,311,157	7,311,157
- Treasury bills at AC*	3,781,168		-	3,781,168
- Government Bonds at AC*	8,658,110		33,892,019	42,550,129
- Corporate Bonds at AC*	624,695		21,180,004	21,804,699
- Placements with Financial Institutions at AC*	2,458,694		1,640,229	4,098,923
Premium receivables (Note 3)		-	290,146	290,146
Other receivables and prepayments (Note 4)		-	1,241,370	1,241,370
Reinsurance contract assets (Note 10c)	25,165,367		(11,660,336)	13,505,031
Intangible assets (Note 8)		-	50,794	50,794
Investment properties (Note 5.1)	1,513,600		21,168,400	22,682,000
Property, plant and equipment (Note 6)		-	939,802	939,802
Right of use assets (Note 7)		-	333	333
Statutory deposits (Note 9)		-	300,000	300,000
<b>Total Assets</b>		<b>55,529,032</b>	<b>110,422,164</b>	<b>152,711,924</b>
<b>The Funds</b>				
Insurance funds (Note 10)		50,686,122	-	50,686,122
Shareholders' and other Funds		-	102,025,801	102,025,801
<b>Total Funds</b>		<b>50,686,122</b>	<b>102,025,801</b>	<b>152,711,924</b>
<b>Surplus/(Deficit)</b>		<b>4,842,910</b>	<b>8,396,363</b>	<b>-</b>

	2024		
<b>Assets</b>			
Cash and cash equivalents (Note 1)			
-Cash and bank balances		-	10,907,493
-Short-term deposits	9,058,903		679,774
Financial assets (Note 2):			
-Quoted shares (FVTPL)	66,350		2,725,260
-Quoted shares (FVOCI)			12,669
-Unquoted shares (FVOCI)			5,790,150
- Treasury bills at AC*	7,885,247		-
- Government Bonds at AC*	5,656,634		28,816,690
- Corporate Bonds at AC*	574,920		41,832,555
- Placements with Financial Institutions at AC*		-	1,648,049
Premium receivables (Note 3)		-	270,207
Other receivables and prepayments (Note 4)		-	3,826,595
Reinsurance contract assets (Note 10c)	18,335,358		(7,909,132)
Intangible assets (Note 8)		-	76,204
Investment properties (Note 5.1)	1,513,600		3,981,900
Property, plant and equipment (Note 6)		-	183,369
Right of use assets (Note 7)		-	4,333
Statutory deposits (Note 9)		-	300,000
<b>Total Assets</b>		<b>43,091,012</b>	<b>93,146,116</b>
<b>The Funds</b>			
Insurance funds (Note 10)		36,886,613	-
Shareholders' and other Funds		-	99,350,515
<b>Total Funds</b>		<b>36,886,613</b>	<b>99,350,515</b>
<b>Surplus/(Deficit)</b>		<b>6,204,399</b>	<b>(6,204,399)</b>

\*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.

**CUSTODIAN AND ALLIED INSURANCE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - Continued**

36	Notes to the statement of cash flows	Note	2025 ₦'000	2024 ₦'000
	Profit before income tax expense		26,167,205	33,112,912
	Fair value gains on financial assets at fair value through profit or loss	27	(686,336)	(1,847,062)
	Depreciation and impairment of property, plant and equipment and right-of-use assets	6 & 7	211,211	111,240
	Amortisation of intangible assets	8	25,410	25,505
	Fair value gain on investment property	5.1, 5.2	(3,186,500)	(1,445,500)
	Loss/(Gain) on disposal of property, plant and equipment		2,507	(3,698)
	Impairment loss charge	29	343,372	657,531
	Net foreign currency exchange loss/(gain)		(839,721)	(16,947,835)
	Interest income	24	(11,881,691)	(10,251,060)
	Other investment and sundry income	25	(875,854)	(318,535)
	<b>Operating cash flows before movements in working capital</b>		<b>9,279,603</b>	<b>3,093,499</b>
	(Increase)/decrease in reinsurance contract assets		(3,078,805)	(3,368,428)
	Increase/(decrease) in insurance contract liabilities		13,799,509	12,805,090
	Increase/(decrease) in other technical liabilities		(10,616,412)	10,505,551
	Increase/(decrease) in premium receivables		(19,939)	46,439
	(Increase)/decrease in other receivables		2,585,225	(2,476,383)
	Increase in reinsurance premium payables		3,751,204	2,692,342
	Decrease/(increase) in right of use assets		4,000	4,000
	Increase/(decrease) in deferred income		(7,000)	-
	Increase/(decrease) in provision and other payables		1,273,953	2,484,613
	Cash generated by operations		16,971,338	25,786,723
	Income tax paid	15.2	(1,073,759)	(405,677)
	Net cash (used in)/ from operating activities		<b>15,897,579</b>	<b>25,381,046</b>

**37 Contingencies and commitments**

The Company, in its ordinary course of business, is presently involved in 4 cases as a defendant (31 December 2024: 5).

The Company has been advised by its legal counsel of total legal claims of ₦185.72million (2024: ₦685.5million). However, the Management is of the opinion that the claims are only possible but not probable to materialise. Accordingly, Management believes that the outcome of the legal claims will not rise to any significant loss beyond the amounts provided for in the outstanding claims balance as at 31 December 2025.

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

<p><b>Suit 1</b> Mr. Chinenye Gerald Onwuachu V Nigerian Breweries Plc (Adeboye Badejo &amp; Co.) <b>Facts and contingent liability</b> 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 ₦111,002,720 as damages, purportedly caused by the claimant ingesting the contents of a contaminated Heineken beer bottle. Custodian and Allied Insurance is a party in the case on the grounds that Nigerian Breweries is insured with the company under a Product liability insurance. <b>Update/status</b> On February 10, 2026, the company was able to open its defence and the case was adjourned to May 12, 2026 for continuation of trial.</p>
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<p><b>Suit 2</b> Gray and Savoy V Custodian and Allied Insurance Plc (Sofunde, Osakwe, Ogundipe &amp; Belgore) <b>Facts and contingent liability</b> 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 – : ₦6.8m and interest at 28% from 2008 until final settlement by court. Presently this amounts to :₦41,072,000. <b>Update/status</b> The matter was adjourned to February 4, 2026, February 19, 2026, and March 4, 2026, for further proceedings. However, the Court did not sit on February 4, 2026; consequently, the matter could not be heard on that date and accordingly stands adjourned to February 19, 2026, and March 4, 2026..</p>
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**CUSTODIAN AND ALLIED INSURANCE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - Continued**

**37 Contingencies and commitments - continued**

<p><b>Suit 3</b>                  Soddell Company Nig. Ltd. &amp; ANOR. V Custodian and Allied Insurance Limited: <b>(LEXX &amp; SOPHY Barristers, Solicitors &amp; Intellectual Property Attorneys).</b>  <b>Facts and contingent liability</b>                  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 ₦35.35m is being claimed for general and aggravated damages  <b>Update/status</b>                  Both the claimant and Custodian have opened and closed their case and the matter has now been adjourned to March 24, 2026 for adoption of final address.</p>
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<p><b>Suit 4</b>                  Custodian and Allied Insurance Limited V. Ranjay Construction Ltd <b>(Copley Partners.)</b>  <b>Facts and contingent liability</b>                  It's a tortious matter of trespass to land by the defendant. The matter was adjourned to September 26, 2024, for adoption of Final Written Addresses. On September 26, 2024, the matter came up for adoption of final written address. However, the Court discovered an irregularity in the Defendant's Final Written Address and directed the necessary correction to be made. Consequently, the case was adjourned to December 5, 2024, for adoption of final written address. On December 5, 2024, Counsel adopted their final written addresses, and the case was adjourned to March 20, 2025, for judgement.  <b>Update/status</b>                  On March 20, 2025, the matter came up for judgment, but the Court informed our solicitors that the judgment was not ready. A new date is yet to be communicated.</p>
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There were no capital commitments as at 31st December 2025 (2024: Nil).

**38 Related parties**

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

**38.1 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.

<b>Companies</b>	<b>Status of relationship</b>	<b>Interest (%)</b>
Custodian Investments Plc	Parent Company	Nil
Interstate Securities Limited	Associate of the 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

**38.2 Transactions with related parties**

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

	<b>Nature of transaction</b>	<b>2025 ₦'000</b>	<b>2024 ₦'000</b>
Interstate Securities Limited	Stock brokerage fees	38	100
UPDC Plc(REITS)	Lease expense	-	642
UPDC FM	Service charge	101,399	131,762
Key management personnel	Loan	12	2,700
Custodian Trustees Limited	Legal services/Retainership fees	6,450	6,450
Custodian Life Assurance Limited	Office rent	44,390	44,321
Custodian Investment Plc	Dividend	15,000,000	6,000,000
Custodian Investment Plc	Investment property purchase	14,600,000	-

**CUSTODIAN AND ALLIED INSURANCE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - Continued**

**38.3 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:

	<b>Nature of transaction</b>	<b>2025 ₦'000</b>	<b>2024 ₦'000</b>
<b>Due from related parties:</b>			
UPDC Plc(REITS)	Prepayment	-	-
Key management personnel	Loan	-	1,435
		<u>-</u>	<u>1,435</u>

**Due to related parties:**

There was no balances due to any related party as at the year ended 2025 (2024:Nil)

The terms and conditions of the loan granted to Key management personnel complied with the requirements of Part VII – Corporate Governance and Conduct of Insurers of the Nigerian Insurance Industry Reform Act 2025. The loan granted to key management personnel is fully collateralised and no impairment charge for the year (2024: Nil).

**39 Directors and employees**

**39.1 Chairman and Directors' emoluments**

	<b>2025 ₦'000</b>	<b>2024 ₦'000</b>
<b>Emoluments:</b>		
Chairman	18,300	12,800
Other Directors	86,800	64,250
	<u>105,100</u>	<u>77,050</u>
As Directors' fees	73,400	54,000
Other emoluments	31,700	23,050
	<u>105,100</u>	<u>77,050</u>

**39.2 Employees remuneration**

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

	<b>2025 Number</b>	<b>2024 Number</b>
₦ 60,000 - 999,999	-	-
1,000,000 - 1,999,999	1	5
2,000,000 - 2,999,999	4	2
3,000,000 - 3,999,999	-	59
4,000,000 - 4,999,999	37	14
5,000,000 - 5,999,999	12	8
6,000,000 and above	70	43
	<u>124</u>	<u>131</u>

b.) **Staff**

Average number of persons employed during the year were:

Management staff	11	12
Non-management staff	113	119
	<u>124</u>	<u>131</u>

Staff cost excluding the Directors relating to the above

	<b>₦'000</b>	<b>₦'000</b>
Wages and salaries	562,982	428,818
Defined contribution pension costs	56,309	42,869
Other staff allowances	857,909	525,274
	<u>1,477,200</u>	<u>996,961</u>

**39.3 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:

	<b>2025 ₦'000</b>	<b>2024 ₦'000</b>
Short-term employee benefits	401,833	243,117
Post employment benefit	22,825	21,940
	<u>424,658</u>	<u>265,057</u>
<i>Fees and other emolument disclosed above includes amount paid to:</i>		
Chairman	<u>18,300</u>	<u>12,800</u>
Highest paid director	<u>18,400</u>	<u>13,700</u>

## CUSTODIAN AND ALLIED INSURANCE LIMITED

### NOTES TO THE FINANCIAL STATEMENTS - Continued

#### 40 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.

#### 41 Contraventions

The Company did not incurred or pay an penalty for contravention during the year (2024:N172,500).

	2025 ₦'000	2024 ₦'000
Violation of Paragraph 2.5.8 of the Market conduct and Business practice Guidelines for insurance Companies in Nigeria in 2016	-	173
Late submission of post placement report in 2019	-	-
	<u>-</u>	<u>173</u>

#### 42 Capital management

The Company manages its capital to ensure that the Company will be able to continue as going concern and comply with the regulators' capital requirements of the markets in which the Company operates while maximising the return to stakeholders through the optimisation of the debt and equity balance. The capital structure of the Company consists of equity attributable to equity holders of the company, comprising issued capital, reserves and retained earnings. Reinsurance is also used as part of capital management.

#### Finance Act 2021 – Part IX – Insurance Act

The Federal Government of Nigeria, by Federal Republic of Nigeria Official Gazette, dated 18th January, 2022, amended the Finance Act, 2021. The Finance Act 2021 (Part IX – Insurance Act) in Sections 33, 34, and 35 contains provisions which amended Sections 9, 10 and 102 of Insurance Act, 2003, as previously related to paid-up share capital. The Sections of the Act amended the Insurance Act by substituting the words "paid-up share capital", with the words "Capital requirement" and wherever they appear in Insurance Act 2003. The words "Capital requirement" was introduced and inserted in Section 102 of the Insurance Act. By the provision of section 35, "Capital Requirement" means -

- (a) in the case of existing company -
- (i) the excess of admissible assets over liabilities, less the amount of own shares held by the company,
  - (ii) subordinated liabilities subject to approval by the Commission, and
  - (iii) any other financial instrument as prescribed by the Commission.

For this purpose, Admissible Assets are defined as:

Share Capital, Share Premium, Retained Earnings, Contingency Reserves, and any other admissible assets subject to the approval of the Commission

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

As an existing company, our capital requirement is as shown below:

	2025 ₦'000	2024 ₦'000
Share capital	10,000,000	10,000,000
Share premium	84,607	84,607
Statutory contingency reserve	17,318,613	10,000,000
Retained earnings	35,267,037	12,917,456
Excess of admissible assets over liabilities	62,670,257	33,002,063
Less the amount of own shares held ( Treasury shares)	-	-
	62,670,257	33,002,063
Subordinated liabilities subject to approval by the Commission	-	-
Any other financial instrument as prescribed by the Commission	-	-
<b>Capital requirement</b>	<b><u>62,670,257</u></b>	<b><u>33,002,063</u></b>

**CUSTODIAN AND ALLIED INSURANCE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - Continued**

**42 Capital management - continued**

**The Solvency Margin Requirement**

The regulatory capital (as required under Section 24 of the Nigerian Insurance Industry Reform Act 2025 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 ₦3 billion, whichever is higher. The regulatory capital within the Insurance Industry in Nigeria, in which the entity has its major operations is as follows:

<b>Minimum capital requirement</b>	<b>2025</b>	<b>2024</b>
	<b>₦'000</b>	<b>₦'000</b>
** Non-life business	3,000,000	3,000,000

The Solvency Margin for the Company as at 31 December 2025 is as follows:

<b>Assets:</b>	<b>Total</b>	<b>Admissible</b>	<b>Inadmissible</b>
	<b>₦'000</b>	<b>₦'000</b>	<b>₦'000</b>
Cash and cash equivalents	29,957,783	29,742,289	215,494
Financial assets:			
-Amortised Cost			
Treasury bills	3,781,168	3,781,168	
Government bonds	42,550,129	42,550,129	
Corporate bonds - Quoted	21,804,699	21,258,056	546,643
Other placements with financial institutions	4,098,923	4,049,020	49,903
- Quoted shares (Fair Value through Profit or Loss)	4,193,797	4,193,797	-
-Fair Value through OCI (FVOCI - Unquoted shares)	7,315,949	7,315,949	-
Premium receivables	290,146	290,146	-
Loan to staff	52,809	52,809	-
Other receivables and prepayments	1,188,561	1,180,060	8,502
Reinsurance contract assets	13,505,031	13,505,031	-
Right of use assets	333	-	333
Investment properties	22,682,000	2,513,600	20,168,400
Intangible assets	50,794	50,794	-
Property, plant and equipment	939,802	939,802	-
Statutory deposits	300,000	300,000	-
<b>Total assets</b>	<b>152,711,924</b>	<b>131,722,649</b>	<b>20,989,275</b>
<b>Liabilities:</b>			
Insurance contract liabilities	50,686,122	50,686,122	-
Other technical liabilities	14,509,756	14,509,756	-
Provisions and other payables	6,438,668	6,438,668	-
Deferred rental income	42,000	42,000	-
Current income tax payable	10,300,169	10,300,169	-
Deferred tax liabilities	3,961,597	-	3,961,597
<b>Total liabilities</b>	<b>85,938,312</b>	<b>81,976,715</b>	<b>3,961,597</b>
<b>Available Solvency Margin</b> (Total Admissible Assets minus Admissible Liabilities)		49,745,934	
<b>Required Solvency Margin - Higher of:</b>			
A. Minimum capital requirement	<u>3,000,000</u>		
B. 15% of net premium (Premium less reinsurance)	<u>7,667,615</u>		
C. Higher of A and B		<u>7,667,615</u>	
<b>Level of solvency</b> ( Available solvency/Required solvency *100)		<u>649%</u>	

**CUSTODIAN AND ALLIED INSURANCE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - Continued**

**42 Capital management - continued**

The Solvency Margin for the Company as at 31 December 2024 is as follows:

	<b>Total</b>	<b>Admissible</b>	<b>Inadmissible</b>
	<b>₹'000</b>	<b>₹'000</b>	<b>₹'000</b>
<b>Assets:</b>			
Cash and cash equivalents	20,646,170	20,259,987	386,183
Financial assets:			
-Amortised Cost			
Treasury bills	7,885,247	7,885,247	
Government bonds	34,473,324	34,473,324	
Corporate bonds - Quoted	42,407,475	41,796,307	611,168
Other placements with financial institutions	1,648,049	737	1,647,312
- Quoted shares (Fair Value through Profit or Loss)	2,791,610	2,791,610	-
-Fair Value through OCI (FVOCI - Unquoted shares)	5,802,819	5,636,924	165,895
Premium receivables	270,207	270,207	-
Loan to staff	66,498	66,498	-
Other receivables and prepayments	3,760,097	3,752,360	7,737
Reinsurance contract assets	10,426,226	10,426,226	-
Right of use assets	4,333	-	4,333
Investment properties	5,495,500	2,536,400	2,959,100
Intangible assets	76,204	76,204	-
Property, plant and equipment	183,369	183,369	-
Statutory deposits	300,000	300,000	-
<b>Total assets</b>	<b>136,237,128</b>	<b>130,455,400</b>	<b>5,781,728</b>
<b>Liabilities:</b>			
Insurance contract liabilities	36,886,613	36,886,613	-
Other technical liabilities	25,126,168	25,126,168	-
Provisions and other payables	5,164,715	5,164,715	-
Deferred rental income	35,000	35,000	-
Current income tax payable	1,983,227	1,983,227	-
Deferred tax liabilities	6,774,066	-	6,774,066
<b>Total liabilities</b>	<b>75,969,789</b>	<b>69,195,723</b>	<b>6,774,066</b>
<b>Available Solvency Margin</b> (Total Admissible Assets minus Admissible Liabilities)		61,259,677	
<b>Required Solvency Margin - Higher of:</b>			
A. Minimum capital requirement	<u>3,000,000</u>		
B. 15% of net premium (Premium less reinsurance)	<u>4,842,586</u>		
C. Higher of A and B		<u>4,842,586</u>	
<b>Level of solvency</b> ( Available solvency/Required solvency *100)		<u>1265%</u>	

**CUSTODIAN AND ALLIED INSURANCE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - Continued**

**42 Capital management - continued**

**Nigerian Insurance Industry Reform Act ( NIIRA) 2025 Minimum capital Requirement**

The Nigerian Insurance Industry Reform Act (NIIRA) 2025 establishes a comprehensive framework for regulating insurance operations in Nigeria, with a strong emphasis on recapitalisation and financial stability. One of its key provisions is the introduction of new minimum capital requirements for insurers with the aimed of strengthening underwriter's solvency and protecting policyholders. Section 15(1) of the act states that a non-life insurance company shall maintain a minimum capital of the higher of N15billion or risk based capital determined by the commission. Following the enactment of NIIRA 2025, the National Insurance Commission (NAICOM) issued a detailed guidelines to clarify the implementation of these requirements. The guidelines specify compliance timelines, outline the structure of the Minimum Capital Requirement (MCR), and ensure alignment with both NIIRA 2025 and the NAICOM Act of 1997. Insurers are expected to meet these new thresholds by July 2026, marking a significant shift in Nigeria's insurance regulatory landscape.

Below is the company's minimum capital requirement self assessment as at the end of December 2025

Minimum Capital Requirement	<b>₦'000</b>		
** Non-life business		15,000,000	
	<b>Total</b>	<b>Admissible</b>	<b>Inadmissible</b>
	<b>₦'000</b>	<b>₦'000</b>	<b>₦'000</b>
Assets:			
Cash and cash equivalents	29,957,783	29,742,289	215,494
Financial assets:		-	
-Amortised Cost		-	
Treasury bills	3,781,168	3,781,168	-
Government bonds	42,550,129	42,550,129	-
Corporate bonds - Quoted	21,804,699	21,257,755	546,944
Other placements with financial institutions	4,098,923	4,049,321	49,602
-Fair Value through Profit or Loss (FVTPL- Quoted shares)	4,193,797	4,193,797	-
-Fair Value through OCI (FVOCI - Unquoted shares)	7,315,949	4,792	7,311,157
Premium receivables	290,146	290,146	-
Loan to staff	52,809	-	52,809
Other receivables and prepayments	1,188,561	-	1,188,561
Reinsurance contract assets	13,505,031	13,505,031	-
Right of use assets	333	-	333
Investment properties	22,682,000	-	22,682,000
Intangible assets	50,794	-	50,794
Property, plant and equipment	939,802	-	939,802
Statutory deposits	300,000	300,000	-
<b>Total assets</b>	<b>152,711,924</b>	<b>119,674,428</b>	<b>33,037,495</b>
Liabilities:			
Insurance contract liabilities	50,686,122	50,686,122	-
Other technical liabilities	14,509,756	14,509,756	-
Provisions and other payables	6,438,668	6,438,668	-
Deferred rental income	42,000	42,000	-
Current income tax payable	10,300,169	10,300,169	-
Deferred tax liabilities	3,961,597	3,961,597	-
<b>Total liabilities</b>	<b>85,938,312</b>	<b>85,938,312</b>	<b>-</b>
<b>Excess of admissible assets over liabilities</b>		<b>33,736,116</b>	
<b>Less: Amount of own shares held by the Insurer</b>	-	-	-
<b>CUSTODIAN ALLIED INSURANCE LIMITED CAPITAL</b>		<b>33,736,116</b>	
<b>Minimum Capital Requirement</b>		<b>(15,000,000)</b>	
<b>Surplus capital over Minimum Capital Requirement</b>		<b>18,736,116</b>	

**43 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.

**CUSTODIAN AND ALLIED INSURANCE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - Continued**

**43 Financial risk management framework - continued**

**43.1 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 2025	Note	Fair value	Fair value	Fair value
		through profit or loss	through OCI	Fair value
		₹'000	₹'000	₹'000
Quoted equities at FVTPL	2	4,193,797	-	4,193,797
Fair value through OCI - quoted		-	4,792	4,792
Fair value through OCI - unquoted	2	-	7,311,157	7,311,157
		4,193,797	7,315,949	11,509,746
<b>31 December 2024</b>				
Quoted equities at FVTPL	2	2,791,610	-	2,791,610
Fair value through OCI - quoted		-	12,669	12,669
Fair value through OCI - unquoted	2	-	5,790,150	5,790,150
		966,058	5,802,819	8,594,429

The management assessed that the fair values of cash and cash equivalents, Premium receivables, reinsurance premium payables, other 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.

**CUSTODIAN AND ALLIED INSURANCE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - Continued**

**43 Financial risk management framework - continued**

**43.1 Valuation bases - continued**

**i Unquoted equity - continued**

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	2025: 5% 2024: 5%	2025: ₦15,423 2024: ₦26,212
		Discount to average multiple (10%)	2025: 1% 2024: 1%	2025: ₦13,507 2024: ₦5,825
Interswitch Limited	Market Approach	Market value adjustment	2025: 1% 2024: 1%	2025: ₦22,972 2024: ₦113,374
WSTC Financial Services Limited	Income approach	Cost of capital (11.5%/10.9%)	2025: 5% 2024: 5%	2025: ₦2,562 2024: ₦3,342
		Dividend growth rate (2.51/7.62)	2025: 5% 2024: 5%	2025: ₦1,215 2024: ₦1,833
Energy and Allied Insurance Pool of Nigeria	Adjusted NAV	Discount for lack of liquidity	Unappropriated-ed reserves	2025: ₦50,732 2024: ₦72,179
African Oil and Energy Pool	Adjusted NAV	Discount for lack of liquidity	Unappropriated-ed reserves	2025: ₦27,805 2024: Nil

**CUSTODIAN AND ALLIED INSURANCE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - Continued**

<b>43.1 Financial risk management framework - continued</b>	<b>2025</b>	<b>2024</b>
<b>Financial Assets measured at Fair Value</b>	<b>₦'000</b>	<b>₦'000</b>
Quoted prices in active markets (level 1)	4,198,589	2,804,279
Valuation technique:		
Market observable data (level 2)	-	-
Other than observable market data (level 3)	7,311,157	5,790,150
	<u>11,509,746</u>	<u>8,594,429</u>
<b>Financial Assets measured at Amortised Cost:</b>		
Amortised cost	72,234,919	86,414,095
	<u>72,234,919</u>	<u>86,414,095</u>

**43.1.1 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.

**CUSTODIAN AND ALLIED INSURANCE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - Continued**

**43 Financial risk management framework - continued**

**43.1.1 Fair value and fair value hierarchy - continued**

*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	2025			
	Level 1 R'000	Level 2 R'000	Level 3 R'000	Total R'000
<b>Financial assets</b>				
<i>Financial assets at FVTPL:</i>				
Equity shares	4,193,797	-	-	4,193,797
	4,193,797	-	-	4,193,797
<i>Financial assets at FVOCI:</i>				
Equity shares	4,792	-	7,311,157	7,315,949
	4,198,589	-	7,311,157	11,509,746
<b>Items whose fair values are disclosed</b>				
Debt instruments	-	77,726,769	155,731	77,882,500
	-	77,726,769	155,731	77,882,500
<b>Total financial assets</b>	<b>4,198,589</b>	<b>77,726,769</b>	<b>7,466,888</b>	<b>89,392,246</b>
Items measured at fair value	2024			
	Level 1 R'000	Level 2 R'000	Level 3 R'000	Total R'000
<b>Financial assets</b>				
<i>Financial assets at FVTPL:</i>				
Equity shares	2,791,610	-	-	2,791,610
	2,791,610	-	-	2,791,610
<i>Financial assets at FVOCI:</i>				
Equity shares	12,669	-	5,790,150	5,802,819
	2,804,279	-	5,790,150	8,594,429
<b>Items whose fair values are disclosed</b>				
Debt instruments	-	78,888,702	244,580	79,133,282
	-	78,888,702	244,580	79,133,282
<b>Total financial assets</b>	<b>2,804,279</b>	<b>78,888,702</b>	<b>6,034,730</b>	<b>87,727,711</b>

There were no transfers between level 1 and 2 or in and out of level 3 in 2025 and 2024.

**Fair value of financial assets and liabilities**

	31-Dec-25		31-Dec-24	
	Carrying value R'000	Fair value R'000	Carrying value R'000	Fair value R'000
<b>Financial assets</b>				
Cash and cash equivalents:				
Cash and bank balances	4,190,359	4,190,359	10,907,493	1,086,918
Short-term deposits	25,767,424	25,767,424	9,738,677	10,656,976
Debt instruments:				
Federal Government bonds & T-bills	47,325,473	51,707,344	43,095,412	34,453,025
State Government bonds	510,724	459,652	485,542	436,988
Corporate bonds	22,357,160	21,929,878	43,689,218	42,554,252
Commercial papers	2,437,446	2,193,702	-	-
Term deposits	1,768,806	1,591,925	1,689,017	1,689,017

## CUSTODIAN AND ALLIED INSURANCE LIMITED

### NOTES TO THE FINANCIAL STATEMENTS - Continued

#### 43 Financial risk management framework - continued

##### 43.2 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:

<b>2025</b>	<b>Pounds Sterling</b>	<b>Euro</b>	<b>US dollars</b>	<b>Total</b>
<b>Assets</b>	<b>₹'000</b>	<b>₹'000</b>	<b>₹'000</b>	<b>₹'000</b>
Cash and cash equivalents	69	86,344	10,367,998	10,454,410
Financial assets	-	-	62,111,310	62,111,310
Reinsurance contract assets	-	-	4,783,193	4,783,193
	<u>69</u>	<u>86,344</u>	<u>77,262,501</u>	<u>77,348,914</u>
<b>Liabilities</b>				
Insurance contract liabilities	-	-	7,781,675	7,781,675
	<u>-</u>	<u>-</u>	<u>7,781,675</u>	<u>7,781,675</u>
Net assets	<u>69</u>	<u>86,344</u>	<u>69,480,826</u>	<u>69,567,239</u>
<b>2024</b>	<b>Pounds Sterling</b>	<b>Euro</b>	<b>US dollars</b>	<b>Total</b>
<b>Assets</b>	<b>₹'000</b>	<b>₹'000</b>	<b>₹'000</b>	<b>₹'000</b>
Cash and cash equivalents	69	57,366	16,678,978	16,736,413
Financial assets	-	-	76,829,487	76,829,487
Reinsurance contract assets	-	-	2,345,465	2,345,465
	<u>69</u>	<u>57,366</u>	<u>95,853,930</u>	<u>95,911,365</u>
<b>Liabilities</b>				
Insurance contract liabilities	-	-	7,555,286	7,555,286
	<u>-</u>	<u>-</u>	<u>7,555,286</u>	<u>7,555,286</u>
Net assets	<u>69</u>	<u>57,366</u>	<u>88,298,645</u>	<u>88,356,079</u>

CUSTODIAN AND ALLIED INSURANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS - Continued

43 Financial risk management framework - continued

43.2 Market risk - continued

	31-Dec-25			31-Dec-24	
	Changes in variables	Impact on Profit before tax	Impact on Equity	Impact on Profit before tax	Impact on Equity
		₦'000	₦'000	₦'000	₦'000
Sterling	+10%	7	-	7	-
	-10%	(7)	-	(7)	-
Euro	+10%	8,634	-	5,737	-
	-10%	(8,634)	-	(5,737)	-
USD	+10%	6,948,083	134,438	8,829,864	201,315
	-10%	(6,948,083)	(134,438)	(8,829,864)	201,315

43.3 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).

	31-Dec-25			31-Dec-24	
	Changes in variable	Impact on Profit before tax	Impact on equity	Impact on Profit before tax	Impact on equity
		₦'000	₦'000	₦'000	₦'000
Fair value through profit or loss	+1%	41,938	-	27,916	-
	-1%	(41,938)	-	(27,916)	-
Fair value through OCI	+1%	-	73,159	-	58,028
	-1%	-	(73,159)	-	(58,028)

## **CUSTODIAN AND ALLIED INSURANCE LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS - Continued**

#### **43 Financial risk management framework - continued**

##### **43.4 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.

CUSTODIAN AND ALLIED INSURANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS - Continued

43 Financial risk management framework - continued

43.4 Credit risk - continued

Industry analysis

	Financial services N'000	Government N'000	Consumers N'000	Retail and Wholesale N'000	Construction and Materials N'000	Manufacturing and Petroleum N'000	Others N'000	Total N'000
<b>31 December 2025</b>								
Cash and cash equivalents	29,957,783	-	-	-	-	-	-	29,957,783
Debt instruments at amortised costs	24,044,560	46,331,298	-	-	-	1,918,151	-	72,234,919
Staff loans and advances	-	-	-	-	-	-	90,728	90,728
Sundry debtors	-	-	-	-	-	-	54,657	54,657
Deposit for assets	-	-	-	-	-	-	120,337	120,337
Premium receivables	35,010	3,294	104,121	77	7,922	132,786	6,936	290,146
Reinsurance contract assets	-	-	-	-	-	-	13,505,031	13,505,031
Statutory deposits	-	300,000	-	-	-	-	-	300,000
	<u>54,037,353</u>	<u>46,634,592</u>	<u>104,121</u>	<u>77</u>	<u>7,922</u>	<u>2,050,937</u>	<u>15,353,241</u>	<u>116,553,601</u>
<b>31 December 2024</b>								
Cash and cash equivalents	20,646,170	-	-	-	-	-	-	20,646,170
Debt instruments at amortised costs	43,303,067	42,358,571	256,224	-	-	-	496,233	86,414,095
Staff loans and advances	-	-	-	-	-	-	104,973	104,973
Sundry debtors	-	-	-	-	-	-	54,826	54,826
Deposit for properties	-	-	-	-	-	-	105,337	105,337
Deposit for shares	-	-	-	-	-	-	3,073,024	3,073,024
Premium receivables	32,403	4,280	3,000	69,796	732	123,961	36,035	270,207
Reinsurance contract assets	-	-	-	-	-	-	(10,426,226)	-10,426,226
Statutory deposits	-	300,000	-	-	-	-	-	300,000
	<u>63,981,640</u>	<u>42,662,851</u>	<u>259,224</u>	<u>69,796</u>	<u>732</u>	<u>123,961</u>	<u>-6,555,798</u>	<u>100,542,406</u>

**CUSTODIAN AND ALLIED INSURANCE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - Continued**

**43 Financial risk management framework - continued**

**43.4 Credit risk - continued**

The table below provides information regarding the credit risk exposure of the Company by classifying assets according to the Company's credit ratings of counter parties:

	Investment Grade R'000	Non Investment Grade:		Total R'000
		Satisfactory R'000	Unrated R'000	
<b>31 December 2025</b>				
Debt instruments at amortised costs	-	72,185,016	49,903	72,234,919
Cash and cash equivalents	-	30,925,773	-	30,925,773
Staff loans and advances	-	-	90,728	90,728
Sundry debtors	-	-	54,657	54,657
Deposit for assets	-	-	120,337	120,337
Premium receivables	-	-	290,146	290,146
	-	103,110,789	605,771	103,716,560
<b>31 December 2024</b>				
Debt instruments at amortised costs	-	84,766,046	1,648,049	86,414,095
Cash and cash equivalents	-	21,025,152	-	21,025,152
Staff loans and advances	-	-	104,973	104,973
Sundry debtors	-	-	54,826	54,826
Deposit for assets	-	-	105,337	105,337
Premium receivables	-	-	270,207	270,207
	-	105,791,198	2,183,392	107,974,590

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

## CUSTODIAN AND ALLIED INSURANCE LIMITED

### NOTES TO THE FINANCIAL STATEMENTS - Continued

#### 43 Financial risk management framework - continued

##### 43.4 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 unlikelihood 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.

CUSTODIAN AND ALLIED INSURANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS - Continued

43 Financial risk management framework - continued

43.4 Credit risk - continued

*Impairment losses on financial investments subject to impairment assessment*

*Debt instruments measured at amortised cost*

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.

Moody's rating	2025			2024		
	12mECL R'000	LTECL R'000	Total R'000	12mECL R'000	LTECL R'000	Total R'000
<b>Performing</b>						
<b>Cash and cash equivalents</b>						
AAA-A+	-	-	-	-	-	-
BBB-B+	30,925,773	-	30,925,773	21,025,152	-	21,025,152
C-CCC	-	-	-	-	-	-
Not rated						
<b>Total Gross Amount</b>	<b>30,925,773</b>	<b>-</b>	<b>30,925,773</b>	<b>21,025,152</b>	<b>-</b>	<b>21,025,152</b>
ECL	(967,990)		(967,990)	(378,982)		(378,982)
<b>Total Net Amount</b>	<b>29,957,783</b>	<b>-</b>	<b>29,957,783</b>	<b>20,646,170</b>	<b>-</b>	<b>20,646,170</b>
<b>Financial assets - amortised cost</b>						
AAA-A+	-	-	-	-	-	-
BBB-B+	74,348,002	-	74,348,002	87,274,732	-	87,274,732
C-CCC	-	-	-	-	-	-
Not rated	51,607	-	51,607	1,684,457	-	1,684,457
<b>Total Gross Amount</b>	<b>74,399,609</b>	<b>-</b>	<b>74,399,609</b>	<b>88,959,189</b>	<b>-</b>	<b>88,959,189</b>
ECL	(2,164,690)		(2,164,690)	(2,545,094)		(2,545,094)
<b>Total Net Amount</b>	<b>72,234,919</b>	<b>-</b>	<b>72,234,919</b>	<b>86,414,095</b>	<b>-</b>	<b>86,414,095</b>

**CUSTODIAN AND ALLIED INSURANCE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - Continued**

**43 Financial risk management framework - continued**

**43.4 Credit risk - continued**

*Debt instruments measured at amortised cost*

Unrated	2025			2024		
	12mECL N'000	LTECL N'000	Total N'000	12mECL N'000	LTECL N'000	Total N'000
Other receivables	1,002,790	109,567	1,112,357	3,716,814	109,567	3,826,381
<b>Total Gross Amount</b>	<b>1,002,790</b>	<b>109,567</b>	<b>1,112,357</b>	<b>3,716,814</b>	<b>109,567</b>	<b>3,826,381</b>
ECL	(8,170)	(109,567)	(117,737)	(48,814)	(109,567)	(158,381)
Total Net Amount	<u>994,620</u>	<u>-</u>	<u>994,620</u>	<u>3,668,000</u>	<u>-</u>	<u>3,668,000</u>

**Collateral for other receivables**

Some of the Company's receivables (e.g. mortgage loans and car loans) are collateralised with assets including properties and cars. As at 31 December 2025, 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 N113million (2024: N140million) against the receivables balances of N54.8million (2024: N105million).

As at 31 December 2025, the Company had no asset repossessed as security against asset. The Company's 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 2025, the Company has not pledged any of its assets as collateral for any liability or payable balance (2024: nil)

## CUSTODIAN AND ALLIED INSURANCE LIMITED

### NOTES TO THE FINANCIAL STATEMENTS - Continued

#### 43 Financial risk management framework - continued

##### 43.4 Credit risk - continued

###### 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.

## CUSTODIAN AND ALLIED INSURANCE LIMITED

### NOTES TO THE FINANCIAL STATEMENTS - Continued

#### 43 Financial risk management framework - continued

##### 43.4 Credit risk - continued

###### 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 not 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 Company in full, without recourse by the Company 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 Company; 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.

## CUSTODIAN AND ALLIED INSURANCE LIMITED

### NOTES TO THE FINANCIAL STATEMENTS - Continued

#### 43 Financial risk management framework - continued

##### 43.4 Credit risk - continued

###### **Incorporation of forward looking information**

The Company incorporates forward-looking information into its measurement of ECL. It formulates a 'base case' view of the future direction of relevant economic variables and a representative range of other possible forecast scenarios based on advice from the Company's Investment and Risk committee, economic experts and consideration of a variety of external actual and forecast information. This process involves developing two additional economic scenarios and considering the relative probabilities of each outcome. External information includes economic data and forecasts published by governmental bodies and monetary authorities in the Nigeria, supranational organizations such as the Organisation for Economic Cooperation and Development and the International Monetary Fund, and selected private-sector and academic forecasters.

The base case represents a best estimate and is aligned with information used by the Company for other purposes such as strategic planning and budgeting. The other scenarios represent more optimistic and pessimistic outcomes.

###### **Measurement of ECL**

The calculation of the expected credit loss is based on the key risk parameters of Probability of default(PD), Loss given default(LGD) and Exposure at default (EAD)

To determine the Lifetime and 12-month PDs, the Company uses the PD tables supplied by Moody's based on the default history of sovereign and corporate obligors with the same credit rating. The Company adopts the same approach for unrated investments by mapping its internal risk grades to the equivalent external credit ratings. The PDs are recalibrated and adjusted to reflect forward looking information as described below. changes in the rating for counterparties and exposure lead to a change in estimate of the associated PD.

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.

## CUSTODIAN AND ALLIED INSURANCE LIMITED

### NOTES TO THE FINANCIAL STATEMENTS - Continued

#### 43 Financial risk management framework - continued

##### 43.4 Credit risk - continued

###### Measurement of ECL

EAD represents the expected exposure in the event of a default. The Company derives the EAD from the current exposure to the counterparty and potential changes to the current amount allowed under the contract, including amortisation, and prepayments. The EAD of a financial asset is its gross carrying amount. As described in the accounting policy, and subject to using a maximum of a 12-month PD for financial assets for which credit risk has not significantly increased, the Company measures ECL considering the risk of default over the maximum contractual period (including any borrower's extension options over which it is exposed to credit risk, even if, for risk management purposes, the Company considers a longer period. The modelling of parameter is carried out on an individual basis.

An overview of the approach to estimating ECLs is set out in Note 2 Summary of significant accounting policies and in Note 3 critical accounting judgements and key sources of estimation uncertainty. To ensure completeness and accuracy, the Company obtains the data used from third party sources (Moody's, Standards and Poor, Economist associate etc.) and its investment team verifies the accuracy of inputs to the Company's ECL models including determining the weights attributable to the multiple scenarios. The following tables set out the key drivers of expected loss and the assumptions used for the Company's base case estimate, ECLs based on the base case, plus the effect of the use of multiple economic scenarios for Nigeria, as at 31 December 2025 and 31 December 2024.

The Company has identified and documented key drivers of credit risk and ECL for each portfolio of financial instruments and using an analysis of historical data, has estimated relationships between macro economic variables and credit risk and credit losses. The tables show the values of the key forward looking 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.

**CUSTODIAN AND ALLIED INSURANCE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - Continued**

**43 Financial risk management framework - continued**

**43.4 Credit risk - continued**

**Analysis of inputs to the ECL model under multiple economic scenarios  
31 December 2025**

<b>Key drivers</b>	<b>ECL Scenario</b>	<b>Assigned Weightings /Probabilities</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>	<b>2029</b>
Macroeconomic variable GDP Growth rate (%)	Upside	12%	4.02	4.34	4.54	4.04	3.64
	Base case	78%	3.98	4.30	4.50	4.00	3.60
	Downside	10%	3.94	4.26	4.46	3.96	3.56
Inflation rates (%)	Upside	12%	14.40	18.45	17.75	17.25	16.96
	Base case	78%	14.45	18.50	17.80	17.30	17.01
	Downside	10%	14.53	18.58	17.88	17.38	17.09
Oil Prices "USD" (price per barrel)	Upside	12%	105.67	113.33	120.84	113.18	105.67
	Base case	78%	64.55	72.21	79.72	72.06	64.55
	Downside	10%	35.39	43.05	50.56	42.90	35.39
Unemployment rates (%)	Upside	12%	47.81	54.81	55.81	58.81	54.31
	Base case	78%	43.00	50.00	51.00	54.00	49.50
	Downside	10%	47.81	54.81	55.81	58.81	54.31

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.

**CUSTODIAN AND ALLIED INSURANCE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - Continued**

**43 Financial risk management framework - continued**

**43.4 Credit risk - continued**

**31 December 2024**

<b>Key drivers</b>	<b>ECL Scenario</b>	<b>Assigned Weightings /Probabilities</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>
Macroeconomic variable GDP Growth rate (%)	Upside	12%	3.02	3.34	3.54	3.74	5.04
	Base case	78%	2.98	3.30	3.50	3.70	5.00
	Downside	10%	2.94	3.26	3.46	3.66	4.96
Inflation rates (%)	Upside	12%	27.28	34.55	33.45	29.95	24.95
	Base case	78%	27.33	34.60	33.50	30.00	25.00
	Downside	10%	27.41	34.68	33.58	30.08	25.08
Oil Prices "USD" (price per barrel)	Upside	12%	113.18	127.57	135.41	121.02	113.18
	Base case	78%	72.06	86.45	94.29	79.90	72.06
	Downside	10%	42.90	57.29	65.13	50.74	42.90
Unemployment rates (%)	Upside	12%	34.91	35.61	29.32	28.63	34.91
	Base case	78%	43.00	48.00	50.00	51.00	54.00
	Downside	10%	47.81	52.81	58.10	55.81	58.81

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 stable while inflation rate is on the rise with the expected minimum wage legislation. Long-term expectations remain unchanged.

**CUSTODIAN AND ALLIED INSURANCE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - Continued**

**43 Financial risk management framework - continued**

**43.4 Credit risk - continued**

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

			<b>Cash and cash equivalents</b>	<b>Financial assets - amortised cost</b>	<b>Other receivables</b>	<b>Total</b>
	<b>31-Dec-25</b>					
Upside		12%	113,881	254,669	13,851	382,402
Base case		78%	755,032	1,688,458	91,835	2,535,325
Downside		10%	96,799	216,469	11,774	325,042
			<u>967,990</u>	<u>2,164,690</u>	<u>117,737</u>	<u>3,242,769</u>
	<b>31-Dec-24</b>					
Upside		12%	44,586	299,423	18,633	362,642
Base case		78%	295,606	1,985,173	123,537	2,404,316
Downside		10%	37,899	254,509	15,838	308,247
			<u>378,982</u>	<u>2,545,094</u>	<u>158,381</u>	<u>3,075,205</u>

**43.5 Liquidity risk**

Liquidity risk is the risk that the Company cannot meet its obligations associated with financial liabilities as they fall due.

The Company has adopted an appropriate liquidity risk management framework for the management of the Company's liquidity requirements. The Company manages liquidity risk by maintaining banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of assets and liabilities. The Company is exposed to liquidity risk arising from clients on its insurance contracts. In respect of catastrophic events there is liquidity risk from a difference in timing between claim payments and recoveries thereon from reinsurers.

**CUSTODIAN AND ALLIED INSURANCE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - Continued**

**43 Financial risk management framework - continued**

**43.5 Liquidity 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.

	<b>&lt; 1 month</b>	<b>1 - 3 months</b>	<b>3 - 12 months</b>	<b>1 - 5 years</b>	<b>&gt; 5 years</b>	<b>Total</b>
	<b>₦'000</b>	<b>₦'000</b>	<b>₦'000</b>	<b>₦'000</b>	<b>₦'000</b>	<b>₦'000</b>
<b>31 December 2025</b>						
Cash and cash equivalents	17,938,720	8,969,360	2,989,787	-	-	29,897,867
Financial assets (debt securities at amortised cost)	3,040,772	10,030,137	7,216,769	11,705,672	35,732,140	67,725,490
Premium receivables	316,646	-	-	-	-	316,646
	<u>21,296,139</u>	<u>18,999,497</u>	<u>10,206,556</u>	<u>11,705,672</u>	<u>35,732,140</u>	<u>97,940,004</u>
Insurance contract liabilities	17,141,774	2,745,681	2,591,680	544,845	3,235,817	26,259,797
Other technical liabilities	2,512,617	1,758,832	-	1,256,308	19,598,412	14,509,756
Provisions and other payables	4,398,740	2,039,928	-	-	-	6,438,668
	<u>24,053,131</u>	<u>6,544,441</u>	<u>2,591,680</u>	<u>1,801,153</u>	<u>22,834,229</u>	<u>47,208,221</u>
Liquidity Gap	<u>(2,756,992)</u>	<u>12,455,057</u>	<u>7,614,876</u>	<u>9,904,519</u>	<u>12,897,911</u>	<u>50,731,783</u>
<b>31 December 2024</b>						
Cash and cash equivalents	12,362,927	6,181,463	2,060,488	-	-	20,604,878
Financial assets (debt securities at amortised cost)	14,017,877	9,030,137	7,216,769	11,705,672	44,530,956	86,501,411
Premium receivables	316,646	-	-	-	-	316,646
	<u>26,697,449</u>	<u>15,211,600</u>	<u>9,277,257</u>	<u>11,705,672</u>	<u>44,530,956</u>	<u>107,422,934</u>
Insurance contract liabilities	8,692,559	2,745,681	2,591,680	544,845	5,417,679	19,992,444
Other technical liabilities	2,512,617	1,758,832	-	1,256,308	19,598,412	25,126,168
Provisions and other payables	3,463,067	1,701,648	-	-	-	5,164,715
	<u>14,668,243</u>	<u>6,206,161</u>	<u>2,591,680</u>	<u>1,801,153</u>	<u>25,016,091</u>	<u>50,283,327</u>
Liquidity Gap	<u>12,029,206</u>	<u>9,005,440</u>	<u>6,685,577</u>	<u>9,904,519</u>	<u>19,514,865</u>	<u>57,139,607</u>

CUSTODIAN AND ALLIED INSURANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS - Continued

43 Financial risk management framework - continued

43.6 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 2025	Current	Non- current	Total
	R'000	R'000	R'000
<b>Assets</b>			
Cash and cash equivalents	29,957,783	-	29,957,783
Financial assets	13,070,909	70,673,756	83,744,665
Premium receivables	290,146	-	290,146
Reinsurance contract assets	13,505,031	-	13,505,031
Other receivables and prepayments	1,241,370	-	1,241,370
Investment properties	-	22,682,000	22,682,000
Property, plant and equipment	-	939,802	939,802
Right of use assets	-	333	333
Intangible assets	-	50,794	50,794
Statutory deposits	-	300,000	300,000
<b>Total assets</b>	<b><u>58,065,239</u></b>	<b><u>94,646,684</u></b>	<b><u>152,711,924</u></b>
<b>Liabilities</b>			
Insurance contracts liabilities	22,479,135	28,206,987	50,686,122
Other technical liabilities	14,509,756	-	14,509,756
Provisions and other payables	6,438,668	-	6,438,668
Deferred rental income	42,000	-	42,000
Current income tax payable	10,300,169	-	10,300,169
Deferred tax liabilities	-	3,961,597	3,961,597
<b>Total liabilities</b>	<b><u>53,769,729</u></b>	<b><u>32,168,584</u></b>	<b><u>85,938,313</u></b>

CUSTODIAN AND ALLIED INSURANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS - Continued

43 Financial risk management framework - continued

43.6 Maturity analysis of the amounts in the statement of financial position

*Maturity analysis on expected maturity bases - continued*

31 December 2024	Current R'000	Non- current R'000	Total R'000
Assets			
Cash and cash equivalents	20,646,170	-	20,646,170
Financial assets	23,048,014	71,960,510	95,008,524
Premium receivables	270,207	-	270,207
Reinsurance contract assets	10,426,226	-	10,426,226
Other receivables and prepayments	3,826,595	-	3,826,595
Right of use assets	-	4,333	4,333
Investment properties	-	5,495,500	5,495,500
Property, plant and equipment	-	183,369	183,369
Intangible assets	-	76,204	76,204
Statutory deposit	-	300,000	300,000
<b>Total assets</b>	<b>58,217,212</b>	<b>78,019,916</b>	<b>136,237,128</b>
Liabilities			
Insurance contracts liabilities	14,029,920	22,856,693	36,886,613
Other technical liabilities	25,126,168		25,126,168
Provisions and other payables	5,164,715	-	5,164,715
Deferred rental income	35,000	-	35,000
Current income tax payable	1,983,227	-	1,983,227
Deferred tax liabilities	-	6,774,066	6,774,066
<b>Total liabilities</b>	<b>46,339,030</b>	<b>29,630,759</b>	<b>75,969,789</b>

## CUSTODIAN AND ALLIED INSURANCE LIMITED

### NOTES TO THE FINANCIAL STATEMENTS - Continued

#### 44 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

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	
	2025 ₦'000	2024 ₦'000	2025 ₦'000	2024 ₦'000	2025 ₦'000	2024 ₦'000
Within Nigeria	100,893,786	66,250,057	44,993,160	28,295,569	55,900,626	37,954,488
Outside Nigeria	-	-	4,783,193	5,670,580	(4,783,193)	(5,670,580)
	<b>100,893,786</b>	<b>47,776,214</b>	<b>49,776,353</b>	<b>33,966,149</b>	<b>51,117,433</b>	<b>32,283,908</b>

**CUSTODIAN AND ALLIED INSURANCE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - Continued**

**44 Insurance risk management - continued**

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 reinsurance service expense.

	Insurance contract revenue		Net Expenses from Reinsurance Contracts held		Net	
	2025 R'000	2024 R'000	2025 R'000	2024 R'000	2025 R'000	2024 R'000
Accident	9,390,864	7,060,109	4,838,413	2,949,115	4,552,451	4,110,994
Aviation	667,921	608,328	58,832	44,083	609,089	564,245
Bond	590,649	44,800	46,625	6,982	544,024	37,818
Engineering	2,666,562	1,713,227	252,737	(611,697)	2,413,825	2,324,924
Fire	27,044,404	19,347,408	15,121,834	12,655,813	11,922,570	6,691,595
Marine	6,859,749	4,299,723	1,144,824	1,437,833	5,714,925	2,861,890
Motor	15,313,400	9,966,116	24,655	251,152	15,288,745	9,714,964
Oil and Energy	38,360,236	23,210,345	28,288,433	17,232,868	10,071,803	5,977,478
	<b>100,893,785</b>	<b>66,250,056</b>	<b>49,776,353</b>	<b>33,966,149</b>	<b>51,117,432</b>	<b>32,283,908</b>

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+
Proportional exposure	1%	3%	94%	1%	1%	1%

**CUSTODIAN AND ALLIED INSURANCE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - Continued**

**44 Insurance risk management - continued**

**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.

		Change in assumptions	Impact on profit before tax		Impact on equity	
			Gross of reinsurance R'000	Net of reinsurance R'000	Gross of reinsurance R'000	Net of reinsurance R'000
<b>2025</b>						
Expected loss		10%	6,000,791	3,560,207	4,920,649	2,001,279
Inflation		1%	39,471,077	39,471,077	32,366,283	32,366,283
Expected loss		10%	(6,000,791)	3,560,207	(4,920,649)	(2,001,279)
Inflation		1%	(39,471,077)	39,471,077	(32,366,283)	32,366,283
		Change in assumptions	Impact on profit before tax		Impact on equity	
			Gross of reinsurance R'000	Net of reinsurance R'000	Gross of reinsurance R'000	Net of reinsurance R'000
<b>2024</b>						
Expected loss		10%	6,348,152	2,146,580	5,205,485	1,760,196
Inflation		1%	32,419	25,208	26,584	20,671
Expected loss		10%	(6,348,152)	(2,146,580)	(5,205,485)	(1,760,196)
Inflation		1%	(32,419)	(25,208)	(26,584)	(20,671)

CUSTODIAN AND ALLIED INSURANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS - Continued

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 2025.

**Analysis of claims development – Gross**

Estimate of ultimates:	2016 N'000	2017 N'000	2018 N'000	2019 N'000	2020 N'000	2021 N'000	2022 N'000	2023 N'000	2024 N'000	2025 N'000	Total N'000
End of accident year											
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	13,618,410	14,667,747.39	
2 years later	6,881,274	6,930,653	6,930,563	6,930,822	5,735,958	5,411,617	7,541,785	14,209,969	15,863,886		
3 years later	6,012,985	6,026,293	6,030,904	5,164,154	5,436,345	5,749,779	8,062,179	13,644,214			
4 years later	7,684,726	7,713,653	4,045,427	4,947,415	5,718,499	5,706,503	9,043,923				
5 years later	5,922,033	5,495,842	4,029,737	5,586,889	5,719,012	6,774,392					
6 years later	4,755,437	5,455,669	4,924,244	5,756,680	6,337,908						
7 years later	5,075,617	5,947,458	5,025,708	6,590,969							
8 years later	7,035,975	5,955,360	5,335,082								
10 years later	7,481,357										
Current estimate of ultimate claims	7,481,357	6,349,589	5,335,082	6,590,969	6,337,908	6,774,392	9,043,923	13,644,214	15,863,886	14,667,747	92,089,067
Net cumulative claims liabilities – prior accident years	324,110										324,110
Cumulative payments	6,507,692	5,446,008	4,219,666	4,780,264	5,019,408	4,306,767	5,398,178	9,995,783	8,701,338	4,937,349	59,312,453
<b>Net cumulative claims liabilities – accident years from 2016 to 2024</b>	<b>1,297,775</b>	<b>903,582</b>	<b>1,115,416</b>	<b>1,810,705</b>	<b>1,318,499</b>	<b>2,467,625</b>	<b>3,645,745</b>	<b>3,648,431</b>	<b>7,162,548</b>	<b>9,730,399</b>	<b>33,100,725</b>
Effect of discounting											(6,840,927)
Effect of the risk adjustment for non-financial risk											2,573,460
<b>Net LIC for the contracts originated (refer to notes 10a)</b>											<b>28,833,258</b>

CUSTODIAN AND ALLIED INSURANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS - Continued

43 Insurance risk management - continued

43.2 Claims development tables

Analysis of claims development – Net

Estimate of ultimates:	2016 N'000	2017 N'000	2018 N'000	2019 N'000	2020 N'000	2021 N'000	2022 N'000	2023 N'000	2024 N'000	2025	Total N'000
End of accident year											
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	10,490,587	10,863,134.00	
2 years later	3,088,087	4,958,226	6,409,350	2,328,371	3,179,597	4,201,230	2,034,960	10,437,498	10,578,496		
3 years later	2,973,164	4,250,979	5,697,968	1,734,869	2,620,633	4,045,862	5,780,077	10,684,810			
4 years later	3,515,434	5,595,525	3,822,099	1,912,519	3,240,928	4,576,984	6,582,709				
5 years later	3,005,179	3,986,713	3,804,642	2,209,778	3,422,182	4,900,111					
6 years later	2,413,181	3,953,458	4,153,511	2,510,756	3,554,725						
7 years later	2,636,280	3,686,568	4,472,762	3,044,008							
8 years later	4,069,880	3,522,927	4,692,202								
9 years later	4,540,952	3,940,009									
10 years later	4,771,002										
Current estimate of ultimate claims	4,771,002	3,940,009	4,692,202	3,044,008	3,554,725	4,900,111	6,582,709	10,684,810	10,578,496	10,863,134	63,611,207
Net cumulative claims liabilities – prior accident years	189,059										189,059
Cumulative payments	4,244,369	3,293,735	4,030,043	1,863,497	3,075,448	3,467,427	3,797,120	7,951,983	5,243,892	4,007,141	40,974,655
<b>Net cumulative claims liabilities – accident years from 2016 to 2025</b>	<b>715,692</b>	<b>646,275</b>	<b>662,159</b>	<b>1,180,511</b>	<b>479,278</b>	<b>1,432,684</b>	<b>2,785,588</b>	<b>2,732,827</b>	<b>5,334,604</b>	<b>6,855,993</b>	<b>22,825,610</b>
Effect of discounting											(5,284,517)
Effect of the risk adjustment for non-financial risk											393,784
<b>Net LIC for the contracts originated</b>											<b>17,934,877</b>

**CUSTODIAN AND ALLIED INSURANCE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - Continued**

**44 Financial Reporting Council's Certification Requirement for Professionals Engaged in Financial Reporting**

In line with Financial Reporting Council of Nigeria certification requirement for professionals engaged in the financial reporting process: external auditors, officers of reporting entities and other professional providing assurance to reporting entities, below is a list of professionals engaged in the financial reporting process relating to financial statements during the year

S/N	NAME OF PRATICE/PROFESSIONAL	FRC NUMBER	SERVICE	FEES
1	<b>Goldwyns</b> - Anthony Molade	FRC/2013/ICAN/00000003138	Tax Consultant	13,000,000
2	<b>BARIN EPEGA &amp; Co</b> - Epega Obarinsola	FRC/2012/PRO/NIESV/004 /00000000597	Property Valuation Specialist	5,000,000
3	<b>Ernst &amp; Young</b> - Kingsley Miller	FRC/2012/NAS/00000002392	Actuarial service	10,000,000
4	<b>Deloitte, Nigeria</b> - Ayonike Faturoti	FRC/2022/PRO/ICAN/004/611525	External Auditor	34,400,000

Auditor's remuneration represents fees for the year audit of the Company for the year ended 31 December 2025. The Company also paid the auditors professional fees for non-audit services. These services, in the Company's opinion, did not impair the independence and objectivity of the external auditor. Non-audit services provided during the period ended 31 December 2025 are stated below:

Description of non audit services rendered	Name of Signer	FRC Number :	Name of Firm	Fee Paid (N'000)
Attestation service on Internal Control over Financial Reporting	Ayonike Faturoti	FRC/2022/PRO/ICAN/004/611525	Deloitte and Touche	N8,000

**CUSTODIAN AND ALLIED INSURANCE LIMITED**  
**OTHER NATIONAL DISCLOSURES**  
**STATEMENT OF VALUE ADDED**  
**FOR THE PERIOD ENDED 31 DECEMBER 2025**

	<b>2025</b>		<b>2024</b>	
	<b>₱'000</b>	<b>%</b>	<b>₱'000</b>	<b>%</b>
Insurance service result	17,751,364	53	2,698,323	(15)
Net Investment income	14,057,378	42	32,766,305	94
Net insurance financial result	<u>(959,366)</u>	<u>(3)</u>	<u>1,247,740</u>	<u>6</u>
	30,849,376	92	36,712,368	85
Other operating expenses	(4,873,274)	(15)	(3,718,554)	(12)
Adjustment for directly attributable expenses and other model adjustments	7,392,068	22	4,932,417	23
Value added	<u><b>33,368,170</b></u>	<u><b>100</b></u>	<u><b>21,087,962</b></u>	<u><b>100</b></u>
<b>Applied as follows:</b>				
<b>To pay employees</b>				
Salaries, wages and benefits	1,477,416	4	996,961	4
<b>To pay Government:</b>				
Taxes	9,415,226	28	2,011,677	3
<b>Retained for asset replacement and future expansion of business:</b>				
- Deferred taxation	(3,924,298)	-12	1,386,203	21
- Depreciation and amortization	232,621	2	132,745	2
- Profit for the year	<u>26,167,205</u>	<u>77</u>	<u>33,112,912</u>	<u>71</u>
	<u><b>33,368,170</b></u>	<u><b>100</b></u>	<u><b>21,087,962</b></u>	<u><b>100</b></u>

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.

**CUSTODIAN AND ALLIED INSURANCE LIMITED**  
**OTHER NATIONAL DISCLOSURES - Continued**  
**FIVE-YEAR FINANCIAL SUMMARY**

STATEMENT OF FINANCIAL POSITION AS AT	31 DECEMBER				
	2025 =N='000	2024 =N='000	2023 =N='000	2022 =N='000	2021 =N='000
<b>Assets</b>					
Cash and cash equivalents	29,957,783	20,646,170	11,419,213	8,793,947	8,808,248
Financial assets	83,744,665	95,008,524	57,069,702	30,489,808	23,947,860
Premium receivables	290,146	270,207	316,646	365,397	109,967
Reinsurance assets	13,505,031	10,426,226	7,057,798	4,767,414	4,650,512
Other receivables and prepayments	1,241,370	3,826,595	1,350,212	993,590	772,722
Investment properties	22,682,000	5,495,500	4,050,000	3,676,770	3,676,770
Right of use assets	939,802	183,369	199,213	232,664	303,954
Property, plant and equipment	333	4,333	8,333	1,044	7,221
Intangible assets	50,794	76,204	123	946	3,427
Statutory deposits	300,000	300,000	300,000	300,000	300,000
<b>Total assets</b>	<b>152,711,924</b>	<b>136,237,128</b>	<b>81,771,240</b>	<b>49,621,580</b>	<b>42,580,681</b>
<b>Liabilities and equity</b>					
Insurance contract liabilities	50,686,122	36,886,613	24,081,523	14,298,937	12,704,190
Reinsurance premium payable	-	-	-	-	-
Other technical liabilities	14,509,756	25,126,168	14,620,617	6,564,236	4,366,048
Provisions and other payables	6,438,668	5,164,715	2,680,102	1,576,551	1,493,142
Deferred commission income	-	-	-	-	-
Deferred rental income	42,000	35,000	35,000	33,250	33,250
Current income tax payable	10,300,169	1,983,227	507,800	1,361,495	836,792
Deferred tax liabilities	3,961,597	5,178,466	5,178,466	672,831	753,816
<b>Total liabilities</b>	<b>85,938,312</b>	<b>74,374,189</b>	<b>47,103,508</b>	<b>24,507,300</b>	<b>20,187,238</b>
<b>Equity</b>					
Share capital	10,000,000	10,000,000	10,000,000	10,000,000	7,000,000
Share premium	84,607	84,607	84,607	84,607	84,607
Statutory contingency reserve	17,318,613	10,000,000	10,000,000	10,000,000	10,000,000
Retained earnings	35,267,037	34,547,316	12,917,456	4,596,443	4,931,902
Fair value reserve	4,103,355	1,665,669	1,665,669	433,230	376,934
<b>Total equity</b>	<b>66,773,612</b>	<b>56,297,592</b>	<b>34,667,732</b>	<b>25,114,280</b>	<b>22,393,443</b>
<b>Total liabilities and equity</b>	<b>152,711,924</b>	<b>130,671,781</b>	<b>81,771,240</b>	<b>49,621,580</b>	<b>42,580,681</b>
<b>INCOME STATEMENT</b>					
Gross premium written	108,833,232	71,688,127	42,594,486	37,982,979	34,437,522
Insurance service result	17,751,360	2,698,323	(3,158,072)	3,625,987	-
Net premium income	-	-	-	-	10,426,320
Profit before income tax expense	26,167,205	33,112,912	15,212,733	6,137,539	5,022,684
Income tax expense	(5,490,928)	(3,397,880)	(4,891,720)	(884,612)	(578,485)
Profit for the year	20,676,276	29,715,032	10,321,013	5,252,927	4,444,199
Transfer to retained earnings	20,676,276	29,715,032	10,321,013	5,252,927	4,444,199
<b>Basic earnings per share (kobo)</b>	<b>103</b>	<b>149</b>	<b>52</b>	<b>33</b>	<b>32</b>
<b>Diluted earnings per share (kobo)</b>	<b>103</b>	<b>149</b>	<b>52</b>	<b>33</b>	<b>32</b>