STANDARD ALLIANCE INSURANCE PLC

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

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FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

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Corporate information

Registration Number	- RC: 40590		
Directors :	Mr. Johnson Chukwu	Chairman	Resigned 16 August 2024
	Mr. Tayo Awodiya	Chief Executive Officer	Resigned 16 August 2024
	Mr. Oduniyi Odusi	Executive Director	Resigned 16 August 2024
	Alh. Uwais Haruna Mohammed	Independent Non-Executive Director	Resigned 16 August 2024
	Chief Uzoma Igbonwa	Non-Executive Director	Resigned 16 August 2024
	Akin Iroko	Chairman	Appointed 23 September 2024
	Nathaniel Ibitowa	Non-Executive Director	Appointed 23 September 2024
	Rohan Fernando	Non-Executive Director	Appointed 23 September 2024
	Musa Lawan	Non-Executive Director	Appointed 23 September 2024
	Paulinus Offorzor	Managing Director/CEO	Appointed 23 September 2024
	Michael Owope	Chief Financial Officer	Appointed 23 September 2024
	Olutayo Amore	ED - Technical	Appointed 30 October 2024
Company Secretary	- Bar. Halima Jimada		
Registered Office	- Plot 1 Block 94, Providence Street Lekki Scheme 1, Lekki Lagos.		
Registrar	- First Registrars and Investor Services Limited Plot 2, Abebe Village Road, Iganmu Lagos.		
Bankers	- Access Bank Plc Ecobank Plc Fidelity Bank Plc First City Monument Bank Limited First Bank of Nigeria Limited Guaranty Trust Bank Plc Heritage Bank Limited Keystone Bank Limited Polaris Bank Limited Sterling Bank Plc Union Bank Plc United Bank for Africa Plc Unity Bank Plc Wema Bank Plc Zenith Bank Plc		
Reinsurers	- African Reinsurance Corporation Waica Reinsurance Corporation Plc Nigeria Reinsurance Corporation Zep Reinsurance Corporation Nouvell Compagnie Africaine De Reassurance Aveni Reinsurance Company Ltd		
Reinsurance Broker	- Standard Insurance Brokers Limited		
Auditor	- Muhtari Dangana & Co (Chartered Accountants) Maanah Plaza 19, Araromi Street, Onikan - Lagos.		
Actuary	- Becoda Consulting Limited No 7, Ibiyinka Olorunimbe Close Victoria Island, Lagos - FRC/2015/PRO/NAS/004/00000012946		

Results at a glance

Statement of Comprehensive income:	**2023 N'000**	**Restated 2022 N'000**	**% Change**
Insurance revenue	418,062	523,845	(20)
Net insurance finance expenses	75,215	(333,527)	(123)
Management expenses	(18,374)	(513,973)	(96)
Loss before tax	(7,505)	(1)	(750,400)
Statement of Financial Position:			
Cash and cash equivalents	644,272	695,776	(7)
Investment property	4,030,067	4,030,067	-
Insurance contract liabilities	5,062,390	5,226,947	(3)
Investment contract liabilities	2,667,359	2,571,151	4
Paid up share capital	6,455,515	6,455,515	-
Shareholders' funds	(4,913,611)	(4,430,375)	11
Total Assets	7,512,352	6,190,063	21
Per share data			
Basic earnings per share (kobo)	(14.06)	(6.43)	(119)
Net assets per share (kobo)	(38)	(34)	(11)
Share price (kobo)	50	50	-
General			
Number of Shareholders	70,401	70,401	-
Number of Employees	1	1	-
Number of Branches	1	1	-

STATEMENT OF DIRECTORS' RESPONSIBILITIES

In accordance with the provisions of the Companies and Allied Matters Act, 2020, the Insurance Act CAP I17, LFN, 2004 and National Insurance Commission's prudential guidelines 2015, the Directors are responsible for the preparation of financial statements which give a true and fair view of the state of affairs of the Company and the profit or loss and other comprehensive income for the financial year.

The Directors responsibilities include ensuring that the Company:

i. implement appropriate internal controls to secure the assets of the Company, prevent and detect fraud and other financial irregularities

ii. keeps accounting records which disclose with reasonable accuracy the financial position of the Company and which ensure that the financial statements comply with the requirements of the Companies and Allied Matters Act 2020, Insurance Act CAP I17, LFN 2004, and NAICOM Prudential Guidelines and Circulars.

iii. has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgments and estimates, and that all applicable accounting standards have been followed.

The Directors accept responsibility for maintaining adequate accounting records as required by:

a. International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB);
b. Companies and Allied Matters Act, 2020;
c. Insurance Act, CAP I17, LFN 2004;
d. NAICOM Prudential Guidelines and circulars.

The Directors are of the opinion that the financial statements give a true and fair view of the state of affairs of the Company and of the profit or loss for the year. 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 control.

Nothing has come to the attention of the Directors to indicate that the Company will not remain a going concern for at least 12 (twelve) months from the date of approval of the financial statements.

Mr. Michael Owope	**Mr. Paulinus Offorzor**	**Mr. Akin Iroko**
Chief Finance Officer	***Managing Director/CEO***	***Chairman***
FRC/2018/PRO/ICAN/001/00000017730	**FRC/2013/PRO/CIIN/002/00000003287**	**FRC/2024/PRO/DIR/003/358339**

REPORT OF THE DIRECTORS

The Directors have the pleasure of presenting their annual report and the audited financial statements of Standard Alliance Insurance Plc to the Shareholders along with the auditor's report for the year ended 31 December 2021. The Company's financial statements were prepared in compliance with the International Financial Reporting Standards (IFRS).

Principal activities and business review

The Company's principal activity is the provision of non-life and life underwriting and special risk underwriting. Such services include provision of general insurance and life assurance services to both individual and corporate customers.

The below is the summary of the Company's operating results:

	2023 N'000	Restated 2022 N'000
Insurance revenue	418,062	523,845
Insurance service expenses	75,215	(333,527)
Loss before tax	(1,808,290)	(829,719)
Income tax expense	(7,505)	(1)
Loss for the year	(1,815,795)	(829,720)

Directors

The Directors of the Company are as follows:

Mr. Johnson Chukwu	-	Chairman	Resigned 20 August 2024
Mr. Tayo Awodiya	-	Chief Executive Officer	Resigned 30 August 2024
Mr. Oduniyi Odusi	-	Executive Director	Resigned 28 June 2024
Alh. Uwais Haruna Mohammed	-	Independent Non-Executive Director	Resigned 16 August 2024
Chief Uzoma Igbonwa	-	Non-Executive Director	Resigned 30 June 2024
	-		
Akin Iroko		Chairman	Appointed 23 September 2024
	-		
Nathaniel Ibitowa	-	Non-Executive Director (Nigerian)	Appointed 23 September 2024
Rohan Fernando	-	Non-Executive Director (Sri Lankan)	Appointed 23 September 2024
Musa Lawan	-	Non-Executive Director (Nigerian)	Appointed 23 September 2024
Paulinus Offorzor	-	Managing Director/CEO (Nigerian)	Appointed 23 September 2024
Michael Owope	-	Chief Financial Officer (Nigerian)	Appointed 23 September 2024
Olutayo Amore	-	Executive Director-Technical (Nigerian)	Appointed 30 October 2024

REPORT OF THE DIRECTORS (continued)

Directors' interests
The Directors' direct interests in the issued share capital of the Company as recorded in the Register of members as at 31 December 2023 are as follows:

Mr. Johnson Chukwu:

Standard Alliance Investments Limited	2,557,636,144	19.81	2,557,636,144	19.81
Standard Alliance Capital Limited	250,250,000	1.94	250,250,000	1.94

Contracts
In accordance with Section 303 of the Companies and Allied Matters Act 2020, none of the Directors notified the Company of any declarable interest in contracts involving the Company during the year under review.

Property, plant and equipment
Information relating to changes in tangible assets is given in Note 14 to the financial statements. The Directors are of the opinion that the market value of the Company's assets is not lower than the values shown in the financial statements.

Share capital information

a) **Share range analysis**

Range of shares	Number of Shareholders	% Total	Share Units	% Total
1 - 1,000	15,126	21.49	14,492,143	0.11
1,001 - 5,000	27,647	39.27	86,388,122	0.67
5,001 - 10,000	11,711	16.63	103,565,160	0.80
10,001 - 50,000	11,831	16.81	282,768,978	2.19
50,001 - 100,000	2,029	2.88	165,648,519	1.28
100,001 - 500,000	1,534	2.18	340,954,565	2.64
500,001 - 1,000,000	240	0.34	198,713,693	1.54
1,000,001 - 5,000,000	165	0.23	363,668,833	2.82
5,000,001 - 10,000,000	45	0.06	335,668,609	2.60
10,000,001 - 50,000,000	40	0.06	853,979,957	6.61
50,000,001 and above	33	0.05	10,165,182,007	78.73
Total	70,401	100	12,911,030,586	100

REPORT OF THE DIRECTORS (continued)

b) **Substantial interests in shares**

Apart from Gemrock Management Company Limited, Standard Alliance Investments Limited and FCMB Plc which hold 2,594,060,738 units (20.09%), 2,557,636,144 units (19.81%) and 700,000,000 units (5.42%) respectively, no other shareholder held more than 5% of the issued share capital of the Company as at 31 December 2023.

Corporate Social Responsibilies

The Company makes donations to charitable and non-profit organisations in appreciation of the society's contributions toward's the Company's progress.

No donations or charitable contributions were made during the year (2022: Nil)

Human resources

a) **Employment of disabled persons**

The Company operates a non-discriminatory policy in the consideration of applications for employment, including those received from disabled persons. The Company's policy is that the most qualified and experienced persons are recruited for appropriate job levels irrespective of applicants state of origin, enthnicity, religion or physical condition. In the event that any employee becomes disabled in the course of employment, the Company is in a position to arrange appropriate training to ensure continuous employment of such person without being subjected to any disadvantage in his/her career development.

b) **Health, safety and welfare of Employees**

The Company's business premises are designed with a view to guaranteeing the safety and healthy living conditions of its employees and customers alike. Health, safety and fire drills are regularly organised to keep employees alert at all times. Employees are adequately insured against occupational hazzards. In addition, the Company provides medical facilities to its employees and their immediate families at its expense.

c) **Employee involvement and training**

The Company encourages participation of employees in arriving at decisions in respect of matters affecting their well being. Towards this end, the Company provides opportunities for employees to deliberate on issues affecting the Company and employees' interests, with a view to making inputs to decisions thereon. The Company places a high premium on the development of its manpower. Consequently, the Company sponsored its employees for various training courses both in Nigeria and abroad in the year under review.

Auditors

Muhtari Dangana & Co (Chartered Accountants) have expressed their willingness to continue in office as the Company’s auditors in accordance with the provision of section 401(2) of the Companies and Allied Matters Act, 2020

A resolution will be proposed at the Annual General Meeting to authorize the directors to fix their remuneration.

By order of the Board

Miss. Halima Jimada
Comp. Sec/Legal Adviser
FRC/2024/PRO/NBA/004/605363

CERTIFICATION PURSUANT TO SECTION 60(2) OF INVESTMENT AND SECURITIES ACT NO.29 OF 2007

We the undersigned hereby certify the following with regards to our audited report for the year ended 31 December 2023 that:

(a) We have reviewed the report;

(b) To the best of our knowledge, the report does not contain:
(i) Any untrue statement of a material fact, or
(ii)Omit to state a material fact, which would make the statements, misleading in the light of circumstances under which such statements were made;

(c) To the best of our knowledge, the financial statements and other financial information included in the report fairly present in all material respects the financial condition and results of operations of the company as of, and for the periods presented in the report;

(d) **We:**
(i) are responsible for establishing and maintaining internal controls;
(ii) have designed such internal controls to ensure that material information relating to the Company is made known to such officers by others within the entity particularly during the period in which the periodic reports are being prepared;
(iii) have evaluated the effectiveness of the Company's internal controls as of date within 90 days prior to the report;
(iv) have presented in the report our conclusions about the effectiveness of our internal controls based on our evaluation as of that date;

(e) **We have disclosed to the Auditors of the Company and Audit Committee:**
(i) all significant deficiencies in the design or operations of internal controls which would adversely affect the Company's ability to record, process, summarize and report financial data;
(ii) any fraud, whether or not material, that involves management or other employees who have significant roles in the Company's internal controls;

(f) We have identified in the report whether or not there were significant changes in internal controls or other factors that could significantly affect internal controls subsequent to the date of our evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Mr. Michael Owope
FRC/2018/PRO/ICAN/001/00000017730
Chief Finance Officer

Mr. Paulinus Offorzor
FRC/2013/PRO/CIIN/002/00000003287
Managing Director/CEO

REPORT OF AUDIT COMMITTEE
TO THE MEMBERS OF STANDARD ALLIANCE INSURANCE PLC

In accordance with the provisions of Section 404 (7) of the Companies and Allied Matters Act 2020, we the Members of the Audit Committee of Standard Alliance Insurance Plc having carried out our statutory functions under the Act, hereby report as follows:

- We have reviewed the scope and planning of the audit for the year ended 31 December, 2023 and we confirm that they were adequate.
- The Company's reporting and accounting policies as well as internal control systems conform to legal requirements and agreed ethical practices.
- We are satisfied with the departmental responses to the External Auditors' findings on management matters for the year ended 31 December, 2023.

Finally, we acknowledge and appreciate the cooperation of Management and Staff in the conduct of these duties.

Nathaniel Ibitowa
Chairman of the Audit Committee

Members of the Audit Committee

Nathaniel Ibitowa	-	Chairman	Appointed October 9, 2024
Musa Lawan	-	Member	Appointed October 9, 2024
Rohan Fernando	-	Member	Appointed October 9, 2024
Erinfolami Gafar	-	Member	Appointed October 9, 2024
Matthew Esonanjor (SAN	-	Member	Appointed October 9, 2024
Bar. Halima Jimada		Secretary	Appointed October 9, 2024

CORPORATE GOVERNANCE REPORT

Reporting entity
Standard Alliance Insurance Plc is a Company incorporated and domiciled in Nigeria. The address of the Company's registered office is Plot 1, Block 94, Providence Street, Lekki Scheme 1, Lekki – Epe Express way, Lekki, Lagos. The Company underwrites life and non-life insurance risks. The Company is listed on the Nigerian Stock Exchange.

The Company primarily operates in the insurance sector.

Standard Alliance Insurance Plc has over the years built an enviable reputation and has consistently adopted, implemented and applied international best practices in corporate governance, service delivery and value creation for all its stakeholders.

The Company's corporate governance principles are embodied in its Code of Corporate Governance, which represents the core values upon which the Company was founded. The code of Corporate Governance is designed to ensure that the Company's business is conducted in a fair, honest and transparent manner that conforms to high ethical standards. For the entity, good corporate governance goes beyond just adhering to rules and policies of the Regulators; it is about consistently creating excellent value for our stakeholders using the best possible principles within a sustainable and enduring system.

In order to remain a pace setter in the area of good corporate governance practice, the Company's corporate governance practices are constantly under review in line with the dynamics of the business environment and guidelines of the regulatory bodies.

Governance Structure
The Company is committed to high standards of corporate governance. Corporate governance practice in the Company is drawn from various applicable codes of corporate governance issued by National Insurance Commission (NAICOM) and Securities and Exchange Commission (SEC). This ensures compliance with regulatory requirement as well as the core value which the Company upholds.

The provision of the codes is geared towards ensuring transparency and accountability of the Board and Management to shareholders of the Company.

The Board of Directors
The newly reconstituted Board of Directors is made up of seven (7) members; the Chairman, three (3) Non-Exectuve Directors and three (3) Executive Directors.

All the Directors bring various and varied competencies to bear on all Board deliberations. The Directors individually have attained the highest pinnacle of their chosen professions. The Board meets quarterly and is responsible for effective control and monitoring of the Company's strategy.

The ultimate responsibility for the governance of the Company resides with the Board of Directors, which is accountable to the shareholders for creating and delivering sustainable value through the management of the Company's business. The Board is also responsible for the management of the Company's relationship with its various stakeholders. The day to day running of the Company is delegated to the Chief Executive Officer by the Board of Directors assisted by the Management Committees.

Responsibilities of the Board
The responsibilities of the Board of Directors include:

i. Review corporate strategy, major plans of actions, risk policies, business plans, setting performance objectives, monitoring implementation and corporate performance and overseeing major capital expenditures and acquisitions

CORPORATE GOVERNANCE REPORT (Continued)

ii. Select, compensate, monitor and when necessary, replace key executives and oversee succession planning.

iii. Monitor the effectiveness of the governance practices under which it operates and make changes as may be necessary.

iv. Ensure the integrity of the Company's accounting and financial reporting systems, including the independent audit and that appropriate systems of control are in place, in particular, systems for monitoring risk, financial control and compliance with the law.

v. Monitor and manage potential conflicts of interest of management, board members and shareholders, including misuse of corporate assets and abuse in related party transactions.

vi. Supervise and monitor the execution of policies and providing direction for the management.

vii. Monitor potential risks within the company including recognising and encouraging honest whistle blowing.

viii. Oversee the process of disclosure and communication in the company.

Roles of Chairman and Chief Executive Officer

The roles of Chairman and Chief Executive are separate and no one individual combines the two positions. The Chairman's main responsibility is to lead and manage the Board to ensure that it operates effectively and fully discharges its legal and regulatory responsibilities. The Chairman is responsible for ensuring that Directors receive accurate, timely and clear information to enable the Board take informed decisions, monitor effectively and provide advice to promote the success of the Company. The Chairman also facilitates the contributions of Directors and promotes effective relationships and open communications between Executive and non-Executive Directors, both inside and outside the Boardroom.

The Board has delegated the responsibility for the day-to-day management of the Company to the Chief Executive Officer, who is supported by Executive Management. The Chief Executive Officer executes the powers delegated to him in accordance with guidelines approved by the Board of Directors. Executive management is accountable to the Board for the development and implementation of strategies and policies. The Board regularly reviews Company performance, matters of strategic concern and any other matters it regards as material.

Board Committees

The Board carries out some of its responsibilities through the Board sub-committees whose terms of reference set out clearly their roles, responsibilities, scope of authority and procedures for reporting to the Board. Each committee is chaired by a non-Executive Director in compliance with principles of good corporate governance and the Audit Committee is chaired by a non- executive director. These committees report to the Board of Directors on their activities and decisions, which are ratified by the full Board. The Committees are as follows:

1) **The Finance, Strategy and General purposes Committee**

This is a standing Committee of the Board with the responsibility to review the Company investment portifolio. The terms of reference of the Committee includes:

- Review of existing investments;
- Review of investment strategies;
- Review of company's investments by way of equities;
- Review of Budgets.
- Review and make recommendations on procedural manuals/policies;
- Make recommendation on recruitment/termination of General Managers and above to the Board;
- Strategy formulation;
- Review of Human Capital Management Operations
- Review of Marketing activities

The Committee had the following members during the year under review:

The Committee did not hold any meeting during the year under review because the Board of Directors were not sufficient in number.

2) **The Enterprise Risk Management and Governance Committee**

The terms of reference of this Committee includes the following:

- Establish criteria for Board and Board Committee memberships, review candidate's qualifications and any potential conflict of interest, assess the contribution of current directors in connection with their re-appointment and make recommendations to the Board;
- Prepare job specification for the Chairman's position, including assessment of time commitment required of the candidate;
- Periodic evaluation of skills, knowledge and experience required on the Board;
- Make recommendations on experience required by the Board Committee members, Committee appointments and removal, operating structure, reporting and other Committee operational matters;
- Make recommendations on compensation structure for Executive Directors;
- Provide input to the annual report of the Company in respect of Director's compensation;
- Ensure Succession Policy and Plan, subsists for positions of Chairman, CEO/MD, Executive Directors and subsidiary MDs;
- Ensure Board conducts Board Evaluation on annual basis;
- Review performance and effectiveness of the subsidiary's Board on annual basis;
- Review and make recommendations to Board for approval of the Company's organizational structure and any proposed amendments;
- Review of performance bonuses;
- Review of Staff Remuneration package.
- Review and approval of the Company's Enterprise Risk Management policy including risk appetite and risk strategy;
- Review the adequacy and effectiveness of risk management and controls;
- Oversight of management's process for the identification of significant risks across the Company and the adequacy of prevention, detection and reporting mechanisms;
- Review of the Company's compliance level with applicable laws and regulatory requirements which may impact the Company's risk profile;
- Periodic review of changes in the economic and business environment, including emerging trends and other factors relevant to the Company's risk profile;
- Review and recommend for approval of the Board risk management procedures and controls for new products and services.

The Committee did not hold any meeting during the year under review because the Board of Directors were not sufficient in number.

CORPORATE GOVERNANCE REPORT (Continued)

3) **The Audit and Compliance Committee**

The Audit and Compliance Committee is made up of 6 (six) members, three representatives each of Shareholders and Directors. Its members are elected at the Annual General Meeting.

In addition to its responsibility to review the scope, independence and objectivity of the audit, the Committee carries out all such matters as are referred to it by the Companies and Allied Matters Act, 2020. These functions include to:

- Meet at least thrice yearly and once with the External Auditors;
- Review Whistle blowing policy;
- Periodic Evaluation of the Committee's performance;
- Carrying out internal control checks on all company activities;
- Make recommendations to the Board on sanctions in areas of default where necessary;
- Receive and review integrity of data of the audited financial statements of the company;
- Make recommendation on appointment and remuneration of external auditors;
- Review and make recommendations based on Management letters issued by external auditors;
- Monitor the quality of internal control procedures and compliance with regulatory policies.

The Committee had the following members during the year under review:

Nathaniel Ibitowa	-	Chairman
Musa Lawan	-	Member
Rohan Fernando	-	Member
Erinfolami Gafar	-	Member
Matthew Esonanjor (SAN)	-	Member
Bar. Halima Jimada		Secretary

This Committee was recently reconstituted after new core investors came on board. The previous Audit Committee of the former management did not hold any meeting in the year under review.

Internal Control

It is the responsibility of the Board of Directors to ensure that all the records are accurate and correctly reflect the financial position of the Company. The Board is mindful of the fact that as an insurance company, great relevance is placed by policy holders and potential investors on the accuracy of information contained in its financial statements.

In order to ensure the accuracy of its records, the Board sets standards that the Quality Assurance department implements system of internal control comprising policies, standards and procedures to ensure that the safety of assets and reduction of the risk of loss, error, fraud and other irregularities. Both the Quality Assurance (Internal Auditors) and the External Auditors independently appraise the adequacy of the internal controls.

Muhtari Dangana & Co (Chartered Accountants) acted as external auditors to the Company for the 2023 financial year. Their report for the year under review is contained on pages 15 - 18 of these financial statements.

Support Committees

1 **Executive Management Committee**

The Committee is responsible for strategic marketing activities, review of investment portfolio and approval of new products and branches. The members of the committee are:

i) Chief Executive Officer
ii) Executive Director
iii) Chief Finance Officer
iv) Company Secretary

2 **Senior Management Committee**

The Committee is responsible for strategic initiatives on business generation and membership includes:

i. Chief Executive Officer
ii. Executive Directors
iii. All Divisional Heads
iv. Head, Technical
v. Head, Corporate Services
vi. Chief Finance Officer
vii. Head, Internal Control/Quality Assurance
viii. Head, Information Technology (IT)

3 **Weekly Activity Review Committee**

This Committee meets weekly to review business development activities of the entire Company. The Committee consists of:

i. Chief Executive Officer
ii. All Divisional Heads
iii. Head, Technical
iv. Head, Information Technology
v. Head, Corporate Services
vi. Head, Internal Audit/Quality Assurance
vii. Chief Finance Officer
viii. Head, Enterprise Risk Management
ix. All marketing staff

4 **Management Committee**

This Committee meets every month to review the Company's performance. The meetings are usually held first Friday and Saturday following the end of each month.The Committee consists of:

i. Chief Executive Officer
ii. Executive Director
iii. All Divisional Heads
iv. All Regional Heads
v. All Branch Managers
vi. Head, Technical
vii. Head, Information Technology
viii. Chief Finance Officer
ix. Head, Corporate Services
x. Head, Internal Audit/Quality Assurance
xi. Head, Enterprise Risk Management

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INDEPENDENT AUDITORS' REPORT
TO THE SHAREHOLDERS OF STANDARD ALLIANCE INSURANCE PLC

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Standard Alliance Insurance Plc, which comprise, the statement of financial position as at 31 December 2023, statement of profit or loss and other comprehensive income, statement of changes in equity, and statement of cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies and other explanatory notes.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2023 and of its financial performance and cash flows for the year then ended in accordance with IFRS Accounting Standards, issued by the International Accounting Standards Board (IASB) and in compliance with the relevant provisions of the Financial Reporting Council of Nigeria (Amendment))Act 2023, the Companies and Allied Matters Act 2020, Insurance Act CAP I17, LFN 2004 and the Prudential Guidelines issued by National Insurance Commission.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants together with the ethical requirements that are relevant to our audit of the financial statements in Nigeria, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the International Ethics Standards Board Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty relating to going concern

"We draw attention to note 35 of the financial statements, which indicates that the company recorded a net loss of N1.816 billion during the year ended 31 December 2023 (2022: N829,720million) and, as at that date, there is a shortfall of regulatory minimum paid up capital of N9.914billion and shortfall of N10.350 billion in solvency margin. These conditions along with other matters as set forth in Note 35, indicate that a material uncertainty exists that may cost significant doubt on the Company's ability to continue as a going concern.

The Board and Management of the Company are working assiduously to inject fresh capital through a recapitalization and business restructuring plan involving major prospective investor as set forth in Note 36. Our opinion is not modified in respect of this matter."

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. 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.

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INDEPENDENT AUDITORS' REPORT
TO THE SHAREHOLDERS OF STANDARD ALLIANCE INSURANCE PLC. - CONT'D

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS – CONT'D

Valuation of investment properties

The Directors have estimated the value of the Company's investment properties to be N4.0 billion as at 31 December 2023. Independent external valuations were obtained in order to support the value in the Company's financial statements. These valuations are dependent on certain key assumptions and significant judgments including capitalization rates and fair market rents.

Our response
We ascertained the following

- Evaluated the independent external valuers' competence, capabilities and objectivity
- Assessed the methodologies used and the appropriateness of the key assumptions.
- Checked the accuracy and relevance of the input data used.

We also reviewed and found the disclosures in note 11.2 to be appropriate based on the assumptions and available evidence.

Valuation of insurance contracts liabilities.

The Company has material insurance contract liabilities of ₦5.062billion (2022: ₦5.227billion). Actuarial valuation of these insurance contract liabilities is an area that involves significant judgment over uncertain future outcomes and therefore was an area of significance to our audit.

The result of management's assessments regarding the calculation of the liability for incurred claims depends on inputs, the choice of actuarial methods and the precision of management judgment in determining actuarial assumptions. Key assumptions with the greatest impact on the carrying amount include inflation, discount rates as well as estimated future payments for claims.

Valuation of insurance contract liabilities requires significant management judgement and accounting assumptions about uncertain future events, which may materially affect the carrying amount, and thus is a key audit matter.

Insurance contract liabilities, related accounting policies and significant judgments and assumptions are disclosed in Notes 3 and 15 respectively to the financial statements.

How the matter was addressed in our audit

- We obtained and documented our understanding of the Company's basis of valuation.
- We evaluated the design, implementation and operating effectiveness of key controls implemented by the Company which includes management review of data used for the valuation of insurance contract liabilities.
- We tested the completeness and accuracy of the databases used in determining the assumptions, as well as on actuarial calculations.
- We assessed whether the method/model for determining future cash flows is in line with the requirements of the relevant accounting standard and standard industry practices.
- We reviewed and confirmed the appropriateness of disclosures made in the financial statements as regards insurance contract.
- Reviewed the accuracy of data items used as inputs to valuations or valuation models, including those involved in retrospective and prospective liability calculations
- verified the accuracy of contract classifications for reporting under IFRS 17 Insurance Contracts;

Adoption of IFRS 17 Insurance Contracts

Effective 1 January 2023, the Company transitioned to IFRS 17: 'Insurance Contracts' which replaced the existing standard for insurance contracts, IFRS 4 'Insurance Contracts'.

The disclosure of the impact of the adoption of IFRS 17 is a key audit matter as this is a new and complex accounting standard which has required considerable judgment and assumptions in its implementation, and introduced a number of significant changes, including new requirements regarding the measurement and presentation of insurance contracts and related account balances and classes of transactions.

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INDEPENDENT AUDITORS' REPORT
TO THE SHAREHOLDERS OF STANDARD ALLIANCE INSURANCE PLC. - CONT'D

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS – CONT'D

Adoption of IFRS 17 Insurance Contracts- Cont'd
Refer to Notes 3 and 15 to the financial statements for the disclosures on the impact of adopting IFRS 17.

How the matter was addressed in our audit
Gained a detailed understanding of the process to estimate the transitional adjustments and obtained an understanding of relevant controls.
Evaluated the appropriateness of key technical accounting decisions, judgments, assumptions and elections made in determining the estimate against the requirements of the standard.
Reviewed management's documentation of the transition approach for groups of insurance contracts at transition date. Where management applied the fair value approach instead of full retrospective approach, we assessed the reasonableness of management's justification that retrospective application is impracticable for those group of insurance contracts.
Tested the IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" disclosures related to the transition impact and reconciled the disclosed impact to underlying accounting records.

Other Information
The Directors are responsible for the other information. The other information comprises the information included in the Chairman's and Directors' statements, but does not include the financial statements and our auditors report thereon. Our opinion on the financial statements does not cover the other information and we do not express 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 during the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this 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 Standards issued by the International Accounting and Assurance Standards Board, and in compliance with the relevant provisions of the Financial Reporting Council of Nigeria (Amendment) Act, 2023, the Companies and Allied Matters Act, 2020, Insurance Act, CAP I17 LFN 2004, and the Prudential Guidelines issued by National Insurance Commission, 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 has no realistic alternative but to do so.

Auditors' 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 a 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 International Standards on Auditing 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.

Muhtari
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As part of an audit in accordance with International Standards on Auditing, we exercise professional judgment and maintain professional skepticism 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 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 auditors' 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 auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit, and significant audit findings and any significant deficiencies in internal control that we identify during our audit.

Contravention of laws and regulations

During the year, the Company contravened certain sections of the Insurance Act, CAP I17, LFN 2004 and NAICOM's operational guidelines. Details of the contraventions and appropriate penalties thereon are disclosed in note 45.

Report on other legal and regulatory requirements

The Companies and Allied Matters Act, 2020 and Insurance Act CAP I17 LFN 2004 require that in carrying out our audit we consider and report to you on the following matters. We confirm that:

i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit

ii) in our opinion, proper books of account have been kept by the Company

iii) the Company's statement of financial position, and its statement of profit or loss and other comprehensive income are in agreement with the books of account.

Abel Atalor
FRC/2013/PRO/ICAN/004/00000001141
Muhtari Dangana & Co
(Chartered Accountants)
Lagos, Nigeria

4 October 2025

INSTITUTE OF CHARTERED ACCOUNTANTS OF NIGERIA
ICAN
0314735

SUMMARY OF MATERIAL ACCOUNTING POLICIES

The following are the material accounting policies adopted by the Company in the preparation of its financial statements. These policies have been consistently applied to all year's presentations.

1 The reporting entity

The Company was incorporated in July 1981 as a Private Limited Liability Company and commenced full operations in 1982 under the name Jubilee Insurance Company Limited. The name was changed to Standard Alliance Insurance Company Limited (Standard Alliance) in August 1996.
The Company successfully merged with its subsidiary Company, Standard Alliance Life Assurance Limited on 27 February 2017.

Standard Alliance Insurance became a Public Liability Company (Plc) on 30th May 2002 and was quoted on the Nigerian Stock Exchange in December 2003.

The Company is 100% fully owned by Nigerian citizens and Institutional investors. Its major shareholders are:

	Units	%
Gemrock Management Company Limited	2,594,060,738	20.09
Standard Alliance Investments Limited	2,557,636,144	19.81
First City Monument Bank Plc	1,120,000,000	8.67
Bode Akinboye	435,442,485	3.37
Sina Alimi (also a director in Gemrock Mgt. Co. Ltd.)	382,013,914	2.96

Subsequently, on 19th August, 2024, the shares that previously belonged to Standard Alliance Investments Limited were sold to a new core investor, Endura Investment Global Limited. The financial statements for the year ended 31 December 2023, which had been in arrears for one (1) year, were finally approved by the new Board of Directors on 19th September, 2025.

The Company's principal activity continues to be provision of risk underwriting and related financial services to its customers. Such services include provision of general insurance services and life assurance to both corporate and individual customers.

2. Basis of preparation

2.1 Statement of compliance with International Financial Reporting Standards (IFRSs)

The financial statements are prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB) and the interpretations of these standards, issued by the International Financial Reporting Standards Interpretation Committee (IFRIC) and the requirements of the Companies and Allied Matters Act 2020, Financial Reporting Council (Amendment) Act 2023 and the Insurance Act, CAP I17,LFN 2004 and regulatory guidelines as pronounced from time to time by National Insurance Commission (NAICOM).

The financial statements include the statements of financial position, statements of profit or loss and other comprehensive income, the statements of cash flows, the statement of changes in equity, summary of significant accounting policies and other explanatory information.

SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

2.2 **Going concern**

The Company's financial statements are prepared on a going concern basis. Even though the parties are aware of material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern, the Directors are satisfied that the Company has the resources to continue in business for the foresesable future.

This conclusion of the Directors is on the mitigating procedures taken to inject fresh capital through a recapitalization and business restructuring plan involving major prospective investors.

2.3 **Basis of measurement**

Historical cost basis was used in the preparation of the financial statements as modified by certain items of:

- Investments at fair value
- Financial assets at fair value through other comprehensive income (FVOCI) that are measured at fair value
- Investments carried at amortised cost
- Impaired assets at their recoverable amounts
- Insurance contract liabilities at fair value
- Freehold Land and Buildings stated at revalued amount

2.4 **Functional and Presentation Currency**

The financial statements are presented in Nigerian Naira (N), which is also the functional currency of the Company and rounded to the nearest thousand (N'000) unless otherwise indicated.

2.5 **Transactions and balances in foreign currencies**

Transactions denominated in foreign currencies are recorded in Naira at the rate of exchange ruling at the date of each transaction. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included in the profit and loss account. Monetary assets and liabilities denominated in foreign currencies at the statement of financial position date are translated at that date. Exchange gains arising from the revaluation of monetary assets and liabilities are recognized in the income statement while those on non-monetary items are recognized in other comprehensive income. For non-monetary financial investments, unrealized exchange differences are recorded directly in equity until the asset is disposed or impaired.

2.6 **Order of presentation**

The Company presents its statement of financial position broadly in order of liquidity. An analysis regarding recovery or settlement within twelve months after the reporting date (current) and more than 12 months after the reporting date (non-current) is presented in the notes.

SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

3 **Significant management judgements and key sources of estimation uncertainty**

In the process of applying the accounting policies adopted by the Company, the directors make certain judgments and estimates that may affect the carrying values of assets and liabilities in the next financial period. Such judgments and estimates are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the current circumstances. The directors evaluate these at each financial reporting date to ensure that they are still reasonable under the prevailing circumstances based on the information available.

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require material adjustments to the carrying amount of the asset or liability affected in the future. These factors could include:

(i) **Significant judgements made in applying the Company's accounting policies**

The judgements made by the directors in the process of applying the Company's accounting policies that have the most significant effect on the amounts recognised in the financial statements include:

- Whether it is probable that future taxable profits will be available against which temporary differences can be utilised; and
- Whether the Company has the ability to hold financial assets at amortised cost until they mature. If the Company were to sell other than an insignificant amount of such financial asset before maturity, it would be required to classify the entire class as financial assets through other comprehensive income (FVOCI) and measure them at fair value.

(ii) **Key sources of estimation uncertainty**

a) **Valuation of insurance contract liabilities**

- Critical assumptions are made by the actuaries in determining the present value of actuarial liabilities. These assumptions are set out in accounting policy 5.19 and as embedded in the report. The liability for insurance contracts is either based on current assumptions or on assumptions established at inception of the contract, reflecting the best estimate at the time increased with a margin for risk and adverse deviation. All contracts are subject to a liability adequacy test, which reflects management's best current estimate of future cash flows
- Estimates are also made as to future investment income arising from the assets backing insurance contracts. These estimates are based on current market returns as well as expectations about future economic and financial developments.
- Assumptions on future expenses are based on current expense levels, adjusted for expected expense inflation if appropriate.

b) **Property, plant and equipment**

Critical estimates are made by the directors in determining the useful lives and residual values of property, plant and equipment.

c) **Impairment losses**

Estimates are made in determining the impairment losses on assets. Such estimates include the determination of the recoverable amount of the asset.

d) **Income taxes**

The Company is subject to income taxes under the Nigerian Tax Laws. Significant estimates are required in determining the provisions for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcomes of these matters are different from the amounts that were initially recorded, such differences will impact the income tax and the deferred tax provisions in the period in which such determinations are made.

e) **Critical judgments in applying the entity's accounting policies**

In the process of applying the Company's accounting policies, management has made judgements in determining:

i) The classification of financial assets and liabilities
ii) Whether assets are impaired.
iii) Whether land and buildings meet the criteria to be classified as investment property.

NOTES TO THE FINANCIAL STATEMENTS (continued)

f **Changes in Material Accounting Policy – IFRS 17**

The Company applied IFRS 17 standards (Insurance Contracts) from 1 January 2023. This standard has brought significant changes to the accounting for insurance and reinsurance contracts. As a result, we restated certain comparative amounts and presented the statement of financial position as at 1 January 2022. We consistently applied the accounting policies as set out in all periods presented in these financial statements. The nature and effects of key changes in the Company's accounting policies resulting from its adoption of IFRS 17 is summarized below:

- Recognition, measurement and presentation of insurance contracts: IFRS 17 establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts, reinsurance contracts and investment contracts with discretionary participation features. It introduces a model that measures groups of contracts based on the estimates of the present value of future cash flows that are expected to arise as the Company fulfils the contracts, an explicit risk adjustment for non-financial risk and contractual service margin. Under IFRS 17, insurance revenue in each reporting period represents the changes in the liabilities for remaining coverage that relate to services for which the Company expects to receive consideration and an allocation of premiums that relate to recovering insurance acquisition cash flows. In addition, investment components are no longer included in insurance revenue and insurance service expenses. Insurance finance income and expenses are presented in the profit or loss separately from insurance revenue and insurance service expenses. The Company applies the premium allocation approach (PAA) to simplify the measurement of contracts in the non-life segment. When measuring liabilities for remaining coverage, the PAA is similar to the Company's previous accounting treatment. However, when measuring liabilities for incurred claims, the Company now discounts the future cash flows (unless they are expected to occur in one year or less from the date on which the claims are incurred) and includes an explicit risk adjustment for non-financial risk. Previously, all acquisition costs were recognised and presented as separate assets from the related insurance contracts ('deferred acquisition costs') until those costs were included in profit or loss and OCI. Under IFRS 17, only insurance acquisition cash flows that arise before the recognition of the related insurance contracts are recognised as separate assets and are tested for recoverability. These assets are presented in the carrying amount of the related portfolio of contracts and are derecognised once the related contracts have been recognized.

The Company applies the general measurement model (GMM) approach to its life segment. The GMM approach measures group of insurance contracts as the sum of the following components, or 'building blocks', for each group of insurance contracts:

i. **Fulfilment cash flows, which comprise:** - Estimates of expected future cash flows over the life of the contract - An adjustment to reflect the time value of money and the financial risks related to the future cash flows to the extent that the financial risks are not included in the estimates of the future cash flows - A risk adjustment for non-financial risk.

ii. **Contractual service margin**: This represents unearned profit an entity will recognise as it provides service under the insurance contracts in the income and expenses from reinsurance contracts other than insurance finance income and expenses are now presented as a single net amount in profit or loss. Previously, amounts recovered from reinsurers and reinsurance expenses were presented separately.

Transition

On transition date, 1 January 2023, the Company:

i. Has identified, recognised and measured each group of insurance contracts as if, IFRS 17 had always applied.
ii. Derecognised any existing balances that would not exist had IFRS 17 always applied.
iii. Recognised any resulting net difference in equity. On transition to IFRS 17, the Company has applied the full retrospective approach unless where it is impracticable. The Company has applied the full retrospective approach on transition to all contracts issued on or after 1 January 2022.
iv. Recognised any resulting net difference in equity.

NOTES TO THE FINANCIAL STATEMENTS (continued)

On transition to IFRS 17, the Company has applied the full retrospective approach on the transition to all contracts issued on or after 1 January 2022. The Company has used the following procedure to determine the CSM at initial recognition for these contracts:

i. Estimated future cash flows at the date of initial recognition as the amount of the future cash flows at transition date, adjusted by the cash flows that have occurred between the date of initial recognition and the transition date. The cash flows that are known to have occurred include cash flows resulting from contracts that ceased to exist before the transition date.

Discount rates:
i. The Nigerian Actuarial Society published rates were used. Locked in rates for 2021 were used for 2021 data and 2022 rates were used for the 2022 data.

ii. Estimated the risk adjustment for non-financial risk at the date of initial recognition by adjusting the risk adjustment at transition date by the expected release of risk in the periods before transition. The expected release of the risk was determined with reference to the release of risk for similar contracts that the Company has issued subsequent to the transition date

The Company has elected to disaggregate insurance finance income or expense between amounts included in profit or loss and amounts included in other comprehensive income and reset the cumulative amount of insurance finance income or expense recognised in other comprehensive income at the transition date to zero.

Fair value approach

The Company has applied the fair value approach on transition for certain groups of term-life contracts as, prior to transition, it grouped contracts from multiple cohorts and years into a single unit for accounting purposes. Obtaining reasonable and supportable information to apply the full retrospective approach was impracticable without undue cost or effort. The Company has determined the CSM of the liability for remaining coverage at the transition date, as the difference between the fair value of the group of insurance contracts and the fulfilment cash flows measured at that date. In determining fair value, the Company has applied the requirements of IFRS 13 Fair Value Measurement, except for the demand deposit floor requirement.

The Company has aggregated contracts issued more than one year apart in determining groups of insurance contracts under the fair value approach at transition as it did not have reasonable and supportable information to aggregate groups into those including only contracts issued within one year. For the application of the fair value approach, the Company has used reasonable and supportable information available at the transition date in order to:

i. Identify groups of insurance contracts.
ii. Determine whether any contracts are direct participating insurance contracts.
iii. Identify any discretionary cash flows for insurance contracts without direct participation features

The discount rate for the company of contracts applying the fair value approach was determined at the transition date. Therefore, for the measurement of fulfilment cash flows at the date of transition, the locked-in discount rate is the weighted average of the rates applicable at the date of initial recognition of contracts that joined a group over a 12-month period. The discount rate used for accretion of interest on the CSM is determined using the bottom-up approach at inception.

The following table and accompanying notes below explain the original measurement categories under IFRS 4 and the new measurement under IFRS 17 as at 1 January 2022 and 1 January 2023 respectively.

NOTES TO THE FINANCIAL STATEMENTS (continued)

IFRS 17 TRANSITION NOTES

Statement of financial position - 1 January 2022

Statement of financial position	Notes	2021 IFRS 4 N'000	Reclassification N'000	Remeasurement N'000	Correction of errors N'000	2021 IFRS 17 N'000
Cash and cash equivalents		1,945,556	-	-	-	1,945,556
Financial Assets		616,593	-	-	-	616,593
Investment properties		4,030,067	-	-	-	4,030,067
Reinsurance contract assets	a	368,242	-	(368,242)	-	-
Investment in subsidiaries		-	-	-	-	-
Deferred acquisition cost		-	-	-	-	-
Intangible Assets		-	-	-	-	-
Property and equipment		50,233	-	-	-	50,233
Other receivables		144,570	-	-	-	144,570
Trade Receivables		8,075	-	-	-	8,075
Statutory deposit		535,000	-	-	-	535,000
Deferred tax assets		-	-	-	-	-
Total assets		**7,698,337**	**-**	**(368,242)**	**-**	**7,330,095**
Current tax liabilities		273,736	-	-		273,736
Investment contract liabilities	b	2,584,313	-	(135,597)		2,448,716
Insurance contract liabilities	c	5,037,459	-	280,838		5,318,297
Reinsurance contract liabilities		-	-	-		-
Other payables		850,919	-	-		850,919
Deferred commission income		-	-	-		-
Trade Payables	e	44,205	-	-	(36,257)	7,948
Borrowings		1,994,015	-	-		1,994,015
Deferred tax liabilities		61,909	-	-		61,909
Total liabilities		**10,846,556**	**-**	**145,240**	**(36,257)**	**10,955,538**
Share capital		6,455,515	-	-		6,455,515
Share Premium		7,484,955	-	-		7,484,955
Contingency Reserve		1,768,801	-	-		1,768,801
Revaluation reserve		48,292	-	-	(48,292)	-
Retained earnings	d	(18,925,883)	-	(513,482)	84,549	(19,354,816)
Other comprehensive income		21,245	-	-		21,245
Treasury shares		(1,145)	-	-		(1,145)
Other reserves		-	-	-		-
Total equity		**(3,148,220)**	**-**	**(513,482)**	**36,257**	**(3,625,444)**
Total liabilities and equity		**7,698,336**	**-**	**(368,242)**	**(0)**	**7,330,094**

NOTES TO THE FINANCIAL STATEMENTS (continued)

IFRS 17 TRANSITION NOTES

Statement of financial position - 31 December 2022

Statement of financial position	Notes	2022 IFRS 4 N'000	Reclassification N'000	Remeasurement N'000	Correction of errors	2022 IFRS 17 N'000
Cash and cash equivalents		695,776	-	-		695,776
Financial Assets		843,643	-	-		843,643
Investment properties		4,030,067	-	-		4,030,067
Reinsurance contract assets		-	-	-		-
Investment in subsidiaries		-	-	-		-
Deferred acquisition cost		-	-	-		-
Intangible Assets		-	-	-		-
Property and equipment		35,663	-	-		35,663
Other receivables		167,317	(126,252)	-		41,065
Trade Receivables		8,849	-	-		8,849
Statutory deposit		535,000	-	-		535,000
Deferred tax assets		-	-	-		-
Total assets		**6,316,315**	**(126,252)**	**-**		**6,190,063**
Current tax liabilities		273,736	-	-		273,736
Investment contract liabilities	b	2,713,529	-	(142,378)		2,571,151
Insurance contract liabilities	c	5,078,824	148,123	-		5,226,947
Reinsurance contract liabilities		-	-	-		-
Other payables		502,513	-	-		502,513
Deferred commission income		-	-	-		-
Trade Payables	e	44,205	-	-		44,205
Borrowings		1,976,233	-	-		1,976,233
Deferred tax liabilities		61,909	-	-		61,909
Total liabilities		**10,650,949**	**148,123**	**(142,378)**		**10,656,695**
Share capital		6,455,515	-			6,455,515
Share Premium		7,484,955	-			7,484,955
Contingency Reserve	f	1,771,668	4,059			1,775,727
Revaluation reserve	g	48,292	(48,292)			-
Retained earnings	d	(20,139,954)	74,744	(126,251)		(20,191,461)
Other comprehensive income		46,034	-			46,034
Treasury shares		(1,145)	-			(1,145)
Other reserves		-	-			-
Total equity		**(4,334,635)**	**30,511**	**(126,251)**		**(4,430,375)**
Total liabilities and equity		**6,316,315**	**178,633**	**(268,630)**		**6,226,321**

NOTES TO THE FINANCIAL STATEMENTS (continued)

IFRS 17 TRANSITION NOTES

		01-Jan-22
	Explanatory Notes	
a	**Reinsurance contract assets**	**N'000**
	Balance as at IFRS 4	368,242
	Reclassification to retained earnings	(368,242)
	Balance as per IFRS 17	-

Under IFRS 4, the Company cedes insurance risk in the normal course of business on the bases of our treaty and facultative agreements. Reinsurance assets represent balances due from reinsurance companies. Amounts recoverable from reinsurers are estimated in a manner consistent with settled claims associated with the reinsurer's policies and are in accordance with the related reinsurance contract.
Under IFRS 17, Reinsurance contracts held were nil from the Actuarial report, and the outstanding balance of N368.24 million was derecognised to retained earnings as there were no data to support the IFRS 17 measurement.

c Insurance Contract Liabilities

	January 1, 2022 Insurance Contract Liabilities (Transition)			
	Insurance Contract Liabilities	**IFRS 17**	**IFRS 4**	**TOTAL**
		N'000	**N'000**	**N'000**
	Liability for Remaining Coverage (LRC)			
	Present Value of Future Cashflows	2,265,928	2,284,695	(18,767)
	Contractual Service Margin	70,712	-	70,712
	Risk Adjustment	124,318	-	124,318
	Total Liability for Remaining Coverage	**2,460,959**	**2,284,695**	**176,263**
	Liability for Incurred Claims (IBNR+Ou	**1,004,258**	**1,004,258**	-
	Total Insurance Contract Liabilities	**3,465,217**	**3,288,954**	**176,263**
b	**Total Investment Contract**	**2,448,716**	**2,584,313**	**(135,597)**
	Total Insurance Contracts	**5,318,298**	**5,037,459**	**40,666**

The table above shows that the IFRS 17 insurance contract liabilities is higher than the IFRS 4 liabilities.

The key differences are:
- N(149)m as a result of change in discount rate from fixed discount rate used under IFRS 4 to the use of yield curve
- N70m of contractual service margin (CSM) under IFRS 17 and
- N124m of risk adjustment under IFRS 17.

The table below shows the differences by portfolio.

1 January 2022 Insurance and Investment Contract Liabilities - Life			
Portfolios	**IFRS 17**	**IFRS 4**	**TOTAL**
	N'000	**N'000**	**N'000**
Group Life	1,024,344	1,004,258	20,085
Annuity	2,291,045	2,140,897	150,149
Endowment	149,827	143,799	6,029
Total Insurance Contract Liabilities	**3,465,217**	**3,288,954**	**176,261**
Investment/IFRS 9	**2,448,716**	**2,584,313**	**(135,597)**
Total Insurance and Investment Contra	**5,913,933**	**5,873,267**	**40,664**

NOTES TO THE FINANCIAL STATEMENTS (continued)

IFRS 17 TRANSITION NOTES - cont'd

c Insurance Contract Liabilities

January 1, 2022 Insurance and Investment Contract Liabilities - Non Life			
Portfolios	**IFRS 17**	**IFRS 4**	**Difference**
	N'000	**N'000**	**N'000**
Fire	52,703	50,039	2,664
General Accidents	495,396	476,164	19,232
Motor	65,178	61,708	3,470
Marine	69,158	64,353	4,805
Aviation	42,713	39,929	2,784
Oil & Gas	1,006,256	940,424	65,832
Engineering	55,239	52,609	2,630
Bond	66,437	63,281	3,156
Total	**1,853,080**	**1,748,506**	**104,575**

The table above shows that the IFRS 17 insurance contract liabilities is higher than the IFRS 4 liabilities.

d The table below shows the impact on equity as a result of the transition from IFRS 4 to IFRS 17 as at 31 December 2021.

IFRS 4 to IFRS 17 1 January 2022 Transition Impact on Equity - Non Life			
IFRS 4 to IFRS 17 Transition Impact on	**IFRS 17**	**IFRS 4**	**Difference**
	N'000	**N'000**	**N'000**
Derecognition of DAC	-	-	-
Derecongnition of Reinsurance contract asset	-	368,242	368,242
Increase in Insurance contract liabilities	5,318,297	5,037,459	280,837
Changes in Investment contract laibilities	2,448,716	2,584,313	(135,597)
Impact on Retained earnings and Equit	**7,767,012**	**7,990,014**	**513,482**

b Investment contract liabilities

Investment contract liabilities are recognized when contracts are entered into and premiums are received. These liabilities are initially recognized at fair value, this being the transaction price excluding any transaction costs directly attributable to the issue of the contract. Subsequent to initial recognition investment contract liabilities are measured at amortized cost. Under IFRS 4, the Company had other investment contract liabilities which were attached to insurance contracts within the ordinary life portfolio. Under IFRS 17, the investment contract liabilities attached to the long-term contracts are treated as not being qualified to be separable from their associated insurance components, due to the inability to measure one without the other, as stated in the IFRS 17 standard, and they are thus measured and valued as part of the insurance contract liabilities.

As of January 1, 2022, the investment contract liability under IFRS 4 stood at ₦2.58 billion. Following a remeasurement under IFRS 9, the investment was reduced by ₦135.60 million, resulting in a closing balance of ₦2.45 billion. By December 31, 2022, the investment contract liability under IFRS 4 had increased to ₦2.71 billion. A subsequent IFRS 9 remeasurement reduced the investment by ₦142.38 million, closing at ₦2.57 billion as stated below;

	01-Jan-22	**01-Jan-23**
	N'000	**N'000**
Opening balance IFRS 4	2,584,313	2,713,529
Remeasurement under IFRS 9 and reclassified to retained earnings	(135,597)	(142,378)
Balance as per (IFRS 17)	**2,448,716**	**2,571,151**

NOTES TO THE FINANCIAL STATEMENTS (continued)

c Insurance Contract Liabilities

Under IFRS 17, the Discounted Cashflow model is also used to determine adequate reserves for in-force long-term Life business contracts as at the valuation date. The results thereof are then used to ascertain adjustments necessary to reserve component balances including the Best Estimate of Liabilities, the Risk Adjustment factor and the Contractual Service Margin. This difference in treatment of the components of reserve, as well as difference in IFRS 17 prescribed methodology are responsible for the variations on IFRS 4 and IFRS 17 reserves for the Life business.

Under IFRS 4, an assessment is made of whether the recognized life insurance liabilities are adequate by carrying out a liability adequacy test.

The liability value is adjusted to the extent that it is insufficient to meet expected future benefits and expenses. In performing the adequacy test, current best estimates of future contractual cash flows, including related cash flows such as claims handling and policy administration expenses, policyholder options and guarantees, as well as investment income from assets backing such liabilities, are used. Discounted cash flows model is used in the valuation.

Non-life insurance contract liabilities include the outstanding claims provision, the provision for unearned premium and the provision for premium deficiency. The outstanding claims provision is based on the estimated ultimate cost of all claims incurred but not settled as of the reporting date, whether reported or not, along with related claims expenses.

As of January 1, 2022, insurance contract liability increased by N280.84 million due to the following changes;

i. Change in discount rate from the fixed discount rate used under IFRS 4 to the use of the yield curve in IFRS 17

ii Contractual service margin (CSM) under IFRS 17 and

iii Risk adjustment under IFRS 17

Also, as of January 1, 2023, there was an increase of N148.13 million due to the same reasons stated above.

	01-Jan-22 N'000	01-Jan-23 N'000
Opening balance IFRS 4	5,037,459	5,078,824
Reclassification to retained earnings	-	148,123
Balance as per (IFRS 17)	**5,037,459**	**5,226,947**

d Retained earning

As at 1 January 2022, IFRS 4 retained loss closed at (N18.9 bn) for the Company. The difference between this position and IFRS 17 is a net increase of N513.48 million. As at 1 January 2023, IFRS 4 retained loss closed at (N20.140 bn). The difference between this position and IFRS 17 is a net decrease of N87.764 million. This is due to the changes that have occurred from the transition to Insurance Revenue, Insurance Service Result, and the inclusion of Net Insurance/Reinsurance and Net Finance Income/(Expenses) in the IFRS 17 restated financial performance.

As of January 1, 2022, revaluation reserves and reinsurance payables were reclassified to retained earnings alongside IFRS 17 adjustments of N513.48 million. These balances, along with prepayments due from branch offices of N126.25 million, were adjusted to the retained earnings as of January 1, 2023.

	01-Jan-22 N'000	01-Jan-23 N'000
Opening balance IFRS 4	(18,925,882)	(20,139,954)
IFRS 17 adjustments	(513,482)	(126,251)
Reclassification from revaluation reserves, prepayments and reinsurance payables	84,549	74,744
Balance at 31 December	**(19,354,815)**	**(20,191,461)**

NOTES TO THE FINANCIAL STATEMENTS (continued)

e Trade payables

This relates to the reinsurance payables of ₦36.257 million, reclassified to retained earnings in the financial statements.

	01-Jan-22 N'000	01-Jan-23 N'000
Previously January 1	44,205	44,205
Reclassified to retained earnings	-	-
Restated balance January 1	**44,205**	**44,205**

f Contingency reserves

This relates to the recalculation of Contingency charges due to the changes that have occurred from the transition to insurance revenue.

	01-Jan-23 N'000
Previously January 1	1,771,668
Reclassified to retained earnings	4,059
Restated balance January 1	**1,775,727**

g Revaluation reserves

This pertains to the reclassification of ₦48.292 million from revaluation reserve to retained earnings, as the associated assets (Office building) have been disposed off in 2020 and the reserve needs to be eliminated accordingly.

	01-Jan-22 N'000	01-Jan-23 N'000
Previously January 1	48,292	48,292
Reclassified to retained earnings	-	-
Restated balance January 1	**48,292**	**48,292**

Under IFRS17, the concepts of Deferred Commission Income (DCI) are no longer applied to produce separately recognized assets and liabilities in relation to insurance contracts, instead, they are implicitly included in the measurement of insurance contract assets and liabilities.

The Company elected to reclassify and measure its Trade payables consisting of payables to reinsurance companies and premium deposits to Other insurance contract liabilities. They represent financial obligations arising from the Company's insurance business that are basically outside the scope of the definition of insurance contracts.

Gross premium written, Unearned premium movement, Gross Premium income, Insurance Revenue

Under IFRS 4, the gross premium is adjusted by change in insurance contract liabilities (UPR) to arrive at the Gross Premium Income. Under IFRS 17, the Insurance revenue is made up of the following items:

Expected benefits incurred – Under PAA model (Group Life), this is based on premium allocated in the reporting period due to the passage of time and it is based on the coverage period of each contract using the start and end date for each contract. For contracts using General Model Approach (GMA), this is based on the expected insurance claims in the reporting period which are projected using actuarial assumptions.

- Expected expenses incurred - This is the expected expenses projected in the actuarial model using the valuation assumptions. This applies to business using General Model.

NOTES TO THE FINANCIAL STATEMENTS (continued)

- Loss Component: systematic allocation – For group of insurance contracts that are loss making, the loss will need to be recognised immediately in P&L and this is shown in the insurance service expenses as "Loss Component: losses and reversal of losses". However, this loss will need to be tracked from one valuation to another, and the loss will need to be systematically allocated across the reporting periods in the coverage period and disclosed in both insurance revenue and insurance service expenses. So, this is in and out in the insurance service result.

- Change in the risk adjustment - The change in risk adjustment is the difference between the current risk adjustment and the prior year-end risk adjustment.

- CSM recognised – The Contractual Service Margin (CSM) is the unearned profit in the business for contracts using GMM. The CSM recognised in the period is part of the profit released in the reporting period and it is calculated using the coverage units of the group of insurance contracts.

- Recovery of acquisition cash flows – For businesses using GMM, the acquisition expenses are allowed at initial recognition. However, the acquisition expenses amortised in the period using the coverage unit is disclosed in P&L and it does not impact insurance service result. The corresponding impact is reported in insurance service expense. For the PAA model, Under IFRS 17, the Insurance revenue is the gross premium allocated to the reporting period. The allocation of the premium is based on the coverage period of each contract using the start and end date for each contract. The Company has reclassified the Gross premium income and remeasured this balance and reported as Insurance Revenue.

Reinsurance Expense and Net Expenses from Reinsurance contracts held

Reinsurance expenses is now reclassified and presented as Net expenses from reinsurance contract.

Insurance service expenses: Under IFRS 17, the insurance service expenses are made up of the following items:

- Incurred claims – This is actual claims reported in the period. Note that this is different from the actual claims paid in the period. The difference between the actual claims paid in the period and the actual claims reported in the period will feed into "changes in BEL related to LIC".
- Incurred Fulfilment expenses – The fulfilment expenses are the actual incurred expenses relating to the core running of the business.
- Amortisation of insurance acquisition cash flows – For businesses using GMM, this is the opposite of the "recovery of acquisitions cash flows" in insurance revenue. For businesses using PAA model, this is the amortised acquisition expenses recognised in the reporting period.
- Changes in BEL related to LIC – This represents the movement between movement in IBNR and outstanding claims in the reporting period after allowing for claims reported and claims paid in the period.

- Changes in RA related to LIC – This is the change in risk adjustment relating to LIC in the reporting period where applicable.

- Loss Component: systematic allocation – This line discloses the amortised losses for the reporting period. There is a corresponding line in the insurance revenue, so no impact on P&L statement.
- Loss Component: losses and reversal of losses – This contains the impact of losses from group of insurance contracts (GICs) that are either onerous at inception or becomes onerous during the reporting period.

Net Finance income and expense from Insurance and Reinsurance contracts held

The Company has remeasured and accounted for under IFRS 17. The Insurance finance expenses relate to changes in economic movements. These items do not adjust the CSM but are classified under Insurance finance expenses. These items relate to unwinding of the cashflows, change in economic assumptions, CSM interest accretion and change in fair value of underlying items (interest credited to policyholders for investment linked contracts). The reinsurance finance income is akin to the insurance finance expenses and it contains the changes in economic movements in reinsurance BEL and reinsurance CSM interest accretion.

Statements of profit or loss and other comprehensive income - 31 December 2022

	Note	Balances under IFRS 4	Reclassification	Remeasurement	Balances under IFRS 17
Gross premium written		105,330	(105,330)	-	-
Change in insurance contract Liabilities		(51)	-	51	-
Expected benefits incurred		-	-	471,348	471,348
Expected expenses incurred		-	-	13,120	13,120
Change in the risk adjustment		-	-	17,309	17,309
CSM recognized		-	-	15,876	15,876
Recovery of acquisition cash flows		-	-	6,192	6,192
Insurance revenue	a	**105,280**	**(105,330)**	**523,895**	**523,845**
Claims expenses		(578,557)	-	21,874	(556,683)
Incurred Fulfilment expenses		-	-	(64,983)	(64,983)
Underwriting expenses		(9,151)	9,151	-	-
Insurance acquisition cash flow			(9,151)		(9,151)
Changes in BEL related to LIC		-	-	(41,114)	(41,114)
Changes in RA related to LIC		-	-	(4,331)	(4,331)
Insurance service expense	b	**(587,709)**	**-**	**(88,554)**	**(676,263)**
Reinsurance premium expenses	c	(12,119)	-	12,119	-
Insurance service result		**(494,548)**	**(105,330)**	**447,460**	**(152,418)**
Investment income and Finance Cost		26,730		-	26,730
Other investment income		100		-	100
Net impairment loss on financial assets				-	-
Fair value changes on financial assets - FVTPL		4,041		-	4,041
Net foreign exchange income or expense		94,470		-	94,470
Total Net Investment Income		**125,341**	**-**	**-**	**125,341**
Insurance finance expenses		-	-	(211,980)	(211,980)
Financial insurance result	d	**125,341**	**-**	**(211,980)**	**(86,639)**
Other expenses		(765,307)	174,646		(590,661)
Profit before Tax		**(1,134,514)**	**69,316**	**235,480**	**(829,719)**
Tax		-1			-1
Profit after Tax		**(1,134,515)**	**69,316**	**235,480**	**(829,720)**
Other comprehensive income					
Item that may be reclassified to profit or loss:		24,789			24,789
Total comprehensive loss for the year		**(1,109,726)**	**69,316**	**235,480**	**(804,931)**

Explanatory Notes

a **Gross premium written, change in insurance contract liabilities, gross premium income, insurance revenue.**

Under IFRS 4, the gross premium is adjusted by change in insurance contract liabilities (UPR) to arrive at the Gross Premium Income.

Under IFRS 17, the Insurance revenue is made up of the following items:

Expected benefits incurred – Under PAA model (Group Life), this is based on premium allocated in the reporting period due to the passage of time and it is based on the coverage period of each contract using the start and end date for each contract. For contracts using General Model Approach (GM), this is based on the expected insurance claims in the reporting period which are projected using actuarial assumptions.

Expected expenses incurred - This is the expected expenses projected in the actuarial model using the valuation assumptions. This applies to business using General Model

Loss Component: systematic allocation – For group of insurance contracts that are loss making, the loss will need to be recognised immediately in P&L and this is shown in the insurance service expenses as "Loss Component: losses and reversal of losses". However, this loss will need to be tracked from one valuation to another and the loss will need to be systematically allocated across the reporting periods in the coverage period and disclosed in both insurance revenue and insurance service expenses. So, this is in and out in the insurance service result.

Change in the risk adjustment - The change in risk adjustment is the difference between the current risk adjustment and the prior year-end risk adjustment.

CSM recognised – The Contractual Service Margin (CSM) is the unearned profit in the business for contracts using GM. The CSM recognised in the period is part of the profit released in the reporting period and it is calculated using the coverage units of the group of insurance contracts.

Recovery of acquisition cash flows – For businesses using GMM, the acquisition expenses are allowed at initial recognition. However, the acquisition expenses amortised in the period using the coverage unit is disclosed in P&L and it does not impact insurance service result. The corresponding impact is reported in insurance service expense.

For the PAA model, Under IFRS 17, the Insurance revenue is the gross premium allocated to the reporting period. The allocation of the premium is based on the coverage period of each contract using the start and end date for each contract.

NOTES TO THE FINANCIAL STATEMENTS (continued)

	01-Jan-23
	N'000
Balance per IFRS 4	105,280
Reclassification and remeasurement	418,565
Balance as per (IFRS 17)	**523,845**

b **Insurance service expenses**

Insurance service expense: Under IFRS 17, the insurance service expenses are made up of the following items:

Incurred claims – This is actual claims reported in the period. Note that this is different from the actual claims paid in the period. The difference between the actual claims paid in the period and the actual claims reported in the period will feed into “changes in BEL related to LIC”.

Incurred Fulfilment expenses – The fulfilment expenses are the actual incurred expenses relating to the core running of the business

Changes in BEL related to LIC – This represents the movement between movement in IBNR and outstanding claims in the reporting period after allowing for claims reported and claims paid in the period. • Changes in RA related to LIC – This is the change in risk adjustment relating to LIC in the reporting period where applicable.

Loss Component: Systematic allocation – This line discloses the amortised losses for the reporting period. There is a corresponding line in the insurance revenue, so no impact on P&L statement.

Loss Component: Losses and reversal of losses – This contains the impact of losses from group of insurance contracts (GICs) that are either onerous at inception or becomes onerous during the reporting period.

	01-Jan-23
	N'000
Balance per IFRS 4	(587,709)
Reclassifications	-
Balance as per (IFRS 17)	**(587,709)**

c **Reinsurance Expense**

Reclassification of ₦12.119 million previously reported as Reinsurance expenses now reclassified and presented as part of insurance service expenses.

d **Net Finance income and expense from Insurance**

The Company has remeasured and accounted for under IFRS 17

The Insurance finance expenses relates to changes in economic movements. These items do not adjust the CSM but are classified under Insurance finance expenses. These items relate to unwinding of the cashflows, change in economic assumptions, CSM interest accretion and change in fair value of underlying items (interest credited to policyholders for investment linked contracts).

The reinsurance finance income is akin to the insurance finance expenses and it contains the changes in economic movements in reinsurance BEL and reinsurance CSM interest accretion.

3.1.1 **Key types of insurance contracts issued, and reinsurance contracts held.**

Non-Life Business - The Company issues non-life insurance to individuals and commercial businesses. Non-life insurance products offered include Motor, Marine, Aviation, Bond, Engineering, Oil & Gas, Fire and General Accident. These products offer financial protection to policyholder’s assets and indemnification of other parties against financial loss prompted by the action of the policyholder.

The Company accounts for these contracts applying the principles underlying International Financial Reporting Standard (IFRS17) Insurance Contracts and other relevant accounting standards issued by the International Accounting Standards Board (IASB). The Company also holds appropriate types of reinsurance contracts to mitigate risk exposure, including: proportional and non-proportional facultative arrangements.

3.1.2 **Definition and Classification of Insurance contracts**

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's finances.

The Company's accounting and financial assessment are made on a cohort basis and 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 does not issue any pure life insurance contracts or any life insurance contracts with direct participating features or any contract of insurance with investment component. The Company issues only non-life(General Business) insurance to individuals and commercial businesses.

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

The Company assesses its insurance and reinsurance products to determine whether they contain components which must be accounted for under another applicable IFRS rather than IFRS 17 (distinct non- insurance components). After separating any distinct components, the Company applies IFRS 17 to all remaining components of the (host) insurance contract on a cohort basis right from initial recognition and subsequent recognition until expiration of insurance service on the contract.

Currently, the Company’s products do not include distinct non insurance components such as investment components, goods and services, embedded derivatives that require separation.

3.1 IFRS 17-INSURANCE CONTRACTS ACCOUNTING POLICIES

3.1.4 Level of aggregation

Under IFRS 17 the Company determines a granular grouping of individual contracts for the purpose of measuring insurance contract liability and in the recognition of profitability. 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's insurance contracts portfolios are disaggregated into annual cohorts or cohorts of periods that are not more than one year apart. Limiting groups to contracts issued within one year or less apart improves the transparency of profitability to be reported in the Company's set of financial statements.
Each portfolio is subdivided into groups of contracts to which the recognition and measurement requirements of IFRS 17 are applied.

At initial recognition, the Group 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:
. Contracts that are onerous on initial recognition
. Contracts that, on initial recognition, have no significant possibility of becoming onerous subsequently
. Any remaining contracts

For short term contracts accounted for applying the Premium Allocation Approach (PAA), the Company determines that its contracts are not onerous upon initial recognition, unless there are facts and circumstances indicating otherwise. As IFRS 17 does not define what "facts/circumstances" entail; the following are considered on their impact on expected cashflows and resulting profitability:
- Significant changes in external conditions including economic or regulatory changes.
- Changes to the organization or processes
- Changes in underwriting and pricing strategies
- Trends in experience and expected variability in cashflows

All the Company's short-term contracts currently held have been assessed as having no possibility of becoming onerous. In subsequent periods, non-onerous contracts are re-assessed based on the likelihood of prevailing facts and circumstances leading to significant possibility of becoming onerous.

3.1.5 Reinsurance contracts held

Reinsurance contracts held (loss-occurring reinsurance contracts) are for one year or less. For Risk-attaching reinsurance contracts, the Company reasonably expects that the resulting measurement of the assets for remaining coverage would not differ materially from the result of applying the accounting policies that are the same as the underlying the measurement model for the insurance contracts they protect.
Reinsurance contracts are assessed for aggregation on an individual contract basis and are assessed separately from insurance contracts. The smallest unit of account is a reinsurance contract, even where this contract covers more than one type of insurance product. However, there are cases where a reinsurance contract covers separate and identifiable product lines which are only included in the same legal document for administrative convenience. These contracts have been separated into its different components.

3.1.6 Recognition of Insurance contracts

An insurance contract issued by the Company is recognised from the earliest of:
- the beginning of its coverage period (i.e. the period during which the Company provides services in respect of any premiums within the boundary of the contract);
- when the first payment from the policyholder becomes due or, if there is no contractual due date, when it is received from the policyholder; and
- when facts and circumstances indicate that the contract is onerous.

An insurance contract acquired in a transfer of contracts or a business combination is recognised on the date of acquisition.
As the Company adheres to the statutory "no premium no cover", the date premium is received from the policyholder will always be earlier or on the same date as the coverage period. This premium receipt date would then be used to separate the groups of insurance contracts into annual cohorts. The contract groupings shall not be reassessed until they are derecognised.

3.1.7 Contract Boundaries

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 are not recognized. Such amounts relate to future insurance contracts.

NOTES TO THE FINANCIAL STATEMENTS (continued)

3.1.8 **Measurement of insurance contracts issued.**

(a) Initial Measurement-Premium Allocation Approach (PAA)

At initial recognition, the Company measures the carrying amount of the liability for remaining coverage (LRC) as the premiums received on initial recognition minus any insurance acquisition cashflows allocated to the group of contracts at that date, and adjusted for any amount arising from derecognition of any assets or liabilities previously recognized for cash flows related to the group(including assets for insurance acquisition cashflows). The Company has not chosen to expense insurance acquisition cashflows when they are incurred. Subsequently , the carrying amount of the LRC is increased by any premiums received and the amortization of insurance acquisition cashflows recognized as expenses and decreased by amount recognized as insurance revenue for services provided and any additional insurance acquisition cashflows allocated after initial recognition. On initial recognition the Company expects that the time between providing part of the services and the related premium due date is not more than a year.

(b) Subsequent Measurement-Premium Allocation Approach (PAA)

In estimating the total future fulfilment cash flows, the Company distinguishes between those relating to already incurred claims and those relating to future service. At the end of each reporting period, the carrying amount of the group of insurance contracts will reflect a current estimate of the liability for remaining coverage (LRC) as at that date and a current estimate of the liability for incurred claims (LIC).

i Liability for Remaining Coverage

The LRC represents the Company's obligation to investigate and pay valid claims under existing contracts for insured events that have not yet occurred, amounts that relate to other insurance contract services not yet provided (i.e. provision of investment-return and investment-related services) and investment components and other amounts not related to insurance contract services that have not yet been transferred to the LIC.

When applying the PAA, the Company does not discount the liability for remaining coverage to reflect the time value of money and financial risk for its non-life policies with a coverage period of one year or less.

The Company measures the liability for remaining coverage at each subsequent reporting date as follows: Sum of:

(a) Previous carrying amount,
(b) Premium received in the period
(c) Amortization of insurance acquisition cashflows
Less:
(d) Capitalized insurance acquisition cashflows
(e) insurance revenue recognized and
(f) investment paid or transferred to the liability for incurred claims

ii Liability for Incurred claims (LIC)

The LIC includes the Company's liability to pay valid claims for insured events that have already incurred, other incurred insurance expenses arising from past coverage service and the liability for claims incurred but not yet reported. It also includes the Company's liability to pay amounts the Company is obliged to pay the policyholder under the contract. This includes repayment of investment components, when a contract is derecognised. The current estimate of LIC comprises the fulfilment cash flows related to current and past service allocated to the company at the reporting date.

For those claims that the Company expects to be paid within one year or less from the date of occurrence, the Company does not adjust future cash flows for the time value of money and the effects of financial risks. However, claims expected to take more than one year to settle are discounted applying the discount rate at the time the incurred claim is initially recognised.

3.1.8 **Discount Rate**

In line with IFRS17(59) (B), IAS8(36) the Company adjusts the measurement of the liability for incurred claims(LIC) for the impact of the time value of money and other financial risk of the claims not settled within 12 months, time value of money is measured separately from expected future cash flows with changes in financial risks recognised in profit or loss at the end of each reporting period and the Company has elected an accounting policy to present the time value of money separately in profit or loss and other comprehensive income. The Company measures the time value of money using discount rates that reflect the liquidity characteristics of the insurance contracts and the characteristics of the cash flows, consistent with observable current market prices. They exclude the effect of factors that influence such observable market prices but do not affect the future cash flows of the insurance contracts (e.g., credit risk).

For all insurance contracts the Company agrees to adopt the Premium allocation approach in which determined interest rate (locked in rate) is used to calculate the present value of future cashflows at the date of initial recognition of the group of insurance contracts in line with IFRS17 Para B72b. The locked -in interest rates is used for accreting interest rate accruing on the value of the contracts at initial recognition and loss components changes as a result of changes in Fulfilment Cashflow(FCF) that relate to future years service .

To derive the current discount rates which are judged to be used for the contracts cashflows, the Company uses discount rates starting from a risk-free rate of assets (high quality bonds) with similar characteristics as the underlining liability cashflows plus an illiquidity premium where applicable. Risk free rates are determined by reference to the yields of highly liquid FGN Bonds.

Average fixed locked-in rate is used for the group of insurance contracts issued over the 12 months cohort period, where the average fixed locked in rate is taken to be the simple arithmetic mean or geometric mean. The illiquidity premium is determined by reference to observable market rates, including sovereign debt, corporate debt and market swap rates. The Company shall adopt the Nigeria Actuarial Society committee discount rates as published on its website or on the NAICOM website whenever available.

3.1.9 **Risk adjustment(RA) for non-financial risk**

The risk adjustment measures the compensation the Company would require for bearing the uncertainty about the amount and timing of cash flows arising from insurance contracts, other than those relating to financial risk. The Company chooses a technique which aligns with the principles of risk adjustment and disclose significant judgement which has been made in determining the risk adjustment and the equivalent confidence level utilized. The Company has service level agreements that enhances prompt claim settlement except when circumstances warranted such delay. Amount recoverable from risk adjustment is recognised in the financial statement.

For the purposes of the financials, a bootstrap approach was adopted in determining the risk adjustment margin. A confidence level of the 70th percentile was adopted.

NOTES TO THE FINANCIAL STATEMENTS (continued)

3.1.10 **Changes in fulfilment cash flows**

At the end of each reporting period, the Company updates the fulfilment cash flows for both LIC and LRC to reflect the current estimates of the amounts, timing and uncertainty of future cash flows, as well as discount rates and other financial variable.

The Company has an accounting policy choice which calculates changes in fulfilment cash flows at the end of a reporting period for changes in non-financial assumptions, changes in discount rates and financial assumptions. The Company first calculates the changes in discount rates and financial assumptions on the fulfilment cash flows (as expected at the beginning of the period) and then calculate changes on those cash flows from the change in non-financial assumptions.

Experience adjustments are the difference between:

. The expected cash flow estimates at the beginning of the period and the actual cash flows for premiums received in the period (and any related cash flows paid such as insurance acquisition cash flows and insurance premium taxes)

. The expected cash flow estimates at the beginning of the period and the actual incurred amounts of insurance service expenses in the period (excluding insurance acquisition expenses).

Experience adjustments relating to current or past service are recognized in profit or loss. For incurred claims (including incurred but not reported) and other incurred insurance service expenses, experience adjustments always relate to current or past service. They are included in profit or loss as part of insurance service expenses.

3.1.11 **Onerous Contracts**

If at any time during the coverage period, facts and circumstances indicate that a group of insurance contracts is onerous, then the Company determines the loss component and recognizes the loss immediately. The Company considers an insurance contract to be onerous if the expected fulfilment cash flows allocated to the contract, less any previously recognized acquisition cash flows and any cash flows arising from the contract at the date of initial recognition in total result in a net cash outflow.

The Company conducts the onerousity assessment on a portfolio level by assessing future expected cash flows on a probability-weighted basis including a risk adjustment for non-financial risk. Contracts expected on initial recognition to be loss-making are grouped together and such groups are measured and presented separately. Once contracts are allocated to a group, they are not re-allocated to another group, unless they are substantively modified.

For contracts that are measured under PAA, the assumption is that there are no onerous contracts at initial recognition, unless facts and circumstances indicate otherwise. If the measurement of the LIC results in a loss-making company, this does not translate to the LRC being onerous. In this case, the company will be assessed as to whether its LRC will be similar to the incurred experience and hence considered to be onerous. For example, actions taken to improve profitability on the motor portfolio which is loss-making (in 2023) may indicate that the LRC will have a different loss experience.

If facts and circumstances indicate that a group of contracts is onerous during the coverage period, the onerous liability is calculated as the difference between:

(a) the carrying amount of the liability for remaining coverage; and

(b) the FCF that relates to remaining coverage similar to what is needed under the GMM.

This difference is recognized as a loss and shall increase the liability for remaining coverage.

3.1.12 **Measurement of Reinsurance Contracts Held**

(a) **Recognition**

Proportional reinsurance contracts held will be first recognised on the later of the beginning of the coverage period of the reinsurance contract or the date that the first underlying insurance contract in the treaty is initially recognised.

For example, if we enter a surplus fire reinsurance contract on 1 January 2022 and the first fire insurance policy in the treaty is written in February 2022, then the date of recognition of the surplus reinsurance contract will be February 2022. Though the contract agreement is in place in January, cashflows on the contract don't start until February.

Non-Proportionate reinsurance coverage will be recognized at the beginning of the coverage period of the contract.

(b) **Reinsurance contracts held measured under the PAA.**

The Company applies the same accounting policies to measure its group of reinsurance contracts ,adapted where necessary to reflect features that differ from those of insurance contracts. Reinsurance contracts held are generally assets, rather than liabilities. They are separate from underlying insurance contracts; however, they correspond with them. To ensure that the impact of reinsurance is smoothened out over the period of the underlying contracts, the Company has a policy to recognising reinsurance contract held over the coverage period as each underlying contract is recognised. If a loss-recovery component is created for a group of reinsurance contracts measured under the PAA, then the Comany adjusts the carrying amount of asset for remaining coverage.

All reinsurance contracts with contract boundaries not exceeding one year are automatically considered to meet PAA eligibility. Most of the Company's Surplus reinsurance contracts are immediately eligible for PAA as they are written on a clean-cut basis. At the end of the period, the reinsurer withdraws from the contract and the reinsurance held portfolio (including outstanding recoveries and ceded portion of unexpired premiums) is transferred to a new reinsurer.

A smaller number of surplus reinsurance contracts and all Facultative contracts are written on an underwriting year basis. This basis extends the contract boundary beyond one year as coverage of contracts ceded to the treaty may continue even after the underwriting year has ended.

NOTES TO THE FINANCIAL STATEMENTS (continued)

The Company incurs incremental administrative costs that are insurance services expenses, namely cashflows that relate directly to the fulfilment of the underlying insurance contracts issued and are to be included in the measurement of the reinsurance contracts assets. The Company treats the actual incurred cost as insurance service expense. Where the reinsurance contracts held covers a group of onerous underlying insurance contracts, the Group adjusts the carrying amount of the asset for remaining coverage and recognizes a gain when, in the same period, it reports a loss on initial recognition of an onerous group of underlying insurance contracts or on addition of onerous underlying insurance contracts to a group. The recognition of this gain results in the recognition for the loss recovery component of the asset for the remaining coverage of a group of reinsurance contracts held.

(c) **Methods of Presenting Reinsurance Premiums and Recoveries from Reinsurance Contracts Held**

For reinsurance contracts held, inline with IFRS 17.86, the company has an accounting policy of presenting income or expenses from reinsurance contracts held (other than insurance finance income or expenses) as separate amounts: the amounts recovered from the reinsurer and allocation of the premiums paid. Both the recovered amount and the allocated premiums paid together should give a net amount equal to the equivalent single amount option. The allocation of premium paid is not used as a reduction to premium revenue for the reinsurance contracts held.

(d) **Accounting for Fixed Commissions by the Reinsurer**

The Company treats ceding commission that are not contingent on claims as a reduction in premiums. Reinsurance Contracts may included fixed ceding commission payable to the Company.

3.1.13 **Modification and Derecognition**

The Company derecognizes the original contract and recognizes the modified contract as a new contract, if the terms of insurance contracts are modified and the following conditions are met:

If the modified terms were included at contract inception and the Company would have concluded that the modified contract:

• Is outside of the scope of IFRS 17
• Results in a different insurance contract due to separating components from the host contract
• Results in a substantially different contract boundary
• Would be included in a different group of contracts.
• The original contract met the definition of an insurance contract with direct participating features, but the modified contract no longer meets the definition.
• The original contract was accounted for applying the PAA, but the modified contract no longer meets the PAA eligibility criteria for that approach.

If the contract modification meets any of the conditions, the company performs all assessments applicable at initial recognition, derecognizes the original contract and recognizes the new modified contract as if it was entered for the first time.

If the contract modification does not meet any of the conditions, the Company treats the effect of the modification as changes in the estimates of fulfilment cash flows.

For insurance contracts accounted for using the PAA, the Company adjusts insurance revenue prospectively from the time of the contract modification. The Company derecognizes an insurance contract when, and only when the contract is:

• Extinguished (when the obligation specified in the insurance contract expires or is discharged or cancelled)
• Modified and the derecognition criteria are met.
• Modified and the derecognition criteria are met.

When the Company derecognizes an insurance contract from within a group of contracts, it:

• Adjusts the fulfilment cash flows allocated to the group to eliminate the present value of the future cash flows and risk adjustment for non-financial risk relating to the rights and obligations that have been derecognized from the Company.

When the Company transfers an insurance contract to a third party and that results in derecognition, the Company adjusts the CSM of the group from which the contract has been derecognized for the difference between the change in the carrying amount of the group caused by the derecognised fulfilment cash flows and the premium charged by the third party for the transfer.

When the Company derecognizes an insurance contract due to modification, it derecognizes the original insurance contract and recognizes a new one.

Presentation

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

The Company disaggregates the amounts recognized in the statement of profit or loss and other comprehensive income into an insurance service result sub-total that comprises insurance revenue and insurance service expenses and, separately from the insurance service result, the 'net insurance finance income or expenses' sub-total. The Company has voluntarily included the net insurance finance income or expenses line in another sub- total: net insurance and investment result, which also includes the income from all the assets backing the Company's insurance liabilities.

The Company includes any assets for insurance acquisition cash flows recognized before the corresponding groups of insurance contracts are recognized in the carrying amount of the related portfolios of insurance contracts issued.

NOTES TO THE FINANCIAL STATEMENTS (continued)

3.1.14 **Insurance Revenue**

When applying the PAA, the Company recognizes insurance revenue for the period based on the passage of time by allocating expected premium receipts including premium experience adjustments to each period of service.

At the end of each reporting period, the Company considers whether there was a change in facts and circumstances indicating a need to change, on a prospective basis, the premium receipt allocation due to changes in the expected pattern of claim occurrence.

3.1.15 **Insurance service expenses**

Insurance service expenses arising from insurance contracts issued are recognized in the profit or loss generally as they are incurred. The company's insurance expenses comprises:

• Incurred claims and other insurance service expenses Changes in the LIC related to claims and expenses incurred in the period excluding repayment of investment components.(if any)
• Changes in the LIC related to claims and expenses incurred in prior periods (related to past service)
• Other directly attributable insurance service expenses incurred in the period. This includes technical salaries and wages and 30% of other administrative expenses.
• Amortization of insurance acquisition cash flows, which is recognized at the same amount in both insurance service expenses and insurance contract revenue.
• Loss component of onerous groups of contracts initially recognized in the period.

3.1.16 **Net expenses from reinsurance contracts held.**

The Company presents income or expenses from a group of reinsurance contracts held and reinsurance finance income or expenses in profit or loss for the period separately. Income or expenses from reinsurance contracts held are split into the following two amounts:
• Amount recovered from reinsurers.
• An allocation of the premiums paid.

The Company presents cash flows that are contingent on claims as part of the amount recovered from reinsurers. Ceding commissions that are not contingent on claims of the underlying contracts are presented as a deduction in the premiums to be paid to the reinsurer which is then allocated to profit or loss.

The Company establishes a loss recovery component of the asset for the remaining coverage for a group of reinsurance contracts held. This depicts the recovery of losses recognized on the initial recognition of an onerous group of underlying insurance contracts or on addition of onerous underlying insurance contracts to a Company.

The loss recovery component is then adjusted to reflect:
• Reversals of loss recovery component to the extent those reversals are not changes in the fulfilment cash flows of the group of reinsurance contracts held.
• Allocations of the loss recovery component against the amounts recovered from reinsurers reported in line with the associated reinsured incurred claims or expenses.

3.1.17 **Insurance finance income and expenses**

Insurance finance income or expenses present the effect of the time value of money and the change in the time value of money, together with the effect of financial risk and changes in financial risk of a group of insurance contracts and a group of reinsurance contracts held.

3.1.18 **The presentation for insurance finance income and expenses**

The Company has an accounting policy choice to present all the period’s insurance finance income or expenses in profit or loss or to split the amount between profit or loss and other comprehensive income (OCI). When considering the choice of presentation of insurance finance income or expenses, the Company examines the assets held for that portfolio and how they are accounted for.

Currently the Company present all the period’s insurance finance income or expenses in the profit or loss. The Company does not write participating contracts and does need to reassess its accounting policy choice in respect of such policies.

Standards in issue but not yet effective

A number of new standards are effective for annual periods beginning after 1 January 2024 and have not been applied in preparing these financial statements. Those Standards, Amendments to Standards and Interpretations which may be relevant to the Company are set out below.

The Company does not plan to adopt these standards early. The standards will be adopted in the period that they become mandatory unless otherwise indicated.

i **Amendments to IFRS 16: Lease Liability in a Sale and Leasedback,**

Amendments to IFRS 16 Leases requires a seller-lessee impacts how a seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that it does not recognise any amount of the gain or loss that relates to the right of use it retains. The amendment also requires the seller-lessee to include variable lease payments when it measures a lease liability arising from a sale-and-leaseback transaction. The amendments confirm the following.
• On initial recognition, the seller-lessee includes variable lease payments when it measures a lease liability arising from a sale-and-leaseback transaction.
• After initial recognition, the seller-lessee applies the general requirements for subsequent accounting of the lease liability such that it recognises no gain or loss relating to the right of use it retains. A seller-lessee may adopt different approaches that satisfy the new requirements on subsequent measurement. The amendments are effective for annual reporting periods beginning on or after 1 January 2024.

NOTES TO THE FINANCIAL STATEMENTS (continued)

Under IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, a seller-lessee will need to apply the amendments retrospectively to sale-and-leaseback transactions entered into or after the date of initial application of IFRS 16. This means that it will need to identify and re-examine sale-and-leaseback transactions entered into since implementation of IFRS 16 in 2019 and potentially restate those that included variable lease payments. There is no impact on the Company's actvities. The amendment is effective periods beginning on or after 1 January 2024.

ii Amendments to IAS 1: Classification of liabilities as current or non-current.

Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period. As part of its amendments, the Board has removed the requirement for a right to be unconditional and instead, now requires that a right to defer settlement must have substance and exist at the end of the reporting period.

There is limited guidance on how to determine whether a right has substance and the assessment may require management to exercise interpretive judgement.

The existing requirement to ignore management's intentions or expectations for settling a liability when determining its classification is unchanged.

The amendments also clarify how a company classifies a liability that includes a counterparty conversion option, which could either be recognised as either equity or liability separately from the liability component under IAS 32 Financial Instruments: Presentation

The standard is effective for annual periods beginning on or after 1 January 2024. Early adoption is permitted. The amendments does have not significant impact on the Company's activities

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

The amendments require the full gain to be recognised when assets transferred between an investor and its associate or joint venture meet the definition of a 'business' under IFRS 3 Business Combinations. Where the assets transferred do not meet the definition of a business, a partial gain to the extent of unrelated investors' interests in the associate or joint venture is recognised. The definition of a business is key to determining the extent of the gain to be recognised.

When a parent loses control of a subsidiary in a transaction with an associate or joint venture (JV), there is a conflict between the existing guidance on consolidation and equity accounting.

Under the consolidation standard, the parent recognises the full gain on the loss of control. But under the standard on associates and JVs, the parent recognises the gain only to the extent of unrelated investors' interests in the associate or JV.

In either case, the loss is recognised in full if the underlying assets are impaired. The IASB has decided to defer the effective date for these amendments indefinitely. There is no impact on the Company's actvities. The amendment was deferred indefinitely.

SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

4. **Material accounting policies**

The principal accounting policies adopted in the preparation of these financial statements are set out below:

4.1 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less. They include bank overdraft in the context of the statement of cash flows.

4.2 Financial instruments

Recognition

The Company on the date of origination or purchase recognizes placements, equity securities and deposits at the fair value of consideration paid. Regular-way purchases and sales of financial assets are recognized on the settlement date. All other financial assets and liabilities, including derivatives, are initially recognized on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

Classification and Measurement

Initial measurement of a financial asset or liability is at fair value plus transaction costs that are directly attributable to its purchase or issuance. For instruments measured at fair value through profit or loss, transaction costs are recognized immediately in profit or loss. Financial assets include placement with banks, treasury bills and equity instruments.

Financial assets are classified into one of the following measurement categories:

1. Amortised cost
2. Fair Value through Other Comprehensive Income (FVOCI)
3. Fair Value through Profit or Loss (FVTPL) for trading related assets

The Company classifies all of its financial assets based on the business model for managing the assets and the asset's contractual cash flow characteristics.

Business Model Assessment

Business model assessment involves determining whether financial assets are managed in order to generate cash flows from collection of contractual cash flows, selling financial assets or both. The Company assesses business model at a portfolio level reflective of how groups of assets are managed together to achieve a particular business objective. For the assessment of business model the Company takes into consideration the following factors:

i The stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realizing cash flows through the sale of the assets

ii How the performance of assets in a portfolio is evaluated and reported to Company heads and other key decision makers within the Company's business lines;

SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

4.2 **Financial instruments - cont'd**
Business Model Assessment - cont'd

iii The risks that affect the performance of assets held within a business model and how those risks are managed;

iv How compensation is determined for the Company's business lines' management that manages the assets;

v The frequency and volume of sales in prior periods and expectations about future sales activity.

Management determines the classification of the financial instruments at initial recognition. The business model assessment falls under three categories:

a) Business Model 1(BM1): Financial assets held with the sole objective to collect contractual cash flows;

b) Business Model 2 (BM2): Financial assets held with the objective of both collecting contractual cash flows and selling; and

c) Business Model 3 (BM3): Financial assets held with neither of the objectives mentioned in BM1 or BM2 above. These are basically financial assets held with the sole objective to trade and to realize fair value changes.

The Company may decide to sell financial instruments held under the BM1 category with the objective to collect contractual cash flows without necessarily changing its business model if one or more of the following conditions are met:

i) Where these sales are infrequent even if significant in value. A Sale of financial assets is considered infrequent if the sale is one-off during the Financial Year and/or occurs at most once during the quarter or at most three (3) times within the Financial Year.

The Company may decide to sell financial instruments held under the BM1 category with the objective to collect contractual cash flows without necessarily changing its business model if one or more of the following conditions are met:

ii) Where these sales are insignificant in value both individually and in aggregate, even if frequent. A sale is considered insignificant if the portion of the financial assets sold is equal to or less than five (5) per cent of the carrying amount (book value) of the total assets within the business model.

iii) When these sales are made close to the maturity of the financial assets and the proceeds from the sales approximate the collection of the remaining contractual cash flows. A sale is considered to be close to maturity if the financial assets have a tenor to maturity of not more than one (1) year and/or the remaining contractual cash flows expected from the financial asset do not exceed the cash flows from the sales by ten (10) per cent.

Other reasons: The following reasons outlined below may constitute 'Other Reasons' that may necessitate selling financial assets from the BM1 category that will not constitute a change in business model:

1. Selling the financial asset to realize cash to deal with unforeseen need for liquidity (infrequent).
2. Selling the financial asset to manage credit concentration risk (infrequent)
3. Selling the financial assets as a result of changes in tax laws (infrequent).
4. Other situations also depend upon the facts and circumstances which need to be judged by the management

SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

Cash flow characteristics assessment

The contractual cash flow characteristics assessment involves assessing the contractual features of an instrument to determine if they give rise to cash flows that are consistent with a basic investment arrangement. Contractual cash flows are consistent with a basic deposit arrangement if they represent cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI).

Principal is defined as the fair value of the instrument at initial recognition. Principal may change over the life of the instruments due to repayments. Interest is defined as consideration for the time value of money and the credit risk associated with the principal amount outstanding and for other basic lending risks and costs (liquidity risk and administrative costs), as well as a profit margin.

a) Financial assets measured at amortised cost

Financial assets are measured at amortised cost if they are held within a business model whose objective is to hold for collection of contractual cash flows where those cash flows represent solely payments of principal and interest. After initial measurement, debt instruments in this category are carried at amortized cost using the effective interest rate method. The effective interest rate is the rate that discounts estimated future cash payments or receipts through the expected life of the financial asset to the gross carrying amount of a financial asset. Amortized cost is calculated taking into account any discount or premium on acquisition, transaction costs and fees that are an integral part of the effective interest rate. Amortization is included in Interest income in the Consolidated Statement of Income. Impairment on financial assets measured at amortized cost is calculated using the expected credit loss approach.

Financial assets measured at amortized cost are presented net of the allowance for credit losses (ACL) in the statement of financial position

b) Financial assets measured at FVOCI

Financial assets are measured at FVOCI if they are held within a business model whose objective is to hold for collection of contractual cash flows and for selling financial assets, where the assets' cash flows represent payments that are solely payments of principal and interest. Subsequent to initial recognition, unrealized gains and losses on debt instruments measured at FVOCI are recorded in other comprehensive Income (OCI).

c) Financial assets measured at FVTPL

Financial assets measured at FVTPL include assets held for trading purposes, assets held as part of a portfolio managed on a fair value basis and assets whose cash flows do not represent payments that are solely payments of principal and interest. Financial assets may also be designated at FVTPL if by so doing eliminates or significantly reduces an accounting mismatch which would otherwise arise. These instruments are measured at fair value in the Statement of Financial Position, with transaction costs recognized immediately in the Statement of Income.

d) Equity Instruments

Equity instruments are measured at FVTPL, unless an election is made to designate them at FVOCI upon purchase. For equity instruments measured at FVTPL, changes in fair value are recognized in the Statement of profit or loss. The Company can elect to classify non-trading equity instruments at FVOCI. This election will be used for certain equity investments for strategic or longer term investment purposes. The FVOCI election is made upon initial recognition, on an instrument-by-instrument basis and once made is irrevocable. Gains and losses on these instruments including when derecognized/sold are recorded in OCI and are not subsequently reclassified to the Statement of profit or loss. Dividends received are recorded in Interest income in the Statement of Income. Any transaction costs incurred upon purchase of the security are added to the cost basis of the security and are not reclassified to the Statement of Income on sale of the security.

Financial liabilities are classified into one of the following measurement categories:

(i) Fair Value through Profit or Loss (FVTPL)
(ii) Amortised cost

i) Financial Liabilities at fair value through profit or loss
Financial liabilities accounted for at fair value through profit or loss fall into two categories:

Financial liabilities held for trading and financial liabilities designated at fair value through profit or loss on inception

Financial liabilities at fair value through profit or loss are financial liabilities held for trading. A financial liability is classified as held for trading if it is incurred principally for the purpose of repurchasing it in the near term or if it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short term profit-taking. Derivatives are also categorized as held for trading unless they are designated and effective as hedging instruments. Financial liabilities held for trading also include obligations to deliver financial assets borrowed by a short seller. Gains and losses arising from changes in fair value of financial liabilities are included in the income statement and are reported as 'Net gains/(losses) on financial instruments classified as held for trading. Interest expenses on financial liabilities held for trading are included in 'Net interest income'.

Financial Liabilities are designated at FVTPL when either the designation eliminates or significantly reduce an accounting mismatch which would otherwise arise or the financial liability contains one or more embedded derivatives which significantly modify the cash flows otherwise required. For liabilities designated at fair value through profit or loss, all changes in fair value are recognized in Non-interest income in the Statement of Income, except for changes in fair value arising from changes in the Company's own credit risk which are recognized in OCI. Changes in fair value of liabilities due to changes in the Company's own credit risk, which are recognized in OCI, are not subsequently reclassified to the Statement of Income upon derecognition/extinguishment of the liabilities.

ii) Financial Liabilities at amortised cost

Financial liabilities that are not classified at fair value through profit or loss fall into this category and are measured at amortised cost using the effective interest rate method. Financial liabilities measured at amortised cost are debt securities in issue for which the fair value option is not applied, e.g. convertible bonds and subordinated debts.

SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

4.2.1 **Impairment of financial instructments**

In line with IFRS 9, the Company assesses the under listed financial instruments for impairment using Expected Credit Loss (ECL) approach:

1. Amortized cost financial assets; and
2. Debt securities classified as at FVOCI.

Equity instruments and financial assets measured at FVTPL shall not be subjected to impairment as it is not required under the standard.

Expected Credit Loss Impairment Model

The Company's allowance for credit losses calculations shall be outputs of models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. The expected credit loss impairment model reflects the present value of all cash shortfalls related to default events either over the following twelve months or over the expected life of a financial instrument depending on credit deterioration from inception. The allowance for credit losses reflects an unbiased, probability-weighted outcome which considers multiple scenarios based on reasonable and supportable forecasts.

The Company shall adopt a three-stage approach for impairment assessment based on changes in credit quality since initial recognition.

Stage 1 – Where there has not been a Significant Increase in Credit Risk (SICR) since initial recognition of a financial instrument, an amount equal to 12 months expected credit loss shall be recorded. The expected credit loss shall be computed using a probability of default occurring over the next 12 months. For those instruments with a remaining maturity

Stage 2 – When a financial instrument experiences a SICR subsequent to origination but is not considered to be in default, it shall be included in Stage 2. This requires the computation of expected credit loss based on the probability of default over the remaining estimated life of the financial instrument.

Stage 3 – Financial instruments that are considered to be in default shall be included in this stage. Similar to Stage 2, the allowance for credit losses captures the lifetime expected credit losses.

The guiding principle for ECL model shall be to reflect the general pattern of deterioration or improvement in the credit quality of financial instruments since initial recognition. The ECL allowance shall be based on credit losses expected to arise over the life of the asset (life time expected credit loss), unless there has been no significant increase in credit risk since origination. Examples of financial assets with low credit risk (no significant increase in credit risk) include: Risk free and gilt edged debt investment securities that shall be determined to have low credit risk at the reporting date; and Other financial instruments (other than lease receivables) on which credit risk has not increased significantly since their initial recognition.

Measurement of Expected Credit Losses

The probability of default (PD), exposure at default (EAD), and loss given default (LGD) inputs used to estimate expected credit losses shall be modelled based on macroeconomic variables that are most closely related with credit losses in the relevant portfolio.

Details of these statistical parameters/inputs are as follows:

PD – The probability of default shall be an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the remaining estimated life, if the asset has not been previously derecognized and are still in the portfolio.

12-month PDs – This is the estimated probability of default occurring within the next 12 months (or over the remaining life of the financial instrument if that is less than 12 months). This shall be used to calculate 12-month ECLs.

Lifetime PDs – This is the estimated probability of default occurring over the remaining life of the financial instrument. This shall be used to calculate lifetime ECLs for "stage 2" and stage 3 exposures. PDs shall be limited to the maximum exposure required by IFRS 9.

SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

EAD – The exposure at default shall be an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments.

LGD – The loss given default shall be an estimate of the loss arising in the case where a default occurs at a given time. It shall be based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realization of any collateral. It shall be usually expressed as a percentage of the EAD.

The measurement of expected credit losses for each stage and the assessment of significant increases in credit risk considers information about past events and current conditions as well as reasonable and supportable forecasts of future events and economic conditions. The estimation and application of forward-looking information requires significant judgement.

The Company shall rely on a broad range of forward looking information as economic inputs, such as GDP growth, unemployment rates, central bank base rates, crude oil prices, inflation rates and foreign exchange rates. The inputs and models used for calculating expected credit losses may not always capture all characteristics of the market at the date of the financial statements. To reflect this, qualitative adjustments or overlays shall be made as temporary adjustments using expert credit judgement.

The Company shall determine allowance for credit losses using three probability-weighted forward looking scenarios. The Company shall consider both internal and external sources of information in order to achieve an unbiased measure of the scenarios used. The Company prepares the scenarios using forecasts generated by credible sources such as Business Monitor International (BMI), International Monetary Fund (IMF), Nigeria Bureau of Statistics (NBS), World Bank, Central Bank of Nigeria (CBN), Nigeria Insurers Association, Financial Markets Dealers Quotation (FMDQ), and Trading Economics. The Company estimates three scenarios for each risk parameter (LGD, EAD, CCF and PD) – Normal, Upturn and Downturn, which in turn shall be used in the estimation of the multiple scenario ECLs. The 'normal case' represents the most likely outcome and shall be aligned with information used by the company for other purposes such as strategic planning and budgeting. The other scenarios represent more optimistic and more pessimistic outcomes. The Company has identified and documented key drivers of credit risk and credit losses for each portfolio of financial instruments and, using an analysis of historical data, has estimated relationships between macro-economic variables, credit risk and credit losses.

Assessment of significant increase in credit risk (SICR)

At each reporting date, the Company shall assess whether there has been a significant increase in credit risk for exposures since initial recognition by comparing the risk of default occurring over the remaining expected life from the reporting date and the date of initial recognition. The assessment considers borrower-specific quantitative and qualitative information without consideration of collateral, and the impact of forward-looking macroeconomic factors. The common assessments for SICR on retail and non-retail portfolios include macroeconomic outlook, management judgement, and delinquency and monitoring. Forward looking macroeconomic factors shall be a key component of the macroeconomic outlook. The importance and relevance of each specific macroeconomic factor depends on the type of product, characteristics of the financial instruments and the borrower and the geographical region.

The Company shall adopt a multi factor approach in assessing changes in credit risk. This approach considers: Quantitative (primary), Qualitative (secondary) and Back stop indicators which are critical in allocating financial assets into stages.

The quantitative models considers deterioration in the credit rating of obligor/counterparty based on the Company's internal rating system or External Credit Assessment Institutions (ECAI) while qualitative factors considers information such as expected forbearance, restructuring, exposure classification by licensed credit bureau etc.

SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

A backstop shall be used to ensure that in the (unlikely) event that the primary (quantitative) indicators do not change and there is no trigger from the secondary (qualitative) indicators, an account that has breached the 30 days past due criteria for SICR and 90 days past due criteria for Default shall be transferred to stage 2 and stage 3 respectively except there is a reasonable and supportable evidence available without undue cost to rebut the presumption.

Definition of Default and Credit Impaired Financial Assets

At each reporting date, the Company shall assess whether financial assets are credit impaired. A financial asset shall be credit impaired when one or more of the following events have a detrimental impact on the estimated future cash flows of the financial asset:

- Significant financial difficulty of the Issuer;
- A breach of contract such as a default or past due event;
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.
- The disappearance of an active market for a security because of financial difficulties.

A debt that has been renegotiated due to a deterioration in the issuer's condition shall be considered to be credit-impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there shall be no other indicators of impairment. In making an assessment of whether an investment in sovereign debts is credit-impaired, the Company shall consider the following factors:

1. The market's assessment of credit worthiness as reflected in the bond yields
2. The rating agencies' assessments of credit worthiness
3. The country's ability to access the capital markets for new debt issuance
4. The probability of debt being restructured, resulting in holders suffering losses through voluntary or mandatory debt forgiveness
5. The international support mechanisms in place to provide the necessary support as lender of last resort to that country as well as the intention, reflected in public statements of governments and agencies to use those mechanisms. This includes an assessment of the depth of those mechanisms and irrespective of the political intent, whether there is the capacity to fulfil the required Criteria.

Presentation of allowance for ECL in the statement of financial position

Allowances for ECL shall be presented in the statement of financial position as follows:

- Financial assets measured at amortized cost: as a deduction from the gross carrying amount of the assets
- Financial assets measured at FVOCI: loss allowance shall be recognized in the statement of financial position because the carrying amount of these assets shall be their fair value. However, the loss allowance shall be disclosed and recognized in the fair value reserve.

Write-off

The Company writes off an impaired financial asset (and the related impairment allowance), either partially or in full, when there shall be no realistic prospect of recovery. After a full evaluation of a non-performing exposure, in the event that either one or all of the following conditions apply, such exposure shall be recommended for write-off (either partially or in full):

- Continued contact with the customer is impossible;
- Recovery cost is expected to be higher than the outstanding debt;
- Amount obtained from realization of credit collateral security leaves a balance of the debt; or
- It is reasonably determined that no further recovery on the facility is possible.

SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

4.3 **Reinsurance contract assets**

The Company cedes insurance risk in the normal course of business on the bases of treaty and facultative agreements. Reinsurance assets represent balances due from reinsurance Companies. Amounts recoverable from reinsurers are estimated in a manner consistent with settled claims associated with the reinsurer's policies and are in accordance with the related reinsurance contract.

4.4 **Premium receivables**

Trade receivables arising from insurance contracts are stated after adjusting for receivables outstanding from brokers over 30 days.

4.5 **Other receivables and prepayments**

They are initially recognised at fair value and subsequently measured at amortised cost less provision for impairment. A provision for impairment is made when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtors) that the Company will not be able to collect all the amount due under the original terms of the contract. Impaired debts are derecognised when they are assessed as uncollectible. If in a subsequent period the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date. Any subsequent reversal of an impairment loss is recognised in profit or loss. Prepayments are carried at cost less accumulated impairment losses.

4.6 **Non-current assets held for sale**

Non-current assets or disposal group comprising assets and liabilities that are expected to be recovered primarily through sale rather than through continuing use are classified as held for sale. Immediately before classification as held for sale, the asset, or components of a disposal group are remeasured in accordance with the Company's accounting policies.

Thereafter generally, the assets or disposal group are measured at the lower of their carrying amounts and fair values less costs to sell. Any impairment loss on a disposal group first is allocated to goodwill, and then to remaining assets and liabilities on pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets, investment property and biological assets, which continue to be measured in accordance with the Company's accounting policies. Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognized in profit or loss, subject to cumulative subsequent gains not exceeding cumulative losses recorded for the asset.

4.7 **Investment property**

An investment property is property held to earn rentals or for capital appreciation or both. Investment property, including interest in leasehold land, is initially recognized at cost including the transaction costs. Subsequently, investment property is carried at fair value representing the open market value at the statement of financial position date determined by annual valuations carried out by external registered valuers. Gains or losses arising from changes in fair value of investment property shall be recognized in profit or loss for the period in which it arises.

Investment properties are derecognized when either they have been disposed off or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. On disposal of an investment property, the difference between the disposal proceeds and the carrying amount is charged or credited to profit or loss.

SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

4.7 Investment property cont'd

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the Company accounts for such property in accordance with the policy stated under property and equipment up to the date of the change in use.

When the Company completes the construction or development of a self-constructed investment property, any difference between the fair value of the property at that date and its previous carrying amount is recognized in the other comprehensive income.

4.8 Intangible assets

Software licence costs and computer software that are not an integral part of the related hardware are initially recognised at cost, and subsequently carried at cost less accumulated amortisation and accumulated impairment losses. Costs that are directly attributable to the production of identifiable computer software products controlled by the Company are recognised as intangible assets.

Amortization is calculated using the straight line method to write down the cost of each licence or item of software to its residual value over its estimated useful life. The estimated useful life of the software is four years. Amortization begins when the asset is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management, even when idle.

Amortization ceases at the earlier of the date that the asset is classified as held for sale and the date that the asset is derecognized and ceases temporarily while the residual value exceeds or is equal to the carrying value

Gains or losses arising from the derecognition of intangible assets are measured as the differences between the net disposal proceeds and the carrying amount of the assets and are recognised in the income statements of the periods in which the assets are.

4.9 Property, plant and equipment

All categories of property, plant and equipment are initially recognized at cost or at fair value. Cost includes expenditure directly attributable to the acquisition of the assets.
Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. Repairs and maintenance expenses are charged to the income statement in the year in which they are incurred.

Depreciation is calculated using the straight line method to write down the cost or the revalued amount of each of the following classes of assets to its residual value over its estimated useful life:

• Building	50 years
• Furniture & Fittings	10 years
• Office Equipment	5 years
• Computer equipment	5 years
• Motor Vehicles	4 years
• Generating sets	5 years

Land is a component of property, plant and equipment but not subject to depreciation.
Depreciation on an item of property, plant and equipment commences when it is available for use and continues to be depreciated until it is derecognized, even if during that period the item is idle. Depreciation of an item ceases when the item is retired from active use and is being held for disposal.

SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

4.9 Property, plant and equipment cont'd

As no parts of items of property, plant and equipment of the Company have a cost that is significant in relation to the total cost of the item, the same rate of depreciation is applied to the whole item.

The assets' residual values, depreciation method and useful lives are reviewed and adjusted, if appropriate, at each statement of financial position date.

Impairment reviews are performed when there are indicators that the carrying value of an asset may not be recoverable. Impairment losses are recognised in the income statement as an expense.

The Company classifies all assets within a disposal group as Non-current assets held for sale if the carrying amount will be recovered principally through sale transaction rather than continuous use.

Freehold land and buildings are subsequently carried at revalued amounts. Valuations are done on an annual basis by external independent valuers less accumulated depreciation and accumulated impairment losses. All other items of property, plant and equipment are subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use.

Gains and losses on disposal of property, plant and equipment are determined by reference to their carrying amounts and are taken into account in determining operating profit.

Increases in the carrying amounts arising on revaluation are recognised in other comprehensive income and accumulated in equity under the heading of revaluation reserve. Decreases that offset previous increases of the same asset are recognised in other comprehensive income. All other decreases are charged to the Income statement.

4.10 Statutory deposit

Statutory deposit represents 10% of the minimum paid up capital of the Company deposited with the Central Bank of Nigeria (CBN) in pursuant to Section 10(3) of the Insurance Act, CAP I17, LFN 2004 Statutory deposit is measured at cost.

4.12 Investment contract liabilities

The Company issues contracts that meet the definition of investment contracts with discretionary participation features (DPF) - IFRS 17 and investment contracts without DPF, which are measured under IFRS 9, which are within the scope of IFRS 17. These contracts offer a range of savings and risk transfer products to meet both Company and individual customers' long- and short-term needs. They comprise various types of contracts, some of which transfer significant insurance risk and others that do not (which may contain distinct investment components). Some contracts also feature DPFs, provided the entity issues insurance contracts.

The liabilities for these contracts are measured at the aggregate of the fulfilment cash flows (FCF) and the contractual service margin (CSM), determined by an annual measurement process carried out by certified actuaries. The FCF represent the explicit, unbiased, and probability-weighted present value of the future cash flows, adjusted for a risk adjustment for non-financial risk. The CSM represents the unearned profit in the group of contracts, which is recognised in profit or loss over the period the entity provides services.

The liability of the Company to the schemes is as determined by Actuarial valuation carried out annually by certified actuaries.

4.13 Trade payables

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate.

The estimated fair value of payables with no stated maturity which includes no interest payables is the amount repayable on demand.

SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

4.14 Other payables and accruals

General Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the Company expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

The expense relating to any provision is presented in the income statement net of any reimbursement. If the effect of the time value of money is material, provisions are discounting using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

4.15 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred, Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest rate.

Fees paid on the establishment of loan facilities are recognised as a transaction cost of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

4.16 Finance lease obligations

Asset held under finance leases are initially recognised as asset of the Company at their fair value at the inception of the lease or if lower at the present value of the minimum lease payments. The corresponding liability to the leasor is included in the statement of financial position as a finance lease obligation.

Lease payments are apportioned between the liability and finance charges. The corresponding rental obligation, net of finance charges are included in long term payables. The interest element of the finance cost is charged to the income statement over the lease periods so as to produce constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the useful life of the asset.

4.17 Employee retirement benefits

Retirement Benefit Obligations

The Company operates a defined contribution scheme for qualifying employees. The Company contributes 10% while all its employees contribute 8% each of their pensionable emoluments (basic salary, housing allowance and transport allowance) to the Pension Scheme and this is being managed by registered and licensed pension managers as may be chosen by the staff from time to time.

4.18 Income tax liabilities

Income tax expense is the aggregate amount charged/(credited) in respect of current tax and deferred tax in determining the profit or loss for the year. Tax is recognised in the income statement except when it relates to items recognised in other comprehensive income, in which case it is also recognised in other comprehensive income.

SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

4.18 **Income tax liabilities cont'd**

Company Income tax

This is the amount of income tax payable on the taxable profit of the Company for the year determined in accordance with the Company Income Tax Act, CAP. C60 LFN, 2004. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted as at the reporting date.

Education tax

This is a component of the income tax. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted as at the reporting date.

Deferred tax liabilities

Deferred tax is provided in full on all temporary differences except those arising from the fair value measurement of assets.

Deferred tax is determined using the liability method on all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes, using tax rates and laws enacted or substantively enacted at the statement of financial position date and expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss.
Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off such current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same Taxation authority.

4.19 **Share capital and share premium.**

Ordinary shares are recognized at par value and classified as 'share capital' in equity. Any amounts received over and above the par value of the shares issued are classified as 'share premium' in equity. The share premium account is utilized in accordance with the provisions of Companies and Allied Maters Act 2020.

4.20 **Contingency reserves**

This is computed in accordance with the provisions of section 22 of the Insurance Act, CAP 117 LFN 2004. It is credited with amount equal to the higher of 3% of the total premium written and 20% of the net profit for non-life business and the higher of 1% of the total premium and 10% of the net profit for life business until it reaches the amount of the minimum paid up capital.

4.21 **Retained earnings**

Retained earnings are the carried forward recognised income net of expenses plus current period profit or loss attributable to owners of the Company.

4.22 **Insurance Revenue**

When applying the PAA, the Company recognizes insurance revenue for the period based on the passage of time by allocating expected premium receipts including premium experience adjustments to each period of service.
At the end of each reporting period, the Company considers whether there was a change in facts and circumstances indicating a need to change, on a prospective basis, the premium receipt allocation due to changes in the expected pattern of claim occurrence.

SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

4.23 **Insurance Service Expenses**

Insurance service expenses arising from insurance contracts issued are recognized in the profit or loss generally as they are incurred. The company's insurance expenses comprises:

. Incurred claims and other insurance service expenses Changes in the LIC related to claims and expenses incurred in the period excluding repayment of investment components.(if any).

. Changes in the LIC related to claims and expenses incurred in prior periods (related to past service)

. Other directly attributable insurance service expenses incurred in the period. This includes technical salaries and wages and 30% of other administrative and overhead expenses

. Amortization of insurance acquisition cash flows, which is recognized at the same amount in both insurance service expenses and insurance contract revenue.

. Loss component of onerous groups of contracts initially recognized in the period.

4.24 **Investment income**

Investment income includes interest on bank placements, dividend income and rental income arising from operating leases on investment properties, which are presented in the Income statement.
Income from any earmarked investment is credited to its source. Otherwise, the investment income is distributed between the Insurance contract business, Investment contract business and shareholders' account on the basis of average investments outstanding during the year as financed by the respective funds.

The distribution is presented only as note to the financial statements.

4.25 **Fees and other income**

Insurance contract policyholders are charged for surrenders and other contract fees. Investment contract policyholders are charged for administration services, investment management services, surrenders and other contract fees. These fees are recognised as revenues over the periods in which the related services are performed. If the fees are for services provided in future periods then they are deferred and recognised over those future periods.

4.26 **Realized/unrealized gains and losses**

Realized gains and losses include gains and losses arising from the disposal of financial instruments, non-current assets held for sale and investment properties and they are recognised in the Income statement of the period in which the disposal occurred.

Unrealized gains and losses include gains and losses arising from the fair valuation of financial assets, non-current assets held for sale (that is, immediately before classification as held for sale) and investment properties. Unrealized gains and losses arising from the fair valuation of investment properties are recognized in the Income statement.

4.27 **Other operating expenses**

Expenses are recognized in the Statement of profit or loss when a decrease in future economic benefit related to a decrease in an asset or an increase of a liability has arisen that can be measured reliably. This means, in effect, that recognition of expenses occurs simultaneously with the recognition of an increase in liabilities or a decrease in assets.

The Company's expenses are recognized in the statement of profit or loss on the following basis:

As either directly attributable expenses on insurance contracts and investment contracts on one hand and sundry business activities on the other hand. These expenses are accounted for wholly under the businesses that they relate to;

Common expenses, which are those other than the directly attributable expenses but excluding brokers/ agents' allowances and commissions. The common expenses are allocated in the ratio of 70:20:10 between insurance business, investment contract and shareholders' funds. The amount allocated to insurance contract business is again distributed between Company Life and Individual life on the basis of gross premium written in the year.

SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

4.27 **Other operating expenses cont'd**

Brokers/ Agents' commissions and allowances
The Company employs the services of brokers/ agents in marketing its life policies and investment contracts. Commissions paid to the agents/brokers are charged against revenue as underwriting expenses.

Furthermore, the Company employs the services of agents in marketing its individual life policies and investment contract products. Allowances and commissions paid to the agents are allocated on equal basis between the individual life business and investment contract activities.

Net claims expenses
The result of the gross benefits and claims expenses and reinsurance claims recoveries is the net claims expense for the period. Ceded reinsurance arrangements do not relieve the Company from its obligations to policyholders.

Policyholder benefits incurred comprise claims paid in the year and changes in the provision for insurance contract liabilities. Benefits paid represent all payments made during the year, whether arising from events during that or earlier years. Insurance contract liabilities represent the
estimated ultimate cost of settling all benefits accruing to policyholders and are discounted to the present value.

Reinsurance claims recoveries
Reinsurance claims recoveries are recognized when the related gross insurance claim expenses are recognized according to the terms of the relevant contract.

Salvage and subrogation reimbursements

Some insurance contracts permit the Company to sell (usually damaged) property acquired in settling a claim (for example, salvage). The Company may also have the right to pursue third parties for payment of some or all costs (for example, subrogation).

Estimates of salvage recoveries are included as an allowance in the measurement of the insurance liability for claims, and salvage property is recognized in other assets when the liability is settled. The allowance is the amount that can reasonably be recovered from the disposal of the property.

Subrogation reimbursements are also considered as an allowance in the measurement of the insurance liability for claims and are recognized in other assets when the liability is settled. The allowance is the assessment of the amount that can be recovered from the action against the liable third party.

4.28 **Dividends**
Dividends on ordinary shares are recognised as a liability in the year in which they are declared. Proposed dividends are accounted for as a separate component of equity until they have been declared at an annual general meeting. Dividends for the year that are approved after the statement of financial position date are dealt with as a non-adjusting event after the statement of financial position date.

4.29 **Earnings per share**
The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares.
Basic earnings per share amounts are calculated by dividing the profit for the year attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding at the reporting date.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees.

SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

4.30 Conversion of foreign currencies

On initial recognition, all transactions are recorded in the functional currency (the currency of the primary economic environment in which the Company operates or transacts business), which is Nigerian Naira and Kobo. Transactions in foreign currencies during the year are converted into the functional currency using the exchange rate prevailing at the transaction dates.

Monetary assets and liabilities at the statement of financial position date denominated in foreign currencies are translated into the functional currency using the exchange rate prevailing as at that date. The resulting foreign exchange gains and losses from the settlement of such transactions and from year-end translation are recognised on a net basis in the income statement in the year in which they arise.

4.31 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker (Board of Directors). Directors allocate resources to and assess the performance of the operating segments of the Company. The operating segments are based on the Company's management and internal operating structure. The directors consider the Company to comprise three business segments: Company life assurance segment, Individual life assurance segment and Investments management or savings links segment.

4.32 Comparatives

Where necessary, comparatives have been adjusted to conform to changes in presentation in the current year. Where changes are made and affect the statement of financial position, a third statement of financial position at the beginning of the earliest period presented is presented together with the corresponding notes.

4.33 Events after the reporting date

The financial statements are adjusted to reflect events that occurred between the statement of financial position date and the date when the financial statements are authorised for issue, provided they give evidence of conditions that existed at the statement of financial position date. Events that are indicative of conditions that arose after the statement of financial position date are disclosed, but do not result in an adjustment of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (continued)

5 Critical accounting estimates, judgement and assumptions

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates under different assumptions and conditions.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.
Information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are described below.

a **Insurance and reinsurance contracts- Life Business**
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.

(i) **The methods used to measure insurance contracts future cash flows**
The Company primarily uses deterministic projections to estimate the present value of future cash flows. The following assumptions were used when estimating future cash flows for different class of the company’s portfolio:

Mortality, longevity and morbidity rates
Assumptions are based on standard industry and national tables, according to the type of contract written and the territory in which the insured person resides. They reflect recent historical experience and are adjusted when appropriate to reflect the Company’s own experiences. An appropriate, but not excessive, allowance is made for expected future improvements. Assumptions are differentiated by policyholder gender, underwriting class and contract type. An increase in expected mortality, longevity and morbidity rates will increase the expected claim cost which will reduce future expected profits of the Company.

Expense
Operating expenses assumptions reflect the projected costs of maintaining and servicing in–force policies and associated overhead expenses. The current level of expenses is taken as an appropriate expense base, adjusted for expected expense inflation if appropriate. An increase in the expected level of expenses will reduce future expected profits of the Company.

The cash flows within the contract boundary include an allocation of fixed and variable overheads directly attributable to fulfilling insurance contracts. Such overheads are allocated to groups of contracts using methods that are systematic, rational and are consistently applied to all costs that have similar characteristics.

Lapse and Surrender rates
Lapses relate to the termination of policies due to non–payment of premiums. Surrenders relate to the voluntary termination of policies by policyholders. Policy termination assumptions are determined using statistical measures based on the Company’s experience and vary by product type, policy duration and sales trends. An increase in lapse rates early in the life of the policy would tend to reduce profits of the Company, but later increases are broadly neutral in effect.

(ii) **Discount rate**
The company 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 published by the Nigerian Actuarial Society of highly 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 and corporate debt rates.

NOTES TO THE FINANCIAL STATEMENTS (continued)

5 Critical accounting estimates, judgement and assumptions (cont'd)

(iii) 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 best estimate amount.

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.

(iv) Amortisation of the Contractual Service Margin (CSM)

The CSM is a component of the asset or liability for the group of insurance contracts that represents the unearned profit the Company will recognise as it provides services in the future. An amount of the CSM for a group of insurance contracts is recognised in profit or loss as insurance revenue in each period to reflect the insurance contract services provided under the group of insurance contracts in that period. The amount is determined by:

- Identifying the coverage units in the company
- Allocating the CSM at the end of the period (before recognising any amounts in profit or loss to reflect the insurance contract services provided in the period) equally to each coverage unit provided in the current period and expected to be provided in the future.
- Recognising in profit or loss the amount allocated to coverage units provided in the period

The number of coverage units in a group is the quantity of insurance contract services provided by the contracts in the group, determined by considering the quantity of the benefits provided and the expected coverage period. For groups of the company's life insurance contracts, the quantity of benefits is the contractually agreed sum assured over the period of the contracts. The total coverage units of each group of insurance contracts are reassessed at the end of each reporting period to adjust for the reduction of remaining coverage for claims paid, expectations of lapses and cancellation of contracts in the period. They are then allocated based on probability-weighted average duration of each coverage unit provided in the current period and expected to be provided in the future.

Expected release of Contractual Service Margin for insurance contracts issued

CSM with positive sign

Expected release of Contractual Service Margin	Annuity	Endowment	Total
Year 1	1,673	3,971	**5,644**
Year 2	1,673	1,390	**3,063**
Year 3	1,672	1,121	**2,794**
Year 4	1,665	-	**1,665**
Year 5	1,635	-	**1,635**
Year 6	1,585	-	**1,585**
Year 7	1,490	-	**1,490**
Year 8	1,408	-	**1,408**
Year 9	1,357	-	**1,357**
Year 10	1,306	-	**1,306**
Above Year 10	7,211	-	**7,211**
Total CSM	**22,675**	**6,482**	**29,157**

NOTES TO THE FINANCIAL STATEMENTS (continued)

5 Critical accounting estimates, judgement and assumptions (cont'd)

(v) **Assets for insurance acquisition cashflows**

The Company applies judgement in determining the inputs used in the methodology to systematically and rationally allocate insurance acquisition cash flows to groups of insurance contracts. This includes judgements about whether insurance contracts are expected to arise from renewals of existing insurance contracts and, where applicable, the amount to be allocated to Company including future renewals and the volume of expected renewals from new contracts issued in the period.

(b) Insurance and reinsurance contracts- Non-Life Business

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 applies the premium allocation approach (PAA) to simplify the measurement of insurance contracts.. For cashflows that are not expected to be settled more than one year after the claims is incurred, the company has elected not to discount such cashflows.

(i) *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.

NOTES TO THE FINANCIAL STATEMENTS (continued)

5 Critical accounting estimates, judgement and assumptions (cont'd)

For non-liability claims, the ultimate period is often within 7 - 10 year unless- tail factor is not required.

-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.

- 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:
i. 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.
ii. 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.

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

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

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

5 Critical accounting estimates, judgement and assumptions (cont'd)

(iii) *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 (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.

The valuation of the long term insurance contract liabilities was done by Awunor Benjamin Ebube (FRC/2015/PRO/NAS/004/00000012946) of Becoda Consulting (FRC/2015/NAS/00000012946).

The Liability Adequacy Test (LAT) was carried out by Awunor Benjamin Ebube (FRC/2015/PRO/NAS/004/00000012946) of Becoda Consulting (FRC/2015/NAS/00000012946). The claims reserve was calculated using the Discounted Inflation Adjusted Basic Chain Ladder method.

5.1 **Product Classification**

LIFE BUSINESS

Products	Portfolio	Measurement Approach
Annuity	Annuity	General Model Approach
Group Life	Group Life	Premium Allocation approach
SA Life Accumulator Scheme	Investment/IFRS 9	Investment/IFRS 9
Capital Appreciation and Income Plan	Investment/IFRS 9	Investment/IFRS 9
Deposit Linked-Assurance Scheme	Investment/IFRS 9	Investment/IFRS 9
Flexible Assurance Plan	Investment/IFRS 9	Investment/IFRS 9
SA Life Investment Plan	Investment/IFRS 9	Investment/IFRS 9
Income Protection Plan	Investment/IFRS 9	Investment/IFRS 9
Personal Persions Plan	Investment/IFRS 9	Investment/IFRS 9
Standard Flexible Plan	Investment/IFRS 9	Investment/IFRS 9
Standard Flexible Assurance Scheme	Investment/IFRS 9	Investment/IFRS 9
Children Education Endowment	Endowment	General Model Approach
Education Support Plan	Endowment	General Model Approach

The Company uses Premium Allocation (PAA) approach to measure its General Business

NON- LIFE BUSINESS

Products	Portfolio	Measurement Approach
Fire	Fire	Premium Allocation Approach
General Accident	General Accident	Premium Allocation Approach
Motor	Motor	Premium Allocation Approach
Marine	Marine	Premium Allocation Approach
Aviation	Aviation	Premium Allocation Approach
Oil & Gas	Oil & Gas	Premium Allocation Approach
Engineering	Engineering	Premium Allocation Approach
Bond	Bond	Premium Allocation Approach

STATEMENT OF FINANCIAL POSITION

ASSETS	NOTES	**31 December 2023. N'000**	Restated 31 December 2022. N'000	Restated 1 January 2022. N'000
Cash and cash equivalents	5	**644,272**	695,776	1,945,557
Financial Assets:				
- At fair value through profit or loss	6.1	**102,411**	40,502	36,461
- At amortised cost	6.2	**603,061**	603,061	404,841
- At fair value through other comprehensive income	6.3	**1,532,639**	200,080	175,291
Premium Receivable	7	**0**	8,849	8,074
Other receivables and prepayments	8	**40,656**	41,065	144,570
Investment properties	9	**4,030,067**	4,030,067	4,030,067
Property, plant and equipment	10	**24,246**	35,663	50,233
Statutory deposit	11	**535,000**	535,000	535,000
TOTAL ASSETS		**7,512,352**	6,190,063	7,330,095
LIABILITIES AND SHAREHOLDERS' EQUITY				
Insurance contract liabilities	12	**5,062,390**	5,226,947	5,318,297
Investment contract liabilities	13	**2,667,359**	2,571,151	2,448,716
Trade payables	14	**7,948**	7,948	7,948
Other payables and accruals	15	**503,320**	502,513	850,919
Borrowings	16	**3,841,795**	1,976,233	1,994,015
Income tax liabilities	17	**276,023**	273,736	273,735
Deferred tax liabilities	18	**67,127**	61,909	61,909
TOTAL LIABILITIES		**12,425,963**	10,620,437	10,955,538
SHAREHOLDERS' EQUITY				
Share capital	19	**6,455,515**	6,455,515	6,455,515
Treasury shares	20	**(1,145)**	(1,145)	(1,145)
Share premium	21	**7,484,955**	7,484,955	7,484,955
Contingency reserves	22	**1,780,003**	1,775,727	1,768,801
Accumulated loss	23	**(22,011,532)**	(20,191,461)	(19,354,813)
Revaluation reserves	24	**-**	(0)	(0)
Fair value reserves	25	**1,378,593**	46,034	21,245
Total equity		**(4,913,611)**	(4,430,375)	(3,625,443)
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**7,512,353**	6,190,063	7,330,095

The financial statements were approved by the Board of Directors on 19th September, 2025 and signed on its behalf by:

Mr. Akin Iroko
FRC/2024/PRO/DIR/003/358339
Chairman

Mr. Paulinus Offorzor
FRC/2013/PRO/CIIN/002/00000003287
Managing Director/CEO

Mr. Michael Owope
FRC/2018/PRO/ICAN/001/00000017730
Chief Finance Officer

The accounting policies on pages 19 to 58, notes on pages 63 to 109 and other national disclosures on pages 110 to 111 form an integral part of these financial statements.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	NOTES	2023 N'000	Restated 2022 N'000
Insurance revenue	26	**418,062**	523,845
Insurance service expense	26.2	**(323,532)**	(676,263)
Insurance service result		**94,529**	**(152,418)**
Investment income	26.3	**174,847**	30,871
Investment expenses	26.4	**(194,161)**	(211,980)
Net investment result		**(19,314)**	(181,109)
Net insurance and investment result.		**75,215**	(333,527)
Other expenses			
Interest expenses on loan	16.1	**(112,624)**	(76,688)
Foreign exchange (expense)/gain	16.1	**(1,752,506)**	94,470
Other operating expenses	28	**(18,374)**	(513,973)
Loss before Tax		**(1,808,290)**	(829,719)
Income tax	17	**(7,505)**	(1)
Loss after Tax		**(1,815,795)**	(829,720)
Other comprehensive income			
Item that may be reclassified to profit or loss:			
Fair value gain on financial assets at FVOCI	6.3.1	**1,332,559**	24,789
Items that will not be classified to profit or loss:			
Revaluation loss on building		**-**	-
Revaluation surplus reversed during the year		**-**	-
Other comprehensive loss		**1,332,559**	24,789
Total comprehensive loss for the year		**(483,236)**	(804,931)
Earnings per share : Basic (Naira)	34	**(14.06)**	(6.43)

The accounting policies on pages 19 to 58, notes on pages 63 to 109 and other national disclosures on pages 110 to 111 form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

	Share Capital N'000	Treasury shares N'000	Share Premium N'000	Contingency Reserves N'000	Accumulated Loss N'000	Revaluation Reserves N'000	Fair value Reserve N'000	Total N'000
At 1 January 2023	**6,455,515**	**(1,145)**	**7,484,955**	**1,775,727**	**(20,191,461)**	**-**	**46,034**	**(4,430,375)**
								-
Loss for the year	-	-	-	-	(1,815,795)	-	-	**(1,815,795)**
Transfer to contingency reserve (Note 22)	-	-	-	4,276	(4,276)	-	-	**-**
Other comprehensive income:		-	-	-	-	-	-	**-**
Fair value loss on financial assets at fair value through other comprehensive income (Note 30)	-	-	-	-	-	-	1,332,559	**1,332,559**
At 31 December 2023	**6,455,515**	**(1,145)**	**7,484,955**	**1,780,004**	**(22,011,532)**	**-**	**1,378,593**	**(4,913,611)**
At 1 January 2022	6,455,515	(1,145)	7,484,955	1,768,800	(18,925,882)	48,292	21,245	(3,148,220)
IFRS 17 adjustments (Note 23)					(513,482)	-		(513,482)
Reclassification of Revaluation reserves (Note 24)					48,292	(48,292)		-
Reclassification of reinsurance payables (Note 14)					36,257	-		36,257
Restated as at 1 January	6,455,515	(1,145)	7,484,955	1,768,800	(19,354,815)	-	21,245	(3,625,445)
Loss for the year					(829,720)			(829,720)
Transfer to contingency reserve (Note 22)	-	-	-	6,927	(6,927)	-	-	**-**
Other comprehensive income:	-	-	-	-	-	-	-	**-**
Fair value loss on financial assets at fair value through other comprehensive incor	-	-	-	-	-	-	24,789	24,789
	-		-	-	-	-	-	**-**
At 31 December 2022	**6,455,515**	**(1,145)**	**7,484,955**	**1,775,727**	**(20,191,461)**	**-**	**46,034**	**(4,430,375)**

The accounting policies on pages 19 to 58, notes on pages 63 to 109 and other national disclosures on pages 110 to 111 form an integral part of these financial statements.

STATEMENT OF CASH FLOWS

	NOTES	2023	Restated 2022
Cash flows from operating activities		**N'000**	N'000
Premium received	29	**5,982**	523,845
Cash received on investment contract	16	**-**	122,436
Other income	30(b)	**-**	100
Claims paid		**-**	(537,244)
Commissions paid		**-**	(9,151)
Cash payments to employees, suppliers and others		**(12,776)**	(1,273,144)
		(6,794)	(1,173,158)
Taxes paid: Income tax	21	**-**	-
Net cash used from operating activities		**(6,794)**	(1,173,158)
Cash flows from investing activities			
Purchase of Property, plant and equipment	13	**-**	(781)
Rental income	30(a)	**1,553**	1,501
Dividends received	30(a)	**48,968**	3,683
Interest received on fixed deposits	30(a)	**17,393**	22,726
Liquidation of financial assets at amortised cost	6.2.2a	**-**	336,268
Addition to financial assets at amortised cost	6.2.2(a)	**-**	(534,488)
Net cash generated from investing activities		**67,914**	(171,091)
Cash flows from financing activities			
Finance charges		**(112,624)**	76,688
Net cash (used)/flows from financing activities		**(112,624)**	76,688
Net decrease in cash and cash equivalents during the year		**(51,504)**	(1,267,561)
Cash and cash equivalents at the beginning of the year		**677,994**	1,945,556
Cash and cash equivalents at the end of the year		**626,490**	677,994
Cash and cash equivalent comprise:			
Cash in hand		**117**	116
Current Bank accounts balances		**36,794**	47,421
Short term deposits - Local banks		**607,361**	648,239
		644,272	695,776

The accounting policies on pages 19 to 58, notes on pages 63 to 109 and other national disclosures on pages 110 to 111 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS (continued)

		2023	Restated 2022	2021
5	**Cash and cash equivalents**	**N'000**	N'000	N'000
	Cash in hand	**117**	116	-
	Bank balances	**36,794**	47,421	53,990
	Short term deposits	**610,551**	651,429	1,894,757
		647,462	**698,966**	1,948,747
	Allowance for credit losses (Note 5a)	**(3,190)**	(3,190)	(3,190)
		644,272	695,776	1,945,557

Included in short term deposits is a sum of N3,182,144.27 (**2022:** N3,182,144.27, **2021:** N3,182,144.27) being unclaimed dividends returned by First Registrars Limited as instructed by the Securities and Exchange Commission (SEC). This amount is included in other accruals (Note 18).

Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Company. The carrying amounts disclosed above reasonably approximate the fair value at the reporting date.

5(a)	**Impairment allowance for cash and cash equivalents**			
	At 1 January	**3,190**	3,190	3,190
	At 31 December	**3,190**	3,190	3,190
6	**Financial assets**			
	At fair value through profit or loss (FVPL) - Note 6.1	**102,411**	40,502	36,461
	At amortised cost (Note 6.2)	**603,061**	603,061	404,841
	At fair value through other comprehensive income (FVOCI) - Note 6.3.1	**1,532,639**	200,080	175,291
		2,238,111	843,643	616,593
6.1	**Financial assets at fair value through profit or loss (FVPL)**			
	At 1 January	**40,502**	36,461	68,262
	Fair value gain/(loss) during the year [Note 6.1(a)]	**61,909**	4,041	(31,801)
	At 31 December	**102,411**	40,502	36,461
6.1(a)	**Fair value (gain)/loss disclosed in the income statement is as analysed below:**			
	Fair value gain/(loss) on equity instrument carried at FVPL (Note 6.1)	**61,909**	4,041	(31,801)
		61,909	4,041	(31,801)

		2023	Restated 2022	2021
		N'000	N'000	N'000
6.1.2	Analysis of the fair value of the Company's investments in listed entities is shown below:			
	ABC Transport Plc	**8,381**	2,587	3,208
	Africa Prudential Registrar Plc	**103**	83	88
	Dangote Sugar Refineries Plc	**17,100**	4,815	5,220
	Diamond Bank Plc (Now Access Bank Plc)	**1,984**	729	797
	Ecobank Transnational Plc (ETI)	**334**	170	139
	First City Monument Bank Limited	**14,240**	-	5,754
	Fidelity Bank Plc	**25,928**	10,395	6,094
	First Bank of Nigeria Limited	**10,144**	4,695	4,938
	UBA Capital	**1,280**	779	551
	United Bank for Africa Plc	**11,773**	3,488	3,695
	Stanbic IBTC Holdings Plc	**11,144**	5,352	5,760
		102,411	40,502	36,244
6.2	**Financial assets at amortised costs**			
	Loans and receivables (Note 6.2.1)	**68,573**	68,573	68,573
	Treasury bills (Note 6.2.2)	**-**	-	336,268
	Bonds (Note 6.2.3)	**534,488**	534,488	-
		603,061	603,061	404,841

NOTES TO THE FINANCIAL STATEMENTS (continued)

	2023	Restated 2022	2021
6.2.1 Loans and receivables	**N'000**	N'000	N'000
Loans against policies (Note 6.2.1a)	**69,125**	69,125	69,125
Staff debtors (Note 6.2.1c)	**1,227**	1,227	1,227
Agency loan	**554**	554	554
	70,906	70,906	70,906
Allowance for credit losses	**(2,333)**	(2,333)	(2,333)
	68,573	68,573	68,573

6.2.1a Loans against policies

The Company grants commercial loans to life policyholders. The surrender values serve as collaterals for the loans. The details of the loans are as shown below:

	2023	2022	2021
	N'000	N'000	N'000
GSL policy loan	**14,621**	14,621	14,621
Standard Life Accumulator Scheme (SLA)	**3,263**	3,263	3,263
Special Personnel Policy (SPP)	**5,093**	5,093	5,093
Flexible Assurance scheme (FAS)	**478**	478	478
Personal Providence Plan (PPP)	**43,396**	43,396	43,396
Annuity Policy Loan	**200**	200	200
Deposit Link Assurance (DELAS)	**2,048**	2,048	2,048
SIP- Policy loan	**26**	26	26
	69,125	69,125	69,125

	2023	2022	2021
	N'000	N'000	N'000
6.2.1b Movement in loans against policies			
At 1 January	**69,125**	69,125	69,125
At 31 December	**69,125**	69,125	69,125
6.2.1c Movement in staff debtors			
At 1 January	**1,227**	1,227	1,227
At 31 December	**1,227**	1,227	1,227
6.2.2 Treasury bills			
At 1 January	**-**	336,268	393,491
Matured and transferred to short-term deposit	**-**	(336,268)	(57,425)
Reversal/(allowance) for credit losses (Note 36a)	**-**	-	202
At 31 December	**-**	-	336,268

In 2021, the Company's existing treasury bills matured during the year. The sum of N57.425 million of the proceeds was invested in short-term deposits, while the balance of N336.27 million was reinvested in 90-day tenored treasury bills to mature on 24 February 2022. In 2022, bills were liquidated and deposited in a bank.

	2023	2022	2021
6.2.3 Bonds			
At 1 January	**534,488**	534,488	-

The company invested in FGN and corporate bonds with a maturity date of 6 to 7years. These investments are measured at amortised cost using the effective interest rates of 13% and 16.288%. Interest on these investments, which accrues bi-annually, is paid to the custodian who holds the investments.

	2023	2022	2021
6.3 Financial assets at fair value through other comprehensive income			
Quoted Shares in Transcorp Plc (Note 6.3.1)	**1,532,639**	200,080	175,291
6.3.1 Investment in quoted shares (Transcorp Plc)			
At 1 January	**200,080**	175,291	159,356
Fair value gain during the year (Note 29)	**1,332,559**	24,789	15,935
At 31 December	**1,532,639**	200,080	175,291

As at 31st December 2023, the Company had 177,062,222 units of Transcorp Plc shares valued at N1.53 billion (2022: N200.08 million)

NOTES TO THE FINANCIAL STATEMENTS (continued)

		2023	2022	2021
7	**Premium Receivable**			
	At 1 January	**8,849**	8,074	2,275
	Gross premiun written during the year (Note 7.1)	**5,982**	105,330	402,670
	Premium received in the year	**(14,831)**	(104,555)	(396,871)
	At 31 December	**(0)**	8,849	8,074
	Allowance for impairment - due from insurance companies and brokers (Note 37b)	-	-	-
	Carrying amount at 31 December	**(0)**	8,849	8,074

7.1	**Gross premiun written during the year**			
	This relates to gross premium received from Group life only	5,982	13,069	-

8	**Other receivables and prepayments**	**N'000**	N'000	N'000
	Other debtors (Note 9.1)	40,000	40,000	40,000
	Prepaid rent	-	-	103,590
	Staff advances	(0)	409	324
	Deposit for quoted shares (Note 9.2)	656	656	656
		40,656	41,065	144,570

8.1 The loan to a former Director of the Company who pledged 250 hectares of Land at Kaduna State costing N40 million as collateral. The documents of the Land has been fully executed but issues relating to consent and ownership have not been perfected.

8.2 Deposit for quoted shares represents the Company's subscription for right issues in Access Bank Plc which are yet to be allotted.

9	**Investment properties**			
	At 1 January	**4,030,067**	4,030,067	4,030,067
	At 31 December (Fair value)	**4,030,067**	4,030,067	4,030,067
9.1	**History and movement in fair value gain**			
	Cost as at date of initial recognition	**3,186,501**	3,186,501	3,186,501
	Cumulative fair value gain at 1 January	**843,566**	843,566	843,566
	Fair value loss for the year	**-**	-	-
	Cumulative fair value gain at 31 December	**843,566**	843,566	843,566
	At 31 December	**4,030,067**	4,030,067	4,030,067
9.1.1	**Fair value loss reported in the statement of profit or loss**			
	Fair value changes in investment properties	**-**	-	-

9.2 **Movements in investment properties 2023**

	Cost	Fair value gain at 1 January	Balance at 1 January	Addition during the year	Sold during the year	Revaluation (loss)	Balance at 31 December
	N'000	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**
11 units of 4-bedroom terrace houses at New County Estate, Lekki, Lagos	1,045,000	-	1,168,750	-	-	-	1,168,750
10 units of 2 Bedroom Terrace houses at No 17, Gbangbala Road, Ikate Elegushi, Lekki	244,734	-	661,184	-	-	-	661,184
One wing of 4 bedroom duplex, Lekki, Lagos	57,371	-	97,284	-	-	-	97,284
Six (6) storey lettable office complex - Ebute Metta	201,301	-	875,325	-	-	-	875,325
Six (6) bedroom detached house, Asokoro-Abuja	268,595	-	757,149	-	-	-	757,149
Oreki Village, Ibeju, Lekki.	600,000	-	450,000	-	-	-	450,000
Flat 3,Block 2, Kadiri Estate, Joseph Dosu, Badagry.	3,500	-	20,375	-	-	-	20,375
	3,186,501	**-**	**4,030,067**	**-**	**-**	**-**	**4,030,067**

Movements in investment properties 2022

	Cost	Fair value gain at 1 January	Balance at 1 January	Reclassified from PPE (Note 14)	Reclassified to other receivables and prepayments (Note 10)	Revaluation (loss)/gain	Balance as at 31 December
11 units of 4-bedroom terrace houses at New County Estate, Lekki, Lagos	1,045,000	-	1,168,750	-	-	-	1,168,750
10 units of 2 Bedroom Terrace houses at No 17, Gbangbala Road, Ikate Elegushi, Lekki	244,734	-	661,184	-	-	-	661,184
One wing of 4 bedroom duplex, Lekki, Lagos	57,371	-	97,284	-	-	-	97,284
Six (6) storey lettable office complex - Ebute Metta	201,301	-	875,325	-	-	-	875,325
Six (6) bedroom detached house, Asokoro-Abuja	268,595	-	757,149	-	-	-	757,149
Oreki Village, Ibeju, Lekki.	600,000	-	450,000	-	-	-	450,000
Flat 3,Block 2, Kadiri Estate, Joseph Dosu, Badagry.	3,500	-	20,375	-	-	-	20,375
	3,186,501	**-**	**4,030,067**	**-**	**-**	**-**	**4,030,067**

NOTES TO THE FINANCIAL STATEMENTS

9.3 The status of the Company's investments properties are detailed below:

Movements in investment properties 2021	Cost	Fair value gain at 1 January	Balance at 1 January	Reclassified from PPE (Note 14)	Reclassified to other receivables and prepayments (Note 10)	Revaluation (loss)/gain	Balance as at 31 December
11 units of 4-bedroom terrace houses at New County Estate, Lekki, Lagos	1,045,000	-	1,168,750	-	-	-	1,168,750
10 units of 2 Bedroom Terrace houses at No 17, Gbangbala Road, Ikate Elegushi, Lekki	244,734	-	661,184	-	-	-	661,184
One wing of 4 bedroom duplex, Lekki, Lagos	57,371	-	97,284	-	-	-	97,284
Six (6) storey lettable office complex - Ebute Metta	201,301	-	875,325	-	-	-	875,325
Six (6) bedroom detached house, Asokoro-Abuja	268,595	-	757,149	-	-	-	757,149
Oreki Village, Ibeju, Lekki.	600,000	-	450,000	-	-	-	450,000
Flat 3,Block 2, Kadiri Estate, Joseph Dosu, Badagry.	3,500	-	20,375	-	-	-	20,375
	3,186,501	**-**	**4,030,067**	**-**	**-**	**-**	**4,030,067**

S/N	Name on Title Document	Description of Properties	Date of Acquisition	Nature of Document	Locations	Carrying Amount N'000	Steps taken for perfection
i	Standard Alliance Insurance Plc	Warehouse	2015	Deed of Assignment	Oreki Village, Ibeji-Lekki	450,000	Perfection in progress
ii	Standard Alliance Insurance Plc	11 Unit of 4 Bedroom Flat	2009	Registered Title	New County Terrace, Iroko Awe, Lekki Pennisula	1,168,750	Near Perfection
iii	Standard Alliance Insurance Plc	10 Units of 2 B/R Terace Hse	2003	Deed of Assignment	No 17 Gbangbala Road, Ikate, Elegushi, Lekki, Lagos	661,184	Perfection
	Standard Alliance Insurance Plc	3 Bedroom Duplex	2012	Deed of Assignment	Flat 3, Block 2, Kadiri Est, Joseph Dosu Way,Badagry	20,375	Perfection in progress
iv	Standard Alliance Insurance Plc	One wing of 4 bedroom duplex	2003	Registered Title	Lekki, Lagos	97,284	Near Perfection
v	Standard Alliance Insurance Plc	Six (6) storey lettable Offices	2012	Registered Title	No 22, Herbert Macaulay Street, Ebute Meta, Lagos	875,325	Perfection
vi	Standard Alliance Insurance Plc	Six (6) Bedroom Detached House	2010	Deed of Assignment	House 1207, Yakubu Gowon, Asokoro, Abuja	757,149	Perfection in progress
						4,030,067	

Investment properties held by Standard Alliance Insurance Plc were independently valued by Osaro Eguasa & co (FRC/2012/0000000000423) and James Garuba & Company (FRC/1999/00000003709) on 31 December 2020. The fair value of each of the properties was determined by discounting the expected cash flows of each property based upon internal plans and assumptions and comparable market transactions.

NOTES TO THE FINANCIAL STATEMENTS

10 **Property, plant and equipment**	**Building**	**Motor vehicles**	**Furniture and fittings**	**Computer equipment**	**Office equipment**	**Generating set**	**Total**
Cost/valuations:	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**
At 1 January 2021	64,634	823,290	294,374	134,985	193,049	123,357	1,633,689
Additions				422	47		469
Write off	(64,634)	(36,795)	(14)			(110)	(101,553)
At 31 December 2021	**-**	**786,495**	**294,360**	**135,407**	**193,096**	**123,247**	**1,532,605**
At 1 January 2022	-	786,495	294,360	135,407	193,096	123,247	1,532,605
Additions	-		320	183	278		781
At 31 December 2022	**-**	**786,495**	**294,680**	**135,590**	**193,374**	**123,247**	**1,533,386**
At 1 January 2023	-	786,495	294,680	135,590	193,374	123,247	1,533,386
Additions	-	-	-	-	-	-	-
At 31 December 2023	**-**	**786,495**	**294,680**	**135,590**	**193,374**	**123,247**	**1,533,386**
Accumulated depreciation and impairment:							
At 1 January 2021	5,366	823,103	224,500	131,908	187,910	123,335	1,496,122
Charge for the year			23,665	2,160	2,904	(22)	28,707
Write off	(5,366)	(36,690)	(14)			(67)	(42,137)
At 31 December 2021	-	786,413	248,151	134,068	190,814	123,246	1,482,692
At 1 January 2022	-	786,413	248,151	134,068	190,814	123,246	1,482,692
Charge for the year	-	82	13,094	1,111	743	-	15,030
Reclassification	-	-	-	-	-	-	-
Write off	-		-	-	-	-	-
At 31 December 2022	**-**	**786,495**	**261,245**	**135,179**	**191,557**	**123,246**	**1,497,722**
At 1 January 2023	-	786,495	261,245	135,179	191,557	123,246	1,497,722
Charge for the year	-	-	10,684	142	592	-	11,418
Reclassification	-	-	-	-	-	-	-
Write off	-	-	-	-	-	-	-
At 31 December 2023	-	786,495	271,929	135,321	192,149	123,246	1,509,140
Carrying amounts as at:							
31 December 2023	**-**	**-**	**22,751**	**269**	**1,225**	**1**	**24,246**
31 December 2022	-	-	33,435	411	1,817	1	35,663
31 December 2021	-	82	46,209	1,339	2,282	1	50,233

		2023	2022	2021
		N'000	N'000	N'000
11	**Statutory Deposits**			
	Statutory deposit for life business	**200,000**	200,000	200,000
	Statutory deposit for non-life business	**335,000**	335,000	335,000
		535,000	535,000	535,000

These represent 10% of the minimum paid up share capital deposited with the Central Bank of Nigeria in accordance with Section 10 (3) of the Insurance Act, CAP I17, LFN 2004.

		2023	2022	2021
12	**Insurance contract liabilities**			
	Liability for Incurred Claims (LIC) - Group Life PAA Model	**985,682**	985,682	1,024,344
	Liability for Remaining Coverage (LRC) - GMM Life	**1,950,103**	2,121,074	2,265,928
	Liability for Remaining Coverage (LRC) - Loss compenent	**-**	29,157	70,712
	Liability for Incurred Claims (LIC) - GMM Life	**313,495**	209,465	104,233
	Liability for Incurred Claims (LIC) - PAA General Business	**1,813,110**	1,876,816	1,792,510
	Liability for Remaining Coverage (LRC) - PAA General Business	**-**	4,754	60,571
		5,062,390	5,226,947	5,318,297

2023 Life Insurance contract liabilities Portfolio **Group Life (PAA)**

	Liability for Incurred Claims (LIC)			
	Liabilities Remaining	**PV of Future Cashflows**	**Risk Adjustment**	**Total**
	N'000	**N'000**	**N'000**	**N'000**
Group life	-	966,355	19,327	**985,682**

General Measurement Model (GMM) Products

	Liability for Remaining Coverage (LRC)		Liability for Incurred Claims (LIC)		
	Liability for Remaining Coverage excluding loss component	Loss component	Risk Adjustment	PV of Future Cash flows	**Total**
	N'000	N'000	N'000	N'000	N'000
Annuity	1,805,976	-	83,075	223,790	**2,112,842**
Endowment	144,127	-	6,630		**150,756**
Total	**1,950,103**	**-**	**89,705**	**223,790**	**2,263,598**

2023 Non-Life Insurance contract liabilities

	Liability for Incurred Claims		
	PV of Future cashflows	Risk Adjustment	**Total**
	N'000	N'000	N'000
Fire	46,953	2,629	**49,582**
General Accident	403,346	22,587	**425,933**
Motor	44,738	2,882	**47,620**
Marine	60,510	4,116	**64,626**
Aviation	41,807	2,717	**44,524**
Oil & Gas	984,652	68,926	**1,053,578**
Engineering	55,085	2,754	**57,839**
Bond	66,103	3,305	**69,408**
Total	**1,703,194**	**109,916**	**1,813,110**

2022 Life Insurance contract liabilities Portfolio **Group Life (PAA)**

	Liability for Incurred Claims (LIC)			
	Liabilities Remaining Coverage (LRC)	PV of Future Cashflows	Risk Adjustment	**Total**
	N'000	N'000	N'000	N'000
Group life	-	966,355	19,327	**985,682**

General Measurement Model (GMM) Products

	Liability for Remaining Coverage (LRC)		Liability for Incurred Claims (LIC)		
	Liability for Remaining Coverage excluding loss component	Loss component	Risk Adjustment	PV of Future Cash flows	**Total**
	N'000	N'000	N'000	N'000	N'000
Annuity	1,983,699	22,675	91,250	111,895	**2,209,519**
Endowment	137,375	6,482	6,319		**150,176**
Total	**2,121,074**	**29,157**	**97,569**	**111,895**	**2,359,695**

2022 Non-Life Insurance contract liabilities

		Liability for incurred claims		
	Liability for Remaining Coverage (LRC)	PV of Future cashflows	Risk Adjustment	**Total**
	N'000	**N'000**	**N'000**	**N'000**
Fire	53	46,953	2,629	**49,635**
General Accident	3,560	463,674	25,966	**493,200**
Motor	1,056	44,738	2,882	**48,676**
Marine	76	60,510	4,116	**64,702**
Aviation	-	41,807	2,717	**44,524**
Oil & Gas	2	984,652	68,926	**1,053,580**
Engineering	-	55,084	2,754	**57,838**
Bond	7	66,103	3,305	**69,415**
Total	**4,754**	**1,763,521**	**113,295**	**1,881,570**

2021 Life Insurance contract liabilities Portfolio **Group Life (PAA)**

		Liability for Incurred Claims (LIC)		
	Liabilities Remaining Coverage (LRC)	PV of Future cashflows	Risk Adjustment	**Total**
	N'000	**N'000**	**N'000**	**N'000**
Group life	-	1,004,258	20,085	**1,024,344**

General Measurement Model (GMM) Products

	Liability for Remaining Coverage (LRC)		Liability for Incurred Claims (LIC)		
	Liability for Remaining Coverage excluding loss component	Loss component	Risk Adjustment	PV of Future Cash flows	**Total**
	N'000	N'000	N'000	N'000	**N'000**
Annuity	2,129,224	63,877	97,944	-	**2,291,045**
Endowment	136,704	6,835	6,288	-	**149,827**
Total	**2,265,928**	**70,712**	**104,233**	**-**	**2,440,873**

2021 Non-Life Insurance contract liabilities

		Liability for Incurred Claims		
	Liability for Remaining Coverage (LRC)	PV of Future cashflows	Risk Adjustment	**Total**
	N'000	N'000	N'000	N'000
Fire	5,348	44,845	2,511	**52,703**
General Accident	27,751	442,846	24,799	**495,396**
Motor	19,696	42,729	2,753	**65,178**
Marine	7,436	57,791	3,930	**69,158**
Aviation	188	39,929	2,595	**42,713**
Oil & Gas	5	940,422	65,830	**1,006,256**
Engineering	-	52,609	2,630	**55,239**
Bond	146	63,134	3,157	**66,437**
Total	**60,571**	**1,684,304**	**108,205**	**1,853,080**

NOTES TO THE FINANCIAL STATEMENTS (continued)

Reconciliation of the liability for remaining coverage and the liability for incurred claims for insurance contracts

December, 2023

Reconciliation of carrying amounts by LRC/LIC: insurance	Liability for Remaining Coverage (LRC)		Liability for Incurred Claims		
	Non-onerous	Onerous	PV of Future cash flow	Risk Adjustment	Total
	N'000	N'000	N'000	N'000	N'000
Opening insurance contract assets	-	-	-	-	-
Opening insurance contract liabilities	2,154,985	-	2,841,772	230,191	**5,226,947**
Net opening balance	**2,154,985**	**-**	**2,841,772**	**230,191**	**5,226,947**
Insurance revenue	(418,061)	-	-	-	**(418,061)**
Insurance service expenses					**-**
Incurred claims	-	-	304,653	-	**304,653**
Incurred fulfilment expenses	-	-	17,084	-	
Acquisition expenses	-	-	-	-	**-**
Changes related to future service	(9,730)	5,173	-	9,730	**5,173**
Changes related to past service	**-**	**-**	**-**	**(3,378)**	**(3,378)**
Total Insurance service expenses	**(9,730)**	**5,173**	**321,737**	**6,351**	**306,448**
Investment components	-	-	-	-	**-**
Insurance service result	**(427,791)**	**5,173**	**321,737**	**6,351**	**(111,614)**
Insurance finance expenses	194,161	-	-	-	**194,161**
Total change in comprehensive income	**(233,630)**	**5,173**	**321,737**	**6,351**	**82,547**
Premiums received	5,982	-	-	-	**5,982**
Claims paid	-	-	(253,086)	-	**(253,086)**
Expenses paid	-	-	(17,084)	-	**(17,084)**
Acquisition costs paid	-	-	-	-	**-**
Total cash flows	**5,982**	**-**	**(270,170)**	**-**	**(264,188)**
Closing insurance contract assets	-	-	-	-	**-**
Closing insurance contract liabilities	1,944,930	5,173	2,893,339	218,948	**5,062,390**
Net closing balance	**1,944,930**	**5,173**	**2,893,339**	**218,948**	**5,062,390**

Reconciliation of the liability for remaining coverage and the liability for incurred claims for insurance contracts - Group Life

December, 2023

Reconciliation of carrying amounts by LRC/LIC: insurance	Liability for Remaining Coverage (LRC)		Liability for Incurred Claims		
	Non-onerous	Onerous	PV of Future cash flow	Risk Adjustment	Total
	N'000	N'000	N'000	N'000	N'000
Opening insurance contract assets	-	-	-	-	-
Opening insurance contract liabilities	-	-	1,004,258	20,085	1,024,344
Net opening balance	-	-	1,004,258	20,085	1,024,344
Insurance revenue	(5,982)	-	-	-	(5,982)
Insurance service expenses					-
Incurred claims	-	-	7,923		7,923
Incurred Fulfilment expenses	-	-	12,385		12,385
Acquisition expenses	-	-	-		-
Changes related to future service	-	-	-	-	-
Changes related to past service	-	-	(37,903)	(758)	(38,661)
Total Insurance service expenses	-	-	(17,595)	(758)	(18,354)
Investment components	-	-	-	-	-
Insurance service result	(5,982)	-	(17,595)	(758)	(24,334)
Insurance finance expenses	-	-	-	-	-
Total change in comprehensive income	**(5,982)**	**-**	**(17,595)**	**(758)**	**(24,334)**
Premiums received	5,982	-	-	-	5,982
Claims and expenses paid	-	-	(7,923)	-	(7,923)
Claims and expenses paid	-	-	(12,385)	-	(12,385)
Acquisition costs paid	-	-	-	-	-
Total cash flows	5,982	-	(20,308)		(14,326)
Closing insurance contract assets	-	-	-	-	-
Closing insurance contract liabilities	-	-	966,355	19,327	985,682
Net closing balance	**-**	**-**	**966,355**	**19,327**	**985,682**

NOTES TO THE FINANCIAL STATEMENTS (continued)

Reconciliation of the liability for remaining coverage and the liability for incurred claims for insurance contracts - for Non-life

December, 2023

Reconciliation of carrying amounts by LRC/LIC: insurance	Liability for Remaining Coverage (LRC)		Liability for Incurred Claims		
	Non-onerous	Onerous	PV of Future cash flow	Risk Adjustment	Total
	N'000	N'000	N'000	N'000	N'000
Opening insurance contract assets	-	-	-	-	-
Opening insurance contract liabilities	4,754	-	1,763,522	113,295	1,881,570
Net opening balance	**4,754**	**-**	**1,763,522**	**113,295**	**1,881,570**
Insurance revenue	(4,754)	-	-		(4,754)
Insurance service expenses					
Incurred claims	-	-	-		-
Incurred fulfilment expenses	-	-	6,118		6,118
Acquisition expenses	-	-	-		-
Changes related to future service	-	-	-		-
Changes related to past service	-	-	-	(3,378)	(3,378)
Total Insurance service expenses	-	-	6,118	(3,378)	2,740
Investment components	-	-	-		-
Insurance service result	**(4,754)**	**-**	**6,118**	**(3,378)**	**(2,014)**
Insurance finance expenses	-	-	-		-
Total change in comprehensive income	**(4,754)**	**-**	**6,118**	**(3,378)**	**(2,014)**
Premiums received	-	-	-		-
Claims paid	-	-	(60,328)		**(60,328)**
Expenses paid	-	-	(6,118)		**(6,118)**
Acquisition costs paid	-	-	-		-
Total cash flows	**-**	**-**	**(66,446)**	**-**	**(66,446)**
Closing insurance contract assets	-	-	-	-	-
Closing insurance contract liabilities	0	-	1,703,194	109,916	1,813,110
Net closing balance	**0**	**-**	**1,703,194**	**109,916**	**1,813,110**

Reconciliation of the liability for remaining coverage and the liability for incurred claims for insurance contracts - GMM Portfolios

December, 2023

Reconciliation of carrying amounts by LRC/LIC:	Liability for Remaining Coverage (LRC)		Liability for Incurred Claims		
	Non-onerous	Onerous	PV of Future cash flow	Risk Adjustment	Total
	N'000	N'000	N'000	N'000	N'000
Opening insurance contract assets	-	-	-	-	-
Opening insurance contract liabilities	2,150,231	-	111,895	97,569	**2,359,695**
Net opening balance	**2,150,231**	**-**	**111,895**	**97,569**	**2,359,695**
Insurance revenue	(407,325)	-	-	-	**(407,325)**
Insurance service expenses					-
Incurred claims	-	-	304,653		**304,653**
Incurred fulfilment expenses	-	-	7,735		**7,735**
Acquisition expenses	-	-	-		-
Changes related to future service	(9,730)	5,173	-	9,730	**5,173**
Changes related to past service	-	-	-	-	-
Total Insurance service expenses	(9,730)	5,173	312,388	9,730	**317,561**
Investment components	-	-	-		-
Insurance service result	(417,055)	5,173	312,388	9,730	**(89,764)**
Insurance finance expenses	194,161	-	-		**194,161**
Total change in comprehensive income	**(222,894)**	**5,173**	**312,388**	**9,730**	**104,396**
Premiums received	-	-	-		-
Claims paid	-	-	(192,758)		**(192,758)**
Expenses paid	-	-	(7,735)		**(7,735)**
Acquisition costs paid	-	-	-		-
Total cash flows	**-**	**-**	**(200,493)**	**-**	**(200,493)**
Closing insurance contract assets	-	-	-	-	-
Closing insurance contract liabilities	1,944,930	5,173	223,790	89,705	**2,263,598**
Net closing balance	**1,944,930**	**5,173**	**223,790**	**89,705**	**2,263,598**

NOTES TO THE FINANCIAL STATEMENTS (continued)

Reconciliation of the liability for remaining coverage and the liability for incurred claims for insurance contracts - Annuity

December, 2023

Reconciliation of carrying amounts by LRC/LIC: insurance	Liability for Remaining Coverage (LRC)		Liability for Incurred Claims (LIC)	
	Non-onerous	Onerous	PV of Future cash flow	Total
	N'000	N'000	N'000	N'000
Opening insurance contract assets				
Opening insurance contract liabilities	2,097,624	-	111,895	2,209,519
Net opening balance	**2,097,624**	**-**	**111,895**	**2,209,519**
Insurance revenue	(311,472)			(311,472)
Insurance service expenses				
Incurred claims			304,653	304,653
Incurred Fulfilment expenses			7,243	7,243
Acquisition expenses				-
Changes related to future service	-	1,593	-	1,593
Changes related to past service	-	-	-	-
Total Insurance service expenses	**-**	**1,593**	**311,896**	**313,489**
Investment components	-	-	-	-
Insurance service result	**(311,472)**	**1,593**	**311,896**	**2,017**
Insurance finance expenses	101,307	**-**	-	101,307
Total change in comprehensive income	**(210,166)**	**1,593.17**	**311,896.10**	**103,324**
Premiums received	**-**	**-**	**-**	-
Claims paid	**-**	**-**	(192,758)	(192,758)
Expenses paid	**-**	**-**	(7,243)	(7,243)
Acquisition costs paid	**-**	**-**	**-**	-
Total cash flows	**-**	**-**	**(200,001)**	**(200,001)**
Closing insurance contract assets	-	-	-	-
Closing insurance contract liabilities	1,887,458	1,593	223,790	2,112,842
Net closing balance	**1,887,458**	**1,593**	**223,790**	**2,112,842**

Reconciliation of the liability for remaining coverage and the liability for incurred claims for insurance contracts - Endowment

December, 2023

Reconciliation of carrying amounts by LRC/LIC: insurance	Liability for Remaining Coverage (LRC)		Liability for Incurred	
	Non-onerous	Onerous	PV of Future cash flow	Total
Opening insurance contract assets	N'000	N'000	N'000	N'000
Opening insurance contract liabilities	150,176	-	-	150,176
Net opening balance	**150,176**	**-**	**-**	**150,176**
Insurance revenue	(95,854)			(95,854)
Insurance service expenses				
Incurred claims			492	492
Incurred Fulfilment expenses			-	-
Acquisition expenses				-
Changes related to future service	-	3,579	-	3,579
Changes related to past service	-	-	-	-
Total Insurance service expenses	**-**	**3,579**	**492**	**4,072**
Investment components	-	-	-	-
Insurance service result	**(95,854)**	**3,579**	**492**	**(91,782)**
Insurance finance expenses	92,854	**-**	-	92,854
Total change in comprehensive income	**(2,999)**	**3,579.34**	**492.27**	**1,073**
Premiums received	**-**	**-**	**-**	-
Claims paid	**-**	**-**	-	-
Expenses paid	**-**	**-**	(492)	(492)
Acquisition costs paid	**-**	**-**	**-**	-
Total cash flows	**-**	**-**	**(492)**	**(492)**
Closing insurance contract assets	-	-	-	-
Closing insurance contract liabilities	147,177	3,579	-	150,756
Net closing balance	**147,177**	**3,579**	**-**	**150,756**

NOTES TO THE FINANCIAL STATEMENTS (continued)

Reconciliation of the components of insurance contract liabilities - GMM Portfolios

Reconciliation of carrying amounts by BEL/RA/CSM: Insurance	Estimates of present value of future cashflows	Risk Adjustment	CSM	Total
				December, 2023
	N'000	N'000	N'000	N'000
Opening insurance contract assets	-	-	-	-
Opening insurance contract liabilities	2,232,969	97,569	29,157	2,359,695
Net opening balance	**2,232,969**	**97,569**	**29,157**	**2,359,695**
Changes related to current services				
CSM for service provided	-	-	-	-
Risk Adjustment release for expired risks	-	(17,594)	-	(17,594)
Experience adjustments	(77,343)	-	-	(77,343)
Total changes related to current services	**(77,343)**	**(17,594)**	**-**	**(94,938)**
Changes related to future services				
New contracts recognised	-	-	-	-
Changes in estimates reflected in CSM	24,793	7,888	(32,681)	0
Changes in estimates resulting in contract losses	3,331	1,842	-	5,173
Total changes related to future services	**28,124**	**9,730**	**(32,681)**	**5,173**
Changes that relate to past service				
Adjustments to liabilities for incurred claims	-	-	-	-
Total changes that relate to past service	**-**	**-**	**-**	**-**
Insurance service result	**(49,219)**	**(7,865)**	**(32,681)**	**(89,765)**
Insurance finance expenses	190,637	-	3,524	194,161
Total change in comprehensive income	**190,637**	**-**	**3,524**	**194,161**
Total cash flows	(200,493)	**-**	**-**	**(200,493)**
Closing insurance contract assets	-	-	-	-
Closing insurance contract liabilities	2,173,893	89,705	-	2,263,598
Net closing balance	**2,173,893**	**89,705**	**-**	**2,263,598**

Reconciliation of the components of insurance contract liabilities - Annuity

Reconciliation of carrying amounts by BEL/RA/CSM: Insurance	Estimates of present value of future cashflows	Risk Adjustment	CSM	Total
				December, 2023
Opening insurance contract assets	-	-	-	-
Opening insurance contract liabilities	2,095,594	91,250	22,675	2,209,519
Net opening balance	**2,095,594**	**91,250**	**22,675**	**2,209,519**
Changes related to current services				
CSM for service provided	-	-	-	-
Risk Adjustment release for expired risks	-	(13,228)	-	(13,228)
Experience adjustments	13,652	-	-	13,652
Total changes related to current services	**13,652**	**(13,228)**	**-**	**424**
Changes related to future services				
New contracts recognised	-	-	-	-
Changes in estimates reflected in CSM	20,661	4,755	(25,416)	-
Changes in estimates resulting in contract losses	1,295	298	-	1,593
Total changes related to future services	**21,956**	**5,053**	**(25,416)**	**1,593**
Changes that relate to past service				
Adjustments to liabilities for incurred claims	-	-	-	-
Total changes that relate to past service	**-**	**-**	**-**	**-**
Insurance service result	**35,608**	**(8,175)**	**(25,416)**	**2,017**
Insurance finance expenses	98,566	-	2,741	101,307
Total change in comprehensive income	**134,174**	**(8,175)**	**(22,675)**	**103,324**
Total cash flows	(200,001)	**-**	**-**	**(200,001)**
Closing insurance contract assets	-	-	-	-
Closing insurance contract liabilities	2,029,767	83,075	-	2,112,842
Net closing balance	**2,029,767**	**83,075**	**-**	**2,112,842**

NOTES TO THE FINANCIAL STATEMENTS (continued)

Reconciliation of the components of insurance contract liabilities - Endowment

Reconciliation of carrying amounts by BEL/RA/CSM: insurance	Estimates of present value of future cashflows	Risk Adjustment	CSM	Total
	December, 2023			
Opening insurance contract assets	-	-	-	-
Opening insurance contract liabilities	137,375	6,319	6,482	150,176
Net opening balance	**137,375**	**6,319**	**6,482**	**150,176**
Changes related to current services				
CSM for service provided	-	-	-	-
Risk Adjustment release for expired risks	-	(4,366)	-	(4,366)
Experience adjustments	(90,995)	-	-	(90,995)
Total changes related to current services	**(90,995)**	**(4,366)**	**-**	**(95,361)**
Changes related to future services				
New contracts recognised	-	-	-	-
Changes in estimates reflected in CSM	4,132	3,133	(7,265)	-
Changes in estimates resulting in contract losses	2,036	1,544	-	3,579
Total changes related to future services	**6,168**	**4,677**	**(7,265)**	**3,579**
Changes that relate to past service				
Adjustments to liabilities for incurred claims	-	-	-	-
Total changes that relate to past service	**-**	**-**	**-**	**-**
Insurance service result	**(84,827)**	**311**	**(7,265)**	**(91,782)**
Insurance finance expenses	92,071	-	784	92,854
Total change in comprehensive income	**7,244**	**311**	**(6,482)**	**1,073**
Total cash flows	(492)	**-**	**-**	**(492)**
Closing insurance contract assets	-	-	-	**-**
Closing insurance contract liabilities	144,127	6,630	0	**150,756**
Net closing balance	**144,127**	**6,630**	**0**	**150,756**

Reconciliation of the liability for remaining coverage and the liability for incurred claims for insurance contracts

Reconciliation of carrying amounts by LRC/LIC: insurance	Liability for Remaining Coverage (LRC)		Liability for Incurred Claims		
					December, 2022
	Non-onerous	Onerous	PV of Future cash flow	Risk Adjustment	Total
	N'000	N'000	N'000	N'000	N'000
Opening insurance contract assets	-	-	-	-	**-**
Opening insurance contract liabilities	2,397,211	-	2,688,563	232,523	**5,318,297**
Net opening balance	**2,397,211**	**-**	**2,688,563**	**232,523**	**5,318,297**
Insurance revenue	(506,536)	-	-	(17,309)	**(523,845)**
Insurance service expenses					**-**
Incurred claims	-	-	596,862	-	**596,862**
Incurred fulfilment expenses	-	-	65,674	-	
Acquisition expenses	9,151	-	-	-	**9,151**
Changes related to future service	(10,646)	-	-	10,646	**0**
Changes related to past service	**-**	**-**	41,314	4,331	**45,645**
Total Insurance service expenses	**(1,495)**	**-**	**703,851**	**14,977**	**651,659**
Investment components	(42,607)	-	42,607	-	**-**
Insurance service result	**(550,637)**	**-**	**746,457**	**(2,332)**	**127,814**
Insurance finance expenses	211,980	-	-	-	**211,980**
Total change in comprehensive income	**(338,657)**	**-**	**746,457**	**(2,332)**	**339,794**
Premiums received	105,582	-	-	-	**105,582**
Claims paid	-	-	(540,882)	-	**(540,882)**
Expenses paid	-	-	(52,366)	-	**(52,366)**
Acquisition costs paid	(9,151)	-	-	-	**(9,151)**
Total cash flows	**96,431**	**-**	**(593,248)**	**-**	**(496,817)**
Closing insurance contract assets	-	-	-	-	**-**
Closing insurance contract liabilities	2,154,985	-	2,841,772	230,191	**5,226,947**
Net closing balance	**2,154,985**	**-**	**2,841,772**	**230,191**	**5,226,947**

NOTES TO THE FINANCIAL STATEMENTS (continued)

Reconciliation of the liability for remaining coverage and the liability for incurred claims for insurance contracts - Group Life

December, 2022

Reconciliation of carrying amounts by LRC/LIC: insurance	Liability for Remaining Coverage (LRC)		Liability for Incurred Claims		
	Non-onerous	Onerous	PV of Future cash flow	Risk Adjustment	Total
	N'000	N'000	N'000	N'000	N'000
Opening insurance contract assets	-	-	-	-	-
Opening insurance contract liabilities	-	-	1,004,258	20,085	1,024,344
Net opening balance	-	-	1,004,258	20,085	1,024,344
Insurance revenue	(13,069)	-	-	-	(13,069)
Insurance service expenses					-
Incurred claims	-	-	7,923		7,923
Incurred Fulfilment expenses	-	-	12,385		12,385
Acquisition expenses	-	-	-		-
Changes related to future service	-	-	-	-	-
Changes related to past service	-	-	(37,903)	(758)	(38,661)
Total Insurance service expenses	-	-	(17,595)	(758)	(18,354)
Investment components	-	-	-	-	-
Insurance service result	(13,069)	-	(17,595)	(758)	(31,423)
Insurance finance expenses	-	-	-	-	-
Total change in comprehensive income	**(13,069)**	**-**	**(17,595)**	**(758)**	**(31,423)**
Premiums received	13,069	-	-	-	13,069
Claims and expenses paid	-	-	(7,923)	-	(7,923)
Claims and expenses paid	-	-	(12,385)	-	(12,385)
Acquisition costs paid	-	-	-	-	-
Total cash flows	13,069	-	(20,308)		(7,239)
Closing insurance contract assets	-	-	-	-	-
Closing insurance contract liabilities	-	-	966,355	19,327	985,682
Net closing balance	**-**	**-**	**966,355**	**19,327**	**985,682**

Reconciliation of the liability for remaining coverage and the liability for incurred claims for insurance contracts - for Non-life

December, 2022

Reconciliation of carrying amounts by LRC/LIC: insurance	Liability for Remaining Coverage (LRC)		Liability for Incurred Claims		
	Non-onerous	Onerous	PV of Future cash flow	Risk Adjustment	Total
	N'000	N'000	N'000	N'000	N'000
Opening insurance contract assets	-	-	-	-	-
Opening insurance contract liabilities	60,571	-	1,792,510	-	1,853,080
Net opening balance	**60,571**	**-**	**1,792,510**	**-**	**1,853,080**
Insurance revenue	(84,445)	-	-		(84,445)
Insurance service expenses					
Incurred claims	-	-	10,333		10,333
Incurred fulfilment expenses	-	-	23,641		23,641
Acquisition expenses	2,959	-	-		2,959
Changes related to future service	-	-	-		-
Changes related to past service	-	-	84,307	-	84,307
Total Insurance service expenses	2,959	-	118,280	-	121,240
Investment components	-	-	-		-
Insurance service result	**(81,486)**	**-**	**118,280**	**-**	**36,795**
Insurance finance expenses	-	-	-		-
Total change in comprehensive income	**(81,486)**	**-**	**118,280**	**-**	**36,795**
Premiums received	28,628	-	-		**28,628**
Claims paid	-	-	(33,974)		**(33,974)**
Expenses paid	(2,959)	-	-		**(2,959)**
Acquisition costs paid	-	-	-		-
Total cash flows	**28,628**	**-**	**(33,974)**	**-**	**(8,305)**
Closing insurance contract assets	-	-	-	-	-
Closing insurance contract liabilities	4,754	-	1,876,817	-	1,813,110
Net closing balance	**4,754**	**-**	**1,876,817**	**-**	**1,813,110**

NOTES TO THE FINANCIAL STATEMENTS (continued)

Reconciliation of the liability for remaining coverage and the liability for incurred claims for insurance contracts - GMM Portfolios

December, 2022

Reconciliation of carrying amounts by LRC/LIC: insurance	Liability for Remaining Coverage (LRC)		Liability for Incurred Claims	
	Non-onerous	Onerous	PV of Future cash flow	Total
	N'000	N'000	N'000	N'000
Opening insurance contract assets	-	-	-	-
Opening insurance contract liabilities	2,440,873	-	-	**2,440,873**
Net opening balance	**2,440,873**	-	-	**2,440,873**
Insurance revenue	(426,331)	-	-	**(426,331)**
Insurance service expenses				-
Incurred claims	-	-	578,607	**578,607**
Incurred fulfilment expenses	-	-	29,648	**29,648**
Acquisition expenses	6,192	-	-	**6,192**
Changes related to future service	-	-	-	-
Changes related to past service	-	-	-	-
Total Insurance service expenses	6,192	-	608,255	**614,447**
Investment components	(42,607)	-	42,607	-
Insurance service result	(462,745)	-	650,862	**188,116**
Insurance finance expenses	211,980	-	-	**211,980**
Total change in comprehensive income	**(250,765)**	-	**650,862**	**400,096**
Premiums received	63,885	-	-	**63,885**
Claims paid	-	-	(509,318)	**(509,318)**
Expenses paid	-	-	(29,648)	**(29,648)**
Acquisition costs paid	(6,192)	-	-	**(6,192)**
Total cash flows	**57,693**	-	**(538,966)**	**(481,274)**
Closing insurance contract assets	-	-	-	-
Closing insurance contract liabilities	2,247,800	-	111,895	**2,359,695**
Net closing balance	**2,247,800**	-	**111,895**	**2,359,695**

Reconciliation of the liability for remaining coverage and the liability for incurred claims for insurance contracts - Annuity

December, 2022

Reconciliation of carrying amounts by LRC/LIC: insurance	Liability for Remaining Coverage (LRC)		Liability for Incurred Claims	
	Non-onerous	Onerous	PV of Future cash flow	Total
	N'000	N'000	N'000	N'000
Opening insurance contract assets	-	-	-	-
Opening insurance contract liabilities	2,291,045	-	-	2,291,045
Net opening balance	**2,291,045**	-	-	**2,291,045**
Insurance revenue	(312,739)			(312,739)
Insurance service expenses				
Incurred claims			578,607	578,607
Incurred Fulfilment expenses			27,762	27,762
Acquisition expenses				-
Changes related to future service	-	-	-	-
Changes related to past service	-	-	-	-
Total Insurance service expenses	-	-	**606,368**	**606,368**
Investment components	-	-	-	-
Insurance service result	**(312,739)**	-	**606,368**	**293,630**
Insurance finance expenses	119,317	-	-	119,317
Total change in comprehensive income	**(193,422)**	-	**606,368.16**	**412,947**
Premiums received	-	-	-	-
Claims paid	-	-	(466,711)	(466,711)
Expenses paid	-	-	(27,762)	(27,762)
Acquisition costs paid	-	-	-	-
Total cash flows	-	-	**(494,473)**	**(494,473)**
Closing insurance contract assets	-	-	-	-
Closing insurance contract liabilities	2,097,624	-	111,895	2,209,519
Net closing balance	**2,097,624**	-	**111,895**	**2,209,519**

NOTES TO THE FINANCIAL STATEMENTS (continued)

Reconciliation of the liability for remaining coverage and the liability for incurred claims for insurance contracts - Endowment

December, 2022

Reconciliation of carrying amounts by LRC/LIC: insurance	Liability for Remaining Coverage (LRC)		Liability for Incurred Claims (LIC)	
	Non-onerous	Onerous	PV of Future cash flow	Total
	N'000	N'000	N'000	N'000
Opening insurance contract assets	-	-	-	-
Opening insurance contract liabilities	149,827	-	-	149,827
Net opening balance	**149,827**	**-**	**-**	**149,827**
Insurance revenue	(113,592)			(113,592)
Insurance service expenses				
Incurred claims			-	-
Incurred Fulfilment expenses			1,887	1,887
Acquisition expenses	6192			6,192
Changes related to future service	-	-	-	-
Changes related to past service	-	-	-	-
Total Insurance service expenses	**6,192**	**-**	**1,887**	**8,079**
Investment components	(42,607)	-	42,607	-
Insurance service result	**(107,400)**	**-**	**1,887**	**(105,513)**
Insurance finance expenses	92,663	-	-	92,663
Total change in comprehensive income	**(14,737)**	**-**	**1,886.89**	**(12,850)**
Premiums received	63,885	-	-	63,885
Claims paid	-	-	(42,607)	(42,607)
Expenses paid	-	-	(1,887)	(1,887)
Acquisition costs paid	- 6,192	-	-	(6,192)
Total cash flows	**57,693**	**-**	**(44,493)**	**13,199**
Closing insurance contract assets	-	-	-	-
Closing insurance contract liabilities	150,176	-	-	150,176
Net closing balance	**150,176**	**-**	**-**	**150,176**

Reconciliation of the components of insurance contract liabilities - GMM Portfolios

December, 2022

Reconciliation of carrying amounts by BEL/RA/CSM: insurance	Estimates of present value of future cashflows	Risk Adjustment	CSM	Total
Opening insurance contract assets	-	-	-	-
Opening insurance contract liabilities	2,265,928	104,233	70,712	2,440,873
Net opening balance	**2,265,928**	**104,233**	**70,712**	**2,440,873**
Changes related to current services				
CSM for service provided	-	-	(15,876)	(15,876)
Risk Adjustment release for expired risks	-	(17,309)	-	(17,309)
Experience adjustments	221,301	-	-	221,301
Total changes related to current services	**221,301**	**(17,309)**	**(15,876)**	**188,116**
Changes related to future services				
New contracts recognised	-	-	-	-
Changes in estimates reflected in CSM	23,581	10,646	(34,227)	-
Changes in estimates resulting in contract losses	-	-	-	-
Total changes related to future services	**23,581**	**10,646**	**(34,227)**	**-**
Changes that relate to past service				
Adjustments to liabilities for incurred claims	-	-	-	-
Total changes that relate to past service	**-**	**-**	**-**	**-**
Insurance service result	**244,882**	**(6,663)**	**(50,103)**	**188,116**
Insurance finance expenses	203,432	-	8,548	211,980
Total change in comprehensive income	**448,315**	**(6,663)**	**(41,555)**	**400,096**
Total cash flows	(481,274)	**-**	**-**	**(481,274)**
Closing insurance contract assets	-	-	-	**-**
Closing insurance contract liabilities	2,232,969	97,569	29,157	**2,359,695**
Net closing balance	**2,232,969**	**97,569**	**29,157**	**2,359,695**

NOTES TO THE FINANCIAL STATEMENTS (continued)

Reconciliation of the components of insurance contract liabilities - Annuity

December, 2022

Reconciliation of carrying amounts by BEL/RA/CSM: insurance	Estimates of present value of future cashflows	Risk Adjustment	CSM	Total
Opening insurance contract assets	-	-	-	-
Opening insurance contract liabilities	2,129,224	97,944	63,877	2,291,045
Net opening balance	**2,129,224**	**97,944**	**63,877**	**2,291,045**
Changes related to current services				
CSM for service provided	-	-	(3,695.1)	(3,695)
Risk Adjustment release for expired risks	-	(12,912.4)	-	(12,912)
Experience adjustments	310,237.1	-	-	310,237
Total changes related to current services	**310,237**	**(12,912)**	**(3,695)**	**293,630**
Changes related to future services				
New contracts recognised	-	-	-	-
Changes in estimates reflected in CSM	39,010	6,218	(45,228)	-
Changes in estimates resulting in contract losses	-	-	-	-
Total changes related to future services	**39,010**	**6,218**	**(45,228)**	**-**
Changes that relate to past service				
Adjustments to liabilities for incurred claims	-	-	-	-
Total changes that relate to past service	**-**	**-**	**-**	**-**
Insurance service result	**349,247**	**(6,694)**	**(48,923)**	**293,630**
Insurance finance expenses	111,596	-	7,721	119,317
Total change in comprehensive income	**460,842**	**(6,694)**	**(41,202)**	**412,947**
Total cash flows	**(494,473)**	**-**	**-**	**(494,473)**
Closing insurance contract assets	-	-	-	-
Closing insurance contract liabilities	2,095,594	91,250	22,675	2,209,519
Net closing balance	**2,095,594**	**91,250**	**22,675**	**2,209,519**

Reconciliation of the components of insurance contract liabilities - Endowment

December, 2022

Reconciliation of carrying amounts by BEL/RA/CSM: insurance	Estimates of present value of future cashflows	Risk Adjustment	CSM	Total
Opening insurance contract assets	-	-	-	-
Opening insurance contract liabilities	136,704	6,288	6,835	149,827
Net opening balance	**136,704**	**6,288**	**6,835**	**149,827**
Changes related to current services				
CSM for service provided	-	-	(12,181)	(12,181)
Risk Adjustment release for expired risks	-	(4,397)	-	(4,397)
Experience adjustments	(88,936)	-	-	(88,936)
Total changes related to current services	**(88,936)**	**(4,397)**	**(12,181)**	**(105,513)**
Changes related to future services				
New contracts recognised	-	-	-	-
Changes in estimates reflected in CSM	(15,428)	4,428	11,001	-
Changes in estimates resulting in contract losses	-	-	-	-
Total changes related to future services	**(15,428)**	**4,428**	**11,001**	**-**
Changes that relate to past service				
Adjustments to liabilities for incurred claims	-	-	-	-
Total changes that relate to past service	**-**	**-**	**-**	**-**
Insurance service result	**(104,365)**	**31**	**(1,180)**	**(105,513)**
Insurance finance expenses	91,837	-	826	**92,663**
Total change in comprehensive income	**(12,528)**	**31**	**(353)**	**(12,850)**
Total cash flows	**13,199**	**-**	**-**	**13,199**
Closing insurance contract assets	-	-	-	**-**
Closing insurance contract liabilities	137,375	6,319	6,482	**150,176**
Net closing balance	**137,375**	**6,319**	**6,482**	**150,176**

NOTES TO THE FINANCIAL STATEMENTS (continued)

12.1 **The age analysis of outstanding claims are:**

	2023 No. of Claimants	2023 Amount (N'000)	2022 No. of Claimants	2022 Amount (N'000)
0 - 90 days	-	-	-	-
91 - 180 days	-	-	-	-
181 - 270 days	-	-	57	13,341
271 - 365 days	-	-	156	503,424
365 days and above	4,844	**1,473,169**	4,662	1,016,732
	4,844	**1,473,169**	4,875	1,533,497

12.2 **REASONS FOR OUTSTANDING CLAIMS CAN BE ANALYSED AS FOLLOWS:**

31 December 2023	**0-90 DAYS N'000**	**91-180 DAYS N'000**	**181-270 DAYS N'000**	**271-365 DAYS N'000**	**Above 365 Qty**	**DAYS N'000**	**2023 Total N'000**
Discharge Voucher Issued- Life		-	-	-	215	192,876	**192,876**
Discharge Voucher Issued- Non-Life		-	-	-	139	287,824	**287,824**
Awaiting Lost Adjusters report		-	-	-	129	178,293	**178,293**
Awaiting Documentation from Claima		-	-	-	3,028	261,450	**261,450**
Abandoned by Claimants		-	-	-	287	192,930	**192,930**
Incomplete Documentations by		-	-	-	1,046	359,796	**359,796**
TOTAL		**-**	**-**		**4,844**	**1,473,169**	**1,473,169**

31 December 2022			**181-270 DAYS N'000**	**271-365 DAYS N'000**	**Above 365 DAYS N'000**	2022 Total N'000
Discharge Voucher Issued- Life			8,525	157,021	87,659	253,204
Discharge Voucher Issued- Non-Life			1,308	57,725	228,790	287,824
Awaiting Lost Adjusters report				45,501	132,792	178,293
Awaiting Documentation from Claimants			3,508	12,517	245,425	261,450
Abandoned by Claimants				36,495	156,435	192,930
Incomplete Documentations by Claimants				194,165	165,631	359,796
TOTAL	-	-	13,341	503,424	1,016,732	1,533,497

31 December 2021	**0-90 DAYS N'000**	**91-180 DAYS N'000**	**181-270 DAYS N'000**	**271-365 DAYS N'000**	**Above 365 DAYS N'000**	2022 Total N'000
Discharge Voucher Issued- Life			18,525	107,021	210,811	336,356
Discharge Voucher Issued- Non-Life			11,308	7,725	278,790	297,824
Awaiting Lost Adjusters report				37,501	132,792	170,293
Awaiting Documentation from Claimants			3,508	12,517	270,425	286,450
Abandoned by Claimants				6,495	181,435	187,930
Incomplete Documentations by Claimants			963	94,165	90,631	185,759
TOTAL	-	-	34,304	265,424	1,164,884	1,464,612

The Company Insurance Contract Liablilties for both Life and Non-Life businesses is established at the end of the year by Becoda Consulting Limited with FRC/2019/00000012909. The report was signed by Benjamin Awunor with Financial Reporting Council Number FRC/2015/PRO/NAS/004/00000012946.

13 **Investment Contract Liabilities**

At 1 January	**2,571,151**	2,448,716	2,584,313
Guarantee interest for the year	**96,208**	122,436	(135,597)
At 31 December	**2,667,359**	2,571,151	2,448,716

		2023	2022	2021
		N'000	N'000	N'000
14	**Trade payables**			
	Due to Reinsurer (Note 14.1)	**-**	-	-
	Commision payable	**7,948**	7,948	7,948
		7,948	7,948	7,948
14.1	**Due to Reinsurer**			
	At 1 January	**-**	-	36,257
	Reclassified to retained earning (Note 23)	**-**	-	(36,257)
	At 31 December	**-**	**-**	**-**

This balance, along with reinsurance assets, was derecognised and taken to retained earnings, as Actuarial reports indicated a lack of supporting data for IFRS 17 measurement.

		2023	2022	2021
15	**Other payables and accruals**			
	Statutory deductions (Note 15.1)	**206,613**	206,614	199,147
	Information technology development levy	**8,406**	8,406	8,406
	Rent received in advance (Note 15.2)	**-**	1,553	373
	Due to staff	**11,293**	11,293	200,994
	Accrued expenses (Note 15.3)	**43,426**	39,926	157,623
	Statutory penalty payable (Note 15.4)	**4,026**	4,026	-
	Unclaimed dividend	**3,182**	3,182	3,182
	Preference dividend payable (Note 15.5)	**175,000**	175,000	175,000
	Amount due to other beneficiaries (Note 15.6)	**1,451**	2,590	56,272
	Annuity fund fee payable (Note 15.7)	**16,651**	16,651	16,651
	Directors' current account	**33,271**	33,271	33,271
	Unearned interest on treasury bills	**503,320**	502,513	850,919
	The above are further analysed as:			
	Current	**503,320**	502,513	850,919
	Non-current	**-**	-	-
		503,320	502,513	850,919
15.1	**Statutory deductions**			
	PAYE payable	**110,224**	110,224	106,915
	Pension payable	**54,557**	54,557	50,399
	VAT payable	**3,824**	3,824	3,824
	Withholding tax	**38,009**	38,009	38,009
		206,613	206,614	199,147
15.2	**Movement in rent received in advance**			
	At January 1	**1,553**	373	1,000
	Additional rental Income received	**-**	1,501	1,840
	Rental income recognised during the year (Note 29.3)	**(1,553)**	(321)	(2,467)
	At December 31	-	1,553	373
15.3	**Accrued expenses**			
	Audit fee accrual	**26,500**	23,000	19,500
	Management expenses payable	**13,914**	13,914	13,914
	Others	**3,012**	3,012	124,209
		43,426	39,926	157,623
15.4	**Statutory penalty payable**	**4,026**	4,026	-

This relates to NAICOM charges to the company for late submission of 2022 financial

15.5	**Preference dividend payable**	**175,000**	175,000	175,000

The Company had 17,500,000 (Seventeen Million, Five Hundred Thousand units of preference shares of N100 (One Hundred Naira) each prior to year ended 31 December 2011. These were converted to ordinary shares of 50k (50 Kobo) each in the Company and issued to the holders of the preference shares as at 31 December 2011 in accordance with the resolution passed at the 15th Annual General Meeting of 16th December 2011. The amount of N175 million is the balance of pre conversion dividend yet unpaid as at 31 December 2023 reporting date.

15.6	**Amount due to other beneficiaries**	**N'000**	N'000	N'000
	Staff group life payable	**-**	-	151
	Other creditors	**1,451**	2,590	56,121
		1,451	2,590	56,272

		2023	2022	2021
		N'000	N'000	N'000
15.7	**Annuity fund fee payable**	**N'000**	N'000	
	At January 1	**16,651**	16,651	16,651
	Addition during the year	**-**	-	
	At December 31	**16,651**	16,651	16,651

Annuity fund fee represents a provision of 1% out of annuity premium received in a financial year. This is being proposed by NAICOM. The balance at the end of the year represents provisions as at reporting dates

NOTES TO THE FINANCIAL STATEMENTS (continued)

16	**Borrowings**	**N'000**	N'000	N'000
	Daewoo Secuirities Bond (Note 19.1)	**3,841,795**	1,976,233	1,994,015
	Cowry Asset Management Limited (Note 19.2)	**-**	-	
		3,841,795	1,976,233	1,994,015

16.1 **Daewoo Securities Bond**

The Company received a capital inflow of JPY650,000,000 ($7,397,516) zero coupon bond raised from Daewoo Securities in December 2009.

The bond was tenured originally for 20 years with the lenders' option to convert the bond to Standard Alliance Insurance Plc's ordinary shares. If the option is not exercised, the Company must pay interest 4.25% per annum on the gross bond value for the entire term it has been outstanding.

Daewoo Securities requested the full redemption of the bond in 2011, after which the Company negotiated with it and a repayment plan with the bond owners was renegotiated in 2012. Further negotiations commenced in 2015 and are still ongoing. The Company's outstanding liability to Daewoo Securities as of 31 December 2023 is JPY605,236,000 (2022:JPY580,562,000), principal and interest inclusive.

Further details of transactions during the year are:

	Principal JPY'000	**Interest JPY'000**	**Total JPY'000**	**2023 N'000**	2022 N'000	2021 N'000
At 1 January	398,203	182,359	580,562	**1,976,233**	1,994,015	1,682,419
Interest accrued during the year	-	24,674	24,674	**112,624**	76,688	82,446
Foreign exchange difference				**1,752,938**	(94,470)	229,150
At 31 December	398,203	207,033	605,236	**3,841,795**	1,976,233	1,994,015

Current maturities	**JPY'000**	JPY'000	JPY'000
Interest	**207,033**	182,359	158,691
Principal	**398,203**	398,203	398,203
Total current maturities	**605,236**	580,562	556,894
Non-current principal maturity	**-**	-	-
	605,236	580,562	556,894

The balance of JPY 605,236,000,000 (2022: JPY 580,562,000) is stated in the financial statements at the Central Bank of Nigeria closing exchange rate of N6.3476/JPY as at 31 December 2023. Subsequent to 2023 reporting period, no payment has been made on principal and interest.

16.2	**Cowry Asset Loan**	**N'000**	N'000	N'000
	At 1 January	**-**	-	101,526
	Repayment during the year	**-**	-	(101,526)
	At 31 December	**-**	**-**	**-**
	Repayments during the year			
	Principal	**-**	-	100,000
	Loan interest charge	**-**	-	1,526
		-	-	101,526

The Company entered into a new loan arrangement with Cowry Assets Management Limited for working capital needs. The new loan was consummated in July 2019 at a value of N300million. The loan is payable within one year at the interest rate of 28%.

		2023 N'000	2022 N'000	2021 N'000
17	**Current income tax liabilities**			
	Per Statement of Comprehensive income			
	Company income tax	**2,287**	1	1,915
	Deferred tax	**5,218**	-	-
		7,505	1	1,915
	Per Statement of Financial Position:			
	At 1 January			
	Company income tax	**273,736**	273,735	316,820
	Education tax	**-**	-	
		273,736	273,735	316,820
	Provisions for the year:			
	Company income tax	**2,287**	1	1,915
	Payments during the year:			
	Company income tax	**-**	-	(45,000)
	At 31 December	**276,023**	273,736	273,735
18	**Deferred tax liabilities**			
	At 1 January	**61,909**	61,909	61,909
	Charged for the year	**5,218**	-	-
	At 31 December	**67,127**	61,909	61,909

NOTES TO THE FINANCIAL STATEMENTS - (continued)

	2023	2022	2021
19 Ordinary share capital	**Units**	Units	
Authorized	**'000**	'000	'000
14,000,000,000 ordinary shares of 50k each	**14,000,000**	14,000,000	14,000,000
	N'000	N'000	
14,000,000,000 ordinary shares of 50k each	**7,000,000**	7,000,000	7,000,000
Issued and Fully Paid	**Units**	Units	Units
At 1 January	**12,911,030**	12,911,030	12,911,030
Addition during the year	**-**	-	-
At 31 December	**12,911,030**	12,911,030	12,911,030
	N'000	N'000	N'000
At 1 January	**6,455,515**	6,455,515	6,455,515
Addition during the year	**-**	-	
At 31 December	**6,455,515**	6,455,515	6,455,515

20 Treasury share	**(1,145)**	(1,145)	(1,145)

Treasury share represents the standard Alliance Assurance Life Limited investment in Standard Alliance Insurance Plc reclassified to treasury share upon merger of the two companies in 2017.

21 Share premium			
At 1 January	**7,484,955**	7,484,955	7,667,475
Addition during the year	**-**	-	-
At 31 December	**7,484,955**	7,484,955	7,667,475

Share premium comprises additional paid-in capital in excess of the par value.
This reserve is not ordinarily available for distribution.

22 Contingency reserves			
At 1 January	**1,775,727**	1,768,800	1,756,720
Charge for the year (Note 27)	**4,276**	6,927	12,080
At 31 December	**1,780,003**	1,775,727	1,768,800
Transferred to Contingency reserves			
Non-life	**143**	2,533	7,677
Life	**4,133**	4,394	4,403
Total	**4,276**	6,927	12,080

In compliance with section 21(1) of Insurance Act 2003, the contingency reserve for Non-life insurance business is credited with the greater of 3% of total premium, or 20% of the net profits. This shall accumulate until it reaches the greater of minimum paid-up capital and 50% percent of the net premium. For life business, the contigency reserve is credited with an amount equal to 1% of gross premium or 10% of net profit (whichever is greater) and accumulated until it reaches the amount of mimimum paid-up capital.

NOTES TO THE FINANCIAL STATEMENTS (continued)

22 **Contingency reserves - cont'd**

As required by insurance regulations, a contingency reserve is maintaned for both the non-life insurance and life assurance contracts underwritten by the Company. The appropriation to contingency reserve reserve for non-life underwriting contracts is calculated in accordance with sections 21 (2) and 22 (1) of the Insurance Act 2003. The reserve is calculated at the higher of 3% of gross premium and 20% of net profits of the business for the year. The appropriation to contingency reserve for life underwriting contracts is calculated at the higher of 1% of the gross premium and 10% of net profits of the business for the year. The appropriations are charged to the life fund.

		Restated	
	2023	2022	2021
23 **Accumulated loss**	**N'000**	N'000	N'000
At 1 January - As previously reported	**(20,276,010)**	(18,925,882)	(17,189,298)
Effect of IFRS 17 Adjustments (Note 3k)	-	(513,482)	(513,482)
Reclassification of Revaluation surplus (Note 24)	**48,292**	48,292	48,292
Reinsurance payables (Note 14)	**36,257**	36,257	36,257
Restated as at 1 January	**(20,191,461)**	(19,354,813)	(17,618,230)
(Loss) for the year	**(1,815,795)**	(829,720)	(1,724,503)
Appropriation to contingency reserves (Note 23)	**(4,276)**	(6,927)	(12,080)
At 31 December	**(22,011,532)**	(20,191,461)	(19,354,813)

24 **Revaluation Reserves**			
At 1 January	**(0)**	(0)	48,292
Revaluation loss charged to other comprehensive income during the year	**-**	-	-
Revaluation surplus reclassified (Note 23)	**-**	-	(48,292)
At 31 December	**-**	(0)	(0)

25 **Fair Value Reserves**	**N'000**	N'000	N'000
At 1 January	**46,034**	21,245	5,310
Increase during the year	**1,332,559**	24,789	15,935
At 31 December	**1,378,593**	46,034	21,245
		-	

The fair value reserves shows the effect from the fair value measurement of financial instruments of the category available for sale now classified as financial asset at fair value through other comprehensive income. Any gains or losses are not recognised in the comprehensive income statement until the asset has been sold or impaired.

		Restated
26 **Insurance revenue**	**N'000**	N'000
General business (Note 26.1)	**4,754**	84,445
Group life (Note 26.1)	**5,982**	13,069
Endowment (Note 26.1)	**95,854**	113,592
Annuity (Note 26.1)	**311,472**	312,739
	418,062	**523,845**

26.1 Insurance revenue

	December, 2023				
	Annuity	**Group Life**	**Endowment**	**Non-life**	**Total**
	N'000	N'000	N'000	N'000	N'000
Expected benefits incurred	286,069	-	87,782	-	373,852
Expected expenses incurred	12,175	-	3,705		15,880
Change in the risk adjustment	13,228	-	4,366		17,594
CSM recognised	-	-	-		-
Contracts not measured under PAA	**311,472**	**-**	**95,854**		**407,326**
Contracts measured under PAA		5,982		4,754	10,736
	311,472	**5,982**	**95,854**	**4,754**	**418,062**

Insurance revenue

	December, 2022 Restated				
	Annuity	**Group Life**	**Endowment**	**Non-life**	**Total**
	N'000	N'000	N'000	N'000	N'000
Expected benefits incurred	286,070	-	87,764	-	373,834
Expected expenses incurred	10,061	-	3,059		13,120
Change in the risk adjustment	12,912	-	4,397		17,309
CSM recognised	3,695	-	12,181		15,876
Recovery of acquisition cash flows	-	-	6,192		6,192
Contracts not measured under PAA	**312,739**	**-**	**113,592**		**426,331**
Contracts measured under PAA		13,069		84,445	97,514
	312,739	**13,069**	**113,592**	**84,445**	**523,845**

26.2 Insurance service expense

	December, 2023				
	Annuity	**Group Life**	**Endowment**	**Non-life**	**Total**
	N'000	N'000	N'000	N'000	N'000
Incurred claims	304,653			2,740	307,393
Incurred Fulfilment expenses	7,243	3,231	493		10,967
Loss Component: systematic allocation	1,593	-	3,579		5,172
Total insurance service expense	**313,489**	**3,231**	**4,072**	**2,740**	**323,532**

Insurance service expense - Life	**Annuity**	**Group Life**	**Endowment**	**Total**
	N'000	N'000	N'000	N'000
Incurred claims	304,653			304,653
Incurred Fulfilment expenses	7,243	3,231	493	10,967
Loss Component: systematic allocation	1,593	-	3,579	5,172
Total insurance service expense	**313,489**	**3,231**	**4,072**	**320,792**

Insurance service expense - Non-Life

	Motor	**Fire**	**Accident**	**Marine**	**Bond**	**Oil & Gas**	**Engineering**	**Aviation**	**Total**
	N'000	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**
Incurred Fulfilment expenses	158	161	1,604	210	226	3,426	188	145	**6,118**
Changes in RA related to LIC			(3,378)						**(3,378)**
Total	**158**	**161**	**(1,774)**	**210**	**226**	**3,426**	**188**	**145**	**2,740**

Insurance service expense		**December, 2022 Restated**			
	Annuity	**Group Life**	**Endowment**	**Non-life**	**Total**
	N'000	N'000	N'000	N'000	N'000
Incurred claims	538,427	7,923		121,040	667,390
Incurred Fulfilment expenses	27,305	12,181	1,856		41,342
Amortisation of insurance acquisition cash flows			6,192		6,192
Changes in BEL related to LIC	-	(37,903)	-		(37,903)
Changes in RA related to LIC		(758)			(758)
Total insurance service expense	**565,733**	**(18,557)**	**8,048**	**121,040**	**676,263**

Insurance service expense - Life	**Annuity**	**Group Life**	**Endowment**	**Total**
	N'000	N'000	N'000	N'000
Incurred claims	538,427	7,923		546,350
Incurred Fulfilment expenses	27,305	12,181	1,856	41,342
Amortisation of insurance acquisition cash flows			6,192	6,192
Changes in BEL related to LIC	-	(37,903)	-	(37,903)
Changes in RA related to LIC		(758)		(758)
Total insurance service expense	**565,733**	**(18,557)**	**8,048**	**555,223**

Insurance service expense - Non-Life	Motor	Fire	General Accident	Marine	Bond	Oil & Gas	Engineering	Aviation	Total
	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Incurred claims	262	275	2,717	355	387	5,769	323	245	**10,333**
Incurred Fulfilment expenses	612	624	6,197	813	872	13,238	727	559	**23,641**
Amortisation of insurance acquisition cash flows	1,431	589	257	507	21	1	154	-	**2,959**
Changes in BEL related to LIC	2,010	2,109	20,828	2,718	2,969	44,231	2,474	1,678	**79,017**
Changes in RA related to LIC	129	118	1,166	185	148	3,096	124	122	**5,089**
Total	**4,443**	**3,715**	**31,165**	**4,577**	**4,398**	**66,335**	**3,802**	**2,604**	**121,040**

26.3 **Investment income**

	December, 2023					
	Annuity	Group Life	Endowment	Investment	Non-life	Total
	N'000	N'000	N'000	N'000	N'000	N'000
Fair value Gain or Loss	13,954	8,313	1,266	22,090	16,286	61,909
Interest on statutory deposit and dividend	19,125	8,532	1,300	68,112	15,869	112,938
	33,079	**16,845**	**2,566**	**90,202**	**32,155**	**174,847**

Investment income

	December, 2022 Restated					
	Annuity	Group Life	Endowment	Investment	Non-life	Total
	N'000	N'000	N'000	N'000	N'000	N'000
Interest revenue on financial assets not measured at FVTPL	7,574	3,379	515	8,813	975	21,256
Fair value Gain or Loss	1,145	511	78	1,332		3,066
Interest on statutory deposit and dividend	28	13	2	33	6,474	6,550
	8,747	**3,902**	**595**	**10,179**	**7,449**	**30,871**

26.4 **Insurance finance expenses**

	December, 2023			
	Annuity	**Group Life**	**Endowment**	**Total**
	N'000	**N'000**	**N'000**	**N'000**
Unwind of discount on FCFs: LRC	(245,242)	-	(92,298)	(337,539)
Effect of change in economic assumptions: LRC	(11,722)	-	(14)	(11,736)
Interest accretion on CSM	(2,741)	-	(784)	(3,524)
Effect of change in Discount rate assumptions: LRC	158,398	-	241	158,639
	(101,307)	**-**	**(92,854)**	**(194,161)**

Insurance finance expenses

	December, 2022 Restated		
	Annuity	**Endowment**	**Total**
	N'000	**N'000**	**N'000**
Unwind of discount on FCFs: LRC	(245,630)	(91,674)	(337,304)
Effect of change in economic assumptions: LRC	(4,848)	(6)	(4,853)
Interest accretion on CSM	(7,721)	(826)	(8,548)
Effect of change in Discount rate assumptions: LRC	138,882	(157)	138,725
	(119,317)	**(92,663)**	**(211,980)**

NOTES TO THE FINANCIAL STATEMENTS (contd)

		2023	Restated 2022
27(a)	**Investment income**		
	Interest on deposits	**17,393**	1,501
	Rental income	**1,553**	3,683
	Dividend received	**48,968**	22,726
		67,914	**27,910**

		N'000	N'000
27(b)	**Other income**		
	Gain on sale of property, plant and equipment	-	100
	Charges/penalties for loss of policy documents	-	-
		-	100

28	**Other operating expenses**		
	Salaries and Allowances	-	123,228
	Other staff costs	-	15,276
	Directors' fee and allowances	-	22,840
	Rent and rates	-	127,764
	Repairs and maintenance	-	16,686
	Depreciation	**11,418**	15,032
	Legal and professional fees	-	98,504
	Bank charges	**16**	575
	Printing and stationery	-	3,695
	Telephone and postages	-	9,090
	Other administrative expenses	**3,440**	30,018
	Actuarial cost	-	12,000
	Penalty and fine	-	4,026
	Audit fee	**3,500**	3,500
	Corporate and public relation expenses	-	2,536
	Travelling, outstation and hotel expenses	-	29,204
		18,374	513,973
	Interest expenses on loan	**112,624**	76,688
	Interest on Daewoo bond	-	-
	Total Management expenses	**112,624**	**76,688**

NOTES TO THE FINANCIAL STATEMENTS (continued)

		2023	2022
29	**Profit before taxation**	**N'000**	N'000
	Profit before taxation is stated after charging:		
	Depreciation	**11,418**	15,030
	Auditors' remuneration (Note 29.1)	**3,500**	3,500
	Director's remuneration	**22,840**	-

29.1 Messrs. Muhtari Dangana & Co (Chartered Accountants) did not provide any other service to the Company during the year.

		2023	2022
30	**Premium receipt from policy holders**		
	Premium due from policy holder at 1 January	**8,849**	8,074
	Insurance revenue for the year	**5,982**	523,845
	Premium received in the year	**(8,849)**	775
		5,982	532,694
	Premium due from policyholders at 31 December	**-**	(8,849)
	Insurance revenue for the year	**5,982**	523,845

31 **Basic (loss)/earnings per share**

Basic loss per share is calculated by dividing the net loss attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the year.

	2023	2022
Loss for the year (N'000)	**(1,815,795)**	(829,720)
Number of shares ('000)	**12,911,030**	12,911,030
Basic loss per share (Naira)	**(14.06)**	(6.43)

32 **Going concern of Company**

The events and conditions listed below indicate that there may exist material uncertainty that cast doubt on the Company's ability to continue as a going concern entity within a foreseeable future:

i. Shortfall of existing ₦5billion regulatory minimum paid-up capital of the Company by ₦9.914 billion as at 31 December, 2023;

ii. Accumulated losses of ₦22.012 billion (2022: ₦20.191 billion) as at 31 December, 2023, which resulted in negative equity of the Company of ₦4.914 billion as at 31 December, 2023;

iii The high impairment allowances over the years on the Company's investment properties suggesting possible inability to realize them and discharge its liabilities in the normal course of business; and

iv. Significantly reduced staff workforce and low morale of staff

Management is however executing mitigating procedures and are working assiduously to inject fresh capital through a recapitalization and business restructuring plan involving major prospective investors.

NOTES TO THE FINANCIAL STATEMENTS (continued)

33 Events after reporting period

Introduction of a new investor

On the 5th of January 2022, an Investor, QPI Consultants FZE through a special purpose vehicle (SPV) named Endura Investment Global Limited (EIG) showed interest in obtaining regulatory approval for the purchase of 3,140,774,908 ordinary shares in Standard Alliance Insurance Plc at N0.01 each. Purchase of the shares will give the new investor 26.4% of the issued capital of the Company. The investor will be in a position to restructure the business and turn it around with a minimum amount of U$8million. Subsequently, the transaction was consummated on the 19th of August 2024 with the approval of the Nigerian Exchange Limited (NGX). The Company subsequently injected N12 Billion additional capital in February 2025.

Change of company's name

At the Extra-Ordinary General Meeting of the company held on 4th April 2025, the shareholders approved the change of the Company's name from Standard Alliance Insurance Plc to Fortis Global Insurance Plc. In 25th April 2025, the Corporate Affairs Commission awarded a certificate of Registration to the Company.

34 Fair value Hierarchy

The Company's fair value measurements model is highlighted in accounting policy 4.2.

Level 1

Fair value measurements classified as level 1 include fair values of quoted investments based on current market prices.

Level 2

Fair value measurements classified as level 2 include fair values of unquoted investments which the Company established using valuation techniques such as:

- recent arm's length transactions
- reference to other instruments that are substantially the same
- net assets value and
- discounted cash flows

Level 3

Fair value measurements classified as level 3 include fair values of financial assets of which there are no active markets and no observable inputs. They comprise loans and other receivables.

The table below highlights financial instruments in their various fair value hierarchies at year end:

2023

Asset type	Total N'000	Level 1 N'000	Level 2 N'000	Level 3 N'000
Quoted securities - At fair value through profit or loss	102,411	102,411	-	-
Quoted securities - At FVOCI	1,532,639	1,532,639	-	-
	1,635,050	1,635,050	-	-

2022

Asset type	Total N'000	Level 1 N'000	Level 2 N'000	Level 3 N'000
Quoted securities - At fair value through profit or loss	40,501	40,501	-	-
Quoted securities - At FVOCI	200,080	200,080	-	-
	240,581	240,581	-	-

NOTES TO THE FINANCIAL STATEMENTS (continued)

35 **Directors and employees**

Employees

The average number of persons employed by the Company during the year by category

	2023	**2022**
	Number	Number
Excecutive Director	**1**	1
Management Staff	**-**	-
Non-management staff	**-**	-
	1	1

Staff cost for the above persons (Excluding Executive Directors) was:		
Salaries and allowances	**-**	-
Other staff cost	**-**	-
	-	-

The number of employees of the company other than Director who received emolument in the following range was:

	Number	Number
N900,001 - N1,100,000	**-**	52
N1,100,001 - N1,300,000	**-**	6
N1,300,001 - N1,500,000	**-**	4
Above - N1,500,000	**-**	74
	-	136

Directors' Remuneration

Directors' Remuneration

The remuneration paid to the Directors of the company was:	**N'000**	N'000
Fees and other allowances	-	45,408
Executive compensation	**-**	**-**
	-	45,408

Fees and other emoluments disclosed above include amount paid to:	**N'000**	N'000
The Chairman		
Highest paid Director	**-**	20,100
	-	20,100

The number of Director who received fees and other emolument (excluding pension contribution) in the following ranges was:	**Number**	Number
N1,000,001 - N2,000,000	-	-
N2,000,001 and above	**-**	3
	-	3

NOTES TO THE FINANCIAL STATEMENTS (continued)

36 **Contingent liabilities**

Material contingent liabilities have been made or are likely to be made in these financial statements.

37 **Related party transactions**

Related parties include the related Companies, the directors and any employee who is able to exert significant influence on the operating policies of the Company. Key management personnel are also considered related parties. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity.

During the year under review, there were no material transactions between related parties. Transactions with related parties are as stated in note 45 above.

38 **Events after the reporting period**

There were no events after the reporting period which could have material effect on the financial position of the Company as at 31 December 2023 or the profit or loss and other comprehensive income for the year then ended which have not been disclosed.

39 RISK MANAGEMENT REPORT

A) Introduction and overview

The Company was faced with the following risks in its operations.

i Capital Adequacy risk
ii Regulatory risk
iii Liquidity risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risks.

Risk Management Philosophies and Principles

The following principles guide financial risk management in the Company:

i. A deliberate and conscious management of the Company’s investment portfolio to ensure that the risk of excessive concentration on any one class, industry, or sector is minimized, as well as to ensure portfolio flexibility and liquidity.

ii. A strict adoption of sound internal policies and processes resulting in consistent adherence to investment guidelines issued by the National Insurance Commission to enable the Insurance industry maintain sound solvency margin and sound liquidity health at all times.

iii. The Executive Management took responsibility for establishing a robust liquidity management framework consistent with regulatory requirements of the Commission that ensures sufficient liquidity to withstand a range of stress events.

iv. The financial risk procedural manual spell-out the operational steps and procedures for executing relevant controls to prevent the occurrence or reduce the impact of risk events touching on Financial and strategy risk. The manual is being reviewed periodically reviewed and updated to take into account new activities, system changes, and structural changes in the industry.

v. The Board approves all strategies and policies in respect of financial and strategic risk management.

vi. Evaluation of the effectiveness of risk management process and the internal control system shall be carried out by external consultants periodically.

vii. The Company relies on its Risk Management Committee

viii. It develops early warning indicators to aid the prompt identification of all risks from all of the risk categories

Risk Management Strategy

The Board and Management has put in place clearly defined financial risk management framework that provides the Company with guidance and prescribes tolerable financial risk related losses considering available capital and levels of other investment risk exposures. The Company’s financial risk policy and strategy are anchored on the following:

i. Investment portfolio diversification which involves the application of the Company’s investible funds in a wide range and class of financial instruments consistent with Regulatory Requirements.

ii. Liquidity risk Management taking within well defined limits with the sole purpose of creating and enhancing liquidity and competitive advantage,

iii. Effective utilization of Company’s liquidity position.

Risk Management Framework

The Standard Alliance Insurance Plc recognizes the presence of financial risk in its process of delivering value to its stakeholders. This financial risk Management Framework is set out to manage financial risks resident in the investment processes and procedures of the company. It provides guidance on related issues of Identification, Measurement, Monitoring and Reporting of financial risks in order to ensure the Company continually meets its contractual liabilities to policy holders.

The Company recognizes the importance of these classes of risks, which is inherent in the investment, market, and liquidity management of its insurance business. This policy contains guidelines to help the Company manage its assets in a sound and prudent manner, taking account of the profile of its liabilities, its solvency position and its risk return profile.

The Company's financial risk shall be managed within tolerable limits through an appropriate management focus and deployment of resources.

Risk Management Governance

The overall responsibility for the management of financial risk shall resides with the Board through its Risk and Remuneration Committee. To ensure consistency and prudent management of financial risks, this responsibility shall be divided as follows:

i. Board of Directors/ Risk & Remuneration Committee
ii. Finance and Investment Committee of the Board
iii. Executive Management Committee on Investment
iv. ERM Committee/CRO
v. Finance and Investment Department.
vi Quality Assurance and Control

Risk Tolerance/Appetite

The Company shall operate by managing its risks within acceptable bounds so as to maintain and increase the value of its resources for its stakeholders. An explicit discussion of risks and risk tolerance will be part of the STANDARD ALLIANCE INSURANCE's decision making process.

STANDARD ALLIANCE INSURANCE has defined Enterprise risk appetite at two levels:
i. The enterprise level; and
ii. The Business/Support/Functional Unit levels

The ERM Committee set target key performance indicators ("KPI's") at both an enterprise and a business/support unit level based on recommendations from the Chief Risk Officer. Target KPI's is reviewed at least on annual basis.

At the Business and Support unit levels, the enterprise KPI's is cascaded to the extent that the contribution of each Business/Support Unit to enterprise risk shall serve as input for assessing the performance of the Business/Support Unit.

Tolerance levels is defined for each key risk indicator and serves as a proxy for the risk appetite for each risk area and Business/Support Unit.

Tolerance levels is subject to approval of ERM Committee and shall be reviewed on a periodic basis to reflect changing circumstances.

Risk Management Process

The Company's disciplined approach to risk management is iterative, scalable, and includes the steps below. Consistent application of this process enables continuous improvement in decision making and performance by top Management. The process as follows:

1. Communication and Dialogue: Communication and dialogue with internal and, as appropriate, external stakeholders as far as necessary takes place at each stage of the risk management process.
2. Establishing the Context: This defines risk parameters to be taken into account when managing risk, and setting the scope and risk criteria for the remaining process.
3. Risk Identification: This process helps the company develop a comprehensive list of risks based on those events that might enhance, prevent, degrade, or delay the achievement of the objectives.
4. Risk Analysis: This context helps to understand the causes and sources of risk, their positive and negative consequences, and the likelihood that those consequences can occur. Existing risk controls and their effectiveness should be taken into account and communicated.
5. Risk Evaluation: The purpose of risk evaluation is to assist in making decisions based on the outcomes of risk analysis about which risks need treatment and to prioritize treatment implementation for those unacceptable risks (i.e. those that exceed risk tolerance)
6. Risk Treatment: This involves the selection of one or more options for modification of unacceptable risks and implementing those options. Risk treatment options include: avoiding the risk, seeking out an opportunity, removing the source of risk, changing the likelihood, changing the consequence, sharing the risk with another party, and retaining the risk by choice.
7. Monitoring and Review: This step should encompass all aspects of the risk management process to:

i. Analyze and learn lessons from events, changes, and trends.
ii. Detect changes in the external and internal context including changes to the risk.

Risks/ events shall be identified and analyzed against the broad success criteria which may be affected.

The focus in risk identification is capturing all the possible risks associated with an event, activity, project, roles or management decisions. It also covers the impact of an event occurring on the identified success criteria.

i. Element of Risk- Description of the risk engaged within a process and event or a role.
ii. Impact on business- Details the consequences of a risk occurring upon the related success criteria.
iii. Mitigation Measures- Details controls already established or in the process of being established.
iv. Responsibility- Identifies the officer and department responsible for the implementation and monitoring of compliance of the prescribed controls

B) **Financial Risk Assessment**

Risks is measured in terms of likelihood and consequences on both inherent and residual basis (pre and post controls). Both likelihood and consequences may be measured qualitatively or quantitatively depending on the risks being considered.

The criteria for success adopted by the Company are;

i. Shareholders' funds
ii. Market Share
iii. Company's image
iv. Revenue growth
v. Employees welfare
vi. Solvency Margin
vii. Customer Service

The impact of risk against this success criteria form the basis for the development of the consequence rating scale. The specific evaluation criteria adopted in this document is:

Consequence rating scale

No	Rating	Consequence (impact on established success criteria)	Quantification
1	Catastrophic	Shareholder's fund depleted, license withdrawn and liquidation imminent	>/= 10% of Shareholders' fund
2	Major	Most success criteria threatened or one severely affected	5% - < 10% of shareholders' fund
3	Moderate	Some success criteria affected, considerable effort being made to rectify	1% - < 5% of shareholders' fund
4	Minor	Easily remedied, criteria can be recovered	0.5% - < 1% of shareholders' fund
5	Negligible	Very small impact, rectified in the course of normal processes	< 0.5% of shareholders' fund

Likelihood rating scale

No	Rating	Interpretations
1	Almost certain	More than 50% change that it will happen during the year and may occur several
2	Likely	50% change that it will happen during the year
3	Possible	Less than 50% chance that it will happen during the year
4	Unlikely	Could occur once over a 5-10 year period
5	Rare	Very unlikely over a 10 year period

a) **Market Risks**

Market risk refers to worsening financial condition arising from adverse movements in the level of volatility of market prices. It involves the exposure to movement of financial variables such as; equity prices, interest rates or exchange rates. It is usually introduced into a Standard Alliance Operation through variations in financial markets that cause changes in asset values, product or portfolio valuation. Some of the events under market risks are:

i. Movement in interest rates to the extent that future cash flows from the assets and liabilities are not well matched.
ii. Movement in market values of equity, real estate and other assets to the extent that the company is exposed to changes in market value.
iii. Movement in exchange rates which may result in losses from asset and liabilities denominated in different currencies.

b) **Credit Risks**

Credit risk refers to the risk of financial losses arising from default or movement in the credit quality of issuers of security, debtors, or counterparties and intermediaries to whom the company has exposures. Such risk events are:

i. Default Risk: Risk that a company will not receive or receipts delayed or partially the cash flow or assets to which it is entitled because the other parties default in one or more obligations. This risk has been substantially eliminated by the regulations No Premium, No Cover policy.
ii. Concentration Risk: Risk of increased exposure to losses due to concentration of investments in a geographical area, economic sector, counterparty, or connected parties.
iii. Downgrade or Migration Risks: Risks that change in the probability of a future default by an obligor will adversely affect the present value of the contract with the obligor today.
iv. Indirect or Spread Risks: Risk due to market perception of increased risk on either a macro or micro basis.

c) **Liquidity Risks:**

Liquidity risk refers to the risk that a Company, though solvent has insufficient liquid assets to meet its obligations as they fall due. Liquidity is concerned with the current and future maintenance of appropriate levels of cash and liquid assets. Such risk events are:

i. Liquidation Value Risks: The risk that unexpected timing or amount of needed cash may require the liquidation of asset when market condition may result in loss of realized value.
ii. Affiliated Investment Risk: The risk that an investment in the Company may be difficult to sell or that such affiliate may create a drain on the financial or operating resources of the Company.
iii. Capital Funding Risks: The risk that the company will not be able to obtain sufficient outside funding as its assets are illiquid at the time of need.
iv. Negative Publicity with unexpected liquidity strain.
v. Negative Report about other companies in similar trade.
vi. Deterioration of the Economy.
vii. Abnormally volatile or stressed market.

Identification of Financial Risk

The various risk types identified under financial risk category as used in this policy are:

Market Risks	**Credit Risks**	**Liquidity Risks**
Interest Rate	Concentration Risk	Liquidation Value
Equity	Default Risk	Affiliated Investment
Real Estate	Indirect or spread Risks	Capital Funding
Currency	Downgrade or Migration Risks	Negative Publicity

Role of the CRO in conjunction with the finance/ Investment risk manager:

i. Strive to anticipate the risks inherent in the above listed indicative factors and propose appropriate preventive measures.
ii. Document the anticipated risks and reports to the ERMC for appropriate response and implementation.

Assessment of Financial Risk

i. The Company measures its financial risk exposures across risk types, risk factors and overall investment portfolio
ii. The Company documents the appropriate products to be used to hedge exposures, the item that qualifies to be hedged, how hedging instruments effectiveness shall be assessed and identify individuals responsible for monitoring hedge performance
iii. The Company has set appropriate limit structure to control its financial risk exposures.
iv. The Company periodically reviews its financial risk limits to verify its suitability based on current market conditions, economic conditions and its overall risk tolerance
v. The Company applies its stress testing to determine the potential effect of economic shifts, market events, changes in interest rates, changes in foreign exchange and changes in liquidity conditions

Internal Risk Identification and Assessment

Internal risk relate to risks that have their sources in faulty or deficient internal systems, process or negligence or indolence of persons responsible for such roles. Such risk resides within the financial management system of the Company.

Internal Risk Identification and Assessment - cont'd

i. Internal Processes
ii. Reporting System
iii. Bank reconciliation practices
iv. Budget preparation and monitoring
v. Working capital management

Financial risks also reside within financial processes, people in financial management, compliance levels, Reporting system, control processes.

External Risk Identification and Assessment

External risks relate to risks that are exogenously determined and impact directly on the financial health of the company. Such risks can arise from the following;

i. Changes in regulation
ii. Changes in currency and exchange rate
iii. Changes in interest rate
iv. Changes in capitalization and Solvency Margin.
v. Changes in shareholder's structure and composition
vi. Changes in money and capital markets

Risk & Control Self Assessments

Risk control self assessment of existing, newly identified and emerging financial risk should be carried-out regularly, at least once every quarter.

i. For every Control-based financial risks such as fraud, the CRO in conjunction with the finance/ Investment managers risk shall;
a Identify the control structure
b Compare the control structure to a best practice model
c Identify the gaps
d Recommend and implement new controls.

Risk Ratings

The CRO in conjunction with the finance/ Investment risk managers

Ensure every risk identified and assessed is given the right risk priority rating for effective treatment.

Key Risk Indicators

Management considers several factors as indicative of the presence of financial risks across the organization. Some of these indicative factors are:

Market Risks – KRIs	**Credit Risks – KRIs**	**Liquidity Risks - KRIs**
Interest rate fluctuations	Increasing receivables	Earnings volatility
Proportion of debt to equity	Changes in debt profile	Asset coverage
Decline in market values	Frequency of settlement failure	Liquidity ratio
Guaranteed value losses	Connected or affiliated	Cash flow modelling
Changes in exchange rate	Financial trends	Frequency of Cash conversion
Rising inflation	Counterparty exposures	Working Variations in capital

Risk Mitigation

a. Insurance

i. The finance/ Investment risk manger brings to the attention of the Head Administration department every risk emanating from investment operations that ought to be insured (refer to the risk register for financial risks that are mitigated through insurance)
ii. The Administration Manager ensures that premium due for all insurances are dully paid
iii. The finance/ Investment risk manager shall advise the administration department of any insurance that is no longer required.

Risk Mitigation - cont'd

b. Consultancy

All consultancy services relating to financial risk shall have contract which clearly states the terms of engagement of the consultant.

The Chief risk officer shall ensure that the contract arising from all consultancy services covers the following;

Standard Level Agreement (SLAs) which;

i. details the minimum level of performance/quality required from the consultants
ii. clearly delineates the risks to be borne by the consultant
iii. clearly specifies the penalty for default

Risk Reporting

Financial Risk Management requires an organization to have an effective risk reporting process reflecting the up-to-date status of risk issues within the Company.

i. Such report should define the responsibility for production of investment report, the layout of each of the reports, timing of production and delivery, presentation of result, basis evaluation, etc.
ii. Report should be analyzed to improve existing risk management performance, evaluate the impact of financial risk breaches and monitor compliance with risk appetite levels.
iii. Separate report should be generated for each of the three major risk types: Market, Credit and Liquidity Risk.

Risk Reporting Template

The periodic report should include the following:

i. Details of investment activities during the period under reference
ii. Commentary on each of the investment activity
iii. Details of portfolio positions by asset type
iv. Concentration analysis of portfolio and/or credit exposures
v. Details of any regulatory or internal limits breached during the period
vi. Actions taken on such if any
vii. Planned future investment activities

C) **Capital management**

The Company's capital management framework is designed to ensure that the company is capitalised in line with the risk profile, regulatory requirements, economic capital standards and target ratios approved by the board. The capital management objectives of the company are to:

- maintain sufficient capital resources to meet minimum regulatory capital requirements set by NAICOM
- maintain sufficient capital resources to support the company's risk appetite and economic capital requirements;
- support the company's credit rating;
- maintain adequate capital to support the development of its business and to enable it continue as a going concern, while at the same time maximising the return to its shareholders.
- allocate capital to businesses to support the company's strategic objectives, including optimising returns on economic and regulatory capital;
- ensure the company holds capital in excess of minimum requirements in order to achieve the target Capital Adequacy Ratios set by management and to withstand the impact of potential stress events; and
- manage the net asset value currency management process, including evaluating and implementing new derivative instruments that could be used for hedging purposes;

Capital Management Strategy

The Company's Enterprise Risk Management (ERM) committee ensures compliance with the Company's capital management objectives. The committee reviews actual and forecast capital adequacy on a regular basis. The processes in place for delivering the Company's capital management objectives are:

- establish internal targets for capital adequacy;
- apply stress tests to assess the Company's capital adequacy under stress scenarios;
- plan and forecast capital requirements to ensure that capital ratios exceed the targets set by the Board.

In addition to these processes, the board, through the ERM Committee, review and set risk appetite annually and analyse the impact of stress scenarios to understand and manage the Company's projected capital adequacy.

The Company has had no significant changes in its policies and processes to its capital structure during the year under review through effective selection of investment platforms and has shown concerns over strict compliance with NAICOM investment guidelines.

Expected Credit Loss Impairment Model for financial assets:

The Company's allowance for credit losses calculations shall be outputs of models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. The expected credit loss impairment model reflects the present value of all cash shortfalls related to default events either over the following twelve months or over the expected life of a financial instrument depending on credit deterioration from inception. The allowance for credit losses reflects an unbiased, probability-weighted outcome which considers multiple scenarios based on reasonable and supportable forecasts. The Company shall adopt a three-stage approach for impairment assessment based on changes in credit quality since initial recognition

Stage1–Where there has not been a Significant Increase in Credit Risk (SICR) since initial recognition of a financial instrument, an amount equal to 12months expected credit loss shall be recorded .The expected credit loss shall be computed using a probability of default occurring over the next 12 months. For those instruments with a remaining maturity of less than 12 months, a probability of default corresponding to remaining term to maturity shall be used.

Stage2–When a financial instrument experiences a SICR subsequent to origination but is not considered to be in default, it shall be included in Stage 2. This requires the computation of expected credit loss based on the probability of default over the remaining estimated life of the financial instrument.

Stage3–Financial instruments that are considered to be in default shall be included in this stage. Similar to Stage 2, the allowance for credit losses captures the lifetime expected credit losses.

Measurement of Expected Credit

Losses: The probability of default (PD), exposure at default (EAD) ,and loss given default (LGD) inputs used to estimate expected credit losses shall be modelled based on macroeconomic variables that are most closely related with credit losses in the relevant portfolio.

Details of these statistical parameters/inputs are as follows:

PD–The probability of default shall be an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the remaining estimated life, if the asset has not been previously derecognized and are still in the portfolio.

12-month PDs–This is the estimated probability of default occurring within the next 12months (or over the remaining life of the financial instrument if that is less than 12 months).This shall be used to calculate 12-month ECLs.

Lifetime PDs–This is the estimated probability of default occurring over the remaining life of the financial instrument.This shall be used to calculate lifetime ECLs for "stage2" and stage3 exposures.PDs shall be limited to the maximum exposure required by IFRS 9.

EAD–The exposure at default shall be an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected draw downs on committed facilities, and accrued interest from missed payments.

LGD–The loss given default shall be an estimate of the loss arising in the case where a default occurs at a given time. It shall be based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realization of any collateral. It shall be usually expressed as a percentage of the EAD.

The measurement of expected credit losses for each stage and the assessment of significant increases in credit risk considers information about past events and current conditions as well as reasonable and supportable forecasts of future events and economic conditions. The estimation and application of forward-looking information requires significant judgement.

The Company shall rely on a broad range of forward looking information as economic inputs, such as GDP growth, unemployment rates ,central bank base rates, crude oil prices, inflation rates and foreign exchange rates. The inputs and models used for calculating expected credit losses may not always capture all characteristics of the market at the date of the financial statements. To reflect this, qualitative adjustments or overlays shall be made as temporary adjustments using expert credit judgement.

The Company shall determine allowance for credit losses using probability-weighted forward looking scenarios. The Company shall consider both internal and external sources of information in order to achieve an unbiased measure of the scenarios used. The Company prepares the scenarios using forecasts generated by credible sources such as Business Monitor International (BMI), International Monetary Fund (IMF), Nigeria Bureau of Statistics (NBS), World Bank, Central Bank of Nigeria (CBN), Nigeria Insurers Association, Financial Markets Dealers Quotation (FMDQ), and Trading Economics.

Assessment of Significant increase in Credit Risk (SICR)

At each reporting date, the company shall assess whether there has been a significant increase in credit risk for exposures since initial recognition by comparing the risk of default occurring over the remaining expected life from the reporting date and the date of initial recognition. The assessment considers borrower-specific quantitative and qualitative information without consideration of collateral, and the impact of forward-looking macroeconomic factors. The common assessments for SICR on retail and non-retail portfolios include macroeconomic out look,management judgement, and delinquency and monitoring. Forward looking Macroeconomic factors shall be a key component of the macroeconomic outlook. The importance and relevance of each specific macroeconomic factor depends on the type of product, characteristics of the financial instruments and the borrower and the geographical region.

The Company shall adopt a multi factor approach in assessing changes in credit risk. This approach considers: Quantitative (primary), Qualitative (secondary) and Back stop indicators which are critical in allocating financial assets into stages.

The quantitative models consider deterioration in the credit rating of obligor/counter party based on the company's internal rating system or External Credit Assessment Institutions (ECAI) while qualitative factors consider information such as expected forbearance, restructuring ,exposure classification by licensed credit bureau etc.

Assessment of Significant increase in Credit Risk (SICR) - cont'd

A back stop shall be used to ensure that in the (unlikely) event that the primary (quantitative) indicators do not change and there is no trigger from the secondary (qualitative) indicators, an account that has breached the 30 days past due criteria for SIC Rand 90 days past due criteria for default shall be transferred to stage 2 and stage 3 respectively except there is a reasonable and supportable evidence available without undue cost to rebut the presumption.

Definition of Default and Credit Impaired Financial Assets

At each reporting date, the Company shall assess whether financial assets are credit impaired. A financial asset shall be credit impaired when one or more of the following events have a detrimental impact on the estimated future cash flows of the financial asset:

Significant financial difficulty of the Issuer;

- A breach of contract such as a default or past due event;
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganization
- The disappearance of an active market for a security because of financial difficulties

A debt that has been renegotiated due to a deterioration in the issuer's condition shall be considered to be credit-impaired unless there is evidence that the risk of not receiving contractual cashflows has reduced significantly and there shall be no other indicators of impairment. In making an assessment of whether an investment in sovereign debts is credit-impaired, the Company shall consider the following factors.

(i). The market's assessment of credit worthiness as reflected in the bond yields
(ii). The rating agencies' assessments of credit worthiness
(iii). The country's ability to access the capital markets for new debt issuance
(iv). The probability of debt being restructured, resulting in holders suffering losses through voluntary or mandatory debt forgiveness
(v). The international support mechanisms in place to provide the necessary support as lender of last resort to that country as well as the intention, reflected in public statements of governments and agencies to use those mechanisms.This includes an assessment of the depth of those mechanisms and irrespective of the political intent, whether there is the capacity to fulfil the required criteria

Effective Interest Rate

EIR (also denoted Internal Rate of Return or Level Yield to Maturity) is in the context of IFRS 9 , the interest rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset or the amortised cost of a financial liability.

Presentation of allowance for ECL in the statement of financial position

Allowances for ECL shall be presented in the statement of financial position as follows:

- Financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets

Financial assets measured at FVOCI: no loss allowance shall be recognized in the statement of financial position because the carrying amount of these assets shall be their fair value. However, the loss allowance shall be disclosed and recognized in the fair value reserve.

40 **Solvency Margin**

The Company's solvency margin is summarised below:

	2023 N'000	2022 N'000
Company solvency	(5,350,206)	(6,569,700)
Regulatory minimum capital required	5,000,000	5,000,000
Deficit in solvency margin	(10,350,206)	(11,569,700)

The Company had a solvency margin of N(5.350)billion for the year ended 31 December 2023 (2022: N6.570 billion), which is N10.350 billion below (2022: N11.570 billion) the regulatory minimum solvency of N5 billion for composite business. Detailed computation of solvency margin is shown below:

31 December, 2023

Assets	**Note**	**Total N'000**	**Admissible N'000**	**Non-admissible N'000**
Cash and cash equivalents	(i)	644,272	644,272	-
Loans to policyholders		68,573	68,573	-
Government Bonds		118,488	118,488	-
Corporate Bonds		416,000	416,000	-
Quoted Shares		1,635,051	1,635,051	-
Trade receivable		(0)	-	(0)
Other receivables and prepayments	(ii)	40,656	-	40,656
Investment properties	(iii)	4,030,067	3,567,000	463,067
Property, plant and equipment		24,246	24,246	-
Statutory deposit		535,000	535,000	-
Total assets		7,512,353	7,008,630	503,723
Liabilities				
Insurance contract liabilities		5,062,390	5,062,390	-
Investment contract liabilities		2,667,359	2,667,359	-
Trade payables		7,948	7,948	-
Other payables		503,320	503,320	-
Borrowings		3,841,795	3,841,795	-
Income tax liabilities		276,023	276,023	-
Deferred tax liabilities		67,127	-	67,127
Total liabilities		12,425,963	12,358,836	67,127

Available Solvency Margin (Total admissible assets minus admissible liabilities)	(5,350,206)
The higher of:	
A 15% of Net Premium	14,179
B Minimum Capital Required	5,000,000
C Required solvency (Higher of A and B)	5,000,000
Level of solvency (Available solvency margin/required solvency)	-107%
Deficit in Solvency margin	**(10,350,206)**

41 Management Discussion Analysis for Standard Alliance Insurance Plc as of 31st December 2023

Business Profile

Standard Alliance Insurance Plc, is a Company incorporated under the Laws of the Federal Republic of Nigeria. It is licensed by the National Insurance Commission to carry out all forms of Life and Non-Life Insurance business.

Objectives and Strategies

1. To be a world-class provider of insurance and other financial services.
2. The use of innovative ideas and modern technology.
3. The employment of a highly motivated workforce and modern technology.
4. To deliver superior returns to stakeholders.

Metrics	Current Period (N'000)	Prior Period (N'000)	% Change
Insurance Revenue	418,062	523,845	-20%
Insurance service expense	(323,532)	(676,263)	-52%
Insurance service result	94,529	(152,418)	-162%
Investment Income & Other Income	1,507,406	55,660	2608%
Operating Expenses	(18,374)	(513,973)	-96%
Profit/(Loss) Before Tax	(1,808,290)	(829,719)	118%
Profit / (Loss) After Tax	(1,815,795)	(829,720)	119%

The Company's insurance revenue decreased by 20.19% when compared to the prior year's result, Insurance service expenses decreased by 52.16%, Loss after tax increased by 117.93% while the Company's investment and other income increased by 907.18%.

Moving Forward

The Company has positioned itself for recapitalisation in line with the NAICOM directive. Members of staff will continuously undergo internal and external training to keep them abreast of the changing environment and make them add value to the company.

Mike Owope
Chief Financial Officer

42 Segment informatioin

The Company is organised into two operating segments. These segments distribute their products through various forms of brokers, agencies and direct marketing programs. These segments and their respective operations are as follows:

Non-Life: This segments covers the protection of customers' assets (particularly their properties, both for personal and commercial business) and indemnification of other parties that have suffered damage as a result of customers' accidents. All contracts in this segment are short-term in nature. Revenue in this segment is derived primarily from insurance premium, investment income, net realized gains on financial assets, and net fair value gains on financial assets at fair value through profit or loss.

Life: This segment covers the protection of the Company's customers against the risk of premature death, disability, critical illness and other accidents. Revenue from this segment is derived primarily from insurance premium,investment income, net realized gains on financial assets and net fair value gains on financial assets at fair value through profit and loss.

42.1 Segment profit or loss and other comprehensive income

	2023			Restated 2022		
	Non-Life N'000	**Life N'000**	**Total N'000**	**Non-Life N'000**	**Life N'000**	**Total N'000**
Insurance revenue	4,754	413,308	418,062	84,444	439,401	523,845
Insurance service expenses	(2,740)	(320,792)	(323,532)	(121,040)	(555,223)	(676,262)
Insurance service result	**2,014**	**92,515**	**94,529**	(36,596)	(115,822)	(152,418)
Insurance finance income	32,155	142,692	174,847	30,243	628	30,871
Insurance finance expenses	(44,657)	(149,504)	(194,161)	(48,755)	(211,980)	(211,980)
Financial insurance result	(12,502)	(6,812)	(19,314)	(18,512)	(211,352)	(181,109)
Net loss Insurance and Investment r	**(10,488)**	**85,703**	**75,215**	(55,108)	(327,175)	(333,527)
	-	-	-	-	-	
Other claims						
Interest expenses on loan	(25,904)	(86,720)	(112,624)	(17,638)	(59,050)	(76,688)
Foreign exchange expense/(gain)	(403,076)	(1,349,430)	(1,752,506)	21,728	72,742	94,470
Management expenses	(4,226)	(14,148)	(18,374)	(187,420)	(276,989)	(513,973)
(Loss) before taxation	**(443,694)**	**(1,364,595)**	**(1,808,289)**	(238,438)	(590,472)	(829,718)
Income tax			**(7,505)**			(1)
(Loss) for the year	**(443,694)**	**(1,364,595)**	**(1,815,794)**	(238,438)	(590,472)	(829,719)
Other comprehensive income Item that may be reclassified to profit or loss:						
Fair value gain on financial assets	599,651	732,907	1,332,559	11,155	13,634	24,789
Items that will be classified to profit or loss:						-
Revaluation surplus on building	-	-	-	-	-	-
Other comprehensive income	**599,651**	**732,907**	**1,332,559**	11,155	**-**	24,789
Total comprehensive (loss)/income for the year	**155,957**	**(631,688)**	**(483,236)**	(227,284)	(590,472)	(804,930)

42.2 Segment Statement of financial Position	Non-Life	Life	Total	Non-Life	Life	Total	Non-Life	Life	Total
		2023			2022 Restated			2021 Restated	
ASSETS	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**			
Cash and cash equivalents	134,887	509,385	**644,272**	157,649	538,128	695,776	446,329	1,499,228	1,945,557
Financial Assets:			**-**			-			
- At fair value through profit or	23,494	78,917	**102,411**	9,177	31,325	40,502	8,364	28,097	36,461
- At amortised cost	138,348	464,713	**603,061**	136,641	466,420	603,061	92,874	311,967	404,841
- At fair value through OCI	351,602	1,181,037	**1,532,639**	45,334	154,746	200,080	40,213	135,078	175,291
Trade receivables	0	0	**(0)**	2,005	6,844	8,849	1,852	6,222	8,074
Other receivables and prepayme	9,351	31,305	**40,656**	37,911	129,406	41,065	33,166	111,405	144,570
Deferred acquisition costs	0	0	**-**	0	-	-		-	-
Investment property	924,536	3,105,531	**4,030,067**	924,536	3,105,531	4,030,067	924,536	3,105,531	4,030,067
Property, plant and equipment	5,460	18,786	**24,246**	8,081	27,582	35,663	11,524	38,709	50,233
Statutory deposit	122,734	412,266	**535,000**	122,734	412,266	535,000	122,734	412,266	535,000
TOTAL ASSETS	**1,710,411**	**5,801,941**	**7,512,352**	1,444,066	4,872,248	6,190,063	1,681,593	5,648,502	7,330,095
LIABILITIES AND SHAREHOLDERS' EQUITY									
LIABILITIES									
Insurance contract liabilities	1,792,164	3,270,227	**5,062,390**	1,881,570	3,345,377	5,226,947	1,853,080	3,465,216	5,318,297
Investment contract liabilities	0	2,667,359	**2,667,359**	-	2,571,151	2,571,151	-	2,448,716	2,448,716
Trade payables	1,828	6,120	**7,948**	10,016	(2,068)	7,948	10,141	(2,193)	7,948
Other payables and accruals	114,415	388,904	**503,320**	113,859	388,654	502,513	195,209	655,710	850,919
Borrowings	784,846	3,056,949	**3,841,795**	368,039	1,608,194	1,976,233	457,446	1,536,569	1,994,015
Income tax liabilities	62,797	213,226	**276,023**	62,797	210,939	273,736	62,797	210,938	273,735
Deferred tax (assets)/liabilities	14,203	52,924	**67,127**	14,203	47,706	61,909	14,203	47,706	61,909
TOTAL LIABILITIES	**2,770,253**	**9,655,710**	**12,425,963**	2,450,484	8,169,953	10,620,437	2,592,876	8,362,662	10,955,538
TOTAL EQUITY			**(4,913,611)**			(4,430,375)			(3,625,443)
TOTAL LIABILITIES AND			**7,512,352**			6,190,063			7,330,095

42.3 **Asset Hypothecation**

The company is exposed to a range of financial risks through its financial assets, financial liabilities, reinsurance assets and insurance liabilities. In particular, the key financial risk is that in the long term its investment proceeds will not be sufficient to fund the obligations arising from its insurance contracts, in response to the risk, the Company's assets and liabilities are allocated as follows:

	Policy Holders' Fund				Shareholders' Fund	Total	Total	Change
	Non-Life	Life Policy Insurance Contract Liabilities	Investment Contract Liabilities	Annuity		2023	2022	%
ASSETS	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**	N'000	
Cash and cash equivalents	39,552	9,717	6,437	18,707	569,859	**644,272**	695,776	(7)
Financial Assets:								
- At fair value through profit or loss	102,411	-	-	-	-	**102,411**	40,501	153
- At amortised cost	603,061	-	-	-	-	**603,061**	603,061	-
- At fair value through OCI	1,532,639	-	-	-	-	**1,532,639**	200,080	666
Reinsurance assets	-	-	-	-	-	**-**	324,037	(100)
Investment properties	-	1,318,070	-	-	-	**1,318,070**	1,318,070	-
TOTAL ASSETS	**2,277,663**	**1,327,787**	**6,437**	**18,707**	**569,859**	**4,200,453**	3,181,525	32
LIABILITIES								
Insurance contract liabilities	1,950,103	2,798,792	-	-	-	**4,748,895**	5,226,947	(9)
Investment contract liabilities	-	-	2,667,359	-	-	**2,667,359**	2,571,151	4
TOTAL LIABILITIES	**1,950,103**	**2,798,792**	**2,667,359**	**-**	**-**	**7,416,255**	7,798,099	(5)
(Deficits)/surplus in asset cover	**327,560**	**(1,471,005)**	**(2,660,923)**	**18,706**	**569,859**	**(3,215,802)**	(4,616,573)	(30)

42.4 **Revenue account**

	Non Life Business								Life Business					Restated
	Aviation N'000	**Bonds N'000**	**Engineering N'000**	**Fire N'000**	**General Accident N'000**	**Marine N'000**	**Motor Accident N'000**	**Oil & Gas N'000**	**Group Life N'000**	**Endowment N'000**	**Annuity N'000**	**Investment Contract N'000**	**2023 N'000**	2022 N'000
Expected benefits incurred	-	7	-	53	3,560	76	1,056	2	5,982	87,782	286,069	-	**384,588**	471,348
Expected expenses incurred	-	-	-	-	-	-	-	-	-	3,705	12,174.84	-	**15,880**	13,120
Change in the risk adjustment	-	-	-	-	-	-	-	-	-	4,366	13,228	-	**17,594**	17,309
Recovery of acquisition cash flov	-	-	-	-	-	-	-	-	-	-	-	-	**-**	6,192
CSM recognised	-	-	-	-	-	-	-	-	-	0	-	-	**-**	15,876
Total Insurance revenue	-	7	-	53	3,560	76	1,056	2	5,982	95,854	311,472	-	**418,062**	523,845
Insurance service expenses													**-**	
Incurred claims	145	226	188	161	(1,774)	210	158	3,426	-	-	304,653		**307,393**	(556,683)
Amortisation of insurance acquis	-	-	-	-	-	-	-	-	-	-	-	-	**-**	(9,151)
Changes in BEL related to LIC	-	-	-	-	-	-	-	-	-	-	-	-	**-**	(41,114)
Incurred Fulfilment expenses	-	-	-	-	-	-	-	-	3,231	493	7,243	-	**10,967**	(64,983)
Changes in RA related to LIC	-	-	-	-	-	-	-	-	-	-	-	-	**-**	(4,331)
Loss Component: systematic allc	-	-	-	-	-	-	-	-		3,579	1,593		**5,172**	-
Insurance service expense	145	226	188	161	(1,774)	210	158	3,426	3,231	4,072	313,489	-	**323,532**	(676,263)
Insurance service result	(145)	(219)	(188)	(108)	5,334	(134)	898	(3,424)	2,751	91,782	(2,017)	-	**94,529**	(152,418)
Interest revenue on financial as	-	-	-	-	-	-	-	-	-	-	-	-	**-**	30,871
Fair value changes on financial a	375	585	489	419	4,159	546	411	8,885	8,313	1,266	13,954	22,090	**61,492**	-
Net foreign exchange expense	385	601	501	430	4,269	560	421	9,119	8,532	1,300	19,125	68,112	**113,355**	-
Total insurance finance Income	760	1,186	990	849	8,428	1,106	832	18,004	16,845	2,566	33,079	90,202	**174,847**	30,871
Unwind of discount on FCFs: LR	-	-	-	-	-	-	-	-	-	(92,298)	(245,242)	-	**(337,539)**	(337,304)
Net foreign exchange expense	-	-	-	-	-	-	-	-	-	-	-	-	**-**	-
Interest accretion on CSM	-	-	-	-	-	-	-	-	-	(784)	(2,741)	-	**(3,524)**	(8,548)
Effect of change in Discount rat	-	-	-	-	-	-	-	-	-	241	158,398	-	**158,639**	138,725
Interest expenses on loan												-	**-**	-
Effect of change in economic as	-	-	-	-	-	-	-	-	-	(14)	(11,722)	-	**(11,736)**	(4,853)
Total insurance finance expenses	-	-	-	-	-	-	-	-	-	(92,854)	(101,307)	-	**(194,161)**	(211,980)
Total insurance Income/(expenses)	760	1,186	990	849	8,428	1,106	832	18,004	16,845	(90,288)	(68,227)	90,202	**(19,314)**	(181,109)
Net loss insurance and finance result.	**615**	**967**	**802**	**741**	**13,762**	**972**	**1,730**	**14,580**	**19,596**	**1,494**	**(70,244)**	**90,202**	**75,215**	(333,527)

OTHER NATIONAL DISCLOSURES

OTHER NATIONAL DISCLOSURE

STATEMENT OF VALUE ADDED

	2023 N'000	%	Restated 2022 N'000	%
Premium, Investment and Other Income	592,909		554,716	
Premiums,Commissions, Claims paid and other operational cost (FX Difference)	(2,517,415)		(1,154,210)	
Value Added	**(1,924,506)**	**100**	(599,495)	100
DISTRIBUTED AS FOLLOWS:				
EMPLOYEES				
Staff costs	-	-	138,504	(23)
PROVIDERS OF FUNDS				
Finance charges	(112,624)	6	76,688	(13)
GOVERNMENT				
Taxation	(7,505)	-	1	-
ASSET REPLACEMENT				
Depreciation and amortisation	11,418	(1)	15,032	(3)
CONTRACTION/EXPANSION - Shareholder's interest				
(Loss) for the year	(1,815,795)	94	(829,720)	137
VALUE ADDED	**(1,924,506)**	**99**	(599,495)	**98**

The value added statement represents the distribution of the wealth created by the Company through the use of its assets and the efforts of the employees. This statement shows the allocation of the wealth between employees, shareholders, government and that retained for the future creation of more wealth.

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

OTHER NATIONAL DISCLOSURE
FIVE YEAR FINANCIAL SUMMARY

		Restated	Restated		
ASSETS	**2023**	**2022**	**2021**	**2020**	**2019**
	N'000	**N'000**	**N'000**	**N'000**	**N'000**
Cash and cash equivalents	**644,272**	695,776	1,945,557	1,165,809	1,259,652
Financial Assets:					
- At fair value through profit or loss	**102,411**	40,502	36,461	68,263	60,109
Amortised cost	**603,061**	603,061	404,841	462,276.16	214,521.00
- At fair value through OCI	**1,532,639**	200,080	175,291	159,356.00	175,292.00
Reinsurance assets	**-**	-	0	368,242	401,934
Trade receivables	**(0)**	8,849	8,074	2,275	2,271
Other receivables and prepayments	**40,656**	41,065	144,570	711,414	45,028
Deferred acquisition costs	**-**	-	0	16,782	13,950
Investment property	**4,030,067**	4,030,067	4,030,067	4,030,067	4,670,589
Non-current asset held for sale	**-**	-	-	-	-
Intangible assets	**-**	-	0	0	2,504
Property, plant and equipment	**24,246**	35,663	50,233	137,567	3,941,394
Statutory deposit	**535,000**	535,000	535,000	535,000	535,000
TOTAL ASSETS	**7,512,352**	6,190,063	7,330,095	7,657,051	11,322,244
LIABILITIES AND SHAREHOLDERS' EQUITY					
LIABILITIES					
Insurance contract liabilities	**5,062,390**	5,226,947	5,318,297	4,858,569	3,929,106
Investment contract liabilities	**2,667,359**	2,571,151	2,448,716	1,215,675	595,773
Trade payables	**7,948**	7,948	7,948	51,300	53,785
Other payables and accruals	**503,320**	502,513	850,919	781,008	726,800
Borrowings	**3,841,795**	1,976,233	1,994,015	1,783,944	1,683,651
Finance lease obligations	**0**	0	-	-	12,559
Income tax liabilities	**276,023**	273,736	273,735	316,820	317,885
Deferred tax liabilities	**67,127**	61,909	61,909	61,909	62,445
TOTAL LIABILITIES	**12,425,963**	10,620,437	10,955,538	9,069,225	7,382,004
SHAREHOLDERS' EQUITY					
Share capital	**6,455,515**	6,455,515	6,455,515	6,455,515	6,455,515
Treasury shares	**(1,145)**	(1,145)	(1,145)	(1,145)	(1,145)
Share premium	**7,484,955**	7,484,955	7,484,955	7,484,955	7,484,955
Contingency reserves	**1,780,003**	1,775,727	1,768,801	1,756,721	1,740,714
Accumulated loss	**(22,011,532)**	(20,191,461)	(19,354,813)	(17,161,821)	(14,972,546)
Revaluation reserves	**-**	(0)	0	48,291	3,211,501
Fair value reserves	**1,378,593**	46,034	21,245	5,310	21,246.00
Total equity attributable to the owners of the	**(4,913,611)**	(4,430,375)	(3,625,442)	(1,412,174)	3,940,240
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**7,512,352**	6,190,063	7,330,095	7,657,051	11,322,244