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| CERTIFIED BY: |
| DIRECTOR:  |
| SECRETARY  |





NEM INSURANCE PLC

**ANNUAL REPORT
31 DECEMBER 2023**









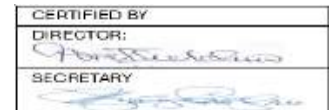
NEM INSURANCE PLC
ANNUAL REPORT, 31 DECEMBER 2023

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Corporate Information

| | | | | | |
|--|--|---|--------------|--|--|
| Directors | Mr. Tope Smart Mr. Andrew Ikekhuwa Mr. Idowu Semowo Alh. Ahmed Yakasai Mrs. Joy Teluwo Mr. Papa Ndiaye Mr. Kelechi Okoro Dr. Daphne Dafinone Chief (Dr) Anthony Aletor Mrs. Abisola Giwa-Osagie | Group Chairman (With effect from 1st Aug 2023) Managing Director (With effect from 3rd July 2023) Executive Director (With effect from 16th Aug 2023) Independent Director Non-Executive Director Non-Executive Director Non-Executive Director Non-Executive Director (With effect from 1st Sept 2023) Non-Executive Director (With effect from 1st Sept 2023) Non-Executive Director (With effect from 1st Oct 2023) | | | |
| Company Secretary | Mrs. Ifunanya Iwuagwu 199, Ikorodu Road Obanikoro, Lagos | | | | |
| Registered Office | NEM House 199, Ikorodu Road Obanikoro, Lagos | | | | |
| FRCN Number | FRC/2012/000000000249 | | | | |
| Registration Number | 6971 | | | | |
| Tax Identification Number | 00010019-0001 | | | | |
| Corporate Head Office | NEM House 199, Ikorodu Road Obanikoro, Lagos | | | | |
| Registrars | APEL Capital & Trust Limited 8, Alhaji Bashorun Street Off Norman Williams Crescent, South West, Ikoyi Lagos Tel: 01-2932121 Mobile No: 07046126698 | | | | |
| Bankers | Access Bank Plc Polaris Bank Limited First City Monument Bank Ecobank Nigeria Limited First Bank of Nigeria Limited Guaranty Trust Bank Limited Keystone Bank Limited Standard Chartered Bank Nigeria Limited Sterling Bank Plc United Bank for Africa Plc Stanbic IBTC Plc Heritage Bank Limited Fidelity bank Plc Zenith Bank Plc | | | | |
| Auditors | KPMG Professional Services KPMG Towers, Bishop Aboyade Cole Street, Victoria Island, www.home.kpmg/ng | <table border="1"><tr><td>CERTIFIED BY</td></tr><tr><td>DIRECTOR: </td></tr><tr><td>SECRETARY </td></tr></table> | CERTIFIED BY | DIRECTOR:  | SECRETARY  |
| CERTIFIED BY | | | | | |
| DIRECTOR:  | | | | | |
| SECRETARY  | | | | | |



Corporate Information (Cont'd)

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| Solicitors | <p>Koya & Kuti Solicitors 5th Floor, 3, Ajele Street, Lagos.</p> <p>Sola Abidakun & Co 186A, Igbosere Road, Lagos Island, Lagos.</p> <p>Adeboye Badejo & Co 15, Salami street, Off Sojomein Talabi Avenue, Ajuwon, Lagos.</p> <p>A & M Legal Practitioners Plot 2, Block B, Palms, Residences estate, Lekki Phase II, Lagos.</p> |
| Reinsurers | <p>African Reinsurers Corporation Continental Reinsurance Corporation SWISS Reinsurance Company WAICA Reinsurance Pool</p> |
| Subsidiaries | <p>NEM Asset Management Ltd 199, Ikorodu Road, Obanikoro, Lagos. P.O. Box 654 Tel: 01-4489574</p> <p>NEM Health Limited 199, Ikorodu Road, Obanikoro, Lagos. P.O. Box 654 Tel: 02013300150</p> |
| Branch Networks | <p>Abuja - Garki 78, Emeka Anyaogu, Off Muhammadu Buhari Way, Area 11, Garki, Abuja. Branch Manager: Michael A. Giwa Mobile No: 08033208141</p> <p>Abuja - Wuse Plot 548, Ejura Close, Wuse II, Abuja Branch Manager: Mr. Martins Ilegoma Mobile Nos: 08077284843 08078153184, 08037020262</p> <p>Abuja - Central Business District 82, Imo State Liaison office Opp. Federal Ministry of Finance Central Business District Branch Manager: Davies O. Dada Mobile Nos: 08150849411</p> <p>Apapa 2nd Floor 41/43 Itire Road Surulere, Lagos Tel: 01-7375546, 07028442653 Branch Manager: Uzor E nubuzo Mobile No: 08059301673, 0802896842</p> |

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| CERTIFIED BY |
| DIRECTOR: |
| SECRETARY |

Corporate Information (Cont'd)

Calabar

2nd Floor, 26, Etta-Agbor Road
Calabar
Cross River
Branch Manager: Opeoluwa Olaku
Mobile Nos: 08054642551, 08033542048

Akure

3rd Floor, BIO Building Alagabaka
Akure, Ondo State
Tel: 034-215829
Branch Manager: Kehinde Agbelade
Mobile No: 08033509419

Ibadan

3rd Floor, Broking House
1, Alhaji Jimoh Odutola Street
PMB 5328, Ibadan
Oyo State
Tel: 02-2411992
Branch Manager: Rufus Olumide
Mobile Nos: 08033463697

Jos

10, Rwang Pam Street
P.O. Box 1261
Jos, Plateau State
Tel: 073-454216
Branch Manager: Oyeronke Oyegbamile-Bello
Mobile No: 08077284946

Lagos Mainland


199, Ikorodu Road
Obanikoro, Lagos
Tel: 01-8171844, 01-4824737, 01-2710060
Branch Manager: Lucky Okparavero
Mobile Nos: 08076175287, 08023123006
08077284829

Kano

3rd Floor, Union Bank Building
37, Niger Street
P.O. Box 1185, Kano
Tel: 064-649374
Branch Manager: Ahmed Bello
Mobile No: 08154971638
08065294000

Onitsha

2nd Floor, (AIB) Building
107, Upper New Market Road, Onitsha
Tel: 046-410736
Branch Manager: Cyracus Akujobi
Mobile Nos: 08033457426, 07029219983

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| CERTIFIED BY |
| DIRECTOR:  |
| SECRETARY  |

Corporate Information (Cont'd)

Kaduna

Ground Floor, Turaki Ali House
3, Kanata Road
P.O Box 822, Kaduna
Tel: 062-217683
Branch Manager: Eyitayo Ogboyomi
Mobile Nos: 07028243118

Oshogbo

1st Floor, Former Afribank Building
Opposite Fakunle Comprehensive High School
Fakunle, Gbongan/Ibadan Road
Osogbo, Osun State
Tel: 035-214844
Branch Manager: Olubiyi Sonoiki
Mobile Nos: 08038436231, 08077284898

Warri

57, Effurun, Sapele Road
Effurun, Delta State
Branch Manager: Olayide Akinola
Mobile No: 08034221374 0802388188

Port Harcourt



House 2, Road 2
Circular Road, Residential Estate
Port Harcourt, Rivers State
Tel: 084-233513
Branch Manager: Akintan Kolawole
Mobile Nos: 08037236009

Anthony Retail

6A, Oyetola Idowu Street,
Sura Mogaji,
Ilupeju, Lagos
Branch Manager: Charity Orisakwe
Mobile Nos: 08033158144

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|--------------------|--|
| Our Vision | To be the preferred choice of the insuring public |
| Our Mission | To build a customer-satisfying Insurance Institution that is passionate about adding value to the interests of all stakeholders. |
| Core Values | Discipline Integrity Humility Excellence Empathy Courage |



NEM INSURANCE PLC
ANNUAL REPORT 31 DECEMBER 2023
GROUP RESULTS AT A GLANCE

| | |
|--------------|---|
| CERTIFIED BY | |
| DIRECTOR: |  |
| SECRETARY: |  |

V

| | 2023 | 2022 Restated | Changes N'000 | Changes % |
|---|-------------------|-------------------|--------------------|--------------|
| FINANCIAL POSITION | N'000 | N'000 | | |
| Cash and cash equivalents | 8,002,993 | 8,878,011 | (875,018) | (10) |
| Financial assets: | | | | |
| - At fair value through profit or loss | 10,463,494 | 5,800,623 | 4,662,871 | 80 |
| - At fair value through other comprehensive income | 75,219 | 53,731 | 21,488 | 40 |
| - At amortised cost | 36,355,234 | 12,159,020 | 24,196,214 | 199 |
| Insurance contract assets | - | - | - | - |
| Trade Receivable | 450,143 | 672,356 | (222,213) | (33) |
| Reinsurance contract assets | 9,433,042 | 9,472,703 | (39,661) | (0) |
| Other receivables and prepayments | 2,148,365 | 723,429 | 1,424,936 | 197 |
| Investment properties | 2,353,946 | 1,813,768 | 540,178 | 30 |
| Statutory deposit | 320,000 | 320,000 | (0) | (0) |
| Intangible asset | 54,110 | 15,721 | 38,389 | 244 |
| Property, Plant and Equipment | 4,202,175 | 3,886,188 | 315,987 | 8 |
| Right-of-use Assets | 609,015 | 149,520 | 459,495 | 307 |
| Deferred tax asset | - | 252,724 | (252,724) | (100) |
| Total Assets | 74,467,735 | 44,197,794 | | |
| Insurance contract liabilities | 25,285,724 | 14,674,166 | 10,611,558 | 72 |
| Reinsurance contract liabilities | - | - | - | - |
| Other insurance contract liabilities | 857,381 | 487,527 | 369,853 | 76 |
| Borrowings | 1,557,737 | - | 1,557,737 | 100 |
| Other payables | 2,093,470 | 1,575,721 | 517,749 | 33 |
| Lease liabilities | 473,241 | 35,999 | 437,242 | 1,215 |
| Retirement benefit obligations | - | 29,497 | (29,497) | (100) |
| Income tax liability | 1,155,152 | 379,224 | 775,928 | 205 |
| Deferred tax | 4,507,627 | - | 4,507,627 | 100 |
| Total Liabilities | 35,930,332 | 17,182,134 | | |
| Share capital | 5,016,477 | 5,016,477 | - | - |
| Statutory contingency reserve | 9,837,510 | 7,186,595 | 2,650,915 | 37 |
| Retained earnings | 21,578,802 | 12,713,807 | 8,864,995 | 70 |
| FVOCI reserve | (46,277) | (67,765) | 21,488 | (32) |
| Asset revaluation reserve | 2,107,964 | 2,107,964 | - | - |
| Other Reserves - gratuity | - | 58,581 | (58,581) | (100) |
| Insurance finance reserve | - | - | - | - |
| Non-controlling interest | 42,927 | - | 42,927 | 100 |
| Total Equity | 38,537,403 | 27,015,659 | | |
| INCOME STATEMENT | N'000 | N'000 | N'000 | % |
| Insurance Revenue | 52,112,435 | 31,433,600 | 20,678,835 | 66 |
| Insurance Service expenses | (34,218,973) | (22,693,835) | (11,525,138) | 51 |
| Net expenses on Reinsurance contracts | (12,795,475) | (2,480,675) | (10,314,800) | 416 |
| Insurance Service Result | 5,097,987 | 6,259,090 | (1,161,103) | (19) |
| Interest revenue calculated using the effective interest method | 2,649,191 | 1,085,092 | 1,564,099 | 144 |
| Dividend Income | 687,422 | 470,062 | 217,360 | 46 |
| Net foreign exchange gain | 11,388,625 | 297,149 | 11,091,476 | 3,733 |
| Net Fair value gain | 4,807,948 | 174,088 | 4,633,860 | 2,662 |
| Net credit impairment losses | (213,317) | (18,927) | (194,390) | 1,027 |
| Net Investment result | 19,319,869 | 2,007,464 | 17,312,405 | 862 |
| Net Insurance finance expenses | (154,305) | (88,578) | (65,727) | 74 |
| Net Insurance and Investment result | 24,263,551 | 8,177,976 | 16,085,575 | 197 |
| Other operating income | 242,610 | 1,081,234 | (838,624) | (78) |
| Gain/(loss) on disposal of property, plant and equipment | 13,657 | (36,425) | 50,082 | (137) |
| Management expenses | (5,279,154) | (3,724,696) | (1,554,458) | 42 |
| Finance cost | (362,809) | - | (362,809) | 200 |
| Profit before taxation | 18,877,855 | 5,498,089 | 13,379,765 | 143 |
| Income taxes | (5,929,070) | (96,667) | (5,832,403) | 6,033 |
| Profit for the year after tax | 12,948,785 | 5,401,422 | 7,547,363 | 140 |
| Total other comprehensive income/(loss) for the year | 10,025 | (45,067) | 55,092 | (122) |
| | 12,958,810 | 5,356,355 | 7,602,455 | 142 |
| Profit attributable to Equity holders of the parent | 13,020,855 | 5,401,422 | 7,619,433 | 141 |
| Loss attributable to Non controlling interest | (72,073) | - | - | - |
| Basic earnings per share (Kobo) | 260 | 108 | 152 | 141 |
| Diluted earnings per shares (Kobo) | 260 | 108 | 152 | 141 |

NEM INSURANCE PLC
ANNUAL REPORT 31 DECEMBER 2023
PARENT RESULTS AT A GLANCE

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|--------------|---|
| CERTIFIED BY | |
| DIRECTOR: |  |
| SECRETARY: |  |

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| | 2023 | 2022 Restated | Changes N'000 | Changes % |
|---|-------------------|-------------------|--------------------|--------------|
| FINANCIAL POSITION | N'000 | N'000 | | |
| Cash and cash equivalents | 7,907,551 | 8,842,182 | (934,631) | (11) |
| Financial assets: | | | | |
| - At fair value through profit or loss | 10,463,494 | 5,800,623 | 4,662,871 | 80 |
| - At fair value through other comprehensive income | 75,219 | 53,731 | 21,488 | 40 |
| - At amortised cost | 36,355,234 | 12,159,020 | 24,196,214 | 199 |
| Insurance contract assets | - | - | - | - |
| Trade Receivable | 354,531 | 672,356 | (317,825) | (47) |
| Reinsurance contract assets | 9,433,042 | 9,472,703 | (39,661) | (0) |
| Other receivables and prepayments | 1,875,423 | 581,362 | 1,294,060 | 223 |
| Investment in Subsidiary | 435,000 | 150,000 | | |
| Investment properties | 2,353,946 | 1,813,768 | 540,178 | 30 |
| Statutory deposit | 320,000 | 320,000 | - | - |
| Intangible asset | 42,161 | 15,721 | 26,440 | 168 |
| Property, Plant and Equipment | 4,059,350 | 3,878,192 | 181,158 | 5 |
| Right-of-use Assets | 609,015 | 149,520 | 459,495 | 307 |
| Deferred tax asset | - | 249,881 | (249,881) | (100) |
| Total Assets | 74,283,965 | 44,159,059 | | |
| Insurance contract liabilities | 25,097,847 | 14,674,166 | 10,423,681 | 71 |
| Reinsurance contract liabilities | - | - | - | - |
| Other insurance contract liabilities | 783,901 | 487,527 | 296,374 | 61 |
| Borrowings | 1,557,737 | - | 1,557,737 | 100 |
| Other payables | 2,015,522 | 1,570,560 | 444,962 | 28 |
| Lease liabilities | 473,241 | 35,999 | 437,242 | 1,215 |
| Retirement benefit obligations | - | 29,497 | (29,497) | (100) |
| Income tax liability | 1,154,348 | 378,179 | 776,170 | 205 |
| Deferred tax liabilities | 4,505,697 | - | 4,505,697 | 100 |
| Total Liabilities | 35,588,294 | 17,175,928 | | |
| Share capital | 5,016,477 | 5,016,477 | - | - |
| Statutory contingency reserve | 9,837,510 | 7,186,595 | 2,650,915 | 37 |
| Retained earnings | 21,779,997 | 12,681,279 | 9,098,718 | 72 |
| FVOCI reserve | (46,277) | (67,765) | 21,488 | (32) |
| Asset revaluation reserve | 2,107,964 | 2,107,964 | - | - |
| Other Reserves - gratuity | - | 58,581 | (58,581) | (100) |
| Insurance finance reserve | - | - | - | - |
| Total Equity | 38,695,671 | 26,983,131 | | |
| INCOME STATEMENT | N'000 | N'000 | N'000 | % |
| Insurance Revenue | 51,993,997 | 31,433,600 | 20,560,397 | 65 |
| Insurance Service expenses | (34,116,367) | (22,693,835) | (11,422,532) | 50 |
| Net expenses on Reinsurance contracts | (12,795,475) | (2,480,675) | (10,314,800) | 416 |
| Insurance Service Result | 5,082,155 | 6,259,090 | (1,176,935) | (19) |
| Interest revenue calculated using the effective interest method | 2,648,134 | 1,085,092 | 1,563,042 | 144 |
| Dividend Income | 687,422 | 470,062 | 217,360 | 46 |
| Net foreign exchange gain | 11,388,625 | 297,149 | 11,091,476 | 3,733 |
| Net Fair value gain | 4,807,948 | 174,088 | 4,633,860 | 2,662 |
| Net credit impairment losses | (213,317) | (18,927) | (194,390) | 1,027 |
| Net Investment result | 19,318,812 | 2,007,464 | 17,311,348 | 862 |
| Net Insurance finance expenses | (154,305) | (88,578) | (65,727) | 74 |
| Net Insurance and Investment result | 24,246,662 | 8,177,976 | 16,068,686 | 196 |
| Other operating income | 180,117 | 1,027,743 | (847,626) | (82) |
| Gain/(loss) on disposal of property, plant and equipment | 13,657 | (36,425) | 50,082 | (137) |
| Management expenses | (4,912,943) | (3,673,499) | (1,239,444) | 34 |
| Finance cost | (348,772) | - | (348,772) | 100 |
| Profit before taxation | 19,178,721 | 5,495,795 | 13,682,926 | 249 |
| Income taxes | (5,924,145) | (94,941) | (5,829,204) | 6,140 |
| Profit for the year after tax | 13,254,576 | 5,400,854 | 7,853,722 | 145 |
| Total other comprehensive income/(loss) for the year | 10,025 | (45,067) | 55,092 | (122) |
| | 13,264,601 | 5,355,787 | 7,908,814 | 148 |
| Profit attributable to Equity holders of the parent | 13,254,576 | 5,400,854 | 7,853,722 | 145 |
| Basic earnings per share (Kobo) | 264 | 108 | 157 | 145 |
| Diluted earnings per shares (Kobo) | 264 | 108 | 157 | 145 |

The directors hereby present their annual reports on the affairs of NEM Insurance Plc ("the Company" or "the Parent") together with its subsidiaries ("the Group") Group and Company's consolidated and separate financial statements with the independent auditor's report for the year ended 31 December 2023.

1. Legal form

The company was incorporated in 1970 as a Nigerian Company in accordance with the Companies Act of 1968. The company became listed on the Nigerian Stock Exchange in 1989 following its privatization by the Federal Government of Nigeria. The company was into Life and Non- Life business but following the recapitalization exercise in 2007, the company merged with Vigilant Insurance Company Ltd to transact all classes of General Insurance.

2. Principal activities and corporate development

The Company is engaged in the business of General Insurance which includes marine and aviation, motor vehicle, fire and burglary, oil and gas, engineering, bond, general accident, and agriculture. The company has one wholly owned subsidiary: NEM Asset Management Company limited, and one partially owned subsidiary: NEM Health limited. NEM Asset Management company limited was incorporated on 11 July 2008 but commenced business in March 2016 to engage in investment business of all kinds including Vehicle Leasing, Machinery Acquisition, Hire Purchase of diverse assets etc. NEM Health limited was incorporated by NEM Insurance Plc on 22 November 2022 but commenced business in May 2023, and engages in the provision of health care services through health care providers and for that purpose is accredited by the National Health Insurance Authority. There have been no material changes to the group's business from the previous year.

SUMMARY OF THE RESULT

| Operating result | Group | | Parent | |
|---|-------------------|-------------------|-------------------|-------------------|
| | 2023 | 2022 | 2023 | 2022 |
| | N'000 | Restated N'000 | N'000 | Restated N'000 |
| Insurance Revenue | 52,112,435 | 31,433,600 | 51,993,997 | 31,433,600 |
| Investment Result | 19,319,869 | 2,007,464 | 19,318,812 | 2,007,464 |
| Other revenue | 256,267 | 1,044,809 | 193,774 | 991,318 |
| Total Revenue | <u>71,688,571</u> | <u>34,485,873</u> | <u>71,506,583</u> | <u>34,432,382</u> |
| Insurance Service expenses | 34,218,973 | 22,693,835 | 34,116,367 | 22,693,835 |
| Net expenses on Reinsurance contracts | 12,795,475 | 2,480,675 | 12,795,475 | 2,480,675 |
| Net insurance finance expenses | 154,305 | 88,578 | 154,305 | 88,578 |
| Management and other expenses | 5,279,154 | 3,724,696 | 4,912,943 | 3,673,499 |
| Finance cost | 362,809 | - | 348,772 | - |
| Total Insurance and other expenses | <u>52,810,716</u> | <u>28,987,784</u> | <u>52,327,862</u> | <u>28,936,587</u> |
| Profit before tax | 18,877,855 | 5,498,089 | 19,178,721 | 5,495,795 |
| Income tax expense | (5,929,070) | (96,667) | (5,924,145) | (94,941) |
| Profit For the Year | <u>12,948,785</u> | <u>5,401,422</u> | <u>13,254,576</u> | <u>5,400,854</u> |
| Other Comprehensive income/(loss) for the year | 10,025 | (45,067) | 10,025 | (45,067) |
| Total comprehensive income for the year | <u>12,958,810</u> | <u>5,356,355</u> | <u>13,264,601</u> | <u>5,355,787</u> |
| Basic Earnings Per Share (Kobo) | <u>260</u> | <u>108</u> | <u>264</u> | <u>108</u> |
| Diluted Basic Earnings Per Share (Kobo) | <u>260</u> | <u>108</u> | <u>264</u> | <u>108</u> |
| Profit attributable to Equity holders of the parent | 13,020,855 | 5,401,422 | 13,254,576 | 5,400,854 |
| Loss attributable to Non-controlling interest | (72,073) | - | - | - |

3. Dividend

Subsequent to the year-end and subject to approval at the next annual general meeting, the directors proposed a final dividend of 60 kobo per share (2022: 30 kobo) on the issued and paid-up capital of N5bn (2022: N5bn) ordinary shares of N=1.00 each for the year ended 31 December 2023 (see note 21). This amounts to N=3bn (2022: N=1.5bn) and this final dividend has not been reflected in the financial statements. Payment of dividends is subject to withholding tax at the rate of 10% in the hands of the recipient.

4. Introduction

The business of NEM Insurance Plc is conducted under a corporate governance structure that incorporates the Board, the Committees, and a functional Management System with the Board as the apex decision making body. This is in accordance with the Code of Corporate Governance for the Insurance industry in Nigeria, the Securities and Exchange Commission (SEC) Code of Corporate Governance and best practices. “At NEM Insurance Plc, we have ensured that our business activities are implicitly transparent”.

For the financial year under review, 2023; the Board is of the opinion that NEM Insurance Plc has in all material respects, complied with the requirements of the Code of Corporate Governance for Insurance industry in Nigeria. A summary of the key components of our Corporate Governance System is provided hereunder.

THE BOARD OF DIRECTORS

The Board of the Company is responsible for establishing the policy framework that would ensure that the Company fully discharges its legal, financial, as well as regulatory responsibilities. The Board monitors the performance of the Company, monitors the effectiveness of the Governance Structure under which it operates and renders the Accounts of its stewardship of the organization’s resources to the shareholders. The Board of Directors of the Company is composed of a mix of non-executives and executives whereby the number of non-executives exceeds the number of executives while the position of the Chairman of the Board is clearly delineated from the Chief Executive Officer.

The Chairman

The Chairman of NEM Insurance Plc was duly appointed. The Chairman’s primary role is to ensure that the board carries out its governance role in the most effective manner. The Chairman manages the operations of the Board effectively to ensure that members made concrete contributions towards the decisions of the Board and that the Board operates in harmony.

The Chief Executive Officer

The CEO monitors the day-to-day operations of the Company and its strategic and financial plans with the cooperation and support of the Board. The CEO ensures transparency and the effective operation and management of the Company’s resources to ensure profitability of its operations and that all significant matters affecting the Company are brought to the attention of the Board.

Independent Director

The Board appointed an Independent Director who remained independent since appointment.

Annual Board Appraisal

In accordance with the requirements of the NAICOM Code, the Board renewed the mandate of SIAO partners to conduct the appraisal of its performance for 2023. The Board embarked on implementation of some of the recommendations of the last Appraisal Report.

(a) ACTIVITIES OF THE BOARD

The Board meets regularly to discuss critical issues affecting the organization and performs other responsibilities that fall within its purview as provided in the Company’s Article of Association and by other relevant regulatory authorities. Meetings were well attended with sufficient notice given well in advance of the meetings. Sufficient time was also allotted to meetings as required to cover the items on the Agenda.

Composition of the Board/Schedule of Attendance at Meetings

A total of 5 Board meetings were held during the year 2023. Meetings were held on 13th March, 27th April, 16th August, 26th October, and 13th December. A breakdown of the composition of the board and their attendance of the meetings is highlighted below.

| Name of Director | Status | Meetings Held | Meetings Attended |
|-------------------------|------------------------------------|---------------|-------------------|
| Mr. Tope Smart | Chairman** | 5 | 5 |
| Dr. Fidelis Ayebae | Chairman (Retired) * | 5 | 2 |
| Mr Andrew Ikekua | Managing Director/CEO*** | 5 | 5 |
| Mr. Idowu Semowo | Executive Director (New) **** | 5 | 3 |
| Alhaji Ahmed I. Yakasai | Independent Non-Executive Director | 5 | 4 |

| | | | |
|---------------------------|---------------------------------------|---|---|
| Mrs Joy Teluwo | Non-Executive Director | 5 | 5 |
| Mr. Papa Ndiaye | Non-Executive Director | 5 | 5 |
| Mr. Kelechi Okoro | Non-Executive Director | 5 | 5 |
| Chief Ede Dafinone | Non-Executive Director (Resigned)**** | 5 | 1 |
| Mrs. Yinka Aletor | Non-Executive Director (Retired)***** | 5 | 2 |
| Dr Daphne Dafinone | Non-Executive Director (New)***** | 5 | 1 |
| Chief (Dr) Anthony Aletor | Non-Executive Director (New)***** | 5 | 2 |
| Mrs. Abisola Giwa-Osagie | Non-Executive Director (New)***** | 5 | 2 |

* Dr Fidelis Ayebae retired from his position of Chairman of the board on 16th August 2023.

** Mr. Tope Smart transitioned from his former role as Group Managing Director to assume the responsibilities of Chairman on 1st August 2023

*** Mr Andrew Ikekhua was elevated from the role of Executive Director to the position of Managing Director/CEO on 3rd July 2023.

**** Mr Idowu Semowo was appointed into the Board as an Executive Director on 16th August 2023.

***** Chief Ede Dafinone, subsequent to his election as a senator of the Federal Republic of Nigeria, resigned from the board on 16th August 2023, aligning with established corporate governance principles.

***** The tenure of Mrs. Yinka Aletor as a Non-Executive Director elapsed on 16th August 2023.

***** Dr Daphne Dafinone commenced her tenure on the board effective 1st September 2023.

***** Chief (Dr.) Anthony Aletor also commenced his tenure on the Board effective 1st September 2023.

***** Mrs. Abisola Giwa-Osagie joined the board on 1st October, 2023.

(b) Board Committees

The Board's committee structure is as specified in the NAICOM Code and is adequate for the complexity of the operations of the Company. The Committees and committee members for the 2023 financial year were:

- Finance, General Purpose and Investment Committee.
- Enterprise Risk Management Committee.
- Strategy and Corporate Governance Committee.
- Remuneration, Nomination And Governance Committee
- Audit and Compliance Committee.

The Committees listed above were provided with specified Terms of Reference to guide their activities.

Finance, General Purpose and Investment Committee

The key responsibilities of the Committee are:

- Monitoring the Company's Budget
- Setting investment policies and guidelines
- Monitoring sources of Income Generation.
- Overseeing investment and reinvestment of the funds of the company
- Ensuring Integrity of Financial Reporting.
- Expense Control.

The Committee met four times during the year:

Composition of Committee/Attendance

| Name | Status | Meetings Held | Meetings Attended |
|-------------------------|------------------------------------|---------------|-------------------|
| Chief Anthony Aletor | Chairman * | 4 | 1 |
| Mrs Yinka Aletor | Chairman (till 16th August 2023)** | 4 | 2 |
| Mr. Tope Smart | Member *** | 4 | 2 |
| Alhaji Ahmed I. Yakasai | Member | 4 | 4 |
| Mr. Kelechi Okoro | Member | 4 | 4 |
| Mr Andrew Ikekhua | Member**** | 4 | 2 |
| Mr. Idowu Semowo | Member | 4 | 2 |

* Chief Anthony Aletor became the Chairman of the committee on 26th October 2023.

** Mrs Yinka Aletor was the Chairperson of the Committee of the board until her retirement from the board on 16th August 2023.

*** Mr Tope Smart was a member of the committee until he became the Chairman of the company on 1st August 2023

**** Mr Andrew Ikekhua and Mr Idowu Semowo both became members of the committee on 26th October 2023.

Enterprise Risk Management and Strategy Committee

The key responsibilities of the Committee are:

- Determine the policies in respect of Risk Profile and Risk Limits.
- Develop, recommend and implement strategic management plans
- Review policies as required by the Emerging dynamics of the operating environment.
- Study and give advice on the strategic plans for the long term development of the Company
- Ensure that all the Departments of the Company are adequately sensitized to the level of risks inherent in their operations.
- Assess Adequacy of Risk mitigants for major risk indicators.

The Committee met two times during the year

Composition of the Committee/Attendance

| Name | Status | Meetings Held | Meetings Attended |
|-------------------------|-------------------------------------|---------------|-------------------|
| Dr. Daphne Dafinone | Chairperson * | 2 | - |
| Chief Ede Dafinone | Chairman (Till 16th August 2023) ** | 2 | 2 |
| Mrs Joy Teluwo | Member | 2 | 2 |
| Alhaji Ahmed I. Yakasai | Member | 2 | 2 |
| Mr Andrew Ikekhua | Member | 2 | 2 |
| Mr Idowu Semowo | Member* | 2 | - |

* Dr Daphne Dafinone became the chairperson of the committee on 26th October 2023, while Mr idowu Semowo became a member of the committee on the same 26th October 2023.

** Chief Ede Dafinone was the Chairman of the committee until his retirement from the board on 16th August 2023.

Strategy and Corporate Governance Committee

The Terms of Reference of the Committee are:

- Researching and making recommendations to the Board on the long-term development strategies and plans of the Company.
- Develop an overall strategic plan for the company by prioritizing key issues based on input from management.
- Monitor progress toward the achievement of strategic goals.
- Oversight of the Company's investment relations engagement activities.

The Committee met once during the year

Composition of the Committee/Attendance

| Name | Status | Meetings Held | Meetings Attended |
|--------------------------|-------------|---------------|-------------------|
| Mr. Kelechi Okoro | Chairman | 1 | - |
| Mrs Yinka Aletor | Member * | 1 | 1 |
| Mr. Tope Smart | Member ** | 1 | 1 |
| Mr. Andrew Ikekhua | Member | 1 | 1 |
| Mr. Idowu Semowo | Member *** | 1 | 1 |
| Mrs Abimbola Giwa-Osagie | Member **** | 1 | - |

* Mrs Yinka Aletor was a member of the committee until her retirement from the board on 16th August 2023.

** Mr Tope Smart was a member of the committee until he became the Chairman of the company on 1st August 2023.

*** Mr Idowu Semowo both became members all on 26th October 2023

**** Mrs Abimbola Giwa-Osagie both became members all on 26th October 2023

Remuneration, Nomination and Governance Committee

The Terms of Reference of the Committee are:

- Approve, guide and influence key human resource policies and strategies.
- Ensure disclosure of remuneration in a proper, complete, accurate and transparent manner.
- To advise the Board on the Company's compliance with the NAICOM and SEC Corporate Governance Codes, and the Nigerian Stock Exchange Listed Company Rules and other applicable governance requirements.
- Make recommendations to the board on matters pertaining to appointments, removals, and resignations of executive and non-executive directors
- Ensure that the process of appointing executives is credible and transparent; and oversee induction and ongoing development of directors.

The Committee met two times during the year

Composition of the Committee/Attendance

| Name | Status | Meetings Held | Meetings Attended |
|-------------------------|---------------|----------------------|--------------------------|
| Mr. Papa Ndiaye | Chairman | 2 | 2 |
| Alhaji Ahmed I. Yakasai | Member * | 2 | 2 |
| Mrs. Joy Teluwo | Member | 2 | 2 |
| Dr Daphne Dafinone | Member ** | 2 | - |
| Chief Anthony Aletor | Member *** | 2 | - |

* Alhaji Ahmed Yakasai ceased to be a member of the committee due to the board reconstitution on 26th October, 2023.

** Dr Daphne Dafinone both became members of the committee on 26th October 2023.

*** Chief Anthony Aletor both became members of the committee on 26th October 2023.

Audit and Compliance Committee

The NAICOM Code makes the following provisions in respect of the responsibilities of the Audit and Compliance Committee:

- The Committee shall have a written mandate and Terms of Reference.
- The Committee shall be responsible for the review of integrity of the data and information provided in the Audit and/or Financial Report.
- The Committee shall provide oversight functions with regards to both the Company's Financial Statement and its Internal Control and Risk Management Functions.
- The Committee shall review the terms of engagement and recommend the appointment or reappointment and compensation of External Auditors to the Board and the Shareholders.
- Review the procedure put in place to encourage honest whistle blowing.
- The Audit Committee shall meet at least three times in a year and at least once with the External Auditors.
- The Committee performance shall be evaluated periodically.

S.404 (7) of the Companies and Allied Matters Act, 2020 provides for the functions of the Committee.

The Committee met five times during the year and covered the basic components of these responsibilities.

The Composition of the Committee and schedule of attendance are as follows:

| Name | Status | Meetings Held | Meetings Attended |
|--------------------------|-----------------------------------|---------------|-------------------|
| Mr. Taiwo Oderinde | Chairman * | 5 | 5 |
| Mr. Samuel Mpamaugo | Chairman (Till 8th June, 2023) ** | 5 | 5 |
| Mr. Christopher Ogba | Shareholders' Representative | 5 | 5 |
| Mrs. Yinka Aletor | Non-Executive Director *** | 5 | 1 |
| Mr. Kelechi Okoro | Non-Executive Director | 5 | 5 |
| Mrs. Joy teluwo | Non-Executive Director **** | 5 | 4 |
| Mrs. Abisola Giwa-Osagie | Non-Executive Director ***** | 5 | - |

* Mr Taiwo Oderinde became the chairman of the committee on 14th June, 2023

** Mr Samuel Mpamaugo was the Chairman of the committee till 8th June 2023

*** Mrs Yinka Aletor was a member of the committee until her retirement from the board on 16th August 2023.

**** Mrs Joy Teluwo was a member of the committee until the board reconstitution on 26th October 2023

***** Mrs Abisola Giwa-Osagie became a member of the committee on 26th October 2023.

5. Directors and Directors' Interest

Directors

No Director has disclosed any declarable interest in any contract with the Company during the year in pursuant to Section 303 of the Companies and Allied Matters Act, 2020.

Directors' interest

The Interest of the Directors in the issued share capital of the Company as recorded in the register of shareholders and/or as notified by them for the purposes of Sections 301 of the Companies and Allied Matters Act, 2020 are as follows:

| NAME | Direct | Indirect | Total | 2022 |
|------------------------|--------------------|----------------------|----------------------|----------------------|
| MRS JOY TELUWO | 253,044 | 320,201,645 | 320,454,689 | 427,191,932 |
| CHIEF ANTHONY ALETOR | - | 364,318,306 | 364,318,306 | 364,318,306 |
| DR DAPHNE DAFINONE | - | 350,023,219 | 350,023,219 | 350,023,219 |
| MR. TOPE SMART | 120,411,652 | - | 120,411,652 | 120,411,652 |
| MR ANDREW IKEKHUA | 1,362,856 | - | 1,362,856 | 1,362,856 |
| MR PAPA NDIAYE | - | 1,499,926,851 | 1,499,926,851 | 1,499,926,852 |
| MRS BISOLA GIWA-OSAGIE | 13,986,656 | - | 13,986,656 | 13,986,656 |
| MR IDOWU SEMOWO | 15,270,847 | - | 15,270,847 | 15,270,847 |
| | 151,285,055 | 2,534,470,021 | 2,685,755,076 | 2,792,492,320 |

6. Directors Responsibilities

The Directors are responsible for the preparation of the consolidated financial statements which gives a true and fair view of the state of affairs of the Group at the end of each financial year and of the income statement for that year and comply with the Insurance Act CAP I17 LFN 2004, Financial Reporting Council of Nigeria (Amendment) Act 2023 and the Companies And Allied Matters Act, 2020.

7. Shareholding

The Registrar have advised that the issued capital of the Company as at 31 December, 2023 were beneficially held as follows:

NEM INSURANCE PLC
ANNUAL REPORT, 31 DECEMBER 2023
REPORT OF DIRECTORS (CONT'D)

| |
|--------------|
| CERTIFIED BY |
| DIRECTOR: |
| SECRETARY |



| | BEGINNING | TOTAL | % OF | TOTAL | % OF |
|-------------|-----------|--------------|--------------|---------------|---------------|
| | RANGE | SHAREHOLDERS | SHAREHOLDERS | SHAREHOLDINGS | SHAREHOLDINGS |
| 1 | 1000 | 5,487 | 12.99 | 2,906,232 | 0.06 |
| 1001 | 5000 | 10,886 | 25.78 | 33,249,056 | 0.66 |
| 5001 | 10000 | 7,977 | 18.89 | 64,438,297 | 1.28 |
| 10001 | 50000 | 13,063 | 30.93 | 317,977,756 | 6.34 |
| 50001 | 100000 | 2,759 | 6.53 | 211,410,899 | 4.21 |
| 100001 | 500000 | 1,718 | 4.07 | 355,356,674 | 7.08 |
| 500001 | 1000000 | 170 | 0.40 | 127,572,905 | 2.54 |
| 1000001 | 5000000 | 139 | 0.33 | 276,139,110 | 5.50 |
| 5000001 | 10000000 | 15 | 0.04 | 106,806,097 | 2.13 |
| 10000001 | 50000000 | 10 | 0.02 | 186,456,006 | 3.72 |
| 50000001 | 100000000 | 9 | 0.02 | 1,862,738,140 | 37.13 |
| 100000001 | AND ABOVE | 1 | 0.00 | 1,471,426,595 | 29.33 |
| Grand Total | | 42,234 | 100 | 5,016,477,767 | 100 |

NEM SHARE CAPITAL HISTORY

| YEAR | ISSUED AND FULLY PAID UP |
|------|--------------------------|
| 1989 | 1,600,000 |
| 1990 | 1,600,000 |
| 1991 | 2,000,000 |
| 1992 | 2,000,000 |
| 1993 | 20,000,000 |
| 1996 | 25,000,000 |
| 1997 | 93,507,246 |
| 1998 | 187,500,000 |
| 1999 | 187,500,000 |
| 2000 | 187,500,000 |
| 2001 | 187,500,000 |
| 2002 | 187,500,000 |
| 2003 | 187,500,000 |
| 2004 | 706,128,899 |
| 2005 | 406,712,768 |
| 2006 | 406,712,768 |
| 2007 | 4,976,922,766 |
| 2008 | 4,976,922,766 |
| 2009 | 4,976,922,766 |
| 2010 | 5,280,502,313 |
| 2011 | 5,280,502,313 |
| 2012 | 5,280,502,313 |
| 2013 | 5,280,502,313 |
| 2014 | 5,280,502,313 |
| 2015 | 5,280,502,313 |
| 2016 | 5,280,502,313 |
| 2017 | 5,280,502,313 |
| 2018 | 5,280,502,313 |
| 2019 | 5,280,502,313 |
| 2020 | 5,280,502,913 |
| 2021 | 5,016,477,767 |
| 2022 | 5,016,477,767 |
| 2023 | 5,016,477,767 |

We hereby declare that apart from Jeidoc Limited, Bukson Investment Limited, Capital Express Assurance Limited and AFIG Fund 11 LP (the shareholders with 5% and above), no other person or persons hold more than 5% and above in the issued and fully paid up shares of the company.

**NEM INSURANCE PLC
ANNUAL REPORT, 31 DECEMBER 2023
REPORT OF DIRECTORS (CONT'D)**

| |
|---|
| CERTIFIED BY |
| DIRECTOR:  |
| SECRETARY:  |

xiii

| S/N | ACCT NO | NAME | ADDRESS | HOLDING | % |
|-----|---------|---|---|----------------------|--------------|
| 1 | 42370 | JEIDOC LIMITED | CEDDI TOWERS 16, WHARF ROAD , APAPA LAGOS STATE LAGOS | 350,023,219 | 6.98 |
| 2 | 35278 | BUKSON INVESTMENT LIMITED | C/O NEM INSURANCE PLC BROAD STREET, LAGOS LAGOS | 320,201,645 | 6.38 |
| 3 | 36815 | CAPITAL EXPRESS ASSURANCE LIMITED | C/O NEM INSURANCE PLC, 138/146 BROAD STREET LAGOS ISLAND LAGOS | 364,318,306 | 7.26 |
| 4 | 1699 | AFIG FUNDS | C/O ABOX CORPORATE SERVICES LIMITED TOWER 1, 6 TH FLOOR, 1 CYBERCITY, EBENE, MAURITIUS | 1,471,426,595 | 29.33 |
| | | | | 2,505,969,765 | 49.95 |

Dr Daphne Dafinone represents Jeidoc Limited, Mrs. Joy Teluwo represents Bukson Investment Limited, Chief Anthony Aletor represents Capital Express Assurance Company Limited while Mr. Papa Ndiaye and Mr. Kelechi Okoro represent AFIG Funds.

8. Retirement by Rotation and Re-election

In accordance with the Section 285 of the Companies and Allied Matters Act, 2020, Mr Papa Ndiaye and Mr Kelechi Okoro will retire by rotation and being eligible offers themselves up for re-election. Their profiles are contained in this annual report and also on the Company's website.

9. Composition of Directors

The Board of Directors of the company is currently comprised of the under listed individuals:

| | |
|---------------------------|---------------------------|
| Mr. Tope Smart | Chairman |
| Mr Andrew Ikekua | Managing Director |
| Mr. Idowu Semowo | Executive Director |
| Alhaji Ahmed I. Yakasai | Independent Non-Executive |
| Mrs Joy Teluwo | Non-Executive Director |
| Mr. Papa Ndiaye | Non-Executive Director |
| Mr. Kelechi Okoro | Non-Executive Director |
| Dr Daphne Dafinone | Non-Executive Director |
| Chief (Dr) Anthony Aletor | Non-Executive Director |
| Mrs. Abisola Giwa-Osagie | Non-Executive Director |

Records of the Directors Attendance

In accordance with Section 252 of the Companies and Allied Matters Act, 2020, the records of the Directors' attendance at Directors' meetings in 2023 are available for inspection at the Annual General Meeting.

10. SECURITY TRADING POLICY

In compliance with Rule 17.15 Disclosure of Dealings in Issuers' Share, Rulebook of the Exchange 2015 (Issuers Rules), the Company has a Security Trading Policy that applies to all employees and Directors, and this has been circulated to all employees that may at times possess any insider or material information about the company. The policy includes the need to enforce confidentiality against external advisers.

11. COMPLAINTS MANAGEMENT POLICY

In compliance with the Securities and Exchange Commission’s Rule on Complaints Management for Public Companies, the company has in place an investor complaint desk at its head office to resolve complaints arising from issues covered under the Investment and Securities Act 2017 (ISA)

12. DONATIONS

Donations during the year ended 31 December 2023 amounted to N23,528,512 (2022: N32,445,292) as follows:

| | N |
|---|------------|
| ELEGBA FESTIVAL RESIDENTIAL COMMUNITY DEVELOPMENT ASSOCIATION | 1,000,000 |
| NIGERIAN COUNCIL OF REGISTERED INSURANCE BROKERS | 2,500,000 |
| NIGERIAN INSURERS ASSOCIATION | 1,500,000 |
| PROFESSIONAL INSURANCE LADIES ASSOCIATION | 1,350,000 |
| AUCHI POLYTHENIC | 400,000 |
| ANSARUDEEN SOCIETY OF NIGERIA, ISEYIN | 250,000 |
| AFFILIATE OF TRADE UNION CONGRESS OF NIGERIA | 200,000 |
| GROWING GRACE HOME | 750,000 |
| ALPES CHARITY FOUNDATION | 250,000 |
| IGNITE CAREER INITIATIVE | 2,000,000 |
| CATHOLIC DIOCESE OF ISSELE UKU ST PAUL'S GRAMMAR SCHOOL | 300,000 |
| YABA COLLEGE OF TECHNOLOGY | 1,000,000 |
| SECURITY & EXCHANGE COMMISSION | 1,000,000 |
| REDEEMED CHRISTIAN CHURCH OF GOD | 250,000 |
| RACO CHILD AND RURAL CARE INITIATIVE | 800,000 |
| DESSY-ROXY KIDS-HOME | 1,000,000 |
| LIFT ABOVE POVERTY ORGANIZATION | 1,000,000 |
| CHARTERED INSURANCE INSTITUTE OF NIGERIA | 1,000,000 |
| LAGOS CHAMBER OF COMMERCE AND INDUSTRY | 300,000 |
| NIGERIN BRITAIN ASSOCIATION | 2,856,542 |
| AFRICAN INSURANCE WOMEN ASSOCIATION | 2,321,970 |
| LAGOS BUSINESS SCHOOL | 250,000 |
| POLICE COMMUNITY RELATION COMMITTEE, ILUPEJU | 300,000 |
| THE STILL WATERS MENTAL HEALTH FOUNDATION | 500,000 |
| TIGER TENNIS FOUNDATION | 200,000 |
| ARMED FORCES REMEMBRANCE | 250,000 |
| | 23,528,512 |

13. EVENTS AFTER REPORTING DATE

There were no events after the reporting date that could have had a material effect on the financial statements of the Company as at 31 December 2023 that have not been provided for or disclosed in these financial statements.

14. EMPLOYMENT AND EMPLOYEES

It is the policy of the Group not to adopt discriminatory criteria for considering applications for employment including those from physically challenged persons. All employees whether physically challenged are given equal opportunities to develop their experience and knowledge and to qualify for promotion.

When an employee becomes disabled during his or her employment, the Group endeavors to retain the individual for employment in spite of his disability, when this is reasonably possible. As at 31 December, 2023 two physically challenged person were in the employment of the Group.

15. EMPLOYEES INVOLVEMENT, TRAINING AND DEVELOPMENT

i. Information dissemination

The employees are regularly provided with information on matters that are of concern to them through established channels of communication.

ii. Consultation with employees

There are regular consultations between the senior and junior staff unions and Management, particularly on matters affecting staff welfare.

iii. Encouraging employees' involvement and training

The employees are the Group's most valuable and cherished resource. The Group is therefore committed to their continuous training and development. In line with this policy of continuous development of the human resources, members of staff are sent on training programs. The courses are aimed at broadening their technical/professional knowledge and managerial skills.

iv. Health, safety at work and welfare of employees

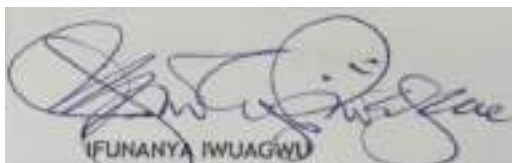
The Group places high premium on health and welfare of its employees. Medical facilities are provided for staff and their families at private hospitals retained in their respective localities. Transportation, housing and lunch subsidies are provided to all levels of employees. Firefighting equipment are also installed in strategic positions in the office building.

16 AUDITORS

The previous auditors, Messrs. BDO Professional Services who audited the prior financial statements up to 31 December 2022, resigned and KPMG Professional Services were appointed to fill the vacancy on 1 November, 2023.

Messrs. KPMG Professional Services, having satisfied the relevant corporate governance rules on their tenure in office have indicated their willingness to continue in office as auditors to the Company. In accordance with Section 401(2) of the Companies and Allied Matters Act (CAMA) 2020, therefore, the auditors will be re-appointed at the next annual general meeting of the Company without any resolution being passed.

BY ORDER OF THE BOARD



IFUNANYA IWUAGWU
COMPANY SECRETARY
Lagos, Nigeria
FRC/2024/PRO/ICSAN/002/252928
Date: 29 April 2024

NEM INSURANCE PLC

In line with the provisions of Principle 14.1 of the National Code of Corporate Governance, Section 15.1 of the Securities and Exchange Commission (SEC) Code of Corporate Governance, SIAO was engaged by NEM Insurance Plc. to carry out an evaluation of the performance of the Board of directors, and an assessment of the Company's corporate governance structure for the year ended 31st December 2023. A summary of our findings are as follows:

- i. The Board is composed of a mix of executives and non-executives which indicates that the non-executives are in greater proportion than the executives. The proportion of executives to non-executives is 1:4. Members are individuals of diverse professional backgrounds and business experience. Among the non-executives are: An astute insurer, a risk management expert, a foremost industrialist and economics expert, an experienced auditor, a lawyer and management expert, as well as an investment specialist. The Executive Directors are qualified professionals with cognate experience in their areas of specialization and vast knowledge of Insurance business and its operating terrain. Members possess the requisite qualification and experience required for their positions and have been bringing their experience to bear in directing the affairs of the Company which has since been reflected in the performance of the company over the years.

In accordance with the NAICOM Code, the Board Chairman is a Non-Executive Director; there is a clear delineation of responsibilities between the position of the MD and the Chairman while no one individual occupies the two positions at the same time avoiding the issue of executive duality. The two individuals are not members of the same family.

- ii. The Operations/Processes of the Board were managed within the context of regulatory requirements and in accordance with Best Practices. Accordingly, the Board held five meetings during the year under review and attendance was outstanding whereby each member met the 75% minimum requirement prescribed in The Code in respect of attendance. A Committee structure comprising of the minimum requirement of the NAICOM Code was institutionalized and the committees were provided with the required Terms of Reference. The agenda contained issues meant for the attention of the Board and the preparation of the agenda was flexible in allowing all members to introduce relevant subject matters to the Board.

Adequate notice was given for meetings and Board materials were circulated promptly to members which allowed them adequate time to prepare for the meetings. Members were given equal opportunity and they made cogent contributions to deliberations and most decisions were arrived at by consensus. The Board enjoys a cordial working relationship and meetings were conducted in an atmosphere devoid of rancor. The above review suggests that the composition and Processes/Operations of the Board meet most of the parameters of the NAICOM Code.

- iii. Members performed their oversight responsibilities with respect to the activities of management in particular as regards the Group's growth strategy, its Financial Performance, Business Prospects as well as status of Regulatory Compliance.

Following the recommendation made to the Board, particularly the inclusion of individuals with expertise in other key business areas, we observed that the Board has instituted the required mechanism to address the issue in order to enhance its governance practices.

BY ORDER OF THE BOARD



ABIODUN ARIYIBI
SIAO PARTNERS
Lagos, Nigeria

| |
|--------------|
| CERTIFIED BY |
| DIRECTOR: |
| SECRETARY |



Statement of Directors' Responsibilities in Relation to the Consolidated and Seperate Financial Statements for the year ended 31 December 2023

The directors accept responsibility for the preparation of the annual consolidated and seperate financial statements that give a true and fair view in accordance with IFRS Accounting standards as issued by the International Accounting Standards Board (IFRS Accounting Standards) and in the manner required by the Companies and Allied Matters Act. (CAMA), 2020 the Financial Reporting Council of Nigeria (Amendment) Act, 2023, the Insurance Act 2003 and relevant National Insurance Commission of Nigeria ("NAICOM") Circulars.

The directors further accept responsibility for maintaining adequate accounting records as required by the Companies and Allied Matters Act. (CAMA), 2020 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.

The directors have made assessment of the Group and Company's ability to continue as a going concern and have no reason to believe that the Group and Company will not remain a going concern in the year ahead.

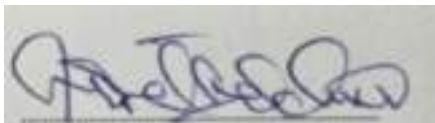
SIGNED ON BEHALF OF THE BOARD OF DIRECTORS BY:

| | | |
|---|---|---|
|  Mr. Topé Smart (Group Chairman) FRC/2013/CIN/00000001331 29 April 2024 |  Mr. Andrew Ikehua (MD/CEO) FRC/2018/CIN/0000018245 29 April 2024 |  Mr. Idowu Semowo (CFO) FRC/2013/ICAN/00000001466 29 April 2024 |
|---|---|---|

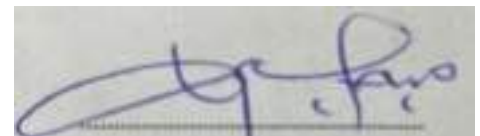
Statement of Corporate Responsibility for the Consolidated and separate Financial Statements for the Year Ended 31 December 2023

Further to the provisions of section 405 of the Companies and Allied Matters Act (CAMA), 2020, we, the Managing Director/CEO and Chief Financial Officer, hereby certify the consolidated and separate financial statements of NEM Insurance Plc ("the Company") and its subsidiaries ("together referred to as "the Group") for the year ended 31 December 2023 as follows:

- a) That we have reviewed the audited consolidated and separate financial statements of the Group for the year ended 31 December 2023.
- b) That the audited consolidated and separate financial statements do not contain any untrue statement of material fact or omit to state a material fact which would make the statements misleading, in the light of the circumstances under which such statement was made.
- c) That the audited consolidated and separate financial statements and all other financial information included in the statements fairly present, in all material respects, the financial condition and results of operation of the Group and subsidiaries as of and for, the year ended 31 December 2023.
- d) That we are responsible for establishing and maintaining internal controls and have designed such internal controls to ensure that material information relating to the Group is made known to us by other officers of the companies, during the year ended 31 December 2023.
- e) That we have evaluated the effectiveness of the Group's internal controls within 90 days prior to the date of audited consolidated and separate financial statements, and certify that the Group's internal controls are effective as of that date.
- f) That there were no significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our evaluation, including any corrective action with regard to significant deficiencies and material weaknesses.
- g) That we have disclosed the following information to the Group's Auditors and Audit Committee:
 - (i) there are no significant deficiencies in the design or operation of internal controls which could adversely affect the Group's ability to record, process, summarise and report financial data, and have identified for the Group's auditors any material weakness in internal controls, and
 - (ii) there is no fraud that involves management or other employees who have a significant role in the Group's internal control.



Mr. Andrew Ikekhua (MD/CEO)
FRC/2018/CIIN/00000018245
29 April 2024



Mr. Idowu Semowo (CFO)
FRC/2013/ICAN/00000001466
29 April 2024

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| CERTIFIED BY |
| DIRECTOR:  |
| SECRETARY  |

Environmental, Social and Governance (ESG) Report



NEM Insurance Plc is committed to the Environmental, Social and Governance (ESG) initiative. The core elements of this initiative are environmental protection, social protection and support, and institutional strengthening. The Company’s board drives the initiative and has ensured that a well-developed long-term strategy which encompasses all ESG issues is developed.

The Company has expanded its social performance approach by engaging in activities that enhance our client protection principles and support; such as transparency and development of beneficial products to protect our clients’ diverse interests, privacy of clients’ data and a feedback method which gives NEM Insurance Plc ways to address clients’ complaints so that they can be served more effectively.

The Company also ensures protection and preservation of our environment through responsible water and electricity consumption. Adequate maintenance of generators and vehicles to minimize consumption of fuel is adhered to. Furthermore, the company has deployed the use of renewable energy in its operations through the installation of solar panels in its offices to minimize its carbon footprints. This is in line with the unrelenting support of the group towards sustainable investing and operations.

NEM Insurance Plc has installed first aid boxes and fire safety equipment in all branches and at the head office, our staff are being trained periodically on fire safety, surveillance and emergency first aid in the work place; inverters are being installed in order to reduce energy consumption as well as energy saving bulbs; industrial printers have been installed to reduce paper usage.

**NEM INSURANCE PLC
ANNUAL REPORT, 31 DECEMBER 2023
REPORT OF THE AUDIT AND COMPLIANCE COMMITTEE**

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| CERTIFIED BY |
| DIRECTOR:  |
| SECRETARY  |

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To the members of NEM Insurance Plc

In accordance with the provisions of Section 404 of the Companies and Allied Matters Act, 2020, we the Members of the Audit and Compliance Committee of NEM 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 and its Subsidiaries reporting and accounting policies as well as internal control systems conform to legal requirements and agreed ethical practices; and
- 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 co-operation of Management and Staff in the conduct of these duties.



.....
Chairman of the Audit and Compliance Committee
FRC/2024/PRO/AUDITCOM/002/632839

Date: 29 April 2024

Members of the Audit Committee

| | | |
|-------------------------|--------------------------------|----------|
| Mr. Taiwo Oderinde | (Shareholders' Representative) | Chairman |
| Mr. Samuel Mpamaugo | (Shareholders' Representative) | Member |
| Mr. Christopher Ogba | (Shareholders' Representative) | Member |
| Mr. Kelechi Okoro | (Non Executive Director) | Member |
| Mrs. Joy Teluwo | (Non Executive Director) | Member |
| Mrs Abisola Giwa Osagie | (Non Executive Director) | Member |

The Company Secretary/Legal Adviser acted as the Secretary to the Committee.



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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of NEM Insurance Plc

Report on the Audit of the Consolidated and Separate Financial Statements

Opinion

We have audited the consolidated and separate financial statements of NEM Insurance Plc (“the Company”) and its subsidiaries (together, “the Group”), which comprise:

- the consolidated and separate statements of financial position as at 31 December 2023;
- the consolidated and separate statements of profit or loss and other comprehensive income;
- the consolidated and separate statements of changes in equity;
- the consolidated and separate statements of cash flows for the year then ended; and
- the notes, comprising material accounting policies and other explanatory information.

In our opinion, the accompanying consolidated and separate financial statements give a true and fair view of the consolidated and separate financial position of the Company and its subsidiaries as at 31 December 2023, and of its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards) and in the manner required by the Companies and Allied Matters Act (CAMA), 2020 and the Financial Reporting Council of Nigeria (Amendment) Act, 2023, the Insurance Act 2003 and relevant National Insurance Commission of Nigeria (“NAICOM”) Circulars.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated and separate 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.

Adoption of IFRS 17 Insurance Contracts

On 1 January 2023, the Group adopted IFRS 17 *Insurance Contracts* which replaced the existing standard for insurance contracts IFRS 4. The adoption of IFRS 17 was done on a retrospective basis which had an impact on the Group's January 1, 2022 opening equity balances. IFRS 17 is a complex accounting standard requiring considerable judgment and interpretation in its implementation, and significantly modifies the accounting criteria for the recognition and measurement of insurance

KPMG Professional Services, a partnership registered in Nigeria and a member firm of the IFAC global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee.

Registered in Nigeria for EN 000025

A list of partners is available for inspection at the firm's address



contracts.

In adopting the new standard, the Group used significant judgment in developing and implementing accounting policies, including policies specific to transition. In particular, the determination of the measurement models (general model or premium allocation approach) to apply under the standard, the determination of risk adjustment and onerous contract methodologies, and the determination of the discount rate, were deemed to be significant to the overall impact of transition. The new standard has also had a significant impact on the disclosures in the financial statements.

Due to the significance of the changes introduced by the standard, we considered the transition to the new standard to be a key audit matter.

Refer to the following notes in the consolidated and separate financial statements: Note 1.5.8 *Judgments, Estimates and Assumptions on Transition to IFRS 17* and Note 3.33 *Transition Policy and adjustments*.

How the matter was addressed in our audit

Our audit procedures included the following:

- With the assistance of our actuarial specialist, we performed the following procedures:
 - We assessed the significant judgements used by the Group to determine the relevant accounting policies against the requirements of IFRS 17. These included judgements used to determine the measurement models adopted, risk adjustment, onerous contracts and discount rates used.
 - We evaluated the appropriateness of the Premium Allocation Approach for insurance and reinsurance contracts with coverage periods greater than one year, including testing the relevant supporting data, the significant assumptions used, and the accuracy of models used.
 - We evaluated the appropriateness of the methodology used to determine the risk adjustment, including assessing the underlying discounted cash flow model and significant assumptions.
 - We assessed the updated discounting methodology, including the determination of the illiquidity premium against the requirements of the standard and compared to external market data where available.
 - We tested the supporting calculations related to the material transition adjustments at 1 January 2022, with the standard applied retrospectively.
- We also assessed the reasonableness of the new and restated disclosures in the consolidated and separate financial report against the requirements of IFRS 17.

Valuation of insurance contract liabilities

As at 31 December 2023, the Group had insurance contract liabilities of ₦25.29 billion (2022: ₦14.67 billion). The measurement of insurance liabilities consists of the liability for remaining coverage (LRC) and the liability for incurred claims (LIC) including both reported but not settled claims as well as incurred but not reported claims (IBNR).

The Group adopted IFRS 17 *Insurance Contracts* from 1 January 2023 and comparative figures have been restated. The Group primarily uses the Premium Allocation Approach (PAA) under IFRS 17. The PAA is applied for the measurement of the groups of insurance contracts.

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.

Refer to the following notes in the consolidated and separate financial statements: Note 1.5.4 *Judgments, Estimates and Assumptions on Insurance Contracts liabilities*, Note 3 *IFRS 17 – Insurance Contracts*



Accounting Policies, Note 6 Reinsurance contract assets, Note 15 Insurance Contract Liabilities and Note 49 Financial Risk Management Policy – Management of financial and insurance risk section.

How the matter was addressed in our audit

Our audit procedures included the following:

- We evaluated the design, implementation and operating effectiveness of key controls implemented by the Group and the Company which includes management review of data used for the valuation of insurance contract liabilities
- We evaluated the Group's methodology to determine and allocate expected premium receipts to periods.
- We tested the completeness and accuracy of the databases used in determining the assumptions, as well as on actuarial calculations.
- We considered the Group's valuation methodology and assumptions for consistency between reporting periods, as well as for indicators of possible bias.
- Assisted by our actuarial specialists, we performed the following procedures:
 - We evaluated management's PAA eligibility assessment.
 - We evaluated the appropriateness of methods/models and assumptions to determine ultimate expected claims including ultimate claims ratios, frequency and severity of claims, payment patterns and estimate discount rate curves.
 - We performed walkthroughs on the computation of insurance revenue for selected portfolios for each cohort under PAA.
 - We assessed the assumptions used in estimating risk adjustments to evaluate whether it is in line with the requirements of the relevant accounting standard and industry practices.
 - 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 assessed the appropriateness of the disclosures in the consolidated and separate financial statements with regard to the liability for incurred claims associated with the premium allocation approach, considering the requirements of IFRS 17.

Other Matter

The consolidated and separate financial statements for the year ended 31 December 2022 were audited by another auditor who expressed an unmodified opinion on those consolidated and separate financial statements on 28 March 2023.

Other Information

The Directors are responsible for the other information. The other information comprises the Corporate Information, Results at a Glance, Reports of Directors, Report of external consultants on Board Appraisal, Statement of Directors' responsibilities, Statement of Corporate responsibilities, , Environmental, Social and Governance (ESG) Report, Report of the Audit and Compliance Committee and Other national disclosures which we obtained to the date of this auditor's report, but does not include the consolidated and separate financial statements and our auditor's report thereon.

Other information also include Notice of 54th Annual General Meeting, Message from the Chairman, GMD/CEO Report, Profile of the Board of Directors, Management Team Profile, Proxy Form, Shareholder's information, E-dividend Mandate Activation Form, together the "outstanding reports", which are expected to be made available to us after that date.

Our opinion on the consolidated and separate 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 consolidated and separate financial statements, our responsibility is to read the other information identified above and in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we have obtained prior to the date of the auditor's report, we conclude that there



is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the outstanding reports, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of the Directors for the Consolidated and Separate Financial Statements

The Directors are responsible for the preparation of consolidated and separate financial statements that give a true and fair view in accordance with IFRS Accounting Standards and in the manner required by the Companies and Allied Matters Act (CAMA), 2020 and the Financial Reporting Council of Nigeria (Amendment) Act, 2023, the Insurance Act 2003 and relevant National Insurance Commission of Nigeria (“NAICOM”) Circulars, 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 consolidated and separate financial statements, the directors are responsible for assessing the Group and 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 Group and Company or to cease operations, or have no realistic alternative but to do so.

Auditor’s Responsibilities for the Audit of the Consolidated and Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated and separate 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 Group and 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 Group and Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Group and Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide the Audit and Compliance Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

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

Report on Other Legal and Regulatory Requirements

Compliance with the requirements of Schedule 5 of the Companies and Allied Matters Act (CAMA), 2020.

- 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, so far as appears from our examination of those books.
- iii. The Company's statement of financial position and statement of profit or loss and other comprehensive income are in agreement with the books of account.

Penalties

The Company paid penalties in respect of contravention of the requirements of the National Insurance Commission Guidelines and Circulars during the year ended 31 December 2023. Details of penalties paid are disclosed in Note 36(e) to the consolidated and separate financial statements.

Compliance with FRC Guidance on Assurance Engagement Report on Internal Control over Financial Reporting

In accordance with the requirements of the Financial Reporting Council of Nigeria, we performed a limited assurance engagement and reported on management's assessment of the Group's internal control over financial reporting as of December 31, 2023. The work performed was done in accordance with ISAE 3000 (Revised) *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* and the FRC Guidance on Assurance Engagement Report on Internal Control over Financial Reporting. We have issued an unmodified conclusion in our report dated 29 May 2024.

Oseme J. Obaloje, FCA
FRC/2013/PRO/ICAN/004/00000004803
For: KPMG Professional Services
Chartered Accountants
29 May 2024
Lagos, Nigeria



The following are the material accounting policies adopted by the Group in the preparation of these financial statements. These accounting policies have been consistently applied for all years presented.

1.0 General Information

- (a) NEM Insurance Plc (“the Company”) is a public limited liability company domiciled in Nigeria. The Company’s registered and corporate office is 199, Ikorodu Road, Obanikoro, Lagos.

In 2016, the Company opened a subsidiary NEM Asset Management Company Limited . The company also established another subsidiary, Nem Health Limited which commenced business in 2023.

The financial statements were authorized for issue by the Board of Directors on 29 April 2024.

(b) Principal activity

The Group is principally engaged in the business of General Insurance activities . Such services include provision of non-life insurance services which ranges from motor, fire, marine & aviation, general accident, oil and gas, engineering, bond and agric businesses for both corporate and individual customers. NEM Asset Management Company Limited, a wholly owned subsidiary was created to engage in investment business of all kinds including vehicle Leasing, machinery acquisition, hire purchase of diverse assets etc. for both individual & corporate organizations. NEM Health Limited was established by the group to provide all forms of health insurance services to both individuals and corporate clients.

1.1 Going Concern

These financial statements have been prepared on the going concern basis. The Group has no intention or need to reduce substantially its business operations, the management believes that the going concern assumption is appropriate for the Group due to sufficient capital adequacy ratio and projected liquidity, based on historical experience that short-term obligations will be refinanced in the normal course of the business. Liquidity ratio and continuous evaluation of current ratio of the group is carried out by the group to ensure that there are no going concern threats to the operations of the group.

1.2 Basis of Preparation and Compliance with IFRS

The Group’s financial statements for the year 2023 have been prepared in accordance with the IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards), Companies and Allied Matters Act, 2020, Insurance Act CAP I17, LFN 2004 and Prudential Guidelines issued by National insurance Commission and Investment and Securities Act 2007.

1.2.1 Foreign currency translation

(a) Functional and Presentation Currency

The financial statements are presented in Nigerian currency (Naira) which is the Group’s functional currency. Except otherwise indicated, financial information presented in Naira have been rounded to the nearest thousand (₦ ‘000)

1.2.2 Basis of measurement

The financial statements are prepared on the historical cost basis except for the following:

- Financial instruments at fair value through profit or loss;
- Financial assets classified as FVOCI which are measured at fair value through other comprehensive income;
- Land and building (included in property and equipment) which are measured at fair value through other comprehensive income;
- Financial assets which are measured at amortized costs; and
- Investment properties which are measured at fair value.
- In accordance with IFRS 17 Insurance contracts, the Group has applied existing accounting policies for its Non-life Insurance contracts, modified as appropriate to comply with the IFRS framework.

1.3 Critical Accounting Estimates, Judgments and Assumptions

The preparation of financial statements in conformity with IFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions and conditions. Changes in assumptions may have a significant impact on the financial statements in the period the assumptions changed. Management believes that the underlying assumptions are appropriate and that the Group's financial statements therefore present the financial positions and results fairly. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are material to the financial statements are disclosed in Note 1.5.

1.4 Judgments, Estimates and Assumptions

The estimates and underlying assumptions are reviewed on an on-going basis. Revision to accounting estimates are recognized in the year in which the estimate is revised, if the revision affects only that year or if the revision affects both current and future years.

Information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most material effect on the amounts recognized in the financial statements are described below:

1.4.1 Income Taxes

Significant estimates are required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain. The Group recognizes liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions.

1.4.2 Retirement Benefits

The present value of the retirement benefit obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. Any changes in these assumptions will impact the carrying amount of gratuity obligations. The assumptions used in determining the net cost (income) for gratuity include the discount rate, rate of return on assets, future salary increments and mortality rates.

The Group determines the appropriate discount rate at the end of the year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the gratuity obligations. In determining the appropriate discount rate, the Group considers the interest rates of high-quality government bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related gratuity liability. Other key assumptions for gratuity obligations are based in part on current market conditions.

In most cases, no explicit assumptions are made regarding the future rates of claims inflation or loss ratios. Instead, the assumptions used are those implicit in the historical claims development data on which the projections are based. Additional qualitative judgment is used to assess the extent to which past trends may not apply in future, (e.g. to reflect one-off occurrences, changes in external or market factors such as public attitudes to claiming, economic conditions, levels of claims inflation, judicial decisions and legislation, as well as internal factors such as portfolio mix, policy features and claims handling procedures) in order to arrive at the estimated ultimate cost of claims that present the likely outcome from the range of possible outcomes, taking account of all the uncertainties involved.

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

1.4.3 Fair Valuation of Investment Properties

The fair value of investment properties is based on the nature, location and condition of the specific asset. The fair value is determined by reference to observable market prices. The fair value of investment property does not reflect the related future benefits from this future expenditure. These valuations are performed annually by external appraisers. Assumptions are made about expected future cash flows and the discounting rates.

1.4.4 Liability for remaining coverage (LRC) and Liability for Incurred claims (LIC)

The measurement of group's liability resulting from the insurance contracts that it issues requires a significant use of estimates and judgements. The group estimates the liability for future insurance contract obligations, taking into account the expected cash flows for fulfilling these contracts. This involves making assumptions about future claim payments, premium income, and discount rates. See note 2.38 for how the group recognises and measures this liabilities.

1.4.5 Reinsurance contracts

The group assesses the impact of the reinsurance contracts that it hold on its financial statements, including estimating the expected recoveries from reinsurers. This involves evaluating the terms of reinsurance agreements, the creditworthiness of reinsurers, and the effect on the measurement of re-insurance contract assets and liabilities. See note 2.45 for how the group recognises and measures reinsurance contracts.

1.4.6 Fulfillment Cash Flows

In estimating its liabilities and assets as it relates to insurance and reinsurance contracts, the group makes significant assumptions relating to the future cash flows that will arise from fulfilling insurance contracts, considering variables such as claims experience, lapses, and policyholder behavior. These estimates require judgment and are influenced by historical data and actuarial projections. See note 2.37 for how the group determines and measures cashflows relating to insurance and reinsurance contracts.

The group incorporates, in an unbiased way, all reasonable and supportable information that is available without undue cost or effort at the reporting date. This information includes both internal and external historical data about claims and other experience, updated to reflect current expectations of future events. The estimates of future cash flows reflect the Group's view of current conditions at the reporting date, using market variables consistent with observable market prices, where applicable.

1.4.7 Risk adjustment

In the measurement of risk adjustment, the group makes use of significant judgements including estimations, actuarial projections and historical data in determining a reasonable compensation for bearing non-financial risks as it relates to insurance contracts that its issues. It also employs similar assumptions and methodologies in estimating the expected reinsurance portion or recoverable as it relates to risk adjustment. See note 2.40 for the company's policy regarding the determination and measurement of risk adjustment.

1.4.8 IFRS 17 Transition

The measurement of the Group's liability for the IFRS 17 transition resulting from the insurance contracts that it issues requires a significant use of estimates and judgements. The Group estimates the IFRS 17 transition insurance contract obligations, taking into account the contract's fulfilment cashflows. The Group has applied the full retrospective approach on transition to all short-term insurance contracts in force at the transition date. All groups of insurance and Reinsurance contracts for which the full retrospective approach was impracticable-modified retrospective approach was adopted. This involves making assumptions about future claim payments, premium income, and discount rates. See note 2.53 for full disclosure of the group's IFRS 17 transition policy.

1.4.9 Discount rates

The determination of appropriate discount rates to value future cash flows is critical in the application of IFRS 17. The group considers factors such as the time value of money, credit risks and illiquidity premiums in selecting its discount rates. Significant judgement is used by the group to ensure that the selected rates reflects the characteristics of the cashflows and the risks associated with insurance contracts. See note 2.39 for the Group's policy regarding discount rates used in assessing insurance and reinsurance contracts.

1.5 Changes in material accounting policies

1.5.1 Material accounting policy information

The Group adopted Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) from 1 January 2023. Although the amendments did not result in any changes to the accounting policies themselves, they impacted the accounting policy information disclosed in the financial statements.

The amendments require the disclosure of 'material', rather than 'significant', accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements.

Management reviewed the accounting policies and made updates to the information disclosed in Note 2 Material accounting policies (2022: Significant accounting policies) in certain instances in line with the amendments.

1.5.2 New standards, interpretations and amendments effective from 1 January 2023

The effective interpretations and IFRS Accounting Standards that need to be considered for financial years ended 31 December 2023 are listed below:

| Standard/Interpretation | | Date issued by IASB | Effective date |
|-------------------------|---|---------------------|----------------|
| IFRS 17 | Insurance contracts. This establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts within the scope of the standard. | 1 June 2020 | 1 January 2023 |
| IAS 1 | Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) | 12 February 2021 | 1 January 2023 |
| IAS 8 | Definition of Accounting Estimates (Amendments to IAS 8) | 12 February 2021 | 1 January 2023 |
| IAS 12 | Deferred Tax related to Assets and Liabilities arising from a single Transaction (Amendments to IAS 12) | 7 May 2021 | 1 January 2023 |

Adoption of IFRS 17

The Group has initially applied IFRS 17, including any consequential amendments to other standards, from 1 January 2023. These standards have brought significant changes to the accounting for insurance and reinsurance contracts and financial instruments. As a result, the Group has restated certain comparative amounts and presented a third statement of financial position as at 1 January 2022. Except for the changes below, the Group has consistently applied the accounting policies as set out in to all periods presented in these consolidated financial statements.

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 Group 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.

For an explanation of how the Group accounts for insurance and reinsurance contracts under IFRS 17, see Note 2.30 to 2.53.

1.5.3 New standards, amendments and interpretations issued but not yet effective

There are new or revised IFRS Accounting Standards and Interpretations in issue that are not yet effective. The directors have considered all of these IFRS Accounting Standards and Interpretations and found none to be applicable to the business of the entity and therefore do not expect any impact on future financial statements.

2 MATERIAL ACCOUNTING POLICIES

Material accounting policies are defined as those that are reflective of significant judgements and uncertainties and potentially give rise to different results under different assumptions and conditions.

The accounting policies set out below have been consistently applied to all periods presented in these financial statements.

2.1 CONSOLIDATION

(i) Business combination

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. In determining whether an acquired set of activities and assets is a business, the Group assesses whether the acquired set includes, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as they are incurred, unless they are related to the issue of debt or equity securities. The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured and settlement is accounted for within equity. Other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

If share-based payment awards (replacement awards) are required to be exchanged for awards held by the acquiree's employees (acquiree's awards), then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market-based measure of the replacement awards compared with the market-based measure of the acquiree's awards and the extent to which the replacement awards relate to pre-combination service.

(ii) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions (transactions with owners). Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the Group.

Inter-company transactions, balances and unrealized gains on transactions between Companies within the Group are eliminated on consolidation. Unrealized losses are also eliminated in the same manner as unrealized gains, but only to the extent that there is no evidence of impairment. Accounting policies of the subsidiary has been changed where necessary to ensure consistency with the policies adopted by the Group. Investment in the subsidiary in the separate financial statements of the Company entity is measured at cost.

Acquisition - related costs are expensed as incurred.

If the business combination is achieved in stages, fair value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date through profit or loss.

(iii) Disposal of subsidiaries

On loss of control, the Group derecognizes the assets and liabilities of the subsidiary, any controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognized in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, that retained interest is accounted for as an equity, accounted investment or as a financial asset under the Amortized Cost or Fair Value Through Other Comprehensive Income category depending on business model intended and the level of influence retained.

(iv) Non-controlling interests (NCI)

NCI are initially measured at their proportionate share of the acquiree's identifiable net assets at the date of acquisition. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

(v) Special purpose entities

Special purpose entities that are created to accomplish a narrow and well-defined objective such as the securitization of particular assets, or the execution of specific borrowings or lending transactions or the provision of certain benefits to employee.

The financial statements of special purpose entities are included in the Group's consolidated financial statements, where the substance of the relationship is that the Group controls the special purpose entity.

(vi) Associates

In the financial statements, the Company's investment in its associate is accounted for using the equity method of accounting. An associate is an entity in which the Company has significant influence and which is neither a subsidiary nor a joint venture.

Under the equity method, the investment in the associate is carried in the statement of financial position at cost plus post-acquisition changes in the Company's share of net assets of the associate.

The share of profit of the associate is shown on the face of the income statement. This is profit attributable to equity holders of the associate and, therefore, is profit after tax and non-controlling interests in the subsidiaries of the associates.

2.2 CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash in hand and at banks and highly liquid financial assets with original maturities of less than three months, which are subject to insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments. Due to their short-term nature, the carrying value of cash and cash equivalents approximates their fair value, hence they are carried at fair value in the statement of financial position.

2.3 FINANCIAL INSTRUMENTS

2.3.1 Recognition

The Group 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 shall be recognized on the settlement date. All other financial assets and liabilities, including derivatives, shall be initially recognized on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

2.3.2 Classification and Measurement

Initial measurement of a financial asset or liability shall be 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 shall be recognized immediately in profit or loss. Financial assets include placement with banks, treasury bills and equity instruments.

The Group classifies its financial assets into the following categories in line with the provisions of IFRS 9:

- (a) Fair Value Through Profit or Loss (FVTPL)
- (b) Amortized Cost
- (c) Fair Value Through Other Comprehensive Income (FVOCI)

The Group shall classify its financial assets based on the business model for managing the assets and the asset's contractual cash flows characteristics.

Business Model Assessment

Business model assessment shall involve determining whether financial assets are managed in order to generate cash flows from collection of contractual cash flows, selling financial assets or both. The Group shall assess 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 Group will take into consideration the following factors:

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 shall be funding those assets or realizing cash flows through the sale of the assets;

- (i) How the performance of assets in a portfolio will be evaluated and reported to the relevant heads of departments and other key decision makers within the Group's business lines;
- (ii) The risks that affect the performance of assets held within a business model and how those risks shall be managed;
- (iii) How compensation shall be determined for the Group's business lines, management that manages the assets; and
- (iv) The frequency and volume of sales in prior periods and expectations about future sales activity.

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

- I) Business Model 1 (BM1): Financial assets held with the sole objective to collect contractual cash flows
- II) Business Model 2 (BM2): Financial assets held with the objective of both collecting contractual cash flows and selling; and
- III) Business Model 3 (BM3): Financial assets held with neither of the objectives mentioned in BM1 or BM2 above. These shall be basically financial assets held with the sole objective to trade and to realize fair value changes.

The Group 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 shall be met:

- (i) Where these sales shall be infrequent even if significant in value. A Sale of financial assets shall be considered infrequent if the sale shall be 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.
- (ii) Where these sales shall be insignificant in value both individually and in aggregate, even if frequent. A sale shall be considered insignificant if the portion of the financial assets sold shall be 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 shall be made close to the maturity of the financial assets and the proceeds from the sales approximates the collection of the remaining contractual cash flows. A sale is considered to be close to maturity if the financial asset has a tenor to maturity of not more than one (1) year and/or the difference between the remaining contractual cash flows expected from the financial asset does 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 asset 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

Cash flows Characteristics Assessment

The Group shall assess the contractual features of an instrument to determine if they give rise to cash that shall be consistent with a basic investment arrangement.

Contractual cash flows shall be 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 shall be defined as the fair value of the instrument at initial recognition. Principal may change over the life of the instruments due to repayments. Interest shall be 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. Classification of Financial Assets

a) Financial assets measured at amortized cost

Financial assets shall be measured at amortized cost if they are held within a business model whose objective shall be 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 shall be carried at amortized cost using the effective interest rate method. The effective interest rate shall be 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 shall be calculated taking into account any discount or premium on acquisition, transaction costs and fees that shall be an integral part of the effective interest rate. Amortization shall be included in Interest income in the Consolidated Statement of profit or loss and other comprehensive Income. Impairment on financial assets measured at amortized cost shall be calculated using the expected credit loss approach.

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

b) Financial assets measured at FVOCI

Financial assets shall be measured at FVOCI if they are to be held within a business model whose objective shall be to hold for collection of contractual cash flows and for selling financial assets, where the assets' cash flows represent payments that shall be solely payments of principal and interest.

Subsequent to initial recognition, unrealized gains and losses on debt instruments measured at FVOCI shall be 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 shall be 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 shall be measured at fair value in the Consolidated Statement of Financial Position, with transaction costs recognized immediately in the Consolidated Statement of profit or loss and other comprehensive Income.

d) Equity Investments

Equity instruments shall be 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 shall be recognized in the Consolidated Statement of Profit or Loss and Other Comprehensive Income. The Group 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 shall be made upon initial recognition, on an instrument-by-instrument basis and once made shall be irrevocable. Gains and losses on these instruments including when derecognized/sold shall be recorded in OCI and shall not be subsequently reclassified to the Consolidated Statement of Profit or Loss and Other Comprehensive Income. Dividends received shall be recorded in Interest income in the Consolidated Statement of Profit or Loss and Other Comprehensive Income. Any transaction costs incurred upon purchase of the security shall be added to the cost basis of the security and shall not be reclassified to the Consolidated Statement of Profit or Loss and Other Comprehensive Income on sale of the security.

B. Classification of Financial Liabilities

Financial liabilities shall be classified into one of the following measurement categories:

- a) Fair Value through Profit or Loss (FVTPL)
- b) Amortized cost

(a) 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 shall be financial liabilities held for trading. A financial liability shall be classified as held for trading if it shall be incurred principally for the purpose of repurchasing it in the near term or if it shall be part of a portfolio of identified financial instruments that shall be managed together and for which there shall be evidence of a recent actual pattern of profit-taking. Derivatives shall also be categorized as held for trading unless they shall be 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 classified as held for trading shall be included in the income statement and shall be reported as 'Net gains/(losses) on financial instruments classified as held for trading'. Interest expenses on financial liabilities held for trading shall be included in 'Net interest income'.

Financial Liabilities shall be designated at FVTPL when either the designation eliminates or significantly reduces 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 shall be recognized in the Consolidated Statement of profit or loss and other comprehensive Income, except for changes in fair value arising from changes in the Group's own credit risk which shall be recognized in OCI. Changes in fair value of liabilities due to changes in the Group's own credit risk, which are recognized in OCI, shall not be subsequently reclassified to the Consolidated Statement of Profit or Loss and Other Comprehensive Income upon derecognition/extinguishment of the liabilities.

(b) Financial Liabilities at amortized cost

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

C. Reclassifications

Financial assets shall not be reclassified subsequent to their initial recognition, except in the period after the Group changes its business model for managing financial assets. A change in the Group's business model will occur only when the Group either begins or ceases to perform an activity that is significant to its operations such as:

- Significant internal restructuring or business combinations; for example: an acquisition of a private asset management company that might necessitate transfer and sale of assets to willing buyers, this action will constitute changes in business model and subsequent reclassification of the assets held from BM1 to BM2 Category. Any other reason that might warrant a change in the Group's business model are determined by management based on facts and circumstances.

The following shall not be considered to be changes in the business model:

- (a) A change in intention related to particular financial assets (even in circumstances of significant changes in market conditions)
- (b) A temporary disappearance of a particular market for financial assets.
- (c) A transfer of financial assets between parts of the Group with different business models.

When reclassification occurs, the Group shall reclassify all affected financial assets in accordance with the new business model. Reclassification shall be applied prospectively from the 'reclassification date'. Reclassification date shall be 'the first day of the first reporting period following the change in business model. For example, if the Group decides to shut down the retail business segment on 30 April 2020, the reclassification date will be 1 January, 2021 (i.e. the first day of the entity's next reporting period), the Group shall not engage in activities consistent with its former business model after 30 April, 2020. Gains, losses or interest previously recognized shall not be restated when reclassification occurs.

2.3.3 IMPAIRMENT OF FINANCIAL ASSETS

In line with IFRS 9, the Group 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 Group'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 Group 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 of less than 12 months, a probability of default corresponding to remaining term to maturity shall be used.

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

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 Group 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 Group shall determine allowance for credit losses using three probability-weighted forward looking scenarios. The Group shall consider both internal and external sources of information in order to achieve an unbiased measure of the scenarios used. The Group 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 Group 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 Group 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 Group 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 Group 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 Group'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.

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 Group 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 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 Group 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 Group 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.

2.4 TRADE RECEIVABLES

This relates to premium due from brokers. Trade receivables are initially recognized at fair value and subsequently measured at amortized cost less provision for impairment. A provision for impairment is made when there is an objective evidence (such as the probability of solvency or significant financial difficulties of the debtors) that the Group will not be able to collect all the amount due based on the original terms of the invoice. Allowances are made based on an impairment model which consider the loss given default for each customer, probability of default for the sectors in which the customer belongs and emergence period which serves as an impairment trigger based on the age of the debt. Impaired debts are derecognized 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 recognized, the previous recognized impairment loss is reversed to the extent that the carrying value of the asset does not exceed its amortized cost at the reversed date. Any subsequent reversal of an impairment loss is recognized in the profit or loss.

2.5 TRADE PAYABLES

This relates to outstanding balances to the Group's reinsurance brokers. These amounts are initially recognized at recognized initially at fair value and subsequently measured at amortized cost using the effective interest method. The fair value of a non-interest bearing liability is its discounted repayment amount. If the due date of the liability is less than one year discounting is omitted.

2.6 OTHER RECEIVABLES AND PREPAYMENTS

2.6.1 Other receivables

Other receivables are made up of amounts due from parties which are not directly linked to insurance or investment contracts. Other receivables are stated after deductions of amount considered bad or doubtful of recovery. When a debt is deemed not collectible, it is written-off against the related provision or directly to the profit or loss to the extent not previously provided for. Any subsequent recovery of written-off debts is credited to the profit or loss.

2.6.2 Prepayments

Prepayments are carried at cost less amortization and accumulated impairment losses.

2.7 INVESTMENT IN ASSOCIATE

In the separate financial statements of NEM Insurance Plc, investment in associate is accounted for using the equity method of accounting.

Under the equity method, the investment in the associate is carried in the statement of financial position at cost plus post-acquisition changes in the Company's share of net assets of the associate.

The share of profit of the associate is shown on the face of the income statement. This is profit attributable to equity holders of the associate and, therefore, is profit after tax and non-controlling interests in the subsidiaries of the associates.

2.8 INVESTMENT IN SUBSIDIARY

In the separate financial statements of NEM Insurance Plc, investment in subsidiary is accounted for at cost less impairment.

The financial statements of subsidiaries are consolidated from the date the Group acquires control, up to the date that such effective control ceases. For the purpose of these financial statements, subsidiaries are entities over which the Group, directly or indirectly, has the power to govern the financial and operating policies so as to obtain benefits from their activities. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions (transactions with owners). Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the Group.

Inter-company transactions, balances and unrealized gains on transactions between Companies within the Group are eliminated on consolidation. Unrealized losses are also eliminated in the same manner as unrealized gains, but only to the extent that there is no evidence of impairment.

On loss of control, the Group de-recognizes the assets and liabilities of the subsidiary, any controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising from the loss of control is recognized in income statement.

If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, that retained interest is accounted for as an equity-accounted investee or as fair value through other comprehensive income financial asset depending on the level of influence retained.

2.9 INVESTMENT PROPERTIES

Properties that are held for long-term rental yields or for capital appreciation or both and that are insignificantly occupied by the entities in the group are classified as investment properties. These properties consist of land and buildings.

Recognition of investment properties takes place only when it is probable that the future economic benefits that are associated with the investment property will flow to the entity and the cost can be measured reliably.

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing parts of an existing investment property at the time the cost was incurred if the recognition criteria are met and excludes the costs of day-to-day servicing of an investment property. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market condition at the date of the consolidated statement of financial position.

Gains or losses arising from the changes in the fair value of investment properties are included in the consolidated income statement in the year in which they arise. Subsequent expenditure is included in the assets carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to the consolidated income statement during the financial period in which they are incurred. The fair value of investment property is based on the nature, location and condition of the specific asset.

Rent receivable is recognized in profit or loss and is spread on a straight-line basis over the period of the lease. Where lease incentive, such as a rent free period is given to a Lessee, the carrying value of the related investment property excludes any amount reported as a separate asset as a result of recognizing rental income on this basis.

2.10 STATUTORY DEPOSIT

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

2.11 INTANGIBLE ASSETS

(i) Software

Software acquired by the Group is stated at cost less accumulated amortization and accumulated impairment losses. Expenditure on internally developed software is recognized as an asset when the Group is able to demonstrate its intention and ability to complete the development and use the software in a manner that will generate future economic benefits and can reliably measure the costs to complete the development. Development costs previously expensed cannot be capitalized. The capitalized costs of internally developed software include all costs attributable to developing the software and capitalized borrowing costs and are amortized over its useful life. Subsequent expenditure on software assets is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred. Amortization is recognized in profit or loss on a straight-line basis over the estimated useful life of the software, from the date that it is available for use since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The maximum useful life of software is five years. Amortization methods, useful lives and residual values are reviewed at each financial year end and adjusted if appropriate.

(ii) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the net identifiable assets of the Company acquired at the date of acquisition. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses in goodwill are not reversed.

2.12 PROPERTY, PLANT AND EQUIPMENT

(i) Recognition and measurement

Property, plant and equipment are initially recorded at cost. Land is subsequently carried at revalued amount being the fair value at the date of revaluation, while buildings are subsequently carried at revalued amount being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are made with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period. The Group revalues its land and building every three years in line with relevant provisions of International Accounting Standard (IAS) 16.

All other property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Any increase in an asset's carrying amount, as a result of revaluation is credited to other comprehensive income and accumulated in Revaluation Surplus within Revaluation reserves in equity. The increase is recognized in profit or loss to the extent that it reverses a decrease of the same asset previously recognized in profit or loss.

(ii) Subsequent costs

The cost of replacing part of an item of property or equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property and equipment are recognized in profit or loss as incurred.

(iii) Depreciation

Depreciation is recognized in Profit or Loss and is provided on a straight-line basis over the estimated useful life of the assets. Depreciation methods, estimated useful lives and residual values are reviewed annually and adjusted when necessary. No depreciation is charged on property, plant and equipment until they are available for use. The company recognizes full depreciation on the year of purchase and zero depreciation on the year of disposal. The average useful lives per class of asset are as follows:

| Assets class | Average useful life |
|-----------------------------|---------------------|
| Land | - Nil |
| Building under Construction | - Nil |
| Buildings | - 2% |
| Machinery and equipment | - 20% |
| Motor vehicles | - 20% |
| Furniture and fittings | - 20% |
| Computer equipment | - 20% |

(iv) De-recognition

An item of property and equipment is derecognized on disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset which is calculated as the difference between the net disposal proceeds and the carrying amount of the asset is included in profit or loss in the year the asset is derecognized.

2.13 LEASES

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

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

(i) Right-of-use assets

The Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets unless the title to the asset transfers at the end of the lease term.

(ii) Lease liabilities

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

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

2.14 OTHER PAYABLES

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

2.15 RETIREMENT OBLIGATIONS AND EMPLOYEE BENEFITS

The Group operates the following contribution and benefit schemes for its employees:

(i) **Defined benefit gratuity scheme**

The Group has a defined benefit gratuity scheme for management and non-management staff. Under this scheme, a specified amount as determined by actuarial valuation is contributed by the Group and charged to the income statement over the service life of each employee.

Employees are entitled to gratuity after completing a minimum of five continuous full years of service. The gratuity obligation is calculated annually by Independent Actuaries using the projected unit credit method. The present value of the gratuity obligation is determined by discounting the estimated future cash outflows using market yields on high quality corporate bonds (except where there is no deep market in such bonds, in which case the discount rate is based on market yields on Government bonds). The liability recognized in the statement of financial position in respect of defined benefit gratuity plan is the present value of the defined benefit obligation at the date of the statement of the financial position less the fair value of plan assets. Actuarial gains or losses arising from the valuation are credited or charged to Other Comprehensive Income (OCI) in the financial year in which they arise.

(ii) **Defined contribution pension scheme**

In line with the provisions of the Nigerian Pension Reform Act, 2014, the Group has instituted a defined contributory pension scheme for its employees. The scheme is funded by fixed contributions from employees and the Group at the rate of 8% by employees and 10% by the Group of basic salary, transport and housing allowances invested outside the Group through Pension Fund Administrators (PFAs) of the employee's choice. The Group has no further payment obligations once the contributions have been paid. The contributions are recognized as employee benefit expenses when they are due.

(iii) **Short-term benefits**

Wages, salaries, paid annual leave, bonuses and non-monetary benefits are recognized as employee benefit expenses and paid in arrears when the associated services are rendered by the employees of the Group.

2.16 INCOME TAX

Income tax expense comprises current and deferred tax

(i) **Current income tax**

Income tax payable is calculated on the basis of the applicable tax law in the respective jurisdiction and is recognized as an expense for the period except to the extent that current tax related to items that are charged or credited in other comprehensive income or directly to equity.

(ii) Deferred income tax

Deferred income tax is provided using liability method on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates that have been enacted or substantially enacted by the date of the consolidated statement of financial position and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

The principal temporary differences arise from depreciation of property, plant and equipment, revaluation of certain financial assets and liabilities and in relation to acquisitions on the difference between the fair values of the net assets acquired and their tax base.

However, deferred income tax is not recognized for:

- (a) Temporary differences arising on the initial recognition of goodwill
- (b) Temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss.
- (c) Temporary differences related to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future.

Deferred tax assets are recognized when it is probable that future taxable profit will be available against which these temporary differences can be utilized.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities against current tax assets, and they relate to taxes levied by the same tax authority on the same taxable entity or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

2.17 SHARE CAPITAL AND PREMIUM

Ordinary shares are classified as equity when there is no obligation to transfer cash or other assets. Incremental costs directly attributable to the issue of equity instruments are shown in equity as a deduction from the proceeds, net of tax. Share premium accounts for the amount the Group raises in excess of par value.

2.18 CONTINGENCY RESERVE

Contingency reserve is credited at the higher of 3% of total premiums during the year and 20% of net profit per year, until it reaches the higher of the minimum paid up capital or 50% of net premium in accordance with Section 21 (2) of the Insurance Act CAP I17, LFN 2004.

2.19 ASSET REVALUATION RESERVE

When the Group's land and building are revalued by independent professional valuer, surpluses arising on the revaluation of these assets are credited to the asset revaluation reserve account. When assets previously revalued are disposed off, any revaluation surplus relating to the disposed assets is transferred to retained earnings.

2.20 RETAINED EARNINGS

This represents the accumulated profits of the company which are available for dividend distribution to the equity shareholders of the Group.

2.21 FVOCI RESERVE

FVOCI reserve comprises the cumulative net change in the fair value of the Group's investments categorized as Fair Value Through Other Comprehensive Income (FVTOCI). Net fair value movements are recycled to income statement if an investment categorized as Amortized Cost is either derecognized or impaired.

2.22 OTHER RESERVES - EMPLOYEE BENEFIT ACTUARIAL SURPLUS

Actuarial surplus/deficit on employee benefits represent changes in benefit obligation due to changes in actuarial valuation assumptions or actual experience differing from experience. The gains/losses for the year, net of applicable deferred tax assets/liability on employee benefit obligation, are recognized in other comprehensive income.

2.23 FOREIGN CURRENCY TRANSLATION

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entities operate (the 'functional currency'). The consolidated financial statements are presented in Nigerian Naira (N), which is the Group's presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-ends exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of profit or loss.

Foreign exchange gains and losses relating to financial assets are presented in the income statement within 'Net foreign exchange gain'. All other foreign exchange gains and losses are presented in the income statement within 'Other operating income' or 'Other operating expenses'.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Groups of insurance and reinsurance contracts that generate cash flows in a foreign currency are treated as monetary items.

Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value is determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction.

2.24 INVESTMENT INCOME

(a) Dividend income

Dividend income from equities is recognized when the right to receive payment is established, this is the ex-dividend date for equity securities.

(b) Interest income and expense

Interest income on financial assets that are classified as amortized cost and interest expense on financial liabilities other than those at FVTPL are determined using the effective interest rate method. Interest income is calculated by applying the effective interest rate to the gross carrying amount of financial assets, except for financial assets that have subsequently become credit-impaired (or stage 3), for which interest revenue is calculated by applying the effective interest rate to their amortized cost (i.e. net of the expected credit loss provision). Interest income on assets classified as amortized cost are recognized in investment income.

2.25 MANAGEMENT EXPENSES

Management expenses are expenses other than claims, investment expenses, employee benefit, expenses for marketing and administration and underwriting expenses. They include rents, professional fee, depreciation expenses and other non-operating expenses. Management expenses are accounted for on accrual basis and recognized in the income statement upon utilization of the service or at the date of their origin.

2.26 SEGMENT REPORTING

An operating segment is a component of the Group that engages in business activities from which it can earn and incur expenses, including revenues and expenses that relate to transaction with any of the Group's other components, whose revenues and operating results are reviewed regularly by Executive Management to make decisions about the resources allocated to each segment and assess its performance, and for which discrete financial information is available. All costs that are directly traceable to the operating segments are allocated to the segment concerned while indirect costs are allocated based on the benefits derived from such costs.

2.27 CONTINGENT LIABILITIES

Contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group or the Group has a present obligation as a result of past events which is not recognized because it is not probable that an outflow of resources will be required to settle the obligation; or the amount cannot be reliably estimated. Contingent liabilities normally comprise of legal claims under arbitration or court process in respect of which a liability is not likely to crystallize.

2.28 OTHER INSURANCE CONTRACT LIABILITIES

Other insurance contract liabilities refers to financial obligations arising from the group's insurance business that are basically outside the scope of the definition of insurance contracts. The group consistently evaluates these liabilities and measures them at fair value at each reporting date.

2.30 IFRS 17-INSURANCE CONTRACTS ACCOUNTING POLICIES

2.31 Key types of insurance contracts issued, and reinsurance contracts held.

Non-Life Business - The Group issues non-life insurance to individuals and commercial businesses. Non-life insurance products offered include Motor, Property, Marine & Aviation, Bond, Engineering, Oil and Gas, fire, Agriculture 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 Group 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 Group also holds appropriate types of reinsurance contracts to mitigate risk exposure, including: proportional and non-proportional facultative arrangements.

2.32 Definition and Classification of Insurance contracts

Products sold by the Group are classified as insurance contracts when the Group 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 Group'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 Group considers all its substantive rights and obligations, whether they arise from contract, law or regulation.

The Group determines whether a contract contains significant insurance risk by assessing if an insured event could cause the Group 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 Group 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 Group issues only non-life(General Business) insurance to individuals and commercial businesses.

2.33 Separating components from insurance and reinsurance contracts

The Group 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 Group 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 Group's products do not include distinct non insurance components such as investment components, goods and services, embedded derivatives that require separation.

2.34 Level of aggregation

Under IFRS 17 the Group determines a granular grouping of individual contracts for the purpose of measuring insurance contract liability and in the recognition of profitability. The Group identifies portfolios by aggregating insurance contracts that are subject to similar risks and managed together. In grouping insurance contracts into portfolios, the Group considers the similarity of risks rather than the specific labelling of product lines. The Group 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 Group'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 Group'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 Group determines that its contracts are not onerous on 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 Group's short-term contracts currently held have been assessed as having no possibility of becoming onerous except for the motor portfolio (onerous in 2023). 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.

2.35 Reinsurance contracts held

Reinsurance contracts held (loss-occurring reinsurance contracts) are for one year or less. For Risk-attaching reinsurance contracts, the Group 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 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.

2.36 Recognition of Insurance contracts

An insurance contract issued by the Group is recognised from the earliest of:

- the beginning of its coverage period (i.e. the period during which the Group 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 Group 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 derecognized.

2.37 Contract Boundaries

The Group 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 Group can compel the policyholder to pay the premiums, or in which the Group has a substantive obligation to provide the policyholder with insurance contract services. A substantive obligation to provide insurance contract services ends when:

- The Group 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 Group 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
- 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.

2.38 Measurement of insurance contracts issued.

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

At initial recognition, the Group 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 Group 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 Group 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 Group 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 Group'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 Group 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 Group 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 Group'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 Group's liability to pay amounts the Group is obliged to pay the policyholder under the contract. This includes repayment of investment components, when a contract is derecognized. The current estimate of LIC comprises the fulfilment cash flows related to current and past service allocated to the group at the reporting date.

For those claims that the Group expects to be paid within one year or less from the date of occurrence, the Group 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 recognized.

2.39 Discount Rate

In line with IFRS17(59) (B), IAS8(36) the Group 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 recognized in profit or loss at the end of each reporting period and the Group has elected an accounting policy to present the time value of money separately in profit or loss and other comprehensive income. The Group 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 Group 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 Group 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 Group shall adopt the Nigeria Actuarial Society committee discount rates as published on its website or on the NAICOM website whenever available.

2.40 Risk adjustment(RA) for non-financial risk

The risk adjustment measures the compensation the Group 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 Group 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 group has service level agreements that enhances prompt claim settlement except when circumstances warranted such delay. Amount recoverable from risk adjustment is recognized 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 75th percentile was adopted to be 7.94%.

2.41 PAA Eligibility Calculation and Materiality

The Group determine that its businesses satisfies the criteria for adopting the use of the simplified measurement model(PAA) as follows:

- (a) That such simplification would produce a measurement of the liability for remaining coverage that would not differ materially from that produced applying the General Model; or
- (b) That the coverage period of each contract in the group is one year or less.

In determining the level of materiality, the Group has taken a view that if the total volume of premiums in a cohort of contracts with coverage period of more than one year is less than 10%, then this would be deemed as immaterial to the justification of using the implied measurement model PAA- statistically insignificant in line with paragraph 5.2.2 of Guidance note on IFRS17 issued by NAICOM .

The Group has opted to test the PAA eligibility for the entire group (population) of contracts instead of just a sample within the population of insurance contracts, using a quantitative assessment approach involving application of simplified mathematical approach.

Based on quantitative assessment carried out by the group, the portion that is above one year based on volume of premium is 0.63%, 0.40% and 0.62% for 2021, 2022 and 2023 respectively, while the portion above 365 days based on policy count is 0.46%, 0.93% and 0.70% for 2021, 2022 and 2023 respectively, and the group considers these to be immaterial as to significantly impact the result of the premium allocation approach.

2.42 Insurance acquisition cash flows

The Group chooses to amortize acquisition cashflows over the contracts' coverage period, provided that the coverage period of each contract in the group at initial recognition is no more than one year. The Group includes insurance acquisition cash flows in the measurement of a group of insurance contracts if they are directly attributable to either the individual contracts in a group, the group itself or the portfolio of insurance contracts to which the group belongs.

The Group estimates, at a portfolio level, insurance acquisition cash flows not directly attributable to the group but directly attributable to the portfolio. The Group then allocates them to the group of newly written and renewed contracts on a systematic and rational basis.

The Group 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 groups including future renewals and the volume of expected renewals from new contracts issued in the period.

In the current and prior years, the Group did not allocate any insurance acquisition cash flows to future groups of insurance contracts, as it did not expect any renewal contracts to arise from new contracts issued in the period.

In the current and prior year, the Group did not identify any facts and circumstances indicating that the assets may be impaired.

2.43 Changes in fulfilment cash flows

At the end of each reporting period, the Group 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 Group 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 Group 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.

2.44 Onerous Contracts

If at any time during the coverage period, facts and circumstances indicate that a group of insurance contracts is onerous, then the Group determines the loss component and recognizes the loss immediately. The Group 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 Group conducts the onerosity 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 group, this does not translate to the LRC being onerous. In this case, the group 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.

2.45 Measurement of Reinsurance Contracts Held

(a) Recognition

Proportional reinsurance contracts held will be first recognized 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 recognized.

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 Group 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 smoothed out over the period of the underlying contracts, the Group has a policy to recognizing reinsurance contract held over the coverage period as each underlying contract is recognized. If a loss-recovery component is created for a group of reinsurance contracts measured under the PAA, then the Group 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 Group'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.

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

2.46 Modification and Derecognition

The Group 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 Group 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 Group treats the effect of the modification as changes in the estimates of fulfilment cash flows.

For insurance contracts accounted for using the PAA, the Group adjusts insurance revenue prospectively from the time of the contract modification.

The Group 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.

When the Group 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 group.

When the Group transfers an insurance contract to a third party and that results in derecognition, the Group 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 derecognized fulfilment cash flows and the premium charged by the third party for the transfer.

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

2.47 Presentation

The Group has presented separately in the Group'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 Group disaggregates the amounts recognized in the consolidated 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 Group 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 Group's insurance liabilities.

The Group 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.

2.48 Insurance Revenue

When applying the PAA, the Group 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 Group 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.

2.49 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.

2.50 Net expenses from reinsurance contracts held.

The Group 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 Group 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 Group 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 group. 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.

2.51 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.

2.52 The presentation for insurance finance income and expenses

The Group 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 Group examines the assets held for that portfolio and how they are accounted for.

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

2.53 Transition policy

The Group shall apply IFRS 17 retrospectively using the full retrospective approach.

On transition to IFRS 17, the Group applied the full retrospective approach unless impracticable to do so in which it applied the modified retrospective approach.

At 1 January 2022 group of risk on transition to IFRS 17 are identified and measured with the following approaches:

| Transition approach | Year of issue |
|---|---------------|
| All groups of insurance and Reinsurance contracts - Full retrospective approach was adopted | 2021 - 2022 |
| All groups of Insurance and Reinsurance contracts for which the full retrospective approach was impracticable - modified retrospective approach was adopted | Prior to 2021 |

The Group has applied the full retrospective approach on transition to all short-term insurance contracts in force at the transition date.

To do this, at the transition date, we have identified, recognized and measured each group of insurance contracts as if IFRS 17 had always applied; and derecognized any existing balances that would not exist had IFRS 17 always applied; and finally recognized any resulting net difference in equity.

The modified retrospective approach entails that the group has tried its best to achieve the closest outcome to full retrospective application possible using reasonable and supportable information available without undue cost or effort. Accordingly, in adopting this approach, the entity has used reasonable and supportable information. The group has maximized the use of information that would have been used to apply a fully retrospective approach, but has only used information available to the group without undue cost or effort.

(a) Contracts existing at transition date.

On transition date, 1 January 2023, the Group:

- Has identified, recognized and measured each group of insurance contracts as if IFRS 17 had always applied (unless impracticable).
- Has identified, recognized and measured assets for insurance acquisition cash flows as if IFRS 17 had always applied. However, no recoverability assessment was performed before the transition date. At transition date, a recoverability assessment was performed, and no impairment loss was identified.
- Derecognized any existing balances that would not exist had IFRS 17 always applied.
- Recognized any resulting net difference in equity.

In determining the appropriate transition approach, the following were considered:

- the coverage period of the in-force policies
- the availability of historical data and assumptions driving measurement and the ability to obtain these without undue cost and effort.

(b) Transition adjustments

The group has adopted IFRS 17 Insurance contracts from 1 January 2023 and comparatives have been retrospectively restated from the transition date of 1 January 2022. A restated opening statement of financial position and statement of comprehensive income have been included to reflect the transition from IFRS 4 to IFRS 17 and to indicate the impact of the adoption on the group's financials.

IFRS 17 TRANSITION ADJUSTMENT FOR STATEMENT OF FINANCIAL POSITION AS AT 1 JANUARY 2022 (GROUP)

| Assets | Notes | 2022 | | | 2022 |
|--|------------|-------------------|---------------------------|------------------------|-------------------|
| | | IFRS 4 N'000 | Reclassification N'000 | Remeasurement N'000 | IFRS 17 N'000 |
| Cash and cash equivalents | | 7,895,469 | - | - | 7,895,469 |
| Financial assets | | | - | - | |
| - At fair value through profit or loss | | 5,354,017 | - | - | 5,354,017 |
| - At fair value through other comprehensive income | | 84,884 | - | - | 84,884 |
| - At amortised cost | | 8,143,491 | - | - | 8,143,491 |
| Trade receivables | | 1,479,056 | - | - | 1,479,056 |
| Insurance contract Assets | a | - | - | - | - |
| Reinsurance assets | b(c) | 7,565,820 | (7,565,820) | - | - |
| Reinsurance Contract assets | c(b,e,n) | - | 7,204,110 | 224,461 | 7,428,571 |
| Deferred acquisition costs | f(h) | 1,030,753 | (1,030,753) | - | - |
| Other receivables and prepayments | | 414,712 | - | - | 414,712 |
| Investment in Subsidiary | | - | - | - | - |
| Investment properties | | 1,706,167 | - | - | 1,706,167 |
| Statutory deposit | | 320,000 | - | - | 320,000 |
| Intangible asset | | 10 | - | - | 10 |
| Property, Plant and Equipment | | 3,794,957 | - | - | 3,794,957 |
| Right-of-use Assets | | 209,920 | - | - | 209,920 |
| Deferred tax assets | | 257,505 | - | - | 257,505 |
| Total Assets | | 38,256,761 | (1,392,463) | 224,461 | 37,088,759 |
| Liabilities | | | | | |
| Insurance contract liabilities | g(h) | 12,217,843 | (12,217,843) | - | - |
| Insurance contract liabilities | h(g,f,o,j) | - | 11,187,090 | 370,552 | 11,557,642 |
| Reinsurance contract liabilities | d | - | - | - | - |
| Other Insurance contract liability | l(m) | - | 410,728 | - | 410,728 |
| Trade payables | m(l) | 410,728 | (410,728) | - | - |
| Other payables | n(c) | 1,893,238 | (361,710) | - | 1,531,528 |
| Lease liabilities | | 139,623 | - | - | 139,623 |
| Retirement benefit obligations | | 52,414 | - | - | 52,414 |
| Income tax liability | | 623,508 | - | - | 623,508 |
| Deferred tax liabilities | | 10,387 | - | - | 10,387 |
| | | 15,347,741 | (1,392,463) | 370,552 | 14,325,830 |
| Share capital | | 5,016,477 | - | - | 5,016,477 |
| Statutory contingency reserve | | 6,098,784 | - | - | 6,098,784 |
| Retained earnings | o(e,h,j) | 9,649,912 | - | (146,091) | 9,503,821 |
| FVOCI reserve | | (36,612) | - | - | (36,612) |
| Asset revaluation reserve | | 2,107,964 | - | - | 2,107,964 |
| Other Reserves - gratuity | | 72,495 | - | - | 72,495 |
| Total Equity | | 22,909,020 | - | (146,091) | 22,762,929 |
| Total Equity and Liabilities | | 38,256,761 | (1,392,463) | 224,461 | 37,088,759 |

IFRS 17 TRANSITION ADJUSTMENT FOR STATEMENT OF FINANCIAL POSITION AS AT 1 JANUARY 2022 (PARENT)

| Assets | Notes | 2022 | | | 2022 |
|--|------------|-------------------|---------------------------|------------------------|-------------------|
| | | IFRS 4 N'000 | Reclassification N'000 | Remeasurement N'000 | IFRS 17 N'000 |
| Cash and cash equivalents | | 7,841,181 | - | - | 7,841,181 |
| Financial assets | | | - | - | |
| - At fair value through profit or loss | | 5,354,017 | - | - | 5,354,017 |
| - At fair value through other comprehensive income | | 84,884 | - | - | 84,884 |
| - At amortised cost | | 8,143,491 | - | - | 8,143,491 |
| Trade receivables | | 1,479,056 | - | - | 1,479,056 |
| Insurance contract Assets | a | - | - | - | - |
| Reinsurance assets | b(c) | 7,565,820 | (7,565,820) | - | - |
| Reinsurance Contract assets | c(b,e,n) | - | 7,204,110 | 224,461 | 7,428,571 |
| Deferred acquisition costs | f(h) | 1,030,753 | (1,030,753) | - | - |
| Other receivables and prepayments | | 263,776 | - | - | 263,776 |
| Investment in Associate Regency NEM | | - | - | - | - |
| Investment in Subsidiary | | 150,000 | - | - | 150,000 |
| Investment properties | | 1,706,167 | - | - | 1,706,167 |
| Statutory deposit | | 320,000 | - | - | 320,000 |
| Intangible asset | | 10 | - | - | 10 |
| Property, Plant and Equipment | | 3,784,962 | - | - | 3,784,962 |
| Right-of-use Assets | | 209,920 | - | - | 209,920 |
| Deferred tax assets | | 253,568 | - | - | 253,568 |
| Total Assets | | 38,187,605 | (1,392,463) | 224,461 | 37,019,603 |
| Liabilities | | | | | |
| Insurance contract liabilities | g(h) | 12,217,843 | (12,217,843) | - | - |
| Insurance contract liabilities | h(g,f,o,j) | - | 11,187,090 | 370,552 | 11,557,642 |
| Reinsurance contract liabilities | d | - | - | - | - |
| Other Insurance contract liability | l(m) | - | 410,728 | - | 410,728 |
| Trade payables | m(l) | 410,728 | (410,728) | - | - |
| Other payables | n(c) | 1,860,814 | (361,710) | - | 1,499,104 |
| Lease liabilities | | 139,623 | - | - | 139,623 |
| Retirement benefit obligations | | 52,414 | - | - | 52,414 |
| Income tax liability | | 618,736 | - | - | 618,736 |
| Deferred tax liabilities | | 10,387 | - | - | 10,387 |
| | | 15,310,545 | (1,392,463) | 370,552 | 14,288,634 |
| Share capital | | 5,016,477 | - | - | 5,016,477 |
| Statutory contingency reserve | | 6,098,784 | - | - | 6,098,784 |
| Retained earnings | o(e,h,j) | 9,617,952 | - | (146,091) | 9,471,861 |
| FVOCI reserve | | (36,612) | - | - | (36,612) |
| Asset revaluation reserve | | 2,107,964 | - | - | 2,107,964 |
| Other Reserves - gratuity | | 72,495 | - | - | 72,495 |
| Total Equity | | 22,877,060 | - | (146,091) | 22,730,969 |
| Total Equity and Liabilities | | 38,187,605 | (1,392,463) | 224,461 | 37,019,603 |

IFRS 17 TRANSITION ADJUSTMENT FOR STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2022 (GROUP)

| Assets | Notes | 2022 | | | 2022 |
|--|------------|-------------------|---------------------------|------------------------|-------------------|
| | | IFRS 4 N'000 | Reclassification N'000 | Remeasurement N'000 | IFRS 17 N'000 |
| Cash and cash equivalents | | 8,878,011 | - | - | 8,878,011 |
| Financial assets | | | | | |
| - At fair value through profit or loss | | 5,800,623 | - | - | 5,800,623 |
| - At fair value through other comprehensive income | | 53,731 | - | - | 53,731 |
| - At amortised cost | | 12,159,020 | - | - | 12,159,020 |
| Trade receivables | | 672,356 | - | - | 672,356 |
| Insurance contract Assets | a | | - | - | - |
| Reinsurance assets | b(c) | 9,712,498 | (9,712,498) | - | - |
| Reinsurance contract assets | c(b,e,n) | | 9,180,930 | 291,773 | 9,472,703 |
| Deferred acquisition costs | f(h) | 1,446,991 | (1,446,991) | - | - |
| Other receivables and prepayments | | 723,428 | - | - | 723,428 |
| Investment in Subsidiary | | - | - | - | - |
| Investment properties | | 1,813,768 | - | - | 1,813,768 |
| Statutory deposit | | 320,000 | - | - | 320,000 |
| Intangible asset | | 15,721 | - | - | 15,721 |
| Property, Plant and Equipment | | 3,886,188 | - | - | 3,886,188 |
| Right-of-use Assets | | 149,520 | - | - | 149,520 |
| Deferred tax assets | | 256,411 | - | - | 256,411 |
| Total Assets | | 45,888,266 | (1,978,559) | 291,773 | 44,201,480 |
| Liabilities | | | | | |
| Insurance contract liabilities | g(h) | 15,645,093 | (15,645,093) | - | - |
| Insurance contract liabilities | h(g,f,o,j) | - | 14,198,102 | 476,064 | 14,674,166 |
| Reinsurance contract liabilities | d | - | - | - | - |
| Other Insurance contract liability | l(m) | - | 487,527 | - | 487,527 |
| Trade payables | m(l) | 487,527 | (487,527) | - | - |
| Other payables | n(c) | 2,107,289 | (531,568) | - | 1,575,721 |
| Lease liabilities | | 35,999 | - | - | 35,999 |
| Retirement benefit obligations | | 29,497 | - | - | 29,497 |
| Income tax liability | | 379,224 | - | - | 379,224 |
| Deferred tax liabilities | | 3,687 | - | - | 3,687 |
| | | 18,688,316 | (1,978,559) | 476,064 | 17,185,821 |
| Share capital | | 5,016,477 | - | - | 5,016,477 |
| Statutory contingency reserve | | 7,186,595 | - | - | 7,186,595 |
| Retained earnings | o(e,h,j) | 12,898,098 | - | (184,291) | 12,713,807 |
| FVOCI reserve | | (67,765) | - | - | (67,765) |
| Asset revaluation reserve | | 2,107,964 | - | - | 2,107,964 |
| Other Reserves - gratuity | | 58,581 | - | - | 58,581 |
| Total Equity | | 27,199,950 | - | (184,291) | 27,015,659 |
| Total Equity and Liabilities | | 45,888,266 | (1,978,559) | 291,773 | 44,201,480 |

IFRS 17 TRANSITION ADJUSTMENT FOR STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2022 (PARENT)

| Assets | Notes | 2022 | Reclassification N'000 | Remeasurement N'000 | 2022 |
|--|------------|-------------------|---------------------------|------------------------|-------------------|
| | | IFRS 4 N'000 | | | IFRS 17 N'000 |
| Cash and cash equivalents | | 8,842,182 | - | - | 8,842,182 |
| Financial assets | | | | | |
| - At fair value through profit or loss | | 5,800,623 | - | - | 5,800,623 |
| - At fair value through other comprehensive income | | 53,731 | - | - | 53,731 |
| - At amortised cost | | 12,159,020 | - | - | 12,159,020 |
| Trade receivables | | 672,356 | - | - | 672,356 |
| Insurance contract Assets | a | | - | - | - |
| Reinsurance assets | b(c) | 9,712,498 | (9,712,498) | - | - |
| Reinsurance contract assets | c(b,e,n) | | 9,180,930 | 291,773 | 9,472,703 |
| Deferred acquisition costs | f(h) | 1,446,991 | (1,446,991) | - | - |
| Other receivables and prepayments | | 581,362 | - | - | 581,362 |
| Investment in Associate Regency NEM | | - | - | - | - |
| Investment in Subsidiary | | 150,000 | - | - | 150,000 |
| Investment properties | | 1,813,768 | - | - | 1,813,768 |
| Statutory deposit | | 320,000 | - | - | 320,000 |
| Intangible asset | | 15,721 | - | - | 15,721 |
| Property, Plant and Equipment | | 3,878,192 | - | - | 3,878,192 |
| Right-of-use Assets | | 149,520 | - | - | 149,520 |
| Deferred tax assets | | 253,568 | - | - | 253,568 |
| Total Assets | | 45,849,532 | (1,978,559) | 291,773 | 44,162,746 |
| Liabilities | | | | | |
| Insurance contract liabilities | g(h) | 15,645,093 | (15,645,093) | - | - |
| Insurance contract liabilities | h(g,f,o,j) | - | 14,198,102 | 476,064 | 14,674,166 |
| Other Insurance contract liability | l(m) | - | 487,527 | - | 487,527 |
| Reinsurance contract liabilities | d | - | - | - | - |
| Trade payables | m(l) | 487,527 | (487,527) | - | - |
| Other payables | n(c) | 2,102,128 | (531,568) | - | 1,570,560 |
| Lease liabilities | | 35,999 | - | - | 35,999 |
| Retirement benefit obligations | | 29,497 | - | - | 29,497 |
| Income tax liability | | 378,179 | - | - | 378,179 |
| Deferred tax liabilities | | 3,687 | - | - | 3,687 |
| | | 18,682,110 | (1,978,559) | 476,064 | 17,179,615 |
| Share capital | | 5,016,477 | - | - | 5,016,477 |
| Statutory contingency reserve | | 7,186,595 | - | - | 7,186,595 |
| Retained earnings | o(e,h,j) | 12,865,570 | - | (184,291) | 12,681,279 |
| FVOCI reserve | | (67,765) | - | - | (67,765) |
| Asset revaluation reserve | | 2,107,964 | - | - | 2,107,964 |
| Other Reserves - gratuity | | 58,581 | - | - | 58,581 |
| Total Equity | | 27,167,422 | - | (184,291) | 26,983,131 |
| Total Equity and Liabilities | | 45,849,532 | (1,978,559) | 291,773 | 44,162,746 |

NEM INSURANCE PLC
ANNUAL REPORT, 31 DECEMBER 2023
IFRS 17 TRANSITION ADJUSTMENT FOR STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE
YEAR ENDED 31 DECEMBER 2022 (GROUP)



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| | Notes | IFRS 4 | Reclassification | | IFRS 17 |
|---|------------|------------------|------------------|-----------------|------------------|
| | | 2022 | N'000 | N'000 | 2022 |
| | | | | Remeasurement | |
| | | N'000 | N'000 | N'000 | N'000 |
| Insurance Revenue | q(r,w,d) | - | 31,433,600 | - | 31,433,600 |
| Gross premiums written | | 33,369,050 | (33,369,050) | - | - |
| Increase in unearned premium | | (1,935,450) | 1,935,450 | - | - |
| Gross premium income | r(q) | 31,433,600 | (31,433,600) | - | - |
| Insurance service expenses | u(v,w,j) | - | (22,588,323) | (105,512) | (22,693,835) |
| Net expenses on reinsurance contracts | s(t,v,r,e) | - | (2,547,987) | 67,312 | (2,480,675) |
| Reinsurance expenses | | (9,283,442) | 9,283,442 | - | - |
| Net premium income | | 22,150,158 | (22,150,158) | - | - |
| Fees and commission income | t(u) | 1,562,242 | (1,562,242) | - | - |
| Net underwriting income | | 23,712,400 | (23,712,400) | - | - |
| Claims expenses | v(u) | (7,647,470) | 7,647,470 | - | - |
| Underwriting expenses | w(q,u) | (9,856,218) | 9,856,218 | - | - |
| Underwriting profit | | 6,208,712 | (6,208,712) | - | - |
| Insurance Service Result | | - | - | - | 6,259,090 |
| Interest revenue calculated using the effective interest method | z(y) | 1,085,092 | - | - | 1,085,092 |
| Dividend Income | i(y) | 470,062 | - | - | 470,062 |
| Net foreign exchange gain | p(k) | 297,149 | - | - | 297,149 |
| Net Fair value gain | | 174,088 | - | - | 174,088 |
| Net credit impairment loss | x | (18,927) | - | - | (18,927) |
| Net Investment result | | - | - | - | 2,007,464 |
| Insurance finance expenses from insurance contracts issued | ab(v) | | (225,554) | - | (225,554) |
| Insurance finance Income from insurance contracts issued | aa(v) | | 136,976 | - | 136,976 |
| Net Insurance finance expenses | | | - | - | (88,578) |
| Net Insurance and Investment result | k(p) | | - | - | 8,177,976 |
| Other operating income | | 1,081,234 | - | - | 1,081,234 |
| Loss on disposal of property, plant and equipment | | (36,425) | - | - | (36,425) |
| Management expenses | | (3,724,696) | - | - | (3,724,696) |
| Finance cost | | - | - | - | - |
| Profit before NITDA and taxation | | 5,536,289 | - | (38,200) | 5,498,089 |
| Information Technology Development Levy | | (54,792) | - | - | (54,792) |
| Profit before taxation | | 5,481,497 | - | - | 5,443,297 |
| Income taxes | | (41,875) | - | - | (41,875) |
| Profit for the year after tax | | 5,439,622 | - | - | 5,401,422 |
| Other comprehensive income: | | | | | |
| Items within OCI that may be reclassified to the Profit or loss: | | | | | |
| Actuarial loss change in assumption | | (72) | - | - | (72) |
| Actuarial loss - experience adjustment | | (20,542) | - | - | (20,542) |
| Deferred tax | | 6,700 | - | - | 6,700 |
| Gain on FVTOCI | | (31,153) | - | - | (31,153) |
| Items within OCI that will not be reclassified to the Profit or loss: | | | | | |
| Gain on revaluation of land and buildings | | - | - | - | - |
| Deferred tax | | - | - | - | - |
| Total other comprehensive loss for the year | | (45,067) | - | - | (45,067) |
| Total comprehensive income for the year | | 5,394,555 | - | - | 5,356,355 |
| Basic earnings per share (Kobo) | | 108 | | | 108 |
| Diluted earnings per shares (Kobo) | | 108 | | | 108 |

IFRS 17 TRANSITION ADJUSTMENT FOR STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2022 (PARENT)

| | | IFRS 4 2022 | | IFRS 17 2022 | |
|---|------------|------------------|---------------------------|------------------------|------------------|
| | Notes | N'000 | Reclassification N'000 | Remeasurement N'000 | |
| | | | | N'000 | |
| Insurance Revenue | q(r,w,d) | - | 31,433,600 | - | 31,433,600 |
| Gross premiums written | | 33,369,050 | (33,369,050) | - | - |
| Increase in unearned premium | | (1,935,450) | 1,935,450 | - | - |
| Gross premium income | r(q) | 31,433,600 | (31,433,600) | - | - |
| Insurance service expenses | u(v,w,j) | - | (22,588,323) | (105,512) | (22,693,835) |
| Net expenses on reinsurance contracts | s(t,v,r,e) | - | (2,547,987) | 67,312 | (2,480,675) |
| Reinsurance expenses | | (9,283,442) | 9,283,442 | - | - |
| Net premium income | | 22,150,158 | (22,150,158) | - | - |
| Fees and commission income | t(u) | 1,562,242 | (1,562,242) | - | - |
| Net underwriting income | | 23,712,400 | (23,712,400) | - | - |
| Claims expenses | v(u,aa,ab) | (7,647,470) | 7,647,470 | - | - |
| Underwriting expenses | w(q,u) | (9,856,218) | 9,856,218 | - | - |
| Underwriting profit | | 6,208,712 | (6,208,712) | - | - |
| Insurance Service Result | | - | - | - | 6,259,090 |
| Interest revenue calculated using the effective interest method | z(y) | 1,085,092 | - | - | 1,085,092 |
| Dividend Income | i(y) | 470,062 | - | - | 470,062 |
| Net foreign exchange gain | p(k) | 297,149 | - | - | 297,149 |
| Net Fair value gain | | 174,088 | - | - | 174,088 |
| Net credit impairment loss | x | (18,927) | - | - | (18,927) |
| Net Investment result | | - | - | - | 2,007,464 |
| Insurance finance expenses from insurance contracts issued | ab(v) | - | (225,554) | - | (225,554) |
| Insurance finance Income from insurance contracts issued | aa(v) | - | 136,976 | - | 136,976 |
| Net Insurance finance expenses | | - | - | - | (88,578) |
| Net Insurance and Investment result | | - | - | - | 8,177,976 |
| Other operating income | k(p) | 1,027,743 | - | - | 1,027,743 |
| Loss on disposal of property, plant and equipment | | (36,425) | - | - | (36,425) |
| Management expenses | | (3,673,499) | - | - | (3,673,499) |
| Finance cost | | - | - | - | - |
| Profit before NITDA and taxation | | 5,533,995 | - | (38,200) | 5,495,795 |
| Information Technology Development Levy | | (54,792) | - | - | (54,792) |
| Profit before taxation | | 5,479,203 | - | - | 5,441,003 |
| Income taxes | | (40,149) | - | - | (40,149) |
| Profit for the year after tax | | 5,439,054 | - | - | 5,400,854 |

Other comprehensive income:

Items within OCI that may be reclassified to the Profit or loss:

| | | | | |
|---|----------|---|---|----------|
| Actuarial loss-change in assumption | (72) | - | - | (72) |
| Actuarial loss - experience adjustment | (20,542) | - | - | (20,542) |
| Deferred tax | 6,700 | - | - | 6,700 |
| Gain on FVTOCI | (31,153) | - | - | (31,153) |
| Items within OCI that will not be reclassified to the Profit or loss: | | | | |
| Gain on revaluation of land and buildings | - | - | - | - |
| Deferred tax | - | - | - | - |

Total other comprehensive loss for the year (45,067) - - (45,067)

Total comprehensive income for the year 5,393,987 - - 5,355,787

Basic earnings per share (Kobo) 108 108

Diluted earnings per shares (Kobo) 108 108

| Note | Group | | Parent | |
|--|----------------------|---------------------|----------------------|---------------------|
| | 31 Dec 2022 N'000 | 1 Jan 2022 N'000 | 31 Dec 2022 N'000 | 1 Jan 2022 N'000 |
| a Insurance Contract assets | | | | |
| Balance as at (IFRS 4) | - | - | - | - |
| Remeasurement | - | - | - | - |
| Balance as per (IFRS 17) | - | - | - | - |
| b Reinsurance assets (IFRS 4) | N'000 | N'000 | N'000 | N'000 |
| Balance as at (IFRS 4) | 9,712,498 | 7,565,820 | 9,712,498 | 7,565,820 |
| Reinsurance share of UPR reclassified to Reinsurance contract asset (Note c) | (2,374,961) | (1,583,477) | (2,374,961) | (1,583,477) |
| Reinsurance Share of outstanding claims reclassified to Reinsurance contract assets (Note c) | (2,369,489) | (1,615,475) | (2,369,489) | (1,615,475) |
| Reinsurance share of IBNR reclassified to Reinsurance contract assets (Note c) | (2,144,718) | (1,951,123) | (2,144,718) | (1,951,123) |
| Reinsurance share of Claims paid reclassified to Reinsurance contract assets (Note c) | (2,792,910) | (2,038,968) | (2,792,910) | (2,038,968) |
| Co-assurance receivables reclassified to Reinsurance contract assets (Note c) | (30,420) | (376,777) | (30,420) | (376,777) |
| Balance as per (IFRS 17) | - | - | - | - |
| c Reinsurance Contract assets | N'000 | N'000 | N'000 | N'000 |
| Balance as at (IFRS 4) | - | - | - | - |
| Reinsurance share of UPR reclassified from Reinsurance assets (note b) | 2,374,961 | 1,583,477 | 2,374,961 | 1,583,477 |
| Deferred Commission Income reclassified from Other payables (note n) | (531,568) | (361,710) | (531,568) | (361,710) |
| Asset for remaining coverage | 1,843,393 | 1,221,767 | 1,843,393 | 1,221,767 |
| Reinsurance Share of outstanding claims reclassified from Reinsurance assets (Note b) | 2,369,489 | 1,615,475 | 2,369,489 | 1,615,475 |
| Reinsurance share of IBNR reclassified from Reinsurance assets (Note b) | 2,144,718 | 1,951,123 | 2,144,718 | 1,951,123 |
| Reinsurance share of Claims paid reclassified from Reinsurance assets (Note b) | 2,792,910 | 2,038,968 | 2,792,910 | 2,038,968 |
| Co assurance Receivables reclassified from Reinsurance assets (Note b) | 30,420 | 376,777 | 30,420 | 376,777 |
| Amount Recoverable on Incurred Claims-Risk Adjustment (Note e) | 291,773 | 224,461 | 291,773 | 224,461 |
| Amount recoverable on incurred claims | 7,629,310 | 6,206,804 | 7,629,310 | 6,206,804 |
| Balance as per (IFRS 17) | 9,472,703 | 7,428,571 | 9,472,703 | 7,428,571 |
| d Reinsurance contract Liabilities | N'000 | N'000 | N'000 | N'000 |
| Balance as per (IFRS 4) | - | - | - | - |
| Reclassifications | - | - | - | - |
| Remeasurements | - | - | - | - |
| Balance as per (IFRS 17) | - | - | - | - |
| e Amount Recoverable on Incurred Claims-Risk Adjustment | N'000 | N'000 | N'000 | N'000 |
| Balance as at (IFRS 4) | - | - | - | - |
| Opening balance | 224,461 | - | 224,461 | - |
| Remeasurement (Note s) | 67,312 | 224,461 | 67,312 | 224,461 |
| Balance as per (IFRS 17) | 291,773 | 224,461 | 291,773 | 224,461 |
| f Deferred acquisition Cost | N'000 | N'000 | N'000 | N'000 |
| Balance as at (IFRS 4) | 1,446,991 | 1,030,753 | 1,446,991 | 1,030,753 |
| Deferred acquisition Cost Reclassified to Insurance contract liability (note h) | (1,446,991) | (1,030,753) | (1,446,991) | (1,030,753) |
| Balance as per (IFRS 17) | - | - | - | - |
| g Insurance Contract Liability (IFRS 4) | N'000 | N'000 | N'000 | N'000 |
| Balance as at (IFRS 4) | 15,645,093 | 12,217,843 | 15,645,093 | 12,217,843 |
| Outstanding Claims Reserve reclassified to Insurance contract liability (Note h) | (3,018,611) | (2,512,860) | (3,018,611) | (2,512,860) |
| Incurred but not Reported (IBNR) reclassified to Insurance contract liability (Note h) | (4,361,125) | (3,375,076) | (4,361,125) | (3,375,076) |
| Unearned Premium Reserve reclassified to Insurance contract liability (Note h) | (8,265,357) | (6,329,907) | (8,265,357) | (6,329,907) |
| Balance as per (IFRS 17) | - | - | - | - |

| | Group | | Parent | |
|---|----------------------|---------------------|----------------------|---------------------|
| | 31 Dec 2022 N'000 | 1 Jan 2022 N'000 | 31 Dec 2022 N'000 | 1 Jan 2022 N'000 |
| h Insurance Contract Liability (IFRS 17) | | | | |
| Insurance Contract Liability (IFRS 4) | - | - | - | - |
| Reclassification from Unearned Premium Reserve (Note g) | 8,265,357 | 6,329,907 | 8,265,357 | 6,329,907 |
| Insurance acquisition cost reclassified from DAC (Note f) | (1,446,991) | (1,030,753) | (1,446,991) | (1,030,753) |
| Remeasurement transferred to retained earnings (Note o) | - | - | - | - |
| Liability for Remaining Coverage (LRC) | 6,818,366 | 5,299,154 | 6,818,366 | 5,299,154 |
| Reclassification from Outstanding Claim Reserve (Note g) | 3,018,611 | 2,512,860 | 3,018,611 | 2,512,860 |
| Reclassification from Outstanding Claim reserve (Note g) | 4,361,125 | 3,375,076 | 4,361,125 | 3,375,076 |
| Liability for Incurred Claims (LIC) | 7,379,736 | 5,887,936 | 7,379,736 | 5,887,936 |
| Risk Adjustment (Note j) | 476,064 | 370,552 | 476,064 | 370,552 |
| Balance as per (IFRS 17) | 14,674,166 | 11,557,642 | 14,674,166 | 11,557,642 |
| i Dividend Income | N'000 | N'000 | N'000 | N'000 |
| Dividend Income reclassified from Investment income (Note y) | 470,062 | 622,121 | 470,062 | 622,121 |
| | 470,062 | 622,121 | 470,062 | 622,121 |
| j Risk Adjustment | N'000 | N'000 | N'000 | N'000 |
| Opening balance (IFRS 4) | - | - | - | - |
| Opening balance (IFRS 17) | 370,552 | - | 370,552 | - |
| Remeasurement (Note u) | 105,512 | 370,552 | 105,512 | 370,552 |
| Balance as per (IFRS 17) (Note o) | 476,064 | 370,552 | 476,064 | 370,552 |
| k Other operating Income | N'000 | N'000 | N'000 | N'000 |
| Balance as per IFRS 4 | 1,378,383 | 292,526 | 1,324,892 | 251,147 |
| Unrealized foreign exchange gain transfer to Net foreign exchange income/(expense) (Note p) | (297,149) | (183,312) | (297,149) | (183,312) |
| | 1,081,234 | 109,214 | 1,027,743 | 67,835 |
| l Other Insurance contract liabilities | N'000 | N'000 | N'000 | N'000 |
| Balance as at (IFRS 4) | - | - | - | - |
| Trade payables reclassified from trade payables (Note m) | 487,527 | 410,728 | 487,527 | 410,728 |
| Remeasurement | - | - | - | - |
| Balance as per (IFRS 17) | 487,527 | 410,728 | 487,527 | 410,728 |
| m Trade Payables | N'000 | N'000 | N'000 | N'000 |
| Balance as at (IFRS 4) | 487,527 | 410,728 | 487,527 | 410,728 |
| Trade payables reclassified to Other Insurance contract liabilities (Note l) | (487,527) | (410,728) | (487,527) | (410,728) |
| Balance as per (IFRS 17) | - | - | - | - |
| n Other Payables | N'000 | N'000 | N'000 | N'000 |
| Balance as at (IFRS 4) | 2,107,289 | 1,893,238 | 2,102,128 | 1,860,814 |
| Deferred Commission Income reclassified to Reinsurance contract assets (Note c) | (531,568) | (361,710) | (531,568) | (361,710) |
| Balance as per (IFRS 17) | 1,575,721 | 1,531,528 | 1,570,560 | 1,499,104 |
| o Retained Earnings | N'000 | N'000 | N'000 | N'000 |
| Opening balance (IFRS 4) | 12,898,098 | 9,649,912 | 12,865,570 | 9,617,952 |
| Remeasurement of Risk adjustment (Note j) | (476,064) | (370,552) | (476,064) | (370,552) |
| Remeasurement of Reinsurance share of Risk adjustment (Note e) | 291,773 | 224,461 | 291,773 | 224,461 |
| Balance as per (IFRS 17) | 12,713,807 | 9,503,821 | 12,681,279 | 9,471,861 |
| p Net foreign exchange income/(expense) | N'000 | N'000 | N'000 | N'000 |
| Unrealized foreign exchange gain transfer from Other operating income (Note k) | 297,149 | 183,312 | 297,149 | 183,312 |
| | 297,149 | 183,312 | 297,149 | 183,312 |

| | Group | | Parent | |
|--|----------------------|---------------------|----------------------|---------------------|
| | 31 Dec 2022 N'000 | 1 Jan 2022 N'000 | 31 Dec 2022 N'000 | 1 Jan 2022 N'000 |
| q Insurance Revenue | | | | |
| Gross Premium Income reclassified from Gross Premium written (Note r) | 31,433,600 | 26,545,254 | 31,433,600 | 26,545,254 |
| Movement in Remeasurement of Liability for remaining coverage (Note d) | - | - | - | - |
| Balance as per (IFRS 17) | <u>31,433,600</u> | <u>26,545,254</u> | <u>31,433,600</u> | <u>26,545,254</u> |
| r Gross Premium Written | | | | |
| Gross Premium Written (IFRS 4) | 33,369,050 | 27,875,088 | 33,369,050 | 27,875,088 |
| Changes in Unearned Premium (IFRS 4) | (1,935,450) | (1,329,834) | (1,935,450) | (1,329,834) |
| Gross Premium Income (IFRS 4) | <u>31,433,600</u> | <u>26,545,254</u> | <u>31,433,600</u> | <u>26,545,254</u> |
| Reinsurance Expense (IFRS 4) | (9,283,442) | (7,239,127) | (9,283,442) | (7,239,127) |
| Net Premium Income (IFRS 4) | <u>22,150,158</u> | <u>19,306,127</u> | <u>22,150,158</u> | <u>19,306,127</u> |
| Gross Premium Income reclassified to insurance revenue IFRS 17 (Note q) | (31,433,600) | (26,545,254) | (31,433,600) | (26,545,254) |
| Reinsurance expense reclassified to Net expenses on reinsurance contracts IFRS 17 (Note s) | <u>9,283,442</u> | <u>7,239,127</u> | <u>9,283,442</u> | <u>7,239,127</u> |
| Balance as per (IFRS 17) | - | - | - | - |
| s Net expenses from reinsurance contracts | | | | |
| Commission received reclassified from fee & Commission Income (Note t) | 1,562,242 | 1,454,875 | 1,562,242 | 1,454,875 |
| Recoverable from reinsurance reclassified from Net Claims Expenses (Note v) | 5,173,213 | 4,811,834 | 5,173,213 | 4,811,834 |
| Reinsurance expenses reclassified from Net premium Income (Note r) | (9,283,442) | (7,239,127) | (9,283,442) | (7,239,127) |
| Remeasurement of reinsurance share of risk adjustment (Note e) | 67,312 | 224,461 | 67,312 | 224,461 |
| Balance as per (IFRS 17) | <u>(2,480,675)</u> | <u>(747,957)</u> | <u>(2,480,675)</u> | <u>(747,957)</u> |
| t Fee and Commission Income | | | | |
| Fees and Commission Income received from reinsurance ceded (IFRS 4) | 1,562,242 | 1,454,875 | 1,562,242 | 1,454,875 |
| Fees and commission Income received reclassified to Net expenses on reinsurance contracts (Note u) | (1,562,242) | (1,454,875) | (1,562,242) | (1,454,875) |
| Balance as per (IFRS 17) | - | - | - | - |
| u Insurance Service Expenses | | | | |
| Gross Claims incurred reclassified from net claims expenses (Note v) | 12,732,105 | 10,372,719 | 12,732,105 | 10,372,719 |
| Acquisition and maintenance expenses reclassified from underwriting expenses (Note w) | 9,856,218 | 8,204,631 | 9,856,218 | 8,204,631 |
| Remeasurement of risk adjustment (Note j) | 105,512 | 370,552 | 105,512 | 370,552 |
| Balance as per (IFRS 17) | <u>22,693,835</u> | <u>18,947,902</u> | <u>22,693,835</u> | <u>18,947,902</u> |
| v Claims Expense | | | | |
| Claims Paid | 12,294,580 | 11,603,949 | 12,294,580 | 11,603,949 |
| Changes in Outstanding claims | 505,751 | (348,038) | 505,751 | (348,038) |
| Changes in IBNR | 986,049 | 1,456,112 | 986,049 | 1,456,112 |
| Claims recovered from salvage & subrogation | (828,721) | (2,339,304) | (828,721) | (2,339,304) |
| Gross claims incurred | <u>12,957,659</u> | <u>10,372,719</u> | <u>12,957,659</u> | <u>10,372,719</u> |
| Recoverable from reinsurance | (5,310,189) | (4,811,834) | (5,310,189) | (4,811,834) |
| Net Claims expense | <u>7,647,470</u> | <u>5,560,885</u> | <u>7,647,470</u> | <u>5,560,885</u> |
| Gross claims incurred reclassified to insurance service expenses (Note u) | (12,732,105) | (10,372,719) | (12,732,105) | (10,372,719) |
| Impact of claims discounting transferred to insurance finance expense (Note ab) | (225,554) | - | (225,554) | - |
| Recoverable from reinsurance reclassified to net expenses on reinsurance contracts (Note s) | 5,173,213 | 4,811,834 | 5,173,213 | 4,811,834 |
| Impact of reinsurance discounting transferred to insurance finance income (Note aa) | <u>136,976</u> | - | <u>136,976</u> | - |
| Balance as per (IFRS 17) | - | - | - | - |

| | Group | | Parent | |
|--|-------------|-------------|-------------|-------------|
| | 31 Dec 2022 | 1 Jan 2022 | 31 Dec 2022 | 1 Jan 2022 |
| | N'000 | N'000 | N'000 | N'000 |
| w Underwriting Expenses | | | | |
| Acquisition expenses IFRS 4 | 5,617,002 | 5,231,583 | 5,617,002 | 5,231,583 |
| Maintenance expenses IFRS 4 | 4,239,216 | 2,973,048 | 4,239,216 | 2,973,048 |
| Underwriting expenses IFRS 4 | 9,856,218 | 8,204,631 | 9,856,218 | 8,204,631 |
| Underwriting expense transferred to Insurance service expenses (Note u) | (9,856,218) | (8,204,631) | (9,856,218) | (8,204,631) |
| Balance as per (IFRS 17) | - | - | - | - |
| x Net credit impairment gain/losses | | | | |
| Write back/(Allowance) for credit losses - Cash | 1,299 | (6,030) | 1,299 | (6,030) |
| (Allowance)/ Write back for credit losses - Bonds | (10,490) | 22,122 | (10,490) | 22,122 |
| Allowance for credit losses - Fixed deposits | (9,736) | (9,997) | (9,736) | (9,997) |
| | (18,927) | 6,095 | (18,927) | 6,095 |
| y Investment Income | | | | |
| Balance as per IFRS 4 | 1,555,154 | 1,134,507 | 1,555,154 | 1,134,507 |
| Interest from fixed deposit (Note z) | (590,427) | (477,788) | (590,427) | (477,788) |
| Interest from Amortized cost financial assets (Note z) | (481,246) | (15,355) | (481,246) | (15,355) |
| Interest from statutory deposit (Note z) | (13,419) | (19,243) | (13,419) | (19,243) |
| Dividend Income (Note i) | (470,062) | (622,121) | (470,062) | (622,121) |
| | - | - | - | - |
| z Interest revenue calculated using the effective interest method | | | | |
| Interest from fixed deposit (Note y) | 590,427 | 477,788 | 590,427 | 477,788 |
| Interest from Amortized cost financial assets (Note y) | 481,246 | 15,355 | 481,246 | 15,355 |
| Interest from statutory deposit (Note y) | 13,419 | 19,243 | 13,419 | 19,243 |
| | 1,085,092 | 512,386 | 1,085,092 | 512,386 |
| aa Insurance finance income | | | | |
| Transfer from claims expenses (Note v) | 136,976 | - | 136,976 | - |
| | 136,976 | - | 136,976 | - |
| ab Insurance finance expenses | | | | |
| Transfer from claims expenses (Note v) | 225,554 | - | 225,554 | - |
| | 225,554 | - | 225,554 | - |

Financial impact of transition to IFRS 17

Under IFRS 17, the concepts of deferred acquisition costs (DAC) and 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. N1,446,991,000 (1 January 2022; N1,030,753,000) DAC on non-life insurance contracts has been derecognized on transition and presented as a reclassification to insurance contract liabilities. Also N531,568,000 (1 January 2022; N361,710,000) DCI on non-life insurance contracts has also been derecognized and presented as a reclassification to Reinsurance contract assets.

Under IFRS 17, the concept of Risk adjustment for non-financial risks was introduced. As a result, N476,064,000 (1 January 2022: N370,552,000) was presented as a remeasurement of insurance contract liabilities and adjusted on retained earnings as a reduction. The reinsurance portion of the risk adjustment N291,773,000 (1 January 2022: 224,460,714) was also recognized as a remeasurement of Reinsurance contract assets and adjusted on retained earnings as an increase.

Given these adjustments, the total impact on the company's retained earnings as a result from the first time adoption of IFRS 17 on 1 January 2022 was (N146,091,290) which has been adjusted in the opening balance of the company's retained earnings. In managements opinion, this impact is immaterial to the assessment of the company's financial condition or assessment of its going concern.

| | Notes | Group | | | Parent | | |
|--|----------|-------------------|--------------------------------|------------------------------|-------------------|--------------------------------|------------------------------|
| | | 2023 | 31 December 2022 (Restated) | 1 January 2022 (Restated) | 2023 | 31 December 2022 (Restated) | 1 January 2022 (Restated) |
| | | N'000 | N'000 | N'000 | N'000 | N'000 | N'000 |
| Assets | | | | | | | |
| Cash and cash equivalents | 3 | 8,002,993 | 8,878,011 | 7,895,469 | 7,907,551 | 8,842,182 | 7,841,181 |
| Financial investments | | | | | | | |
| - At fair value through profit or loss | 4 | 10,463,494 | 5,800,623 | 5,354,017 | 10,463,494 | 5,800,623 | 5,354,017 |
| - At fair value through other comprehensive income | 4 | 75,219 | 53,731 | 84,884 | 75,219 | 53,731 | 84,884 |
| - At amortised cost | 4 | 36,355,234 | 12,159,020 | 8,143,491 | 36,355,234 | 12,159,020 | 8,143,491 |
| Insurance contract assets | 15.1 | - | - | - | - | - | - |
| Trade Receivable | 5 | 450,143 | 672,356 | 1,479,056 | 354,531 | 672,356 | 1,479,056 |
| Reinsurance contract assets | 6 | 9,433,042 | 9,472,703 | 7,428,571 | 9,433,042 | 9,472,703 | 7,428,571 |
| Other receivables and prepayments | 8 | 2,148,365 | 723,429 | 414,712 | 1,875,423 | 581,362 | 263,776 |
| Investment in Subsidiary | 10 | - | - | - | 435,000 | 150,000 | 150,000 |
| Investment properties | 11 | 2,353,946 | 1,813,768 | 1,706,167 | 2,353,946 | 1,813,768 | 1,706,167 |
| Statutory deposit | 12 | 320,000 | 320,000 | 320,000 | 320,000 | 320,000 | 320,000 |
| Intangible asset | 13 | 54,110 | 15,721 | 10 | 42,161 | 15,721 | 10 |
| Property, Plant and Equipment | 14(a)(b) | 4,202,175 | 3,886,188 | 3,794,957 | 4,059,350 | 3,878,192 | 3,784,962 |
| Right-of-use Assets | 14(c) | 609,015 | 149,520 | 209,920 | 609,015 | 149,520 | 209,920 |
| Deferred tax assets | 20(i) | - | 256,411 | 257,505 | - | 253,568 | 253,568 |
| Total Assets | | 74,467,735 | 44,201,481 | 37,088,759 | 74,283,965 | 44,162,746 | 37,019,603 |
| Liabilities | | | | | | | |
| Insurance contract liabilities | 15 | 25,285,724 | 14,674,166 | 11,557,642 | 25,097,847 | 14,674,166 | 11,557,642 |
| Reinsurance contract liabilities | 6.1 | - | - | - | - | - | - |
| Other Insurance contract liabilities | 16 | 857,381 | 487,527 | 410,728 | 783,901 | 487,527 | 410,728 |
| Borrowings | 28 | 1,557,737 | - | - | 1,557,737 | - | - |
| Other payables | 17 | 2,093,470 | 1,575,721 | 1,531,528 | 2,015,522 | 1,570,560 | 1,499,104 |
| Lease liabilities | 17(d) | 473,241 | 35,999 | 139,623 | 473,241 | 35,999 | 139,623 |
| Retirement benefit obligations | 18 | - | 29,497 | 52,414 | - | 29,497 | 52,414 |
| Income tax liability | 19 | 1,155,152 | 379,224 | 623,508 | 1,154,348 | 378,179 | 618,736 |
| Deferred tax liabilities | 20(ii) | 4,507,627 | 3,687 | 10,387 | 4,505,697 | 3,687 | 10,387 |
| | | 35,930,332 | 17,185,821 | 14,325,830 | 35,588,294 | 17,179,615 | 14,288,634 |
| Share capital | 21 | 5,016,477 | 5,016,477 | 5,016,477 | 5,016,477 | 5,016,477 | 5,016,477 |
| Statutory contingency reserve | 22 | 9,837,510 | 7,186,595 | 6,098,784 | 9,837,510 | 7,186,595 | 6,098,784 |
| Retained earnings | 23 | 21,578,802 | 12,713,807 | 9,503,821 | 21,779,997 | 12,681,279 | 9,471,861 |
| FVOCI reserve | 24 | (46,277) | (67,765) | (36,612) | (46,277) | (67,765) | (36,612) |
| Asset revaluation reserve | 25 | 2,107,964 | 2,107,964 | 2,107,964 | 2,107,964 | 2,107,964 | 2,107,964 |
| Other Reserves - gratuity | 26 | - | 58,581 | 72,495 | - | 58,581 | 72,495 |
| Insurance finance reserve | 7 | - | - | - | - | - | - |
| Non-controlling interest | 9 | 42,927 | - | - | - | - | - |
| Total Equity | | 38,537,403 | 27,015,659 | 22,762,929 | 38,695,671 | 26,983,131 | 22,730,969 |
| Total Equity and Liabilities | | 74,467,735 | 44,201,481 | 37,088,759 | 74,283,965 | 44,162,746 | 37,019,603 |

The financial statements on pages were approved by the Board of Directors and authorised for issue on 29 April 2024 and signed on its behalf by:

| | | |
|--|---|--|
|  Mr. Tope Smart (Group Chairman) FRC/2013/CIIN/0000001331 |  Mr. Andrew Ikekhus (MD/CEO) FRC/2018/CIIN/00000018245 |  Mr. Idowu Semowo (CFO) FRC/2013/ICAN/00000001466 |
|--|---|--|

The accompanying notes form an integral part of these consolidated and separate financial statements.

CONSOLIDATED AND SEPARATE STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2023

| | Notes | Group | | Parent | |
|--|--------|-------------------|-----------------------------|-------------------|-----------------------------|
| | | 2023 N'000 | 2022 (Restated) N'000 | 2023 N'000 | 2022 (Restated) N'000 |
| Insurance Revenue | 27 | 52,112,435 | 31,433,600 | 51,993,997 | 31,433,600 |
| Insurance Service Expenses | 32.1 | (34,218,973) | (22,693,835) | (34,116,367) | (22,693,835) |
| Net expenses on Reinsurance contracts | 29.1 | (12,795,475) | (2,480,675) | (12,795,475) | (2,480,675) |
| Insurance Service Result | | 5,097,987 | 6,259,090 | 5,082,155 | 6,259,090 |
| Interest revenue calculated using the effective interest method | 33a | 2,649,191 | 1,085,092 | 2,648,134 | 1,085,092 |
| Dividend Income | 33 | 687,422 | 470,062 | 687,422 | 470,062 |
| Net foreign exchange gain | 35d | 11,388,625 | 297,149 | 11,388,625 | 297,149 |
| Net Fair value gain | 34 | 4,807,948 | 174,088 | 4,807,948 | 174,088 |
| Net credit impairment losses | 36(c) | (213,317) | (18,927) | (213,317) | (18,927) |
| Net Investment result | | 19,319,869 | 2,007,464 | 19,318,812 | 2,007,464 |
| Insurance finance expenses from insurance contracts issued | 15.1 | (389,227) | (225,554) | (389,227) | (225,554) |
| Insurance finance Income from reinsurance contracts held | 6.1 | 234,922 | 136,976 | 234,922 | 136,976 |
| Net Insurance finance expenses | | (154,305) | (88,578) | (154,305) | (88,578) |
| Net Insurance and Investment result | | 24,263,551 | 8,177,976 | 24,246,662 | 8,177,976 |
| Other operating income | 35 | 242,610 | 1,081,234 | 180,117 | 1,027,743 |
| Gain/(loss) on disposal of property, plant and equipment | 37 | 13,657 | (36,425) | 13,657 | (36,425) |
| Management expenses | 36 | (5,279,154) | (3,724,696) | (4,912,943) | (3,673,499) |
| Finance cost | 30 | (362,809) | - | (348,772) | - |
| Profit before taxation | | 18,877,855 | 5,498,089 | 19,178,721 | 5,495,795 |
| Income taxes | 19(b) | (5,929,070) | (96,667) | (5,924,145) | (94,941) |
| Profit for the year after tax | | 12,948,785 | 5,401,422 | 13,254,576 | 5,400,854 |
| Other comprehensive income: | | | | | |
| <i>Items within OCI that may be reclassified to the Profit or loss:</i> | | | | | |
| Actuarial loss-change in assumption | 18 | (11,463) | (72) | (11,463) | (72) |
| Actuarial loss - experience adjustment | 18 | - | (20,542) | - | (20,542) |
| Deferred tax | 20(ii) | - | 6,700 | - | 6,700 |
| <i>Items within OCI that will not be reclassified to the Profit or loss:</i> | | | | | |
| Gain on FVTOCI | 24 | 21,488 | (31,153) | 21,488 | (31,153) |
| Gain on revaluation of land and buildings | 25 | - | - | - | - |
| Deferred tax | 25 | - | - | - | - |
| Total other comprehensive income/(loss) for the year | | 10,025 | (45,067) | 10,025 | (45,067) |
| Total comprehensive income for the year | | 12,958,810 | 5,356,355 | 13,264,601 | 5,355,787 |
| Profit/(Loss) Attributable to: | | | | | |
| Equity holders of the parent | | 13,020,855 | 5,401,422 | 13,254,576 | 5,400,854 |
| Non controlling interest | | (72,073) | - | - | - |
| Total comprehensive income/(loss) attributable to: | | | | | |
| Equity holders of the parent | | 13,030,880 | 5,356,355 | 13,264,601 | 5,355,787 |
| Non controlling interest | | (72,073) | - | - | - |
| Basic earnings per share (Kobo) | | 260 | 108 | 264 | 108 |
| Diluted earnings per shares (Kobo) | | 260 | 108 | 264 | 108 |

The accompanying notes form an integral part of these consolidated and separate financial statements.

NEM INSURANCE PLC
Consolidated Statement of Changes in Equity
for the year ended 31 December 2023
Group



| |
|--------------|
| CERTIFIED BY |
| DIRECTOR: |
| SECRETARY |

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| | Share capital | Share premium | Contingency reserve | Other reserve - Gratuity | FVOCI Reserve | Asset revaluation reserve | Retained earnings | Total | Non-controlling Interest | Total Equity |
|---|---------------|---------------|---------------------|--------------------------|---------------|---------------------------|-------------------|-------------|--------------------------|--------------|
| | N'000 | N'000 | N'000 | N'000 | N'000 | N'000 | N'000 | N'000 | N'000 | N'000 |
| Balance 1 January 2023 | 5,016,477 | - | 7,186,595 | 58,581 | (67,765) | 2,107,964 | 12,713,807 | 27,015,659 | - | 27,015,659 |
| Total comprehensive income for the year: | | | | | | | | | | |
| Addition during the year | | | | | | | | | 115,000 | 115,000 |
| Profit/(loss) for the year | - | - | - | - | - | - | 13,020,855 | 13,020,855 | (72,073) | 12,948,782 |
| Transfer to contingency reserve | - | - | 2,650,915 | - | - | - | (2,650,915) | - | - | - |
| Dividend paid during the year | - | - | - | - | - | - | (1,504,943) | (1,504,943) | - | (1,504,943) |
| Transfer to share capital | - | - | - | - | - | - | - | - | - | - |
| Fair value loss on FVOCI | - | - | - | - | 21,488 | - | - | 21,488 | - | 21,488 |
| Reclassification of other actuarial gain | - | - | - | (47,118) | - | - | - | (47,118) | - | (47,118) |
| Changes in valuation of gratuity | - | - | - | (11,463) | - | - | - | (11,463) | - | (11,463) |
| Balance 31 December 2023 | 5,016,477 | - | 9,837,510 | - | (46,277) | 2,107,964 | 21,578,804 | 38,494,478 | 42,927 | 38,537,405 |
| Balance 31 Deember 2021 IFRS 4 | 5,016,477 | - | 6,098,784 | 72,495 | (36,612) | 2,107,964 | 9,649,912 | 22,909,020 | - | 22,909,020 |
| Impact of transition adjustment | | | | | | | (146,091) | (146,091) | | (146,091) |
| Balance 1 January 2022 IFRS 17 | 5,016,477 | - | 6,098,784 | 72,495 | (36,612) | 2,107,964 | 9,503,821 | 22,762,929 | - | 22,762,929 |
| Total comprehensive income for the year: | | | | | | | | | | |
| Profit for the year | - | - | - | - | - | - | 5,401,422 | 5,401,422 | - | 5,401,422 |
| Transfer to contingency reserve | - | - | 1,087,811 | - | - | - | (1,087,811) | - | - | - |
| Dividend paid during the year | - | - | - | - | - | - | (1,103,625) | (1,103,625) | - | (1,103,625) |
| Fair value gain on FVOCI | - | - | - | - | (31,153) | - | - | (31,153) | - | (31,153) |
| Changes in valuation of gratuity | - | - | - | (13,914) | - | - | - | (13,914) | - | (13,914) |
| Changes in valuation of land and building | - | - | - | - | - | - | - | - | - | - |
| Balance 31 December 2022 | 5,016,477 | - | 7,186,595 | 58,581 | (67,765) | 2,107,964 | 12,713,807 | 27,015,659 | - | 27,015,659 |

The accompanying notes form an integral part of these consolidated and separate financial statements.

NEM INSURANCE PLC
Statement of Changes in Equity
for the year ended 31 December 2023
Parent

| |
|--|
| CERTIFIED BY |
| DIRECTOR:  |
| SECRETARY  |

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| | Share capital | Share premium | Contingency reserve | Other reserve - Gratuity | FVOCI Reserve | Asset revaluation reserve | Retained earnings | Total equity |
|---|---------------|---------------|---------------------|--------------------------|---------------|---------------------------|-------------------|--------------|
| | N'000 | N'000 | N'000 | N'000 | N'000 | N'000 | N'000 | N'000 |
| Balance 1 January 2023 | 5,016,477 | - | 7,186,595 | 58,581 | (67,765) | 2,107,964 | 12,681,279 | 26,983,131 |
| Total comprehensive income for the year: | | | | | | | | |
| Profit for the year | - | - | - | - | - | - | 13,254,576 | 13,254,576 |
| Transfer to contingency reserve | - | - | 2,650,915 | - | - | - | (2,650,915) | - |
| Dividend paid during the year | - | - | - | - | - | - | (1,504,943) | (1,504,943) |
| Transfer to share capital | - | - | - | - | - | - | - | - |
| Fair value gain on FVOCI | - | - | - | - | 21,488 | - | - | 21,488 |
| Reclassification of other actuarial gain | - | - | - | (47,118) | - | - | - | (47,118) |
| Changes in valuation of gratuity | - | - | - | (11,463) | - | - | - | (11,463) |
| Balance 31 December 2023 | 5,016,477 | - | 9,837,510 | - | (46,277) | 2,107,964 | 21,779,996 | 38,695,671 |
| Balance 31 December 2021 IFRS 4 | 5,016,477 | - | 6,098,784 | 72,495 | (36,612) | 2,107,964 | 9,617,952 | 22,877,060 |
| Impact of transition adjustment | - | - | - | - | - | - | (146,091) | (146,091) |
| Balance 1 January 2022 IFRS 17 | 5,016,477 | - | 6,098,784 | 72,495 | (36,612) | 2,107,964 | 9,471,861 | 22,730,969 |
| Total comprehensive income for the year: | | | | | | | | |
| Profit for the year | - | - | - | - | - | - | 5,400,854 | 5,400,854 |
| Transfer to contingency reserve | - | - | 1,087,811 | - | - | - | (1,087,811) | - |
| Dividend paid during the year | - | - | - | - | - | - | (1,103,625) | (1,103,625) |
| Fair value loss on FVOCI | - | - | - | - | (31,153) | - | - | (31,153) |
| Changes in valuation of gratuity | - | - | - | (13,914) | - | - | - | (13,914) |
| Changes in valuation of land and building | - | - | - | - | - | - | - | - |
| Balance 31 December 2022 | 5,016,477 | - | 7,186,595 | 58,581 | (67,765) | 2,107,964 | 12,681,279 | 26,983,131 |

The accompanying notes form an integral part of these consolidated and separate financial statements.

NEM INSURANCE PLC
ANNUAL REPORT, 31 DECEMBER 2023
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2023

| |
|--------------|
| CERTIFIED BY |
| DIRECTOR: |
| SECRETARY |

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| | Notes | Group | | Parent | |
|---|-----------|---------------------|--------------------|---------------------|--------------------|
| | | 2023 N'000 | 2022 N'000 | 2023 N'000 | 2022 N'000 |
| Cash flows from Operating Activities: | | | | | |
| Premium received | 41.2 | 63,663,427 | 33,880,290 | 63,384,070 | 33,880,290 |
| Premium Deposits | 16 | - | 295,460 | - | 295,460 |
| Reinsurance Premium Paid | 29.2(a) | (18,967,955) | (8,298,290) | (18,967,955) | (8,298,290) |
| Direct Claims Paid | 31 | (15,662,252) | (12,294,580) | (15,569,519) | (12,294,580) |
| Claims Received from Reinsurers | 15.1 | 6,385,512 | 3,954,994 | 6,385,512 | 3,954,994 |
| Cash Received from Salvages | 31(c) | 1,288,567 | 828,721 | 1,288,567 | 828,721 |
| Acquisition expense Paid | 32(b) | (10,370,935) | (6,033,240) | (10,354,280) | (6,033,240) |
| Maintenance Expenses Paid | 32(c) | (10,110,727) | (4,200,041) | (10,110,727) | (4,200,041) |
| Cash paid to and on behalf of Employees | 36(a) | (2,351,227) | (1,883,059) | (2,140,888) | (1,871,085) |
| Other Operating Expenses paid | | (2,091,341) | (737,615) | (1,962,323) | (735,489) |
| Company Income Tax Paid | 19(c) | (345,842) | (162,146) | (345,449) | (157,787) |
| Net cash inflow from operating activities | | 11,437,227 | 5,350,495 | 11,607,009 | 5,368,954 |
| Cash flows from Investing Activities: | | | | | |
| Acquisition of equities measured at FVTPL | 4.1 | (381,701) | (377,119) | (381,701) | (377,119) |
| Purchase of Bond | 3(a) | (4,989,532) | (2,696,023) | (4,989,532) | (2,696,023) |
| Purchase of placements | 3(d) | (16,669,082) | (668,998) | (16,669,082) | (668,998) |
| Purchase of Treasury bills | 3(e) | (533,063) | (360,000) | (533,063) | (360,000) |
| Purchase of Commercial papers | 3(f) | (7,162,790) | (310,734) | (7,162,790) | (310,734) |
| Proceed from Redemption of Bond Instruments | 3(a) | 608,231 | - | 608,231 | - |
| Proceed from disposal of placements | 3(d) | 10,095,885 | - | 10,095,885 | - |
| Proceed from disposal of treasury bills | 3(e) | 360,000 | - | 360,000 | - |
| Proceed from disposal of commercial papers | 3(f) | 2,576,368 | - | 2,576,368 | - |
| Deposit for shares in Alpha Morgan | 8(g) | (1,500,000) | - | (1,500,000) | - |
| Investment Income received | 33 | 2,827,540 | 1,555,154 | 2,826,483 | 1,555,154 |
| Rental & other Income received | | 71,408 | - | 46,983 | - |
| Acquisition of Intangible assets | 13 | (51,750) | (19,639) | (37,962) | (19,639) |
| Acquisition of Investment properties | 11 | (13,400) | (3,000) | (13,400) | (3,000) |
| Net cashflow on staff loan | 8(c(i)) | (38,305) | - | (38,305) | - |
| Investment in Nem Health | 8(c(vii)) | - | - | (260,119) | - |
| Acquisition of PPE | 14 | (465,894) | (362,687) | (308,476) | (362,687) |
| Proceeds from disposal on PPE | 37 | 14,819 | 1,803 | 14,819 | 1,803 |
| Net cash outflow from investing activities | | (15,251,265) | (3,241,243) | (15,365,661) | (3,241,243) |
| Cash flows from financing activities | | | | | |
| Lease payment during the year | 17(d) | (444,229) | (127,424) | (444,229) | (127,424) |
| Borrowings | 28 | 1,500,000 | - | 1,500,000 | - |
| Interest payment on Alpha Morgan loan | 28 | (170,833) | - | (170,833) | - |
| Cash received from non-controlling interest | 9 | 115,000 | - | - | - |
| Dividends paid to equity holders of the parent | 17(b(i)) | (1,378,919) | (999,286) | (1,378,919) | (999,286) |
| Net cash outflow from financing activities | | (378,981) | (1,126,710) | (493,981) | (1,126,710) |
| Total cash inflow | | (4,193,020) | 982,542 | (4,252,633) | 1,001,001 |
| Cash and cash equivalents at 1 January | | 8,878,011 | 7,895,469 | 8,842,182 | 7,841,181 |
| Effect of foreign exchange gain on cash & cash equivalent | 35(d) | 3,343,719 | - | 3,343,719 | - |
| Expected credit loss provision | 3(c) | (25,718) | - | (25,718) | - |
| Cash and cash equivalents at 31 December | | 8,002,993 | 8,878,011 | 7,907,551 | 8,842,182 |
| Represented by: | | | | | |
| Cash and cash equivalents at 31 December | 3 | 8,002,993 | 8,878,011 | 7,907,551 | 8,842,182 |

The accompanying notes form an integral part of these consolidated and separate financial statements.

3. Cash and Cash Equivalents

| | Group | | Parent | |
|---|------------------|------------------|------------------|------------------|
| | 2023 N'000 | 2022 N'000 | 2023 N'000 | 2022 N'000 |
| Cash - petty cash | 5,631 | 1,107 | 2,319 | 1,107 |
| Balances with Local banks | 1,780,518 | 1,681,926 | 1,709,393 | 1,646,097 |
| Domiciliary accounts with local banks | 2,478,959 | 928,325 | 2,478,959 | 928,325 |
| Domiciliary accounts with Foreign banks | 21,266 | - | 21,266 | - |
| Placement with banks | 2,878,664 | 5,004,299 | 2,857,658 | 5,004,299 |
| Placement with other institutions | 803,493 | 1,268,998 | 803,493 | 1,268,998 |
| Interest receivable | 60,181 | - | 60,181 | - |
| | <u>8,028,711</u> | <u>8,884,655</u> | <u>7,933,269</u> | <u>8,848,826</u> |
| Allowance for credit losses (Note 3(c)) | (25,718) | (6,644) | (25,718) | (6,644) |
| Total cash and cash equivalents | 8,002,993 | 8,878,011 | 7,907,551 | 8,842,182 |
| Current | 8,002,993 | 8,878,011 | 7,907,551 | 8,842,182 |
| Non-current | - | - | - | - |

Short-term deposits are made for varying periods averaging between 1 - 90 days depending on the immediate cash requirements of the Group. All deposits are subject to an average interest rate of 10.2%. The carrying amounts disclosed above reasonably approximate fair value at the reporting date.

(a) Attributable to policyholders

| | N'000 | N'000 | N'000 | N'000 |
|---------------------------------------|------------------|------------------|------------------|------------------|
| Balances with Local Banks | 1,786,149 | 1,683,033 | 1,711,712 | 1,647,204 |
| Domiciliary Accounts with local banks | 2,478,959 | 928,325 | 2,478,959 | 928,325 |
| Placement with Banks | 2,878,664 | 5,004,299 | 2,857,658 | 5,004,299 |
| Interest receivable | 60,181 | - | 60,181 | - |
| Allowance for credit losses | (25,718) | (6,644) | (25,718) | (6,644) |
| | <u>7,178,235</u> | <u>7,609,013</u> | <u>7,082,792</u> | <u>7,573,184</u> |

(b) Attributable to shareholders

| | N'000 | N'000 | N'000 | N'000 |
|-----------------------------------|------------------|------------------|------------------|------------------|
| Balances with Foreign banks | 21,266 | - | 21,266 | - |
| Placement with other institutions | 803,493 | 1,268,998 | 803,493 | 1,268,998 |
| | <u>824,759</u> | <u>1,268,998</u> | <u>824,759</u> | <u>1,268,998</u> |
| Cash and cash equivalents | 8,002,993 | 8,878,011 | 7,907,551 | 8,842,182 |

(c) Impairment allowance for cash & cash equivalents

| | N'000 | N'000 | N'000 | N'000 |
|---|---------------|--------------|---------------|--------------|
| ECL allowance as at 1 January | 6,644 | 7,943 | 6,644 | 7,943 |
| Additions/(Write back) during the year (Note 36(c)) | 19,074 | (1,299) | 19,074 | (1,299) |
| Balance as at the 31 December | <u>25,718</u> | <u>6,644</u> | <u>25,718</u> | <u>6,644</u> |

4. Financial Investments

The Company's financial investments are summarised by categories as follows:

| | N'000 | N'000 | N'000 | N'000 |
|--|-------------------|-------------------|-------------------|-------------------|
| Fair value through profit or loss (Note 4.1) | 10,463,494 | 5,800,623 | 10,463,494 | 5,800,623 |
| Fair value through other comprehensive income (Note 4.2) | 75,219 | 53,731 | 75,219 | 53,731 |
| Financial investments at amortised cost (Note 4.3) | 36,355,234 | 12,159,020 | 36,355,234 | 12,159,020 |
| | <u>46,893,947</u> | <u>18,013,374</u> | <u>46,893,947</u> | <u>18,013,374</u> |
| Current | 75,219 | 165,217 | 75,219 | 165,217 |
| Non-current | 46,818,728 | 17,848,157 | 46,818,728 | 17,848,157 |
| | <u>46,893,947</u> | <u>18,013,374</u> | <u>46,893,947</u> | <u>18,013,374</u> |

4.1 Financial investments at fair value through profit or loss (Quoted equity)

| | 2023 N'000 | 2022 N'000 | 2023 N'000 | 2022 N'000 |
|--------------------------------------|-------------------|------------------|-------------------|------------------|
| Balance at the beginning of the year | 5,800,623 | 5,354,017 | 5,800,623 | 5,354,017 |
| Addition during the year | 381,701 | 377,119 | 381,701 | 377,119 |
| Fair value gains (Note 34) | 4,281,170 | 69,487 | 4,281,170 | 69,487 |
| Balance at the end of the year | <u>10,463,494</u> | <u>5,800,623</u> | <u>10,463,494</u> | <u>5,800,623</u> |

| | Group | | Parent | |
|-------------------------------|---------------|---------------|---------------|---------------|
| | 2023 N'000 | 2022 N'000 | 2023 N'000 | 2022 N'000 |
| Attributable to policyholders | 10,463,494 | 5,800,623 | 10,463,494 | 5,800,623 |
| Attributable to shareholders | - | - | - | - |

The group's equity securities comprises of shares and stock holdings of listed companies. Management valued the Company's quoted investments at market value which is a reasonable measurement of fair value since the prices of the shares are quoted in an active market. The instruments are measured and evaluated on a fair value basis and fair value is determined by reference to published price quotations in an active market - classified as level 1 in the fair value hierarchy.

4.2 Fair value through other comprehensive income

Financial assets at fair value through other comprehensive income (FVOCI) comprise:

- (a) Equity securities which are not held for trading, and which the group has elected at initial recognition to recognise as FVOCI. These are strategic investments and the group considers this classification to be more relevant.

Equity investments at FVOCI comprise the following individual investments:

| Equity securities Fair value | Group | | Parent | |
|---------------------------------|---------------|---------------|---------------|---------------|
| | 2023 N'000 | 2022 N'000 | 2023 N'000 | 2022 N'000 |
| CSCS | 47,219 | 30,148 | 47,219 | 30,148 |
| WAMCO | 28,000 | 23,583 | 28,000 | 23,583 |
| | 75,219 | 53,731 | 75,219 | 53,731 |

The fair value gains in the carrying amount of financial assets at fair value through other comprehensive income (FVOCI) are recognized in other comprehensive income and accumulated under the heading of FVOCI reserve.

| (b) Equity instrument measured at fair value through other comprehensive income | Group | | Parent | |
|---|---------------|---------------|---------------|---------------|
| | 2023 N'000 | 2022 N'000 | 2023 N'000 | 2022 N'000 |
| Balance at the beginning of the year | 53,731 | 84,884 | 53,731 | 84,884 |
| Fair value gain/(loss) (Note 24) | 21,488 | (31,153) | 21,488 | (31,153) |
| Balance at the end of the year | 75,219 | 53,731 | 75,219 | 53,731 |
| Attributable to policy holders | - | - | - | - |
| Attributable to shareholders | 75,219 | 53,731 | 75,219 | 53,731 |

| 4.3 Financial investments at amortised cost | Group | | Parent | |
|---|-------------------|-------------------|-------------------|-------------------|
| | 2023 N'000 | 2022 N'000 | 2023 N'000 | 2022 N'000 |
| Bonds (Note 4.3(a)) | 17,240,844 | 6,922,963 | 17,240,844 | 6,922,963 |
| Placement above 90 days (Note 4.3(d)) | 11,450,493 | 2,319,989 | 11,450,493 | 2,319,989 |
| Treasury bills (Note 4.3(e)) | 532,585 | 357,511 | 532,585 | 357,511 |
| Commercial papers (Note 4.3(f)) | 7,131,311 | 2,558,557 | 7,131,311 | 2,558,557 |
| | 36,355,234 | 12,159,020 | 36,355,234 | 12,159,020 |
| Attributable to policyholders | 7,405,696 | - | 7,405,696 | - |
| Attributable to shareholders | 28,949,538 | 12,159,020 | 28,949,538 | 12,159,020 |

| (a) Bonds | Group | | Parent | |
|---|-------------------|------------------|-------------------|------------------|
| | 2023 N'000 | 2022 N'000 | 2023 N'000 | 2022 N'000 |
| Balance at the beginning of the year | 6,951,673 | 4,255,650 | 6,951,673 | 4,255,650 |
| Purchases during the year | 4,989,532 | 2,696,023 | 4,989,532 | 2,696,023 |
| Interest receivable | 390,804 | - | 390,804 | - |
| Redemption | (608,231) | - | (608,231) | - |
| Foreign exchange gain (Note 35(d)) | 5,733,096 | - | 5,733,096 | - |
| | 17,456,873 | 6,951,673 | 17,456,873 | 6,951,673 |
| Allowance for credit losses (Note 4.3(g)) | (216,029) | (28,710) | (216,029) | (28,710) |
| Balance at the end of the year | 17,240,844 | 6,922,963 | 17,240,844 | 6,922,963 |

| (b) Breakdown of the bonds | Institution | Maturity date | 2023 | | 2022 | |
|----------------------------|-------------------------------------|---------------|-------------|-------------|---------|---------|
| | | | Coupon Rate | Frequency | N'000 | N'000 |
| | Fidelity(Eurobond) | October 2026 | 7.63% | Half yearly | 155,262 | 46,984 |
| | Sterling Bond(Corporate Bond) | October 2025 | 16.25% | Half yearly | 30,949 | 29,933 |
| | Ondo State Bond | January 2027 | 13.00% | Half yearly | 30,434 | 36,924 |
| | Capital Express(FGN BOND) | Various | Various | Half yearly | 346,403 | 450,945 |
| | MBC(Flourmill Bond)(Corporate Bond) | February 2025 | 11.10% | Half yearly | 103,982 | 100,000 |
| | Apel Asset(FGN Bond) | June 2027 | 11.20% | Half yearly | 151,349 | 150,000 |

| Breakdown of the bonds | Maturity date | Coupon Rate | Frequency | 2023 | 2022 |
|--|----------------|-------------|-------------|-------------------|------------------|
| | | | | N'000 | N'000 |
| UBA Capital (Bond)(Corporate Bond) | May 2025 | 12.50% | Half yearly | 37,367 | 57,521 |
| Nova Merchant Bank(Bond)(Corporate Bond) | June 2027 | 12.00% | Half yearly | 52,500 | 52,000 |
| FSDH(Euro Bond)(first Bank Nigeria) | Various | Various | Half yearly | 4,790,823 | 2,031,925 |
| ValueFund Property(Corporate Bond) | January 2025 | 13.50% | Half yearly | 159,065 | 150,000 |
| Lagos State(Bond) | Various | Various | Half yearly | 67,095 | 68,072 |
| Edo State Bond | December 2025 | 9.00% | Half yearly | 27,283 | 50,000 |
| CardinalStone Bond(Corporate Bond) | December 2025 | 7.00% | Half yearly | 103,419 | 150,000 |
| Sokoto State Bond | May 2023 | 12.50% | Half yearly | 30,963 | 30,963 |
| Powercorp Green Bond | April 2031 | 12.00% | Half yearly | 280,257 | 310,250 |
| CEGAM Insurance Note(Bond) | May 2023 | 12.00% | Half yearly | - | 57,145 |
| Garden City Bond | February 2024 | 6.00% | Half yearly | 511,217 | 500,000 |
| Kwara State Bond | July 2028 | 15.00% | Half yearly | 44,893 | 44,629 |
| Ecobank Euro Bond | February 2026 | 7.13% | Half yearly | 259,644 | 120,798 |
| Chapel Hill Bond | September 2028 | 6.13% | Half yearly | 83,367 | 82,000 |
| Apel Eurobond Trust(Ghana Bond) | January 2026 | 8.13% | Half yearly | 98,689 | 41,600 |
| Presco Bond | March 2029 | 12.85% | Half yearly | 29,111 | 28,000 |
| Niger State Bond | February 2029 | 15.50% | Half yearly | 50,918 | 47,898 |
| FGN BOND(ZEDCREST) | January 2026 | 12.50% | Half yearly | 158,291 | 150,000 |
| Fidelity(Eurobond) | October 2026 | 7.63% | Half yearly | 578,496 | 247,800 |
| Minaret Sukuk Bond | September 2028 | 15.00% | Half yearly | 67,700 | 71,396 |
| Gombe Bond(Jewel Sukuk) | August 2029 | 14.50% | Half yearly | 46,168 | 47,822 |
| PAT Digital Infra Fund(Bond) | February 2032 | 13.25% | Half yearly | 105,450 | 100,000 |
| Dangote Cement | April 2027 | 11.85% | Half yearly | 118,798 | 116,570 |
| FGN BOND(Apel Capital) | March 2027 | 16.29% | Half yearly | 262,244 | 250,687 |
| Eurobond(ZEDCREST) | October 2026 | 7.63% | Half yearly | 241,090 | 104,000 |
| Eurobond(Access bank 2026)Zedcrest | September 2026 | 6.13% | Half yearly | 290,344 | 124,800 |
| Apel Capital(FGN Bond) | January 2026 | 12.50% | Half yearly | 118,519 | 112,311 |
| Geregu Power Plc | July 2029 | 14.50% | Half yearly | 106,165 | 100,000 |
| Dangote Bond | July 2029 | 12.75% | Half yearly | 52,873 | 50,000 |
| Cross River State Bond | August 2029 | 15.50% | Half yearly | 74,167 | 75,000 |
| MTN Bond | September 2026 | 13.50% | Half yearly | 103,347 | 100,000 |
| Zamfara State Bond | October 2029 | 17.00% | Half yearly | 192,789 | 200,000 |
| Alagbaka Power Bond | September 2023 | 19.00% | Half yearly | 158,354 | 150,000 |
| FGN Eurobond | November 2025 | 7.63% | Half yearly | 287,889 | 128,700 |
| Capital Express (CEGAM) | November 2023 | 12.00% | Half yearly | 129,493 | 185,000 |
| Edo State Bond (River Jamieson) | March 2030 | 18.15% | Half yearly | 473,749 | - |
| Lagos State Government | May 2033 | 15.25% | Half yearly | 189,815 | - |
| FGN SUKUK VI | October 20233 | 15.75% | Half yearly | 310,007 | - |
| Amplitude Telecoms | April 2024 | 18.50% | Half yearly | 521,786 | - |
| Flour Mills Of Nigeria | May 2026 | 14.50% | Half yearly | 408,065 | - |
| Amplitude Telecoms | October 2024 | 18.50% | Half yearly | 260,016 | - |
| Amplitude Telecoms | December 2024 | 18.50% | Half yearly | 200,295 | - |
| TAB Funding SPV | December 2027 | 16.75% | Half yearly | 401,767 | - |
| Zimvest Capital(Eurobond) | June 2026 | 8.75% | Half yearly | 477,461 | - |
| FSDH (FGN Eurobond 2025) | November 2025 | 7.63% | Half yearly | 719,723 | - |
| Zedcrest (Access Bank Eurobond) | October 2033 | 6.13% | Half yearly | 1,935,630 | - |
| FSDH (Fidelity 2026 Eurobond) | October 2026 | 7.63% | Half yearly | 539,207 | - |
| FSDH (Fidelity 2026 Eurobond) | October 2026 | 7.63% | Half yearly | 482,185 | - |
| | | | | <u>17,456,873</u> | <u>6,951,617</u> |

(c) The bonds comprises of fully amortising bonds, partially amortising bonds and bullet bonds. All bonds are redeemable at par on their respective due dates. Management have opted to measure its bonds at amortised cost in accordance with IFRS 9 with subsequenst ECL provisions made in accordance with the standard.

| | Group | | Parent | |
|---|-------------------|------------------|-------------------|------------------|
| | 2023 N'000 | 2022 N'000 | 2023 N'000 | 2022 N'000 |
| (d) Placements above 90 days | | | | |
| Opening balance | 2,336,138 | 1,667,140 | 2,336,138 | 1,667,140 |
| Addition during the year | 16,669,082 | 668,998 | 16,669,082 | 668,998 |
| Interest receivable | 240,765 | - | 240,765 | - |
| Matured during the year | (10,095,885) | - | (10,095,885) | - |
| Foreign exchange gain (Note 35(d)) | 2,311,810 | - | 2,311,810 | - |
| | <u>11,461,910</u> | <u>2,336,138</u> | <u>11,461,910</u> | <u>2,336,138</u> |
| Allowance for credit losses (Note 4.3(h)) | (11,417) | (16,149) | (11,417) | (16,149) |
| Balance at the end of the year | <u>11,450,493</u> | <u>2,319,989</u> | <u>11,450,493</u> | <u>2,319,989</u> |

| | 2023 | 2022 | 2023 | 2022 |
|--|-------------|-----------|-------------|-----------|
| | N'000 | N'000 | N'000 | N'000 |
| (e) Treasury bills | | | | |
| Opening balance | 360,000 | - | 360,000 | - |
| Addition during the year | 533,063 | 360,000 | 533,063 | 360,000 |
| Disposals during the year | (360,000) | - | (360,000) | - |
| | 533,063 | 360,000 | 533,063 | 360,000 |
| Allowance for credit losses (Note 4.3(i)) | (478) | (2,489) | (478) | (2,489) |
| Balance at the end of the year | 532,585 | 357,511 | 532,585 | 357,511 |
| (f) Commercial papers | | | | |
| Opening balance | 2,576,368 | 2,265,633 | 2,576,368 | 2,265,633 |
| Addition during the year | 7,162,790 | 310,734 | 7,162,790 | 310,734 |
| Matured during the year | (2,576,368) | - | (2,576,368) | - |
| Balance | 7,162,790 | 2,576,367 | 7,162,790 | 2,576,367 |
| Allowance for credit losses (Note 4.3(j)) | (31,478) | (17,810) | (31,478) | (17,810) |
| Balance at the end of the year | 7,131,311 | 2,558,557 | 7,131,311 | 2,558,557 |
| (g) Impairment allowance on Bond: | | | | |
| ECL allowance as at 1 January | 28,710 | 18,220 | 28,710 | 18,220 |
| Allowance during the year (Note 36(c)) | 187,319 | 10,490 | 187,319 | 10,490 |
| Balance at the end of the year (Note 4.3(a)) | 216,029 | 28,710 | 216,029 | 28,710 |
| (h) Impairment allowance on Placements above 90 days: | | | | |
| ECL allowance as at 1 January | 16,149 | 11,323 | 16,149 | 11,323 |
| (Write back)/Allowance during the year (Note 36(c)) | (4,733) | 4,826 | (4,733) | 4,826 |
| Balance at the end of the year (Note 4.3(d)) | 11,417 | 16,149 | 11,417 | 16,149 |
| (i) Impairment allowance on Treasury bills: | | | | |
| ECL allowance as at 1 January | 2,489 | - | 2,489 | - |
| (Write back)/Allowance during the year (Note 36(c)) | (2,011) | 2,489 | (2,011) | 2,489 |
| Balance at the end of the year (Note 4.3(e)) | 478 | 2,489 | 478 | 2,489 |
| (j) Impairment allowance on Commercial papers: | | | | |
| ECL allowance as at 1 January | 17,810 | 15,389 | 17,810 | 15,389 |
| Allowance during the year (Note 36(c)) | 13,668 | 2,421 | 13,668 | 2,421 |
| Balance at the end of the year (Note 4.3(f)) | 31,478 | 17,810 | 31,478 | 17,810 |

5 Trade Receivable

| | N'000 | N'000 | N'000 | N'000 |
|--|---------|-----------|---------|-----------|
| (a) Balance at the beginning of the year (Note 41 (a)) | 672,356 | 1,479,056 | 672,356 | 1,479,056 |
| Balance at the end of the year (Note 41 (a)) | 450,143 | 672,356 | 354,531 | 672,356 |
| Current | 450,143 | 672,356 | 354,531 | 672,356 |
| Non-current | - | - | - | - |
| (b) Analysis of Trade Receivables | | | | |
| Amount due from Insurance Brokers | 450,143 | 672,356 | 354,531 | 672,356 |
| (c) The Group's policy in line with the provisions of "No Premium, No Cover" on impairment of trade receivables recognizes trade receivables from Brokers only. Such receivables should not exceed a period of 30 days. | | | | |
| Age of Trade Receivables | | | | |
| Within 30 days | 450,143 | 672,356 | 354,531 | 672,356 |
| Above 30 days | - | - | - | - |
| | 450,143 | 672,356 | 354,531 | 672,356 |

(d) Trade receivables are receivables from insurance brokers as at the year end and these have been collected subsequent to the year ended 31 December 2023.

| | Group | | | Parent | | |
|---|-----------|-------------|------------|-----------|-------------|------------|
| | 2023 | 31 Dec 2022 | 1 Jan 2022 | 2023 | 31 Dec 2022 | 1 Jan 2022 |
| | | Restated | Restated | | Restated | Restated |
| 6 Reinsurance Contract Assets | | | | | | |
| Assets for Remaining Coverage (6.1) | 4,933,371 | 1,843,393 | 1,221,767 | 4,933,371 | 1,843,393 | 1,221,767 |
| Amount Recoverable for Incurred Claims (Note 6.1) | 4,499,671 | 7,629,310 | 6,206,804 | 4,499,671 | 7,629,310 | 6,206,804 |
| | 9,433,042 | 9,472,703 | 7,428,571 | 9,433,042 | 9,472,703 | 7,428,571 |
| Current | 4,933,371 | 2,405,381 | 1,886,319 | 4,933,371 | 2,405,381 | 1,886,319 |
| Non-current | 4,499,671 | 7,067,322 | 5,542,251 | 4,499,671 | 7,307,117 | 5,542,251 |

6.1 Reconciliation of Reinsurance contracts held, as at December 31 2023

| Group | Assets for remaining coverage | | Amount Recoverable on Incurred claims | | Total N'000 |
|--|-------------------------------|----------------------|---------------------------------------|-----------------------|---------------------|
| | Non-loss component N'000 | Loss component N'000 | Incurred claims N'000 | Risk adjustment N'000 | |
| Reinsurance contract assets as of January 1, 2023 | 1,843,393 | - | 7,337,537 | 291,773 | 9,472,703 |
| Reinsurance contract liabilities as of January 1, 2023 | - | - | - | - | - |
| Net Reinsurance contracts as of January 1, 2023 | 1,843,393 | - | 7,337,537 | 291,773 | 9,472,703 |
| Reinsurance expenses | (15,849,441) | - | - | - | (15,849,441) |
| Changes that relate to past service-adjustment to LIC | - | - | - | - | - |
| Effect of changes in the risk of reinsurance non-performance | - | - | - | - | - |
| Amounts recovered from reinsurance: | | | | | |
| Recoveries of incurred claims and other attributable income | - | - | 2,981,602 | 39,349 | 3,020,951 |
| Recoveries/(reversals of recoveries) on onerous contracts | - | 33,014 | - | - | 33,014 |
| | (15,849,441) | 33,014 | 2,981,602 | 39,349 | (12,795,475) |
| Insurance Finance Income | - | - | 234,922 | - | 234,922 |
| Insurance finance reserve (changes in discount rate) | - | - | - | - | - |
| | - | - | 234,922 | - | 234,922 |
| Cash flows in the period | | | | | |
| Reinsurance premiums paid | 18,906,404 | - | - | - | 18,906,404 |
| Amounts received under reinsurance contracts held | - | - | (6,385,512) | - | (6,385,512) |
| Net cash inflow | 18,906,404 | - | (6,385,512) | - | 12,520,892 |
| Reinsurance contracts assets as of December 31, 2023 | 4,900,356 | 33,014 | 4,168,549 | 331,121 | 9,433,041 |
| Reinsurance contract liabilities as of December 31, 2023 | - | - | - | - | - |
| Net Reinsurance contracts as of December 31, 2023 | 4,900,356 | 33,014 | 4,168,549 | 331,121 | 9,433,041 |

Reconciliation of Reinsurance contracts held, as at December 31 2022

| Group | Assets for remaining coverage | | Amount Recoverable on Incurred claims | | Total N'000 |
|--|-------------------------------|----------------------|---------------------------------------|-----------------------|--------------------|
| | Non-loss component N'000 | Loss component N'000 | Incurred claims N'000 | Risk adjustment N'000 | |
| Reinsurance contract assets as of January 1, 2022 | 1,221,767 | - | 5,982,343 | 224,461 | 7,428,571 |
| Reinsurance contract liabilities as of January 1, 2022 | - | - | - | - | - |
| Net Reinsurance contracts as of January 1, 2022 | 1,221,767 | - | 5,982,343 | 224,461 | 7,428,571 |
| Reinsurance expenses | (7,721,200) | - | - | - | (7,721,200) |
| Changes that relate to past service-adjustment to LIC | - | - | - | - | - |
| Effect of changes in the risk of reinsurance non-performance | - | - | - | - | - |
| Amounts recovered from reinsurance: | | | | | |
| Recoveries of incurred claims and other attributable income | - | - | 5,173,213 | 67,312 | 5,240,525 |
| Recoveries and reversals of recoveries on onerous contracts | - | - | - | - | - |
| | (7,721,200) | - | 5,173,213 | 67,312 | (2,480,675) |
| Insurance Finance Income | - | - | 136,976 | - | 136,976 |
| Insurance finance reserve (changes in discount rate) | - | - | - | - | - |
| | - | - | 136,976 | - | 136,976 |
| Cash flows in the period | | | | | |
| Reinsurance premiums paid | 8,342,826 | - | - | - | 8,342,826 |
| Amounts received under reinsurance contracts held | - | - | (3,954,995) | - | (3,954,995) |
| Net cash inflow | 8,342,826 | - | (3,954,995) | - | 4,387,831 |
| Reinsurance contracts assets as of December 31, 2022 | 1,843,393 | - | 7,337,537 | 291,773 | 9,472,703 |
| Reinsurance contract liabilities as of December 31, 2022 | - | - | - | - | - |
| Net Reinsurance contracts as of December 31, 2022 | 1,843,393 | - | 7,337,537 | 291,773 | 9,472,703 |

Reconciliation of Reinsurance contracts held, as at December 31 2023

| Parent | Assets for remaining coverage | | Amount Recoverable on Incurred claims | | Total N'000 |
|--|-------------------------------|----------------------------|---------------------------------------|--------------------------|---------------------|
| | Non-loss component N'000 | Loss component N'000 | Incurred claims N'000 | Risk adjustment N'000 | |
| | | | | | |
| Reinsurance contract assets as of January 1, 2023 | 1,843,393 | - | 7,337,537 | 291,773 | 9,472,703 |
| Reinsurance contract liabilities as of January 1, 2023 | - | - | - | - | - |
| Net Reinsurance contracts as of January 1, 2023 | 1,843,393 | - | 7,337,537 | 291,773 | 9,472,703 |
| Reinsurance expenses | (15,849,441) | - | - | - | (15,849,441) |
| Changes that relate to past service-adjustment to LIC | - | - | - | - | - |
| Effect of changes in the risk of reinsurance non-performance | - | - | - | - | - |
| Amounts recovered from reinsurance: | | | | | |
| Recoveries of incurred claims and other attributable income | - | - | 2,981,602 | 39,349 | 3,020,951 |
| Recoveries/(reversals of recoveries) on onerous contracts | - | 33,014 | - | - | 33,014 |
| | (15,849,441) | 33,014 | 2,981,602 | 39,349 | (12,795,475) |
| Insurance Finance Income | - | - | 234,922 | - | 234,922 |
| Insurance finance reserve (changes in discount rate) | - | - | - | - | - |
| | - | - | 234,922 | - | 234,922 |
| Cash flows in the period | | | | | |
| Reinsurance premiums paid | 18,906,404 | - | - | - | 18,906,404 |
| Amounts received under reinsurance contracts held | - | - | (6,385,512) | - | (6,385,512) |
| Net cash inflow | 18,906,404 | - | (6,385,512) | - | 12,520,892 |
| Reinsurance contracts assets as of December 31, 2023 | 4,900,356 | 33,014 | 4,168,549 | 331,121 | 9,433,041 |
| Reinsurance contract liabilities as of December 31, 2023 | - | - | - | - | - |
| Net Reinsurance contracts as of December 31, 2023 | 4,900,356 | 33,014 | 4,168,549 | 331,121 | 9,433,041 |

Reconciliation of Reinsurance contracts held, as at December 31 2022

| Parent | Assets for remaining coverage | | Amount Recoverable on Incurred claims | | Total N'000 |
|--|-------------------------------|----------------------------|---------------------------------------|--------------------------|--------------------|
| | Non-loss component N'000 | Loss component N'000 | Incurred claims N'000 | Risk adjustment N'000 | |
| | | | | | |
| Reinsurance contract assets as of January 1, 2022 | 1,221,767 | - | 5,982,343 | 224,461 | 7,428,571 |
| Reinsurance contract liabilities as of January 1, 2022 | - | - | - | - | - |
| Net Reinsurance contracts as of January 1, 2022 | 1,221,767 | - | 5,982,343 | 224,461 | 7,428,571 |
| Reinsurance expenses | (7,721,200) | - | - | - | (7,721,200) |
| Changes that relate to past service-adjustment to LIC | - | - | - | - | - |
| Effect of changes in the risk of reinsurance non-performance | - | - | - | - | - |
| Amounts recovered from reinsurance: | | | | | |
| Recoveries of incurred claims and other attributable income | - | - | 5,173,213 | 67,312 | 5,240,525 |
| Recoveries and reversals of recoveries on onerous contracts | - | - | - | - | - |
| | (7,721,200) | - | 5,173,213 | 67,312 | (2,480,675) |
| Insurance Finance Income | - | - | 136,976 | - | 136,976 |
| Insurance finance reserve (changes in discount rate) | - | - | - | - | - |
| | - | - | 136,976 | - | 136,976 |
| Cash flows in the period | | | | | |
| Reinsurance premiums paid | 8,342,826 | - | - | - | 8,342,826 |
| Amounts received under reinsurance contracts held | - | - | (3,954,995) | - | (3,954,995) |
| Net cash inflow | 8,342,826 | - | (3,954,995) | - | 4,387,831 |
| Reinsurance contracts assets as of December 31, 2022 | 1,843,393 | - | 7,337,537 | 291,773 | 9,472,703 |
| Reinsurance contract liabilities as of December 31, 2022 | - | - | - | - | - |
| Net Reinsurance contracts as of December 31, 2022 | 1,843,393 | - | 7,337,537 | 291,773 | 9,472,703 |

| | Group | | | Parent | | |
|---|------------------|-------------------|------------------|------------------|-------------------|------------------|
| | 2023 | 31 Dec 2022 | 1 Jan 2022 | 2023 | 31 Dec 2022 | 1 Jan 2022 |
| | N'000 | Restated N'000 | Restated | N'000 | Restated N'000 | Restated |
| 6.2 Breakdown of Recoverable on incurred claims | | | | | | |
| Recoverable on incurred claims | 4,168,549 | 7,307,118 | 5,605,566 | 4,168,549 | 7,307,118 | 5,605,566 |
| Coassurance receivable | - | 30,420 | 376,777 | - | 30,420 | 376,777 |
| | <u>4,168,549</u> | <u>7,337,537</u> | <u>5,982,343</u> | <u>4,168,549</u> | <u>7,337,537</u> | <u>5,982,343</u> |

(a) Co-assurance receivables relate to claims paid on behalf of co-assurance companies where NEM Insurance Plc is leading which are yet to be received at year end.

| | N'000 | N'000 | N'000 | N'000 | N'000 | N'000 |
|-----------------------------|----------|----------|----------|----------|----------|----------|
| 7 Insurance finance reserve | | | | | | |
| Opening balance | - | - | - | - | - | - |
| Changes during the year | - | - | - | - | - | - |
| Closing balance | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |

| | Group | | Parent | |
|--|------------------|----------------|------------------|----------------|
| | 2023 | 2022 | 2023 | 2022 |
| | N'000 | N'000 | N'000 | N'000 |
| 8 Other receivables and prepayments | | | | |
| Prepayments (Note 8(a)) | 36,347 | 51,532 | 24,738 | 51,531 |
| Interest receivable | - | 122,496 | - | 122,496 |
| Accounts receivable (Note 8(b)) | 419,050 | 233,370 | 1,690 | 8,804 |
| Staff loans and advances (Note 8(c)) | 108,114 | 220,446 | 108,114 | 220,446 |
| Intercompany receivable (8(h)) | - | - | 20,000 | - |
| Withholding Tax Receivable | 82,956 | 67,146 | 82,905 | 67,146 |
| Deposit for shares in NEM Asset Management Coy Ltd (Note 8(d)) | - | - | 82,500 | 82,500 |
| Receivables from NEM Health Ltd (Note 8(e)) | - | 26,540 | 53,576 | 26,540 |
| Stock brokers' current accounts (Note 8(f)) | 1,899 | 1,899 | 1,899 | 1,899 |
| Deposit for shares in Alpha Morgan Bank Ltd (Note 8(g)) | 1,500,000 | - | 1,500,000 | - |
| | <u>2,148,365</u> | <u>723,429</u> | <u>1,875,423</u> | <u>581,362</u> |

| (a) Prepayments | N'000 | N'000 | N'000 | N'000 |
|--|---------------|---------------|---------------|---------------|
| Balance at the beginning of the year | 51,531 | 39,561 | 51,531 | 39,561 |
| Payment during the year | 37,447 | 111,193 | 24,738 | 111,193 |
| Amortisation during the year (Note 8(a)(ii)) | (52,631) | (99,223) | (51,531) | (99,223) |
| Balance at the end of the year | <u>36,347</u> | <u>51,531</u> | <u>24,738</u> | <u>51,531</u> |

| (i) Breakdown of prepayments | N'000 | N'000 | N'000 | N'000 |
|------------------------------|---------------|---------------|---------------|---------------|
| Prepaid Commission | 11,609 | 38,525 | - | 38,524 |
| Rent and rates | 24,738 | 13,007 | 24,738 | 13,007 |
| | <u>36,347</u> | <u>51,532</u> | <u>24,738</u> | <u>51,531</u> |

| (ii) Breakdown of amortisation during the year | N'000 | N'000 | N'000 | N'000 |
|--|----------|---------------|----------|---------------|
| Commission | - | 63,565 | - | 63,565 |
| Rent and rates (Note 36(b)) | - | 35,658 | - | 35,658 |
| | <u>-</u> | <u>99,223</u> | <u>-</u> | <u>99,223</u> |

(iii) Prepaid commission represents commission paid to brokers on deposit premium received during the year which will be recognised respectively when the business commence.

(i) Interest receivable represents accrued interest on various placements as at the reporting date.

| (b) Accounts receivable | N'000 | N'000 | N'000 | N'000 |
|---------------------------------------|----------------|----------------|--------------|--------------|
| Balance at the beginning of the year | 233,370 | 245,191 | 8,804 | 11,755 |
| Additions | 287,364 | - | - | - |
| Received during the year | (13,060) | (11,821) | (7,114) | (2,951) |
| Provision for impairment (Note 8(c)i) | (88,624) | - | - | - |
| | <u>419,050</u> | <u>233,370</u> | <u>1,690</u> | <u>8,804</u> |

| (i) Provision for Impairment | N'000 | N'000 | N'000 | N'000 |
|--|---------------|---------------|----------|----------|
| Balance at the beginning of the year | 22,199 | 15,804 | - | - |
| Allowance during the year (Note 36(c)) | 66,425 | 6,395 | - | - |
| | <u>88,624</u> | <u>22,199</u> | <u>-</u> | <u>-</u> |

(ii)

Included in the N419 million group balance is the amount of N389 million (478 million less impairment of 88million) due from NEM Asset Management Company Limited's customers. The impairment was necessary as a result of the non-performance of the facilities extended to customers. Management has intensified efforts to ensure the recoverability of these amounts. The N1.6 million parent balance relates to rent receivable from the company's tenants.

| | Group | | Parent | |
|--|---------------|---------------|---------------|---------------|
| | 2023 N'000 | 2022 N'000 | 2023 N'000 | 2022 N'000 |
| (c) Staff loans and advances | | | | |
| Balance at the beginning of the year | 220,446 | 23,343 | 220,446 | 23,343 |
| Additions during the year | 102,496 | 234,374 | 102,496 | 234,374 |
| Repayment during the year | (64,191) | (36,242) | (64,191) | (36,242) |
| Write-off during the year (Note 8(c)(i)) | (150,637) | (1,029) | (150,637) | (1,029) |
| Balance at the end of the year | 108,114 | 220,446 | 108,114 | 220,446 |

(i) Write-off during the year represents staff loans and advances no longer recoverable.

| | N'000 | N'000 | N'000 | N'000 |
|---|-------|-------|--------|--------|
| (d) Deposit for shares in NEM Asset Management Company Ltd | | | | |
| Balance at the beginning of the year | - | - | 82,500 | 82,500 |
| Reclassification during the year (Note 10(a)) | - | - | - | - |
| Balance at the end of the year | - | - | 82,500 | 82,500 |

(i) Deposit for shares in NEM Asset Management Ltd represents amount given to NEM Asset Management Company Limited for future increase in shares.

| | N'000 | N'000 | N'000 | N'000 |
|---|-------|--------|-----------|--------|
| (e) Receivables from NEM Health Ltd | | | | |
| Balance at the beginning of the year | - | - | 26,540 | - |
| Addition | - | 26,540 | 312,036 | 26,540 |
| Reclassification during the year (Note 10(b)) | - | - | (285,000) | - |
| Balance at the end of the year | - | 26,540 | 53,576 | 26,540 |

| | 2023 N'000 | 2022 N'000 | 2023 N'000 | 2022 N'000 |
|---|---------------|---------------|---------------|---------------|
| Addition in Nem health is broken into: | | | | |
| Cash | - | 26,540 | 260,119 | 26,540 |
| Assumed liability | - | - | 51,917 | - |
| | - | 26,540 | 312,036 | 26,540 |

The assumed liability relates to the outstanding lease balance relating to the acquisition of a vehicle on lease by NEM Insurance Plc for NEM Health Ltd. NEM insurance Plc have fully transferred ownership to NEM Health but has fully retained the liability arising thereof.

(i) Deposit for shares in NEM Health Ltd represents amount given to NEM Health Limited for future increase in shares.

| | N'000 | N'000 | N'000 | N'000 |
|--|-------|-------|-------|-------|
| (f) Stock brokers' current accounts | | | | |
| Centrepoint Investment Limited | 1,899 | 1,899 | 1,899 | 1,899 |
| | 1,899 | 1,899 | 1,899 | 1,899 |

(i) Stock brokers' current accounts comprise of amount due to NEM Insurance Plc after year end reconciliation with brokers.

| | Group | | Parent | |
|--|---------------|---------------|---------------|---------------|
| | 2023 N'000 | 2022 N'000 | 2023 N'000 | 2022 N'000 |
| (g) Deposit for Shares in Alpha Morgan Bank Ltd | | | | |
| Balance at the beginning and end of the year | - | - | - | - |
| Addition during the year | 1,500,000 | - | 1,500,000 | - |
| | 1,500,000 | - | 1,500,000 | - |

Following from the board resolution dated 27th April 2023, NEM Insurance Plc deposited the sum of N1.5 billion to acquire a 15% stake in Alpha Morgan Bank Ltd and is awaiting approval from all relevant regulatory authorities.

(h) Intercompany balances relates to a zero interest, N20million short term loan facility granted by NEM Insurance Plc to Nem Asset Management Company Ltd on 28 December 2023.

| | Group | | Parent | |
|---|---------------|-------|--------|-------|
| | N'000 | N'000 | N'000 | N'000 |
| 9 Non-Controlling Interest | | | | |
| 115,000,000 ordinary shares in NEM Health Ltd | 115,000 | - | - | - |
| Share of Loss for the period | (72,073) | - | - | - |
| Balance | <u>42,927</u> | - | - | - |

This is the component of shareholders' equity as reported on the consolidated statement of financial position which represents the ownership interest of shareholders other than the parent of the subsidiary. As at the reporting date, other shareholders held 28.75% percent of the ordinary share capital (including the voting rights) of NEM Health limited, which was incorporated in Nigeria on 22 November 2022 with registration number "2002868" .

| | N'000 | N'000 | N'000 | N'000 |
|--|-------|-------|----------------|----------------|
| 10 Investment in Subsidiaries | | | | |
| Investment in subsidiary - NEM Asset Management Company Ltd(Note(10(a))) | - | - | 150,000 | 150,000 |
| Investment in subsidiary - NEM Health Limited(Note 10(b)) | - | - | 285,000 | - |
| | - | - | <u>435,000</u> | <u>150,000</u> |

| | N'000 | N'000 | N'000 | N'000 |
|---|-------|-------|----------------|----------------|
| 10(a) Investment in subsidiary - NEM Asset | | | | |
| Balance at the beginning of the year | - | - | 150,000 | 150,000 |
| Reclassification during the year (Note 8(d)) | - | - | - | - |
| Balance at the end of the year | - | - | <u>150,000</u> | <u>150,000</u> |

NEM Insurance Plc acquired 100% interest in NEM Asset Management Company limited in 2016. NEM Asset Management Company Limited commenced operation in March 2016 and its principal activity is asset leasing and LPO financing. The Assets and Liabilities of the Subsidiary are consolidated in these Financial Statements. Its principal place of business is at NEM House 199 Ikorodu road, Obanikoro, Lagos. During the year, the subsidiary made a Loss of N55,105,146 (2022:Profit N566,979).

| | N'000 | N'000 | N'000 | N'000 |
|--|-------|-------|----------------|-------|
| 10(b) Investment in subsidiary - NEM Health | | | | |
| Balance at the beginning of the year | - | - | - | - |
| Reclassification during the year (Note 8(e)) | - | - | 285,000 | - |
| Balance at the end of the year | - | - | <u>285,000</u> | - |

NEM Insurance Plc incorporated and acquired a 71.25% interest in NEM Health Ltd on 22 November 2022 . NEM Health Limited commenced operation in May 2023 and its principal activity is the provision of health management services. The Assets and Liabilities of the new Subsidiary are consolidated in these financial statements. Its principal place of business is at NEM House 199 Ikorodu road, Obanikoro, Lagos. During the year, the subsidiary made a loss of N250,688,955 (2022 Nil).

10(c) The table below summarises the information of all the Parent's subsidiaries before any intra-group elimination.

(i) NEM Asset Management Company Limited

| | 2023 N'000 | 2022 N'000 |
|------------------------------|----------------|----------------|
| Cash and cash Equivalents | 8,029 | 35,829 |
| Trade and other Receivables | 390,923 | 309,238 |
| Property plant and equipment | 6,397 | 7,996 |
| Deferred tax asset | - | 2,843 |
| Other liabilities | (276,145) | (173,379) |
| Net assets | <u>129,204</u> | <u>182,526</u> |
| | N'000 | N'000 |
| Income | 60,874 | 53,491 |
| Expenses | (109,271) | (51,198) |
| (Loss)/Profit before tax | (48,398) | 2,294 |
| (Loss)/Profit after tax | (53,323) | 567 |

(ii) NEM Health Limited

| | 2023 N'000 | 2022 N'000 |
|-----------------------------------|----------------|---------------|
| NCI Percentage | 28.75% | - |
| Cash and cash equivalent | 87,414 | - |
| Trade receivables | 95,612 | - |
| Other receivables and prepayments | 146,457 | - |
| Intangible assets | 11,950 | - |
| Property plant and equipment | 136,428 | - |
| Insurance contract liabilities | (187,878) | - |
| Other liabilities | (140,671) | - |
| Net assets | <u>149,311</u> | - |
| Carrying amount of NCI | <u>42,927</u> | - |

| | N'000 | N'000 |
|----------------------------------|-----------|-------|
| Income | 122,803 | - |
| Expenses | (373,492) | - |
| (Loss) before tax | (250,689) | - |
| (Loss) after tax | (250,689) | - |
| (Loss) allocated to NCI (28.75%) | (72,073) | - |

10(d) Significant restrictions and impairment

The Group does not have significant restrictions on its ability to access or use its assets and settle its liabilities besides those resulting from the regulatory frameworks within which the insurance business operates.

The Company's investment in subsidiaries was assessed for impairment as at 31 December 2022 with no trigger of impairment identified. Consequently, no impairment charge was recognised.

| | Group | | Parent | |
|---------------------------------------|------------------|------------------|------------------|------------------|
| | 2023 N'000 | 2022 N'000 | 2023 N'000 | 2022 N'000 |
| 11 Investment Properties | | | | |
| Balance at the beginning of the year | 1,813,768 | 1,706,167 | 1,813,768 | 1,706,167 |
| Addition during the year (Note 11(f)) | 13,400 | 3,000 | 13,400 | 3,000 |
| Revaluation gain (Note 34) | 526,778 | 104,601 | 526,778 | 104,601 |
| Balance at the end of the year | <u>2,353,946</u> | <u>1,813,768</u> | <u>2,353,946</u> | <u>1,813,768</u> |

| (a) Carrying amount of investment properties | Status of Title | Balance at the beginning of the year N'000 | Additions N'000 | Fair value changes N'000 | Carrying amount N'000 |
|--|------------------------|---|--------------------|-----------------------------|--------------------------|
| Oniru-Block Xv1, Plot 11, Aremo Adesegun Oniru Crecent, Off Onigefon Road, Oniru, Lagos | Perfection in progress | 261,947 | 13,400 | 138,009 | 413,356 |
| Ebute-Metta- 22a, Borno Way, Ebute-Metta Lagos | Perfected | 411,794 | - | 20,513 | 432,307 |
| Zaria- Plot No 34, Liverpool Street, Off River Road, GRA Extension Zaria, Kaduna State | Perfected | 60,027 | - | 8,256 | 68,283 |
| Plot 10, Elegba Festival Drive, Off Oba Idowu Abiodun Oniru Street, Victoria Island, Lagos | Perfection in progress | 1,080,000 | - | 360,000 | 1,440,000 |
| | | <u>1,813,768</u> | <u>13,400</u> | <u>526,778</u> | <u>2,353,946</u> |
| | | Group | | Parent | |
| | | 2023 N'000 | 2022 N'000 | 2023 N'000 | 2022 N'000 |
| The Company's investment properties are allocated as follows: | | | | | |
| Attributable to policyholders | | - | - | - | - |
| Attributable to shareholders | | <u>2,353,946</u> | <u>1,813,768</u> | <u>2,353,946</u> | <u>1,813,768</u> |

- (b) Investment properties are held at fair value which has been determined based on valuations performed by independent valuation experts, Diya Fatimilehin & Co. Estate Surveyors & Valuers (FRC/2013/NIESV/00000000754) ; Plot 237B, Muri Okunola Street, Victoria Island , Lagos; The Valuers Fatimilehin Adegboyega and Diya Maurise Kolawole are registered with Financial Reporting Council of Nigeria with registration Numbers FRC/2013/NIESV/00000000754 and FRC/2013/NIESV/00000002773 respectively.
- (c) The valuers are the industry specialists in valuing these types of investment properties. The fair value is supported by market evidence and represents the amount at which the assets could be exchanged between knowledgeable, willing buyers and knowledgeable, willing sellers in an arm's length transaction at the date of valuation, in accordance with standards issued by International Valuation Standards Committee. Valuations are performed on an annual basis and the fair value gains and losses are recorded within the statement of profit or loss.
- (d) This is an investment in land and building held primarily for generating income or capital appreciation and occupied substantially for use in the operations of the Company. This is carried in the statement of financial position at their market value.
- (e) In the year, there was revaluation fair value gain on investment properties of N526,778,000.
- (f) The Company incurred N13,400,000 (2022: N3,000,000) to perfect its title document for the Oniru-Block Xv1, Plot 11, Aremo Adesegun Oniru Crecent, Off Onigefon Road, Oniru, Lagos property.

- (g) The fair value measurement for the Group's investment properties has been categorised as a level 3 fair value based on the inputs to the valuation technique used (see below). The following table shows the valuation technique used in measuring the fair value of investment property, as well as the significant unobservable inputs used.

| Investment Security Hierarchy | Valuation technique | Fair value at 31 December 2023 N'000 | Unobservable inputs | Range of unobservable inputs (probability weighted average) | Relationship of unobservable inputs to fair value |
|--|--------------------------------------|--------------------------------------|---------------------------------|---|--|
| Oniru-Block Xv1, Plot 11, Aremo Adesegun Oniru Crescent, Off Onigefon Road, Oniru, Lagos | Market Valuation approach | 413,356 | Forecast price per metre square | N303 per metre square | The higher the price per square metre, the higher the fair value |
| Ebute-Metta- 22a, Borno Way, Ebute-Metta Lagos | Depreciation Replacement Cost Method | 432,307 | Forecast price per metre square | N470 per metre square | The higher the price per square metre, the higher the fair value |
| Zaria- Plot No 34, Liverpool Street, Off River Road, GRA Extension Zaria, Kaduna State | Depreciation Replacement Cost Method | 68,283 | Forecast price per metre square | N22 per metre square | The higher the price per square metre, the higher the fair value |
| Plot 10, Elegba Festival Drive, Off Oba Idowu Abiodun Oniru Street, Victoria Island, Lagos | Depreciation Replacement Cost Method | 1,440,000 | Forecast price per metre square | N1,210 per metre square | The higher the price per square metre, the higher the fair value |

| | | | | | |
|----|-------------------|---------|---------|---------|---------|
| 12 | Statutory deposit | N'000 | N'000 | N'000 | N'000 |
| | Statutory deposit | 320,000 | 320,000 | 320,000 | 320,000 |

This represents the amount deposited with the Central Bank of Nigeria as at 31 December 2023: (2022: N 320m) which was in accordance with section 9(1) and section 10 (3) of Insurance Act CAP I17 LFN 2004. Statutory deposits are measured at cost.

| | | | | | |
|----|---------------------------------------|---------|--------|---------|--------|
| 13 | Intangible assets (Computer software) | | | | |
| | Cost | N'000 | N'000 | N'000 | N'000 |
| | At 1 January | 98,690 | 79,051 | 81,235 | 61,596 |
| | Addition (Note 13(a)) | 51,750 | 19,639 | 37,962 | 19,639 |
| | At 31 December | 150,439 | 98,690 | 119,197 | 81,235 |
| | Amortisation | | | | |
| | At 1 January | 82,969 | 79,041 | 65,514 | 61,586 |
| | Amortisation during the year | 13,361 | 3,928 | 11,522 | 3,928 |
| | At 31 December | 96,329 | 82,969 | 77,036 | 65,514 |
| | Carrying Amount | 54,110 | 15,721 | 42,161 | 15,721 |

- (a) The software named "IES" previously acquired by the Company used in posting the business transactions has been fully amortized but still in use with the carrying amount of N10,000. However, additions were made to the software that was acquired during the year for the implementation of IFRS 17 from "Tripple A". In addition, a new software "Seamless HR" was also acquired to help streamline the company's human resource processes.

14(a) Property, plant and equipment (Group)

| <u>Cost</u> | Land N'000 | Building N'000 | Machinery & equipt N'000 | Motor Vehicles N'000 | Furniture & fittings N'000 | Computer Equipment N'000 | Total N'000 |
|--|---------------|-------------------|--------------------------------|-------------------------|----------------------------------|--------------------------------|----------------|
| At 1 January 2022 | 672,200 | 2,834,700 | 20,652 | 692,698 | 23,141 | 155,148 | 4,398,539 |
| Additions | 91,230 | 4,411 | 25,560 | 163,817 | 5,546 | 72,123 | 362,687 |
| Reclassification | - | - | - | 13,200 | - | - | 13,200 |
| Disposals | - | - | (3,946) | (47,785) | (1,563) | (16,496) | (69,790) |
| At 31 December 2022 | 763,430 | 2,839,111 | 42,266 | 821,930 | 27,124 | 210,775 | 4,704,636 |
| At 1 January 2023 | 763,430 | 2,839,111 | 42,266 | 821,930 | 27,124 | 210,775 | 4,704,636 |
| Additions (Note 14(a)(i)) | - | 35,397 | 15,033 | 254,564 | 36,428 | 124,472 | 465,894 |
| Reclassification (Note 14)(a)(iii) | - | - | - | 249,200 | - | - | 249,200 |
| Disposals | - | - | - | (267,648) | (2,588) | (7,584) | (277,820) |
| At 31 December 2023 | 763,430 | 2,874,508 | 57,299 | 1,058,046 | 60,964 | 327,663 | 5,141,909 |
| <u>Accumulated depreciation</u> | | | | | | | |
| At 1 January 2022 | - | - | 7,059 | 501,007 | 12,322 | 83,194 | 603,582 |
| Charge for the year | - | 56,782 | 8,453 | 131,180 | 5,408 | 41,965 | 243,788 |
| On disposals | - | - | (3,946) | (9,557) | (1,563) | (16,496) | (31,562) |
| Reclassification | - | - | - | 2,640 | - | - | 2,640 |
| At 31 December 2022 | - | 56,782 | 11,566 | 625,270 | 16,167 | 108,663 | 818,448 |
| At 1 January 2023 | - | 56,782 | 11,566 | 625,269 | 16,096 | 108,735 | 818,448 |
| Charge for the year | - | 57,490 | 17,272 | 153,080 | 10,772 | 59,650 | 298,264 |
| Reclassification (Note 14)(a)(iii) | - | - | - | 99,680 | - | - | 99,680 |
| On disposals | - | - | - | (266,964) | (2,588) | (7,106) | (276,658) |
| At 31 December 2023 | - | 114,272 | 28,838 | 611,065 | 24,280 | 161,280 | 939,734 |
| <u>Carrying amounts at:</u> | | | | | | | |
| 31 December 2023 | 763,430 | 2,760,236 | 28,461 | 446,981 | 36,684 | 166,383 | 4,202,175 |
| 31 December 2022 | 763,430 | 2,782,329 | 30,700 | 196,660 | 10,957 | 102,112 | 3,886,188 |

- (ii) The Group had no capital commitments as at the statement of financial position date (2022: Nil). As at the reporting date land is being carried at revalued amount.
- (iii) Reclassification represents cost and accumulated depreciation of prior year's Right-of-use (ROU) asset (Motor vehicle) reclassified to property, plant and equipment during the year. This was as a result of the transfer of ownership of the leased vehicles following the completion of their respective lease rental payments.

NEM INSURANCE PLC
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NOTES TO THE FINANCIAL STATEMENTS

| |
|--------------|
| CERTIFIED BY |
| DIRECTOR: |
| SECRETARY |

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(b) Property, plant and equipment (Parent)

| <u>Cost</u> | Land N'000 | Building N'000 | Machinery & equipt N'000 | Motor Vehicles N'000 | Furniture & fittings N'000 | Computer Equipment N'000 | Total N'000 |
|------------------------------------|---------------|-------------------|--------------------------------|-------------------------|----------------------------------|--------------------------------|----------------|
| At 1 January 2022 | 672,200 | 2,834,700 | 20,650 | 680,944 | 23,055 | 153,603 | 4,385,152 |
| Additions | 91,230 | 4,411 | 25,560 | 163,817 | 5,546 | 72,123 | 362,687 |
| Reclassification | - | - | - | 13,200 | - | - | 13,200 |
| Disposals | - | - | (3,946) | (47,785) | (1,563) | (16,496) | (69,790) |
| At 31 December 2022 | 763,430 | 2,839,111 | 42,264 | 810,176 | 27,038 | 209,230 | 4,691,249 |
| At 1 January 2023 | 763,430 | 2,839,111 | 42,264 | 810,176 | 27,038 | 209,230 | 4,691,249 |
| Additions (Note 14(a)(i)) | - | 35,397 | 15,035 | 152,571 | 18,511 | 86,962 | 308,476 |
| Reclassification (Note 14(a)(iii)) | - | - | - | 249,200 | - | - | 249,200 |
| Disposals | - | - | - | (267,648) | (2,588) | (7,584) | (277,820) |
| At 31 December 2023 | 763,430 | 2,874,508 | 57,299 | 944,299 | 42,961 | 288,608 | 4,971,105 |
| <u>Accumulated depreciation</u> | | | | | | | |
| At 1 January 2022 | - | - | 7,059 | 498,655 | 12,251 | 82,225 | 600,190 |
| Charge for the year | - | 56,782 | 8,453 | 129,300 | 5,408 | 41,846 | 241,789 |
| On disposals | - | - | (3,946) | (9,557) | (1,563) | (16,496) | (31,562) |
| Reclassification | - | - | - | 2,640 | - | - | 2,640 |
| At 31 December 2022 | - | 56,782 | 11,566 | 621,038 | 16,096 | 107,575 | 813,057 |
| At 1 January 2023 | - | 56,782 | 11,566 | 621,038 | 16,096 | 107,575 | 813,057 |
| Charge for the year | - | 57,490 | 17,272 | 137,976 | 8,372 | 54,566 | 275,676 |
| Reclassification (Note 14(a)(iii)) | - | - | - | 99,680 | - | - | 99,680 |
| On disposals | - | - | - | (266,964) | (2,588) | (7,106) | (276,658) |
| At 31 December 2023 | - | 114,272 | 28,838 | 591,730 | 21,880 | 155,035 | 911,755 |
| <u>Carrying amounts at:</u> | | | | | | | |
| 31 December 2023 | 763,430 | 2,760,236 | 28,461 | 352,569 | 21,081 | 133,573 | 4,059,350 |
| 31 December 2022 | 763,430 | 2,782,329 | 30,698 | 189,138 | 10,942 | 101,655 | 3,878,192 |

14(c) Right-of-Use Assets

| | Group | | Parent | |
|------------------------------------|---------------|---------------|---------------|---------------|
| | 2023 N'000 | 2022 N'000 | 2023 N'000 | 2022 N'000 |
| Cost | | | | |
| At 1 January | 249,200 | 262,400 | 249,200 | 262,400 |
| Additions during the year | 761,269 | - | 761,269 | - |
| Reclassification (Note 14(a)(iii)) | (249,200) | (13,200) | (249,200) | (13,200) |
| At 31 December | 761,269 | 249,200 | 761,269 | 249,200 |
| <u>Accumulated depreciation</u> | | | | |
| At 1 January | 99,680 | 52,480 | 99,680 | 52,480 |
| Charge for the year | 152,254 | 49,840 | 152,254 | 49,840 |
| Reclassification (Note 14(a)(iii)) | (99,680) | (2,640) | (99,680) | (2,640) |
| At 31 December | 152,254 | 99,680 | 152,254 | 99,680 |
| <u>Carrying amounts at:</u> | | | | |
| At 31 December | 609,015 | 149,520 | 609,015 | 149,520 |

15 Insurance Contract Liabilities

| | Group | | | Parent | | |
|--|---------------|----------------------------------|---------------------------------|---------------|----------------------------------|---------------------------------|
| | 2023 N'000 | 31 Dec 2022 Restated N'000 | 1 Jan 2022 Restated N'000 | 2023 N'000 | 31 Dec 2022 Restated N'000 | 1 Jan 2022 Restated N'000 |
| Liability for Remaining Coverage (Note 15.1) | 16,385,228 | 6,818,366 | 5,299,154 | 16,202,176 | 6,818,366 | 5,299,154 |
| Liability for Incurred claims (Note 15.1) | 8,900,496 | 7,855,800 | 6,258,488 | 8,895,671 | 7,855,800 | 6,258,488 |
| | 25,285,724 | 14,674,166 | 11,557,642 | 25,097,847 | 14,674,166 | 11,557,642 |

The firm Ernst & Young (FRC/2012/NAS/00000000738), an actuarial service organisation did the valuation for the reporting date. The actuarial valuation reports were authorised by Miller Kingsley, a professional actuary registered with the Financial Reporting Council of Nigeria with registration number FRC/2012/NAS/00000002392.

15.1 Reconciliation of Insurance contracts issued, 31 December 2023

| Group | Liability for remaining coverage | | Liability for Incurred claims | | Total N'000 |
|---|----------------------------------|----------------------------|-------------------------------|--------------------------|---------------------|
| | Non-loss component N'000 | Loss component N'000 | Incurred claims N'000 | Risk adjustment N'000 | |
| Insurance contract liabilities as at January 1, 2023 | 6,818,366 | - | 7,379,736 | 476,064 | 14,674,166 |
| Insurance contract assets as of January 1 2023 | - | - | - | - | - |
| Net Insurance Contracts as of January 1 2023 | 6,818,366 | - | 7,379,736 | 476,064 | 14,674,166 |
| Insurance Revenue (Note 27) | (52,112,434) | - | - | - | (52,112,434) |
| Insurance Service Expenses: | | | | | |
| Incurred claims (Note 32.1) | - | - | 14,850,605 | 178,550 | 15,029,155 |
| Changes that relate to past service-adjustment to LIC | - | - | - | - | - |
| Amortization of insurance acquisition cashflows (Note 32.1) | 18,989,828 | - | - | - | 18,989,828 |
| Losses and reversals of losses on onerous contracts (Note 32.1) | - | 199,989 | - | - | 199,989 |
| Total Gross Insurance Service result | (33,122,606) | 199,989 | 14,850,605 | 178,550 | (17,893,462) |
| Insurance finance expenses | - | - | 389,227 | - | 389,227 |
| Insurance finance (income) expenses (Changes in discount rates) | - | - | - | - | - |
| | - | - | 389,227 | - | 389,227 |
| Cash flows in the period: | | | | | |
| Premiums received (Note 41.2) | 63,009,810 | - | - | - | 63,009,810 |
| Insurance acquisition cash flows paid (Note 32.2) | (20,520,331) | - | - | - | (20,520,331) |
| Claims paid (Note 31) | - | - | (14,373,686) | - | (14,373,686) |
| Net cash flow | 42,489,479 | - | (14,373,686) | - | 28,115,793 |
| Insurance contract liabilities, as at December 31 2023 | 16,185,239 | 199,989 | 8,245,882 | 654,614 | 25,285,725 |
| Insurance contract assets as at December 31 2023 | - | - | - | - | - |
| Net Insurance Contracts as at December 31 2023 | 16,185,239 | 199,989 | 8,245,882 | 654,614 | 25,285,725 |

Reconciliation of Insurance contracts issued, 31 December 2022

| Group | Liability for remaining coverage | | Liability for Incurred claims | | Total N'000 |
|---|----------------------------------|----------------------------|-------------------------------|--------------------------|--------------------|
| | Non-loss component N'000 | Loss component N'000 | Incurred claims N'000 | Risk adjustment N'000 | |
| Insurance contract liabilities as at January 1, 2022 | 5,299,154 | - | 5,887,936 | 370,552 | 11,557,642 |
| Insurance contract assets as of January 1 2022 | - | - | - | - | - |
| Net Insurance Contracts as of January 1 2022 | 5,299,154 | - | 5,887,936 | 370,552 | 11,557,642 |
| Insurance Revenue (Note 27) | (31,433,600) | - | - | - | (31,433,600) |
| Insurance Service Expenses: | | | | | |
| Incurred claims (Note 32.1) | - | - | 12,732,105 | 105,512 | 12,837,617 |
| Changes that relate to past service-adjustment to LIC | - | - | - | - | - |
| Amortization of insurance acquisition cashflows (Note 32.1) | 9,856,218 | - | - | - | 9,856,218 |
| Losses and reversals of losses on onerous contracts (Note 32.1) | - | - | - | - | - |
| Total Gross Insurance Service result | (21,577,382) | - | 12,732,105 | 105,512 | (8,739,765) |
| Insurance finance expenses | - | - | 225,554 | - | 225,554 |
| Insurance finance (income) expenses (Changes in discount rates) | - | - | - | - | - |
| | - | - | 225,554 | - | 225,554 |
| Cash flows in the period: | | | | | |
| Premiums received (Note 41.2) | 33,369,050 | - | - | - | 33,369,050 |
| Insurance acquisition cash flows paid (Note 32.2) | (10,272,456) | - | - | - | (10,272,456) |
| Claims paid (Note 31) | - | - | (11,465,859) | - | (11,465,859) |
| Net cash flow | 23,096,594 | - | (11,465,859) | - | 11,630,735 |
| Insurance contract liabilities, as at December 31 2022 | 6,818,366 | - | 7,379,736 | 476,064 | 14,674,166 |
| Insurance contract assets as at December 31 2022 | - | - | - | - | - |
| Net Insurance Contracts as at December 31 2022 | 6,818,366 | - | 7,379,736 | 476,064 | 14,674,166 |

Reconciliation of Insurance contracts issued, 31 December 2023

| Parent | Liability for remaining coverage | | Liability for Incurred claims | | Total N'000 |
|---|----------------------------------|----------------------------|-------------------------------|--------------------------|---------------------|
| | Non-loss component N'000 | Loss component N'000 | Incurred claims N'000 | Risk adjustment N'000 | |
| Insurance contract liabilities as at January 1, 2023 | 6,818,366 | - | 7,379,736 | 476,064 | 14,674,166 |
| Insurance contract assets as of January 1 2023 | - | - | - | - | - |
| Net Insurance Contracts as of January 1 2023 | 6,818,366 | - | 7,379,736 | 476,064 | 14,674,166 |
| Insurance Revenue (Note 27) | (51,993,997) | - | - | - | (51,993,997) |
| Insurance Service Expenses: | | | | | |
| Incurred claims (Note 32.1) | - | - | 14,753,047 | 178,550 | 14,931,597 |
| Changes that relate to past service-adjustment to LIC | - | - | - | - | - |
| Amortization of insurance acquisition cashflows (Note 32.1) | 18,984,781 | - | - | - | 18,984,781 |
| Losses and reversals of losses on onerous contracts (Note 32.1) | - | 199,989 | - | - | 199,989 |
| Total Gross Insurance Service result | (33,009,216) | 199,989 | 14,753,047 | 178,550 | (17,877,631) |
| Insurance finance expenses | - | - | 389,227 | - | 389,227 |
| Insurance finance (income) expenses (Changes in discount rates) | - | - | - | - | - |
| | - | - | 389,227 | - | 389,227 |
| Cash flows in the period: | | | | | |
| Premiums received (Note 41.2) | 62,708,320 | - | - | - | 62,708,320 |
| Insurance acquisition cash flows paid (Note 32.2) | (20,515,283) | - | - | - | (20,515,283) |
| Claims paid (Note 31) | - | - | (14,280,952) | - | (14,280,952) |
| Net cash flow | 42,193,037 | - | (14,280,952) | - | 27,912,085 |
| Insurance contract liabilities, as at December 31 2023 | 16,002,187 | 199,989 | 8,241,057 | 654,614 | 25,097,847 |
| Insurance contract assets as at December 31 2023 | - | - | - | - | - |
| Net Insurance Contracts as at December 31 2023 | 16,002,187 | 199,989 | 8,241,057 | 654,614 | 25,097,847 |

Reconciliation of Insurance contracts issued, 31 December 2022

| Parent | Liability for remaining coverage | | Liability for Incurred claims | | Total N'000 |
|---|----------------------------------|-------------------------|-------------------------------|--------------------------|--------------------|
| | Non-loss component N'000 | Loss component N'000 | Incurred claims N'000 | Risk adjustment N'000 | |
| Insurance contract liabilities as at January 1, 2022 | 5,299,154 | - | 5,887,936 | 370,552 | 11,557,642 |
| Insurance contract assets as of January 1 2022 | - | - | - | - | - |
| Net Insurance Contracts as of January 1 2022 | 5,299,154 | - | 5,887,936 | 370,552 | 11,557,642 |
| Insurance Revenue (Note 27) | (31,433,600) | - | - | - | (31,433,600) |
| Insurance Service Expenses: | | | | | |
| Incurred claims (Note 32.1) | - | - | 12,732,105 | 105,512 | 12,837,617 |
| Changes that relate to past service-adjustment to LIC | - | - | - | - | - |
| Amortization of insurance acquisition cashflows (Note 32.1) | 9,856,218 | - | - | - | 9,856,218 |
| Losses and reversals of losses on onerous contracts (Note 32.1) | - | - | - | - | - |
| Total Gross Insurance Service result | (21,577,382) | - | 12,732,105 | 105,512 | (8,739,765) |
| Insurance finance expenses | - | - | 225,554 | - | 225,554 |
| Insurance finance (income) expenses (Changes in discount rates) | - | - | - | - | - |
| | - | - | 225,554 | - | 225,554 |
| Cash flows in the period: | | | | | |
| Premiums received (Note 41.2) | 33,369,050 | - | - | - | 33,369,050 |
| Insurance acquisition cash flows paid (Note 32.2) | (10,272,456) | - | - | - | (10,272,456) |
| Claims paid (Note 31) | - | - | (11,465,859) | - | (11,465,859) |
| Net cash flow | 23,096,594 | - | (11,465,859) | - | 11,630,735 |
| Insurance contract liabilities, as at December 31 2022 | 6,818,366 | - | 7,379,736 | 476,064 | 14,674,166 |
| Insurance contract assets as at December 31 2022 | - | - | - | - | - |
| Net Insurance Contracts as at December 31 2022 | 6,818,366 | - | 7,379,736 | 476,064 | 14,674,166 |

15.2 Liability for Incurred claims

| | Group | | | Parent | | |
|---------------------|------------------|----------------------------------|---------------------------------|------------------|----------------------------------|---------------------------------|
| | 2023 N'000 | 31 Dec 2022 Restated N'000 | 1 Jan 2022 Restated N'000 | 2023 N'000 | 31 Dec 2022 Restated N'000 | 1 Jan 2022 Restated N'000 |
| Fire | 3,157,786 | 3,055,325 | 2,400,152 | 3,157,786 | 3,055,325 | 2,400,152 |
| Accident | 1,026,496 | 1,117,894 | 980,428 | 1,026,496 | 1,117,894 | 980,428 |
| Marine and Aviation | 825,317 | 834,039 | 604,141 | 825,317 | 834,039 | 604,141 |
| Motor | 1,901,659 | 1,569,692 | 1,220,307 | 1,901,659 | 1,569,692 | 1,220,307 |
| Oil and Gas | 555,386 | 513,888 | 432,036 | 555,386 | 513,888 | 432,036 |
| Agriculture | 7,284 | 1,093 | 3,226 | 7,284 | 1,093 | 3,226 |
| Engineering | 716,003 | 286,124 | 226,586 | 716,003 | 286,124 | 226,586 |
| Bond | 51,127 | 1,680 | 21,060 | 51,127 | 1,680 | 21,060 |
| Health Insurance | 4,825 | - | - | - | - | - |
| | 8,245,883 | 7,379,736 | 5,887,936 | 8,241,058 | 7,379,736 | 5,887,936 |

Liability for incurred claims is composed of Outstanding claims reserve N2,531,091,405 (31 Dec 2022: N3,018,611,755; 1 Jan 2022: N2,512,860,096) and IBNR reserve of N5,995,612,139 (31 Dec 2022: N4,361,125,075; 1 Jan 2022: N3,375,076,412)

(b) The Age Analysis of Liability for Incurred Claims (excluding IBNR) in thousands of Nigerian Naira as at 31 December 2023 is as follows:

| | Pending substantiating documents | Related to awaiting adjusters' report | Discharge vouchers not returned by the customers | Total N'000 | 31 Dec 2022 | 1 Jan 2022 |
|--------------------|----------------------------------|---------------------------------------|--|------------------|-------------------|-------------------|
| | | | | | Restated N'000 | Restated N'000 |
| 0 - 90 days | 12,394 | 42,866 | 89,140 | 144,400 | 337,952 | 729,511 |
| 91 - 180 days | 20,893 | 54,609 | 73,829 | 149,332 | 387,390 | 680,704 |
| 181 - 270 days | 29,883 | 46,637 | 86,944 | 163,464 | 595,602 | 616,975 |
| 270 - 365 days | 252,271 | 261,444 | 352,149 | 865,864 | 622,225 | 407,227 |
| 365 days and above | 411,655 | 395,067 | 401,308 | 1,208,030 | 1,075,442 | 78,443 |
| | 727,097 | 800,623 | 1,003,371 | 2,531,091 | 3,018,611 | 2,512,860 |

(c) Risk Adjustment

| | Group | | | Parent | | |
|---------------------|----------------|----------------------------------|---------------------------------|----------------|----------------------------------|---------------------------------|
| | 2023 N'000 | 31 Dec 2022 Restated N'000 | 1 Jan 2022 Restated N'000 | 2023 N'000 | 31 Dec 2022 Restated N'000 | 1 Jan 2022 Restated N'000 |
| Fire | 250,833 | 159,346 | 127,175 | 250,833 | 159,346 | 127,175 |
| Accident | 81,538 | 82,531 | 69,675 | 81,538 | 82,531 | 69,675 |
| Marine and Aviation | 65,558 | 50,932 | 38,517 | 65,558 | 50,932 | 38,517 |
| Motor | 151,055 | 117,525 | 79,926 | 151,055 | 117,525 | 79,926 |
| Oil and Gas | 44,116 | 44,397 | 37,436 | 44,116 | 44,397 | 37,436 |
| Agriculture | 579 | 85 | 224 | 579 | 85 | 224 |
| Engineering | 56,874 | 21,124 | 16,103 | 56,874 | 21,124 | 16,103 |
| Bond | 4,061 | 124 | 1,497 | 4,061 | 124 | 1,497 |
| | 654,614 | 476,064 | 370,552 | 654,614 | 476,064 | 370,552 |

| (d) AGE ANALYSIS BY REASON | 0 - 90 days | | 91 - 180 days | | 181-270 days | | 271 -365 days | | Above 365 days | | | Total | | |
|--|-------------|----------------|---------------|----------------|--------------|----------------|---------------|----------------|----------------|------------------|--------------|------------------|-----|-------|
| | Qty | N'000 | Qty | N'000 | Qty | N'000 | Qty | N'000 | Qty | N'000 | Qty | N'000 | Qty | N'000 |
| 1 Discharge Voucher Signed and returned to policyholders | 21 | 28,125 | 5 | 27,362 | 15 | 26,658 | 22 | 97,049 | 35 | 140,243 | 98 | 319,438 | | |
| 2 Discharge Vouchers not yet Signed | 12 | 13,493 | 9 | 12,619 | 9 | 40,114 | 13 | 52,490 | 21 | 24,255 | 64 | 142,970 | | |
| 3 Claims reported but incomplete documentation | 25 | 17,151 | 15 | 13,440 | 53 | 16,435 | 23 | 218,922 | 901 | 524,341 | 1,017 | 790,290 | | |
| 4 Claims reported but been adjusted | 1 | 5,676 | 7 | 6,112 | 7 | 7,741 | 6 | 96,957 | 10 | 11,250 | 31 | 127,736 | | |
| 5 claims repudiated | - | - | 1 | 1,000 | 2 | 3,000 | - | - | 1 | 4,000 | 4 | 8,000 | | |
| 6 Awaiting adjusteds final report | 10 | 50,781 | 10 | 82,434 | 8 | 29,739 | 11 | 224,305 | 12 | 193,457 | 51 | 580,716 | | |
| 7 Litigation award | - | - | - | - | 6 | 4,175 | 12 | 61,550 | 29 | 176,500 | 47 | 242,225 | | |
| 8 Awaiting Lead insurer's instruction | 34 | 29,175 | 35 | 6,365 | 45 | 23,853 | 35 | 61,209 | 1,023 | 89,758 | 1,172 | 210,360 | | |
| 9 Third party liability outstanding | - | - | - | - | 15 | 11,749 | 15 | 53,381 | 35 | 44,227 | 65 | 109,357 | | |
| Total | 103 | 144,400 | 82 | 149,332 | 160 | 163,464 | 137 | 865,864 | 2,067 | 1,208,030 | 2,549 | 2,531,091 | | |

| | Group | | | Parent | | |
|---|-------------------|-------------------------|------------------------|-------------------|-------------------------|------------------------|
| | 2023 | 31 Dec 2022 Restated | 1 Jan 2022 Restated | 2023 | 31 Dec 2022 Restated | 1 Jan 2022 Restated |
| 15.3(a) Liability for Remaining coverage- | | | | | | |
| Non loss | N'000 | N'000 | N'000 | N'000 | N'000 | N'000 |
| Fire | 3,095,764 | 1,599,781 | 1,047,446 | 3,095,764 | 1,599,781 | 1,047,446 |
| Accident | 811,800 | 584,805 | 367,757 | 811,800 | 584,805 | 367,757 |
| Marine and Aviation | 931,329 | 702,516 | 873,103 | 931,329 | 702,516 | 873,103 |
| Motor | 5,844,628 | 2,513,176 | 1,820,088 | 5,844,628 | 2,513,176 | 1,820,088 |
| Oil and Gas | 4,033,582 | 377,573 | 701,051 | 4,033,582 | 377,573 | 701,051 |
| Agriculture | 47,288 | 64,233 | 11,048 | 47,288 | 64,233 | 11,048 |
| Engineering | 948,171 | 695,564 | 330,115 | 948,171 | 695,564 | 330,115 |
| Bond | 289,625 | 280,718 | 148,546 | 289,625 | 280,718 | 148,546 |
| Health Insurance | 183,054 | - | - | - | - | - |
| | <u>16,185,241</u> | <u>6,818,366</u> | <u>5,299,155</u> | <u>16,002,187</u> | <u>6,818,366</u> | <u>5,299,155</u> |

(b) The above balances represent the unearned premium amount. It represents the company's obligation to investigate and pay valid claims under existing insurance contracts for insured events that have not yet occurred. The carrying amounts disclosed above approximate fair value at the reporting date. All amounts are payable within one year.

| (c) Liability for Remaining Coverage- | Onerous contracts | | | | | |
|---------------------------------------|-------------------|----------|----------|----------------|----------|----------|
| | N'000 | N'000 | N'000 | N'000 | N'000 | N'000 |
| Fire | - | - | - | - | - | - |
| Accident | - | - | - | - | - | - |
| Marine and Aviation | - | - | - | - | - | - |
| Motor | 199,989 | - | - | 199,989 | - | - |
| Oil and Gas | - | - | - | - | - | - |
| Agriculture | - | - | - | - | - | - |
| Engineering | - | - | - | - | - | - |
| Bond | - | - | - | - | - | - |
| | <u>199,989</u> | <u>-</u> | <u>-</u> | <u>199,989</u> | <u>-</u> | <u>-</u> |

| 16 Other Insurance Contract liabilities | Group | | Parent | |
|---|----------------|----------------|----------------|----------------|
| | 2023 N'000 | 2022 N'000 | 2023 N'000 | 2022 N'000 |
| Premium Deposits (16(a)) | 726,865 | 295,460 | 653,385 | 295,460 |
| Trade Payables (16(b)) | 130,516 | 192,067 | 130,516 | 192,067 |
| | <u>857,381</u> | <u>487,527</u> | <u>783,901</u> | <u>487,527</u> |

| (a) Premium Deposits | N'000 | N'000 | N'000 | N'000 |
|---------------------------------|----------------|----------------|----------------|----------------|
| Premium Deposit (Note 16(a)) | 726,865 | 295,460 | 653,385 | 295,460 |
| Commission payable (Note 32(a)) | - | - | - | - |
| | <u>726,865</u> | <u>295,460</u> | <u>653,385</u> | <u>295,460</u> |

Premium deposit represents advance received in 2023 for 2024 production.

| (b) Trade Payables | N'000 | N'000 | N'000 | N'000 |
|--|----------------|----------------|----------------|----------------|
| Due to Reinsurance Broker - A.O.N. (Note 16(b)(i)) | 8,464 | 119,268 | 8,464 | 119,268 |
| Due to Reinsurance Broker - SCIB (Note 16(b)(ii)) | 122,052 | 72,799 | 122,052 | 72,799 |
| | <u>130,516</u> | <u>192,067</u> | <u>130,516</u> | <u>192,067</u> |

Trade payable represents premium payable to both reinsurance companies and brokers, and commission payable to insurance brokers. The carrying amount disclosed above reasonably approximates fair value at the reporting date. All amounts are payable within one year and payment process has commenced subsequent to the year end.

| (i) Due to Reinsurance Broker - A.O.N. | N'000 | N'000 | N'000 | N'000 |
|--|--------------|----------------|--------------|----------------|
| Premium | 6,136 | 107,032 | 6,136 | 107,032 |
| Commission | 2,328 | 12,236 | 2,328 | 12,236 |
| | <u>8,464</u> | <u>119,268</u> | <u>8,464</u> | <u>119,268</u> |

| (ii) Due to Reinsurance Broker - SCIB | N'000 | N'000 | N'000 | N'000 |
|---------------------------------------|----------------|---------------|----------------|---------------|
| Premium | 88,487 | 49,213 | 88,487 | 49,213 |
| Commission | 33,564 | 23,586 | 33,564 | 23,586 |
| | <u>122,052</u> | <u>72,799</u> | <u>122,052</u> | <u>72,799</u> |

| | Group | | Parent | |
|----------------------------------|------------------|------------------|------------------|------------------|
| | 2023 N'000 | 2022 N'000 | 2023 N'000 | 2022 N'000 |
| 17 Other Payables | | | | |
| Accruals (Note 17(b)) | 814,499 | 606,497 | 801,736 | 525,388 |
| Dividend payable (Note 17(b(i))) | 1,064,284 | 938,259 | 1,064,284 | 938,259 |
| Other creditors (Note 17(c)) | 214,687 | 30,965 | 149,502 | 106,913 |
| | <u>2,093,470</u> | <u>1,575,721</u> | <u>2,015,522</u> | <u>1,570,560</u> |

(a) The carrying amount disclosed above reasonably approximates fair value at the reporting date. All amounts are payable within one year.

| | N'000 | N'000 | N'000 | N'000 |
|---------------------|----------------|----------------|----------------|----------------|
| (b) Accruals | | | | |
| Audit fees | 23,225 | 4,000 | 20,025 | 4,000 |
| Profit Sharing | 350,000 | 258,664 | 350,000 | 258,664 |
| Performance bonus | 50,927 | 39,175 | 50,927 | 39,175 |
| Filing fee | 1,000 | - | 1,000 | - |
| ICFR Fee | 9,675 | - | 9,675 | - |
| Naicom Levy | 355,109 | 203,334 | 355,109 | 203,334 |
| PAYE payable | 65 | - | - | - |
| WHT payable | 127 | - | - | - |
| Pension payable | - | 10,715 | - | 10,715 |
| Cooperative | 18 | - | - | - |
| Others | 24,352 | 90,609 | 15,000 | 9,500 |
| | <u>814,499</u> | <u>606,497</u> | <u>801,736</u> | <u>525,388</u> |

(b(i)) Dividend payable represents Unclaimed Dividend returned to the Group by Apel Capital & Trust Limited for investment as required by Securities and Exchange Commission.

| Movement in dividend payable: | N'000 | N'000 | N'000 | N'000 |
|--------------------------------------|------------------|----------------|------------------|----------------|
| Balance at the beginning of the year | 938,259 | 833,920 | 938,259 | 833,920 |
| Dividend declared (Note 23) | 1,504,943 | 1,103,625 | 1,504,943 | 1,103,625 |
| Dividend paid | (1,378,919) | (999,286) | (1,378,919) | (999,286) |
| Balance at the end of the year | <u>1,064,284</u> | <u>938,259</u> | <u>1,064,284</u> | <u>938,259</u> |

| (c) Other Creditors | N'000 | N'000 | N'000 | N'000 |
|--|----------------|---------------|----------------|----------------|
| Due to NEM Assets Management Ltd (Note 17 (e)) | - | - | 104,888 | 75,948 |
| Other Creditor (Note 17(f)) | 214,687 | 30,965 | 44,614 | 30,965 |
| | <u>214,687</u> | <u>30,965</u> | <u>149,502</u> | <u>106,913</u> |

| (d) Lease liabilities | N'000 | N'000 | N'000 | N'000 |
|--|----------------|---------------|----------------|---------------|
| Balance at the beginning of the year | 35,999 | 139,623 | 35,999 | 139,623 |
| Additions during the year | 543,725 | - | 543,725 | - |
| Interest charged during the year (Note 36) | 120,202 | 23,800 | 120,202 | 23,800 |
| Lease initial deposit requirement | 217,544 | - | 217,544 | - |
| Lease payment during the year | (444,229) | (127,424) | (444,229) | (127,424) |
| Balance as at the end of the year | <u>473,241</u> | <u>35,999</u> | <u>473,241</u> | <u>35,999</u> |

(e) NEM Asset Management Company Ltd financed the purchase of some motor cars for NEM Insurance Plc. The total amount outstanding as at 31 December 2023 was N104,888,000.00 (2022: N75,948,000.). NEM Asset Management Company Limited is a fully owned subsidiary of NEM Insurance Plc.

(f) Included in other creditors is the sum of N159,420,294 which are short term deposits due to external customers of NEM Asset Management Company Ltd.

(g) Deferred commission Income represents unexpired commission received on reinsurance expenses.

18 Retirement Benefit Obligations

The Group has a defined benefit gratuity scheme covering its entire employees who have spent a minimum number of five years continuous service. The scheme is unfunded, therefore, no contribution is made to any fund. The Company has stopped gratuity since 2014 and the balance outstanding on it is subjected to valuation at year end. The company has settled the liabilities of all employees under this scheme, and has thus, discontinued the valuation of the liability, derecognised all outstanding liabilities, reserves and assets in that regards.

The amounts recognised in the income statement (Management expenses) are as follows:

| | Group | | Parent | |
|--|---------------|---------------|---------------|---------------|
| | 2023 N'000 | 2022 N'000 | 2023 N'000 | 2022 N'000 |
| Current service cost | - | - | - | - |
| Interest cost on benefit obligation (Note 36(a)) | - | 5,590 | - | 5,590 |
| | - | 5,590 | - | 5,590 |

The amounts recognised in the statement of financial position at the reporting date are as follows:

| | N'000 | N'000 | N'000 | N'000 |
|---|-------|--------|-------|--------|
| Present value of the defined benefit obligation | - | 29,497 | - | 29,497 |
| Total defined benefit obligation | - | 29,497 | - | 29,497 |

The movement in the defined benefit obligation is as follows:

| | N'000 | N'000 | N'000 | N'000 |
|---|----------|----------|----------|----------|
| Balance at the beginning of the year | 29,497 | 52,414 | 29,497 | 52,414 |
| Current service cost | - | - | - | - |
| Interest cost | - | 6,298 | - | 6,298 |
| Benefits paid (Note 41) | (40,960) | (49,829) | (40,960) | (49,829) |
| Actuarial loss-Due to change in assumption | 11,463 | 72 | 11,463 | 72 |
| Actuarial losses - Due to experience adjustment | - | 20,542 | - | 20,542 |
| Balance at the end of the year | - | 29,497 | - | 29,497 |

19 Taxation

| | Group | | Parent | |
|--|---------------|---------------|---------------|---------------|
| | 2023 N'000 | 2022 N'000 | 2023 N'000 | 2022 N'000 |
| (a) Per Financial Position | | | | |
| Balance at the beginning of the year | 379,224 | 623,508 | 378,179 | 618,736 |
| Income tax for the year | 869,457 | 474,789 | 869,305 | 474,157 |
| Education tax for the year | 107,475 | 53,246 | 107,475 | 53,246 |
| Prior year over-provision (Note 19(b)) | - | (487,254) | - | (487,254) |
| Information technology levy (Note 19(b)) | 191,787 | 54,792 | 191,787 | 54,792 |
| Paid during the year | (392,791) | (339,857) | (392,398) | (335,498) |
| Balance at the end of the year | 1,155,152 | 379,224 | 1,154,348 | 378,179 |
| (b) Per Income Statement | | | | |
| Income tax | 869,457 | 474,789 | 869,305 | 474,157 |
| Education tax | 107,475 | 53,246 | 107,475 | 53,246 |
| Prior year over-provision | - | (487,254) | - | (487,254) |
| Information technology levy | 191,787 | 54,792 | 191,787 | 54,792 |
| | 1,168,720 | 95,573 | 1,168,567 | 94,941 |
| Deferred tax asset (Note 20 (i)) | 256,411 | 1,094 | 253,568 | - |
| Deferred tax liabilities (Note 20 (ii)) | 4,503,940 | - | 4,502,010 | - |
| Charge for the year | 5,929,070 | 96,667 | 5,924,145 | 94,941 |
| (c) Per Statement of Cash flows | | | | |
| Tax Paid during the year | (392,791) | (339,857) | (392,398) | (335,498) |
| Withholding tax utilized during the year | 46,949 | 177,711 | 46,949 | 177,711 |
| Total Cash paid for Tax liability | (345,842) | (162,146) | (345,449) | (157,787) |

(d) Effective tax reconciliation

The effective tax reconciliation for the Group is as follows:

| | Rate | 2023 N'000 | Rate | 2022 N'000 |
|--|------|-------------------|------|------------------|
| Profit before income tax | | 18,877,855 | | 5,536,289 |
| Tax calculated at the corporate tax rate | 30% | 5,753,768 | 30% | 1,662,635 |
| Effect of Education tax levy | 1% | 107,475 | 1% | 53,246 |
| Effect of: | | | | |
| Non-deductible expenses | 0% | 82,703 | 2% | 83,464 |
| Tax exempt income | -18% | (3,350,829) | -23% | (1,269,506) |
| PTF Levy | 0% | - | 0% | - |
| Information technology levy (NITDA) | 1% | 191,787 | 1% | 54,792 |
| Recognition of temporary differences | 17% | 3,144,165 | 0% | (710) |
| Prior year overprovision | 0% | - | -9% | (487,254) |
| Total income tax expense in income statement | 31% | <u>5,929,070</u> | 2% | <u>96,667</u> |

The effective tax reconciliation for the Parent is as follows:

| | Rate | 2023 N'000 | Rate | 2022 N'000 |
|--|------|-------------------|------|------------------|
| Profit before income tax | | 19,178,721 | | 5,533,995 |
| Tax calculated at the corporate tax rate | 30% | 5,753,616 | 30% | 1,660,199 |
| Tertiary Education tax levy | 1% | 107,475 | 1% | 53,246 |
| Effect of: | | | | |
| Non-deductible expenses | 0% | 82,703 | 2% | 83,464 |
| Tax exempt income | -17% | (3,350,829) | -23% | (1,269,506) |
| PTF levy | 0% | - | 0% | - |
| Information technology levy (NITDA) | 1% | 191,787 | 1% | 54,792 |
| Recognition of temporary differences | 16% | 3,139,392 | 0% | - |
| Overprovision in prior years | 0% | - | -9% | (487,254) |
| Total income tax expense in income statement | 31% | <u>5,924,145</u> | 2% | <u>94,941</u> |

(e) Information Technology Levy

The Nigeria Information Technology Development Agency (NITDA) Act was signed into Law on 24 April, 2007. Section 12 (2a) of the Act stipulates that, specified companies contribute 1% of their profit before tax to the Nigerian Information Technology Development Agency. In line with the Act, the Company has provided for NITDA levy at the specified rate.

20 Deferred Taxation

i Deferred tax Assets

| | N'000 | N'000 | N'000 | N'000 |
|--------------------------------------|-----------|------------------|-----------|------------------|
| Balance at the beginning of the year | (256,411) | (257,505) | (253,568) | (253,568) |
| Write back for the year | 256,411 | 1,094 | 253,568 | - |
| Balance at the end of the year | - | <u>(256,411)</u> | - | <u>(253,568)</u> |

ii Deferred tax Liabilities

| | N'000 | N'000 | N'000 | N'000 |
|--------------------------------------|------------------|--------------|------------------|--------------|
| Balance at the beginning of the year | 3,687 | 10,387 | 3,687 | 10,387 |
| Charge for the year | 4,503,940 | - | 4,502,010 | - |
| Revaluation surplus (Note 25) | - | - | - | - |
| Other reserves-gratuity (Note 26) | - | (6,700) | - | (6,700) |
| Balance at the end of the year | <u>4,507,627</u> | <u>3,687</u> | <u>4,505,697</u> | <u>3,687</u> |

iii Analysis of deferred tax liabilities as at year end

| | N'000 | N'000 | N'000 | N'000 |
|--|------------------|-------|------------------|-------|
| Property plant and equipment | 810,813 | - | 808,883 | - |
| Unrealised foreign exchange gain | 3,681,405 | - | 3,681,405 | - |
| Fair value gain on investment property | 52,678 | - | 52,678 | - |
| Impairment allowance on financial assets | (37,269) | - | (37,269) | - |
| | <u>4,507,627</u> | - | <u>4,505,697</u> | - |

21 Share Capital

Ordinary shares issued and fully paid
5,016,477,767 ordinary shares of N1 each

| | N'000 | N'000 | N'000 | N'000 |
|---------------------------------------|------------------|------------------|------------------|------------------|
| Ordinary shares issued and fully paid | 5,016,477 | 5,016,477 | 5,016,477 | 5,016,477 |
| | <u>5,016,477</u> | <u>5,016,477</u> | <u>5,016,477</u> | <u>5,016,477</u> |

22 Statutory contingency reserve

Balance at the beginning of the year
Transfer from revenue reserve (Note 23)
Balance at the end of the year

| | N'000 | N'000 | N'000 | N'000 |
|---|------------------|------------------|------------------|------------------|
| Balance at the beginning of the year | 7,186,595 | 6,098,784 | 7,186,595 | 6,098,784 |
| Transfer from revenue reserve (Note 23) | 2,650,915 | 1,087,811 | 2,650,915 | 1,087,811 |
| Balance at the end of the year | <u>9,837,510</u> | <u>7,186,595</u> | <u>9,837,510</u> | <u>7,186,595</u> |

Statutory contingency reserve is calculated in accordance with the provisions of Section 21(2) of the Insurance Act, 2003 at the higher of 3% of the total premium or 20% of total profit after tax. This shall accumulate until it reaches the amount of greater of minimum paid-up capital or 50% of net premium.

During the current year, this was calculated based on 20% of the profit after tax.

| | Group | | Parent | |
|---|---------------|---------------|---------------|---------------|
| | 2023 N'000 | 2022 N'000 | 2023 N'000 | 2022 N'000 |
| 23 Retained earnings | | | | |
| Balance at the beginning of the year (IFRS 4) | 12,713,805 | 9,649,912 | 12,681,279 | 9,617,952 |
| Impact of first time adoption of IFRS 17 | - | (146,091) | - | (146,091) |
| Balance at the beginning of the year (IFRS 417) | 12,713,805 | 9,503,821 | 12,681,279 | 9,471,861 |
| Profit for the year | 13,020,855 | 5,401,422 | 13,254,576 | 5,400,854 |
| Transfer to contingency reserve (Note 22) | (2,650,915) | (1,087,811) | (2,650,915) | (1,087,811) |
| Dividend declared (Note 17(b)(i)) | (1,504,943) | (1,103,625) | (1,504,943) | (1,103,625) |
| Balance at the end of the year | 21,578,802 | 12,713,807 | 21,779,997 | 12,681,279 |

(a) The group's and company's profit after tax for the year was after adding foreign exchange gains of N11,388,625,083 (2022: N297,149,038). As at the reporting date the unearned portion of the companies current year profit after tax amounted to N7,474,367,619 (Earned N5,780,208,296), representing net foreign exchange gains on the revaluation of closing balances of foreign quoted investments.

| | N'000 | N'000 | N'000 | N'000 |
|---|----------|----------|----------|----------|
| 24 FVOCI reserve | | | | |
| Balance at the beginning of the year | (67,765) | (36,612) | (67,765) | (36,612) |
| (Addition)/Write back during the year (Note 4.2(b)) | 21,488 | (31,153) | 21,488 | (31,153) |
| Balance at the end of the year | (46,277) | (67,765) | (46,277) | (67,765) |

(a) The fair value reserve shows the effect from the fair value measurement of financial instruments of the category FVOCI. Any gains or losses are not recognised in the comprehensive income statement until the asset has been sold or impaired. The negative movement was due to change in the long term Unquoted Investments.

| | N'000 | N'000 | N'000 | N'000 |
|--|-----------|-----------|-----------|-----------|
| 25 Asset revaluation reserve | | | | |
| Balance at the beginning of the year | 2,107,964 | 2,107,964 | 2,107,964 | 2,107,964 |
| Additions during the year: Cost- revaluation surplus (Note 14) | - | - | - | - |
| Accumulated depreciation (Note 14) | - | - | - | - |
| Deferred tax (Note 20(ii)) | - | - | - | - |
| Balance at the end of the year | 2,107,964 | 2,107,964 | 2,107,964 | 2,107,964 |

(a) The Land and building assets were not revalued during the current year in line with the Group's policy of carrying out a valuation exercise once in every three (3) years. The next Valuation will be done with respect to December, 2024 financial statements.

| | N'000 | N'000 | N'000 | N'000 |
|--------------------------------------|----------|----------|----------|----------|
| 26 Other Reserves - gratuity | | | | |
| Balance at the beginning of the year | 58,581 | 72,495 | 58,581 | 72,495 |
| (Loss)/gain during the year | (11,463) | (20,614) | (11,463) | (20,614) |
| | (47,118) | - | (47,118) | - |
| Deferred tax (Note 20(ii)) | - | 6,700 | - | 6,700 |
| Balance at the end of the year | - | 58,581 | - | 58,581 |

(a) This comprise of the cumulative actuarial loss on change in assumptions and experience adjustment.

| | N'000 | N'000 | N'000 | N'000 |
|--------------------------------|------------|------------|------------|------------|
| 27 Insurance Revenue | | | | |
| Insurance revenue (Note 27(a)) | 52,112,435 | 31,433,600 | 51,993,997 | 31,433,600 |
| | 52,112,435 | 31,433,600 | 51,993,997 | 31,433,600 |

(a) Insurance revenue increased when compared with previous year because of the new businesses (NNPC & NLNG) won during the year and especially due to aggressive marketing embarked upon by the Company.

| (b) Insurance Revenue | N'000 | N'000 | N'000 | N'000 |
|--|------------|------------|------------|------------|
| Fire | 11,583,954 | 7,841,750 | 11,583,954 | 7,841,750 |
| Oil and Gas | 10,932,219 | 5,049,166 | 10,932,219 | 5,049,166 |
| General accident | 4,769,538 | 2,986,452 | 4,769,538 | 2,986,452 |
| Marine | 4,459,975 | 3,680,389 | 4,459,975 | 3,680,389 |
| Motor | 16,309,055 | 9,424,104 | 16,309,055 | 9,424,104 |
| Agriculture | 82,539 | 90,293 | 82,539 | 90,293 |
| Engineering | 3,123,932 | 1,812,752 | 3,123,932 | 1,812,752 |
| Bond | 732,785 | 548,695 | 732,785 | 548,695 |
| Health Insurance Premium (Note 27 (c)) | 118,437 | - | - | - |
| | 52,112,435 | 31,433,601 | 51,993,998 | 31,433,601 |
| Total insurance revenue | 52,112,435 | 31,433,601 | 51,993,998 | 31,433,601 |

(c) The health insurance revenue relates to earned premium income generated from NEM Health limited.

| | Group N'000 | N'000 | Parent N'000 | N'000 |
|--------------------------|----------------|-------|-----------------|-------|
| 28 Borrowings | | | | |
| Balance at the Beginning | - | - | - | - |
| Addition | 1,500,000 | - | 1,500,000 | - |
| Interest Exp (Note 30) | 228,570 | - | 228,570 | - |
| Repayment | (170,833) | - | (170,833) | - |
| Closing balance | 1,557,737 | - | 1,557,737 | - |

During the year, NEM Insurance Plc obtained a short term loan facility from Alpha Morgan Ltd at 20% interest (Maturity: 1 January 2024) to finance the 15% deposit for shares in Alpha Morgan Bank Ltd.

| | N'000 | N'000 | N'000 | N'000 |
|--|-------------|-------------|-------------|-------------|
| 29.1 Net expenses from reinsurance contracts | | | | |
| Reinsurance Premium (Note 6.1) | 15,849,440 | 7,721,200 | 15,849,440 | 7,721,200 |
| Reinsurance Recoverable (Note 6.1) | (3,020,951) | (5,240,525) | (3,020,951) | (5,240,525) |
| Recoveries and reversals of recoveries on onerous contracts (Note 6.1) | (33,014) | - | (33,014) | - |
| | 12,795,475 | 2,480,675 | 12,795,475 | 2,480,675 |

| | N'000 | N'000 | N'000 | N'000 |
|--|------------|-----------|------------|-----------|
| 29.2(a) Paid reinsurance expense | | | | |
| Reinsurance premiums paid (Note 6.1) | 18,906,404 | 8,342,826 | 18,906,404 | 8,342,826 |
| | 18,906,404 | 8,342,826 | 18,906,404 | 8,342,826 |
| Opening-Due to Reinsurance Broker-A.O.N (Note 16) | 119,268 | 128,213 | 119,268 | 128,213 |
| Opening-Due to Reinsurance Broker - SCIB (Note 16) | 72,799 | 19,318 | 72,799 | 19,318 |
| Closing-Due to Reinsurance Broker - A.O.N. (Note 16) | (8,464) | (119,268) | (8,464) | (119,268) |
| Closing-Due to Reinsurance Broker - SCIB (Note 16) | (122,052) | (72,799) | (122,052) | (72,799) |
| Reinsurance expense paid during the year | 18,967,955 | 8,298,290 | 18,967,955 | 8,298,290 |

(b) Reinsurance expenses of N18,906,404,041 was paid during the year, N10,656,246,236 was paid to the foreign insurers while N8,250,157,805 was paid to local insurers. In 2022 reinsurance expense stood at N8,298,290,000 (Foreign N5,754,274,429 - Local N2,544,015,571).

| | Group N'000 | N'000 | Parent N'000 | N'000 |
|--|----------------|-------|-----------------|-------|
| 30 Finance Cost | | | | |
| Interest exp on Lease Financing (17(d)) | 120,202 | - | 120,202 | - |
| Interest exp on Alpha morgan Loan facility (Note 28) | 228,570 | - | 228,570 | - |
| Interest expense-Others (Note 30(a)) | 14,038 | - | - | - |
| | 362,809 | - | 348,772 | - |

(a) Interest expense-others relates to the interest expense paid by NEM Asset Management Company Ltd on its financial commitments.

| | N'000 | N'000 | N'000 | N'000 |
|--------------------------------------|-------------|------------|-------------|------------|
| 31 Claims Expenses paid | | | | |
| Gross Claims paid (Note 31(a)) | 15,662,252 | 12,294,580 | 15,569,519 | 12,294,580 |
| Direct Claims recovered (Note 31(c)) | (1,288,567) | (828,721) | (1,288,567) | (828,721) |
| | 14,373,686 | 11,465,859 | 14,280,952 | 11,465,859 |

| | N'000 | N'000 | N'000 | N'000 |
|------------------------------------|------------|------------|------------|------------|
| 31(a) Claims paid per class | | | | |
| Motor | 6,862,673 | 5,076,395 | 6,862,673 | 5,076,395 |
| Marine | 1,346,001 | 1,131,694 | 1,346,001 | 1,131,694 |
| Fire | 3,910,233 | 4,506,321 | 3,910,233 | 4,506,321 |
| General Accident | 2,060,446 | 857,696 | 2,060,446 | 857,696 |
| Oil and Gas | 492,398 | 149,455 | 492,398 | 149,455 |
| Agric | 11,944 | 21,889 | 11,944 | 21,889 |
| Engineering | 813,530 | 517,567 | 813,530 | 517,567 |
| Bond | 72,293 | 33,563 | 72,293 | 33,563 |
| Health Insurance | 92,734 | - | - | - |
| | 15,662,252 | 12,294,580 | 15,569,519 | 12,294,580 |

(b) Claims expenses consist of claims paid during the financial year.

| | N'000 | N'000 | N'000 | N'000 |
|------------------------------------|-----------|---------|-----------|---------|
| (c) Direct Claims recovered | | | | |
| Classes | | | | |
| Motor | 258,085 | 217,392 | 258,085 | 217,392 |
| Marine | 36,053 | 40,638 | 36,053 | 40,638 |
| Fire | 788,838 | 470,999 | 788,838 | 470,999 |
| General Accident | 183,938 | 50,132 | 183,938 | 50,132 |
| Oil and Gas | - | 17,347 | - | 17,347 |
| Agric | - | - | - | - |
| Engineering | 15,052 | 30,252 | 15,052 | 30,252 |
| Bond | 6,600 | 1,962 | 6,600 | 1,962 |
| | 1,288,567 | 828,721 | 1,288,567 | 828,721 |

| | Group N'000 | N'000 | Parent N'000 | N'000 |
|---|-------------------|-------------------|-------------------|-------------------|
| 32.1 Insurance Service Expenses | | | | |
| Incurred Claims Expenses (Note 15.1) | 15,029,155 | 12,837,617 | 14,931,597 | 12,837,617 |
| Amortization of insurance acquisition cashflows (Note 15.1) | 18,989,828 | 9,856,218 | 18,984,781 | 9,856,218 |
| Losses/(reversals of losses) on onerous contracts (Note 15.1) | 199,989 | - | 199,989 | - |
| | <u>34,218,973</u> | <u>22,693,835</u> | <u>34,116,367</u> | <u>22,693,835</u> |

| | N'000 | N'000 | N'000 | N'000 |
|--|-------------------|-------------------|-------------------|-------------------|
| 32.2 Insurance acquisition cash flows paid | | | | |
| Acquisition cost incurred during the year (Note 32(a)) | 10,397,851 | 6,033,240 | 10,392,804 | 6,033,240 |
| Maintenance incurred during the year (Note 32(b)) | 10,122,479 | 4,239,216 | 10,122,479 | 4,239,216 |
| | <u>20,520,331</u> | <u>10,272,456</u> | <u>20,515,283</u> | <u>10,272,456</u> |

(a) Acquisition expense

The analysis of commission expenses by business class is as follows:

| | N'000 | N'000 | N'000 | N'000 |
|--|-------------------|------------------|-------------------|------------------|
| Motor | 2,520,902 | 1,279,953 | 2,520,902 | 1,279,953 |
| Marine | 808,859 | 704,634 | 808,859 | 704,634 |
| Fire | 2,737,100 | 1,761,635 | 2,737,100 | 1,761,635 |
| General Accident | 1,020,240 | 644,201 | 1,020,240 | 644,201 |
| Oil & Gas | 2,420,877 | 984,761 | 2,420,877 | 984,761 |
| Agriculture | 9,616 | 29,900 | 9,616 | 29,900 |
| Engineering | 726,425 | 474,661 | 726,425 | 474,661 |
| Bond | 148,784 | 153,495 | 148,784 | 153,495 |
| Health Insurance | 5,047 | - | - | - |
| Acquisition expenses incurred during the year | <u>10,397,851</u> | <u>6,033,240</u> | <u>10,392,804</u> | <u>6,033,240</u> |
| Commission payable (Note 16) | - | - | - | - |
| Prepaid commission-closing (Note 8(i)) | 11,609 | - | - | - |
| Prepaid commission-opening (Note 8(i)) | (38,525) | - | (38,524) | - |
| Acquisition cost per cash flow | <u>10,370,935</u> | <u>6,033,240</u> | <u>10,354,280</u> | <u>6,033,240</u> |

(b) The analysis of Maintenance expenses by business class is as follows:

| | N'000 | N'000 | N'000 | N'000 |
|------------------|-------------------|------------------|-------------------|------------------|
| Motor | 3,247,423 | 1,144,588 | 3,247,423 | 1,144,588 |
| Marine | 764,971 | 296,745 | 764,971 | 296,745 |
| Fire | 2,173,404 | 1,314,157 | 2,173,404 | 1,314,157 |
| General Accident | 815,665 | 386,341 | 815,665 | 386,341 |
| Oil & Gas | 2,430,192 | 678,275 | 2,430,192 | 678,275 |
| Agriculture | 10,156 | 42,392 | 10,156 | 42,392 |
| Engineering | 560,584 | 284,664 | 560,584 | 284,664 |
| Bond | 120,085 | 92,054 | 120,085 | 92,054 |
| | <u>10,122,479</u> | <u>4,239,216</u> | <u>10,122,479</u> | <u>4,239,216</u> |

(c) The analysis of Maintenance expenses for the purpose Statement of Cash flows:

| | N'000 | N'000 | N'000 | N'000 |
|---|-------------------|------------------|-------------------|------------------|
| Maintenance Expenses | 10,122,479 | 4,239,216 | 10,122,479 | 4,239,216 |
| Opening provision for Transport & traveling | 39,175 | - | 39,175 | - |
| Closing Provision for Transport and Traveling expense | (50,927) | (39,175) | (50,927) | (39,175) |
| Total Cash used for Maintenance expenses | <u>10,110,727</u> | <u>4,200,041</u> | <u>10,110,727</u> | <u>4,200,041</u> |

(d) Insurance service expenses consist of claims and claims handling expenses, acquisition and maintenance expenses which include commission and policy expenses, and a proportion of directly attributable costs. Insurance service expenses for insurance contracts are amortised over the coverage period.

33 Investment Income

| | N'000 | N'000 | N'000 | N'000 |
|--|------------------|------------------|------------------|------------------|
| Dividend income | 687,422 | 470,062 | 687,422 | 470,062 |
| Interest Revenue Calculated using the effective Interest method (Note 33(a)) | 2,649,191 | 1,085,092 | 2,648,134 | 1,085,092 |
| | <u>3,336,613</u> | <u>1,555,154</u> | <u>3,335,556</u> | <u>1,555,154</u> |
| Opening Interest receivable-Cash (Note 8(a)) | 122,496 | - | 122,496 | - |
| Closing Accrued interest-Bond (Note 4.3(a)) | (390,804) | - | (390,804) | - |
| Closing Accrued interest-Placements (Note 4.3(d)) | (240,765) | - | (240,765) | - |
| Cash received from investment income | <u>2,827,540</u> | <u>1,555,154</u> | <u>2,826,483</u> | <u>1,555,154</u> |

The increase in Investment was as a result of increased investment in various financial assets.

| | Group | | Parent | |
|--|-------------------|------------------|-------------------|------------------|
| | 2023 | 2022 | 2023 | 2022 |
| (a) Interest Revenue Calculated using the effective Interest method | N'000 | N'000 | N'000 | N'000 |
| Interest from fixed deposit | 1,451,604 | 590,427 | 1,450,547 | 590,427 |
| Interest from Amortised cost financial assets | 1,178,339 | 481,246 | 1,178,339 | 481,246 |
| Interest from statutory deposit | 19,248 | 13,419 | 19,248 | 13,419 |
| | <u>2,649,191</u> | <u>1,085,092</u> | <u>2,648,134</u> | <u>1,085,092</u> |
| (b) Investment Income | N'000 | N'000 | N'000 | N'000 |
| Attributable to Policy holders | 1,868,969 | 870,886 | 1,867,912 | 870,886 |
| Attributable to Share holders | 1,467,644 | 684,268 | 1,467,644 | 684,268 |
| | <u>3,336,613</u> | <u>1,555,154</u> | <u>3,335,556</u> | <u>1,555,154</u> |
| 34 Net Fair Value Gain | | | | |
| Investment properties: | N'000 | N'000 | N'000 | N'000 |
| Fair Value Gain (Note 11) | 526,778 | 104,601 | 526,778 | 104,601 |
| Fair Value through Profit or Loss: | | | | |
| Quoted Equity Securities (Note 4.1) | 4,281,170 | 69,487 | 4,281,170 | 69,487 |
| | <u>4,807,948</u> | <u>174,088</u> | <u>4,807,948</u> | <u>174,088</u> |
| 35 Other operating income | N'000 | N'000 | N'000 | N'000 |
| Sundry income (Note 35(a)) | 112,402 | 255,104 | 112,402 | 251,685 |
| Interest and Similar Income (35(f)) | 64,183 | 50,072 | - | - |
| Recoveries (Note 35(c)) | - | 641,854 | - | 641,854 |
| Interest Income-Staff loan | 16,740 | - | 16,740 | - |
| Rental Income (Note 35(b)) | 49,284 | 134,204 | 50,975 | 134,204 |
| | <u>242,610</u> | <u>1,081,234</u> | <u>180,117</u> | <u>1,027,743</u> |
| (a) Sundry Income | N'000 | N'000 | N'000 | N'000 |
| Provision no longer required | 1,361 | 13,511 | 1,361 | 13,511 |
| Interest earned on current account | 307 | 44 | 307 | 44 |
| Rent refund on Garki Abuja Branch | 900 | 900 | 900 | 900 |
| Damages awarded from rent litigation | - | 2,588 | - | 2,588 |
| Withholding tax credit notes (Note 35(a)(i)) | 62,707 | 230,352 | 62,707 | 230,352 |
| Statute Barred Unclaimed Dividend | 8 | 3,456 | 8 | 3,456 |
| Reclassification of other actuarial gain | 47,118 | - | 47,118 | - |
| Others | - | 4,253 | - | 834 |
| | <u>112,402</u> | <u>255,104</u> | <u>112,402</u> | <u>251,685</u> |
| (i) Amounts recognised with respect to withholding tax credit notes are in respect of Withholding tax deducted at source on interests and dividends income from which credits have been issued by FIRS for the purpose of defraying company income tax expenses. | | | | |
| (b) Rental income | N'000 | N'000 | N'000 | N'000 |
| Ebute Meta property | 8,434 | 7,075 | 8,434 | 7,075 |
| Head Office | 16,669 | 122,767 | 16,669 | 122,767 |
| Zaria Kaduna | - | 112 | - | 112 |
| Abuja Office (Sub lease) | - | - | - | - |
| Oniru property | 25,872 | 4,250 | 25,872 | 4,250 |
| | <u>50,975</u> | <u>134,204</u> | <u>50,975</u> | <u>134,204</u> |
| (c) Recoveries represent prior years' recoveries of loss incurred on bonds and guarantees | | | | |
| (d) Foreign exchange gains | N'000 | N'000 | N'000 | N'000 |
| Exchange gain on foreign denominated cash & cash | 3,343,719 | 297,149 | 3,343,719 | 297,149 |
| Exchange gain on Placements above 90 days(Note 4.3(d)) | 2,311,810 | - | 2,311,810 | - |
| Exchange gain on Bond instruments (Note 4.3(a)) | 5,733,096 | - | 5,733,096 | - |
| | <u>11,388,625</u> | <u>297,149</u> | <u>11,388,625</u> | <u>297,149</u> |

(e) Foreign exchange gains arose majorly from retranslation of foreign denominated cash and cash equivalents, placements and bonds with financial institutions as at the reporting date. The company adopted the I&E NAFEX rate for all its foreign currency translation exercise.

(f) Interest and similar income relates to interest income charged and earned by NEM Asset Management Company limited on its customers for providing asset management services.

| | Group | | Parent | |
|---|------------------|------------------|------------------|------------------|
| | 2023 | 2022 | 2023 | 2022 |
| | N'000 | N'000 | N'000 | N'000 |
| 36 Management Expenses | | | | |
| Employee benefit expenses (Note 36(a)) | 2,310,268 | 1,889,357 | 2,099,928 | 1,877,383 |
| Other Management Expenses (Note 36(b)) | 1,586,415 | 976,635 | 1,458,170 | 940,611 |
| Directors emoluments | 187,299 | 173,315 | 187,299 | 173,315 |
| AGM expenses | 49,564 | 15,896 | 49,564 | 15,896 |
| NAICOM Levy | 658,104 | 336,637 | 658,104 | 336,637 |
| Auditors Remuneration (Note 38(a)and (b)) | 23,625 | 11,500 | 20,425 | 10,300 |
| Depreciation of property, plant and equipment (Note 14) | 298,264 | 243,788 | 275,676 | 241,789 |
| Depreciation of Right-of-use Assets (Note 14(c)) | 152,254 | 49,840 | 152,254 | 49,840 |
| Interest expense (Note 17(d)) | - | 23,800 | - | 23,800 |
| Amortisation (Note 13) | 13,361 | 3,928 | 11,522 | 3,928 |
| | 5,279,154 | 3,724,696 | 4,912,943 | 3,673,499 |
| (a) Employee benefit expenses | N'000 | N'000 | N'000 | N'000 |
| Salaries and Wages | 1,430,245 | 1,215,713 | 1,248,527 | 1,204,840 |
| Medical Expenses | 95,062 | 95,782 | 94,792 | 95,600 |
| Staff Training | 124,102 | 110,517 | 122,656 | 110,127 |
| Staff Welfare | 560,801 | 389,179 | 550,485 | 389,179 |
| Employers' Pension Contribution | 100,058 | 71,868 | 83,467 | 71,339 |
| | 2,310,268 | 1,883,059 | 2,099,928 | 1,871,085 |
| Gratuity (Note 18) | - | 6,298 | - | 6,298 |
| | 2,310,268 | 1,889,357 | 2,099,928 | 1,877,383 |
| Gratuity paid | 40,960 | - | 40,960 | - |
| Cash paid to and on behalf of employees | 2,351,227 | 1,889,357 | 2,140,888 | 1,877,383 |
| (b) Other Management Expenses | N'000 | N'000 | N'000 | N'000 |
| Advertising | 444,955 | 234,102 | 443,353 | 234,102 |
| Bank charges | 172,734 | 46,145 | 171,018 | 45,808 |
| Business permit | 1,073 | 1,420 | 1,073 | 1,420 |
| Computer Expenses | 35,457 | 21,414 | 35,416 | 21,373 |
| Dailies and Subscription | 151,663 | 129,028 | 150,084 | 117,320 |
| Donations | 23,529 | 32,445 | 23,529 | 32,445 |
| ECOWAS Brown Card | 6,137 | 7,374 | 6,137 | 7,374 |
| Electricity expenses | 42,681 | 40,008 | 42,681 | 40,008 |
| Filing Fees | 1,000 | 1,350 | 1,000 | 1,350 |
| Fine & penalty (Note 36(d)) | 9,300 | - | 9,300 | - |
| Generator Expenses | 70,803 | 101,173 | 70,803 | 101,173 |
| Insurance Expenses | 80,570 | 94,171 | 74,274 | 94,171 |
| Motor running expenses | 23,047 | 14,877 | 21,088 | 14,877 |
| Motor Repairs & Maintenance | 37,055 | 45,187 | 34,671 | 44,864 |
| Nigerian Insurers Association Levy | 9,162 | 8,346 | 9,162 | 8,346 |
| Office General Expenses | 130,456 | 84,778 | 98,107 | 83,693 |
| Postages & telephone | 13,104 | 11,552 | 11,342 | 11,552 |
| Rent, rates and other expenses (Note 8(a)(ii)) | 44,429 | 35,658 | 44,429 | 35,658 |
| Repairs & Maintenance | 36,832 | 44,820 | 36,367 | 43,130 |
| Staff loan written off (Note 8 (c)(i)) | 150,637 | 1,029 | 150,637 | 1,029 |
| Impairment (Note 8 (b)(i)) | 66,425 | 6,395 | - | - |
| Other personnel expenses | 12,085 | - | 12,085 | - |
| Other Expenses | 23,281 | 15,363 | 11,615 | 918 |
| | 1,586,415 | 976,635 | 1,458,170 | 940,611 |

| | Group | | Parent | |
|---|----------------|---------------|----------------|---------------|
| | 2023 | 2022 | 2023 | 2022 |
| | N'000 | N'000 | N'000 | N'000 |
| (c) Expected credit loss expense | | | | |
| Allowance for credit losses - Cash (Note 3(c)) | 19,074 | (1,299) | 19,074 | (1,299) |
| Allowance for credit losses - Bonds (Note 4.3(g)) | 187,319 | 10,490 | 187,319 | 10,490 |
| Allowance for credit losses - Placement above 90 days (Note 4.3(h)) | (4,733) | 4,826 | (4,733) | 4,826 |
| Allowance for credit losses - Treasury bills(Note 4.3(i)) | (2,011) | 2,489 | (2,011) | 2,489 |
| Allowance for credit losses - Commercial papers (Note 4.3(j)) | 13,668 | 2,421 | 13,668 | 2,421 |
| | 213,317 | 18,927 | 213,317 | 18,927 |

| | Group | | Parent | |
|--|--------------|----------|--------------|----------|
| Description | N'000 | N'000 | N'000 | N'000 |
| (d) Fine and penalty | | | | |
| Fine to NAICOM on Non-remission of 2023 annual AML/CFT/CPF employee training programme | 1,000 | - | 1,000 | - |
| Fine to NAICOM for violation of Paragraph 2.5.8 of market conduct guidelines | 7,250 | - | 7,250 | - |
| Fine to NAICOM for late Submission of Board resolution on approval | 250 | - | 250 | - |
| Penalty to NAICOM for the need to align the contents in the company's form L38 | 50 | - | 50 | - |
| Fine to NAICOM for use of unregistered brokers & violation of INSP | 500 | - | 500 | - |
| Fine to NAICOM for Non-compliance QSPR 2012/Q1 (INSP) | 250 | - | 250 | - |
| | 9,300 | - | 9,300 | - |

| | N'000 | N'000 | N'000 | N'000 |
|---|---------------|-----------------|---------------|-----------------|
| 37 Gain on disposal of Property, plant and equipment | | | | |
| Cost (Note 14(b)) | (277,820) | (69,790) | (277,820) | (69,790) |
| Accumulated depreciation (Note 14(b)) | 276,658 | 31,562 | 276,658 | 31,562 |
| Carrying amount | (1,162) | (38,228) | (1,162) | (38,228) |
| Sale proceeds | 14,819 | 1,803 | 14,819 | 1,803 |
| | 13,657 | (36,425) | 13,657 | (36,425) |

| | N'000 | N'000 | N'000 | N'000 |
|--|--------------|--------------|--------------|--------------|
| 38 Supplementary profit or loss information | | | | |
| (a) Profit before taxation is arrived at after charging: | | | | |
| Depreciation (Note 14) | 298,264 | 243,788 | 275,676 | 241,789 |
| Amortisation (Note 13) | 13,361 | 3,928 | 11,522 | 3,928 |
| Auditors' fees (Note 36) | 23,625 | 11,500 | 20,425 | 10,300 |
| Profit/(Loss) on disposal of property, plant and equipment (Note 37) | 13,657 | (36,425) | 13,657 | (36,425) |
| Directors' emoluments (Note 36) | 187,299 | 173,315 | 187,299 | 173,315 |
| | N'000 | N'000 | N'000 | N'000 |
| and after crediting: | | | | |
| Foreign exchange gain (Note 35(d)) | 11,388,625 | 297,149 | 11,388,625 | 297,149 |
| Gain on investment properties (Note 34) | 526,778 | 104,601 | 526,778 | 104,601 |

(b) KPMG Professional Services was appointed to carry out the statutory audit of the financial statements, IFRS 17 certification and Internal Control over Financial Reporting (ICOFR) of the Company. Besides from these, the Auditors did not provide any other non-audit services to the Company during the year (2023:Nil).

| | Number | Number | Number | Number |
|--|------------|------------|------------|------------|
| (c) Staff Costs | | | | |
| The average number of employees (excluding Directors) in the financial year and staff costs were as follows: | | | | |
| Managerial | 13 | 16 | 11 | 15 |
| Senior | 134 | 185 | 126 | 184 |
| Junior | 95 | 18 | 75 | 16 |
| | 242 | 219 | 212 | 215 |

| | Number | Number | Number | Number |
|--|--------|--------|--------|--------|
| (d) Employees Remunerated at Higher Rates | | | | |
| The number of employees in receipt of emoluments excluding allowance and pension within the following ranges were: | | | | |
| N 60,001 - N 500,000 | - | - | - | - |
| 500,001 - 1,000,000 | - | 3 | - | - |
| 1,000,001 - 1,500,000 | - | - | - | - |
| 1,500,001 - 2,000,000 | - | 6 | - | 6 |

| N | N | Number | Number | Number | Number |
|-----------------------|---|--------|--------|--------|--------|
| 2,000,001 - 2,500,000 | | 12 | 4 | 7 | 4 |
| 2,500,001 - 3,000,000 | | 4 | 6 | 3 | 6 |
| 3,000,001 - 3,500,000 | | 1 | 44 | - | 44 |
| 3,500,001 - 4,000,000 | | - | 37 | 7 | 36 |
| 4,000,001 - 4,500,000 | | 46 | 20 | 32 | 20 |
| 4,500,001 - Above | | 179 | 99 | 163 | 99 |
| | | 242 | 219 | 212 | 215 |

| | Group | | Parent | |
|---|---------|---------|---------|---------|
| | 2023 | 2022 | 2023 | 2022 |
| (e) Chairman's and Directors' Emoluments | | | | |
| i Aggregate emoluments of the directors were: | N'000 | N'000 | N'000 | N'000 |
| Fees | | | | |
| Chairman | 7,500 | 7,500 | 7,500 | 7,500 |
| Other Directors | 54,000 | 36,000 | 54,000 | 36,000 |
| | 61,500 | 43,500 | 61,500 | 43,500 |
| Emoluments as Executives | 125,172 | 120,000 | 125,172 | 120,000 |
| | 186,672 | 163,500 | 186,672 | 163,500 |

ii The number of Directors excluding the Chairman whose emoluments were within the following ranges were:

| N | N | Number | Number | Number | Number |
|-----------------------|---|--------|--------|--------|--------|
| 2,000,000 - 4,000,000 | | - | - | - | - |
| 4,000,001 - 6,000,000 | | 9 | 6 | 9 | 6 |
| 6,000,001 - 8,000,000 | | - | - | - | - |
| 8,000,001 and Above | | - | - | - | - |
| | | 9 | 6 | 9 | 6 |

The Highest paid Director earned N45,000,000 in 2023 (2022:N45,000,000)

| | N'000 | N'000 | N'000 | N'000 |
|--|---------------|--------------|---------------|--------------|
| 39 <u>Basic/Diluted earnings per ordinary share</u> | | | | |
| Basic/Diluted earnings per share is calculated by dividing the results attributable to shareholders by the weighted average number of ordinary shares in issue and ranking for dividend. | | | | |
| | '000 | '000 | '000 | '000 |
| Net profit attributable to ordinary shareholders for basic and diluted EPS | =N=13,020,855 | =N=5,401,422 | =N=13,254,576 | =N=5,400,854 |
| Weighted average number of ordinary shares for EPS | 5,016,477 | 5,016,477 | 5,016,477 | 5,016,477 |
| Basic Earnings Per Share (kobo) | 260 | 108 | 264 | 108 |
| Diluted Basic Earnings Per Share (kobo) | 260 | 108 | 264 | 108 |

(a) There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and date of completion of these financial statements.

40 Related party disclosures

(a) Parent

The Group is controlled by Nem Insurance Plc (incorporated in Nigeria) which is the parent company, and whose shares are widely held by the investing public.

(b) Subsidiaries

During the year, the Parent conducted transactions with its related Company and also with its subsidiary Company, Details of amount due from and to these related parties are as disclosed in Notes 9, 10 and 17(c) to the financial statements. Lease financing transactions with related parties were carried out in the ordinary course of business and were on an arm's length basis. Where these are eliminated on consolidation, they are not disclosed in the consolidated financial statements.

| | N'000 | N'000 | N'000 | N'000 |
|---|-------|-------|---------|---------|
| Due to NEM Asset Management Company Limited | - | - | 104,888 | 75,948 |
| Due from Nem Asset Management Company Limited | - | - | 21,690 | 150,000 |
| Due From Nem Health Limited | - | - | 53,576 | - |

(c) Transactions with key management personnel

The Group's key management personnel and persons connected with them are also considered to be related parties for disclosure purposes. The definition of key management includes close members of family and entity over which control can be exercised. The key management personnel have been identified as the executive directors of the Group. Close members of family are those members who may be expected to influence or be influenced by that individual in their dealings with Nem Insurance Plc.

(d) Short term Benefits (Board of Directors)

| Fees: | N'000 | N'000 | N'000 | N'000 |
|-----------------|--------|--------|--------|--------|
| Chairman | 7,500 | 7,500 | 7,500 | 7,500 |
| Other Directors | 54,000 | 36,000 | 54,000 | 36,000 |
| | 61,500 | 43,500 | 61,500 | 43,500 |



| | Group | | Parent | |
|---|------------------------|-------------------|-------------------|-------------------|
| | N'000 | N'000 | N'000 | N'000 |
| Other Emoluments: | | | | |
| Other Directors | 125,172 | 120,000 | 125,172 | 120,000 |
| | <u>186,672</u> | <u>163,500</u> | <u>186,672</u> | <u>163,495</u> |
| Short term Benefits (Management Team) | | | | |
| Salaries and Allowances: | 317,183 | 145,267 | 270,820 | 145,267 |
| Post Employment Benefits (Management Team) | | | | |
| Pension | - | 11,629 | - | 11,629 |
| Total Benefits to Key Personnel | <u>503,855</u> | <u>320,396</u> | <u>457,492</u> | <u>320,391</u> |
| 41.1 Cash flow from Operating activities | N'000 | N'000 | N'000 | N'000 |
| Operating profit before tax | 18,877,855 | 5,498,089 | 19,178,721 | 5,495,795 |
| Adjustment for non-operating items: | | | | |
| Depreciation - Property, plant & equipment | 14 298,264 | 243,788 | 275,676 | 241,789 |
| Interest charged during the year | 36 362,809 | 23,800 | 348,772 | 23,800 |
| Depreciation - Right-of-use Assets | 14 152,254 | 49,840 | 152,254 | 49,840 |
| Amortisation - Intangible assets | 13 13,361 | 3,928 | 11,522 | 3,928 |
| Gain on disposal of property and equipment | 37 (13,657) | 36,425 | (13,657) | 36,425 |
| Fair value gain on investment properties | 11 (4,807,948) | (104,601) | (4,807,948) | (174,088) |
| Fair value gain on quoted investment | 4.1(a) (4,281,170) | (69,487) | (4,281,170) | (69,487) |
| Exchange gain on Bond Instruments | 35a (5,733,096) | - | (5,733,096) | - |
| Allowance for credit losses | 36(c) 213,317 | 20,226 | 213,317 | 20,226 |
| Staff loan written off | 150,637 | - | 150,637 | - |
| Impairment | 66,425 | - | - | - |
| Service & Interest income on retirement benefit | 18 - | 6,298 | - | 6,298 |
| Investment Income | 33 (3,336,613) | (1,555,154) | (3,335,556) | (1,555,154) |
| Cash flow changes before changes in working capital | <u>1,962,439</u> | <u>4,153,152</u> | <u>2,159,473</u> | <u>4,079,372</u> |
| Changes in operating assets and liabilities | | | | |
| Decrease/(increase) in Trade receivables | 222,213 | 806,700 | 317,825 | 806,700 |
| Increase in Reinsurance contract assets | 39,661 | (2,044,132) | 39,661 | (2,044,132) |
| (Increase)/decrease in Other receivables and prepayments | (1,852,495) | (413,055) | (1,641,610) | (352,438) |
| Increase in Insurance contract liabilities | 10,611,558 | 3,116,524 | 10,423,681 | 3,116,524 |
| Increase/(decrease) in Other Insurance Contract liabilities | 369,853 | 76,799 | 296,374 | 76,799 |
| Increase in Other payables | 517,749 | 44,193 | 444,962 | 71,456 |
| Net cash inflow from operating activities | <u>11,870,978</u> | <u>5,740,182</u> | <u>12,040,365</u> | <u>5,754,282</u> |
| Benefits paid (Note 18) | (40,960) | (49,829) | (40,960) | (49,829) |
| Tax paid | <u>19(c) (392,791)</u> | <u>(339,857)</u> | <u>(392,398)</u> | <u>(335,498)</u> |
| | <u>11,437,227</u> | <u>5,350,495</u> | <u>11,607,008</u> | <u>5,368,954</u> |
| 41.2 Premium received from policy holders | N'000 | N'000 | N'000 | N'000 |
| Trade receivable at the beginning | 5(a) 672,356 | 1,479,056 | 672,356 | 1,479,056 |
| Cash received from policy holders | 15.1 63,009,810 | 33,369,050 | 62,708,320 | 33,369,050 |
| Trade receivable at the end | 5(a) (450,143) | (672,356) | (354,531) | (672,356) |
| Deposit premium at the beginning | 16 (295,460) | - | (295,460) | - |
| Deposit premium at the end | 16 726,865 | (295,460) | 653,385 | (295,460) |
| Cash received during the year | <u>63,663,427</u> | <u>33,880,290</u> | <u>63,384,070</u> | <u>33,880,290</u> |

42 Capital Commitments

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

43 Contingent liabilities

There were contingent liabilities in respect of legal actions against the Group, the monetary amount of which cannot be quantified. No provision has been made in these financial statements in respect of the legal actions as the directors, having taken legal advice, do not believe any material liability will eventually be borne by the Group.

44 Comparative Figures

Where necessary, comparative figures have been adjusted to conform with changes in the presentation of the current year financial statements.

45 Legal proceedings and regulations

(a) Legal Proceedings

The Parent operates in the insurance industry and is subject to legal proceeding in the normal course of business. While it is not practicable to forecast or determine the final results of all pending or threatened legal proceedings, management does not believe that such proceedings (including litigation) will have a material effect on its results and financial position.

(b) Regulations

The Parent is also subject to insurance solvency regulations in all the territories where it operates and has complied with all these solvency regulations. There are no contingencies associated with the Parent's compliance or lack of compliance with such regulations.

(c) The directors are of the opinion that the Parent will not incur any significant loss with respect to these claims and accordingly, no provision has been made in these Consolidated Financial Statements.

46 Events after the reporting date

The directors are not aware of any events which occurred since 31 December 2023 which may have material effect on the financial statements at that date or which may need to be mentioned in the financial statements in order not to make them misleading as to the operations or financial position at 31 December 2023.

47 Segment reporting

For management purposes, the Company is organised into business units based on their products and services and reportable operating segments as follows:

(a) Segments Report - Insurance Service Result per product

| Segment reporting (2023) | MOTOR N'000 | MARINE N'000 | FIRE N'000 | GENERAL ACCIDENT N'000 | OIL & GAS N'000 | AGRICULTURE N'000 | ENGINEERING N'000 | BOND N'000 | PARENT N'000 | HEALTH N'000 | GROUP N'000 |
|---|------------------|------------------|------------------|------------------------------|--------------------|----------------------|----------------------|----------------|------------------|-----------------|------------------|
| Insurance revenue | 16,309,055 | 4,459,975 | 11,583,953 | 4,769,538 | 10,932,219 | 82,539 | 3,123,932 | 732,785 | 51,993,997 | 118,438 | 52,112,435 |
| Insurance service expenses: | | | | | | | | | | | |
| Incurred claims expenses | (6,887,804) | (1,287,194) | (3,123,973) | (1,746,150) | (494,511) | (18,554) | (1,254,391) | (119,021) | (14,931,599) | (97,559) | (15,029,157) |
| Amortization of acquisition expenses | (5,291,188) | (1,523,654) | (4,526,295) | (1,779,428) | (4,384,366) | (22,454) | (1,190,754) | (266,642) | (18,984,780) | (5,047) | (18,989,827) |
| Losses/(reversal of losses onerous contracts) | (199,989) | - | - | - | - | - | - | - | (199,989) | - | (199,989) |
| | (12,378,981) | (2,810,848) | (7,650,268) | (3,525,579) | (4,878,877) | (41,009) | (2,445,145) | (385,662) | (34,116,368) | (102,606) | (34,218,974) |
| Net Expenses on reinsurance contracts held | | | | | | | | | | | |
| Reinsurance Premium | (1,027) | (1,616,739) | (3,416,249) | (1,587,320) | (8,304,176) | (27,674) | (826,002) | (70,252) | (15,849,440) | - | (15,849,440) |
| Recoveries of incurred claims and other attributable income | (636,104) | 1,085,832 | 1,245,993 | 586,597 | 62,411 | 12,441 | 621,179 | 42,602 | 3,020,951 | - | 3,020,951 |
| Recoveries/(reversal of recoveries) on onerous contracts | 33,014 | - | - | - | - | - | - | - | 33,014 | - | 33,014 |
| | (604,116) | (530,907) | (2,170,257) | (1,000,723) | (8,241,766) | (15,233) | (204,823) | (27,650) | (12,795,475) | - | (12,795,474) |
| Insurance service result | 3,325,958 | 1,118,220 | 1,763,429 | 243,235 | (2,188,424) | 26,298 | 473,964 | 319,473 | 5,082,155 | 15,832 | 5,097,987 |
| Insurance finance expenses from insurance contracts issued | (82,279) | (28,657) | (191,373) | (37,966) | (39,104) | (74) | (9,717) | (57) | (389,227) | - | (389,227) |
| Insurance finance Income from reinsurance contracts held | 40,769 | 17,986 | 131,490 | 29,177 | 7,953 | 35 | 7,468 | 44 | 234,922 | - | 234,922 |
| Total Financial result | 3,284,448 | 1,107,549 | 1,703,546 | 234,447 | (2,219,575) | 26,259 | 471,715 | 319,460 | 4,927,850 | 15,832 | 4,943,682 |
| Segment reporting (2022 Restated) | | | | | | | | | | | |
| | MOTOR N'000 | MARINE N'000 | FIRE N'000 | GENERAL ACCIDENT N'000 | OIL & GAS N'000 | AGRICULTURE N'000 | ENGINEERING N'000 | BOND N'000 | PARENT N'000 | HEALTH N'000 | GROUP N'000 |
| Insurance revenue | 9,424,104 | 3,680,389 | 7,841,750 | 2,986,452 | 5,049,166 | 90,293 | 1,812,752 | 548,695 | 31,433,601 | - | 31,433,601 |
| Insurance service expenses: | | | | | | | | | | | |
| Incurred claims expenses | (5,245,984) | (1,286,370) | (4,620,493) | (924,443) | (203,780) | (2,270) | (544,146) | (10,131) | (12,837,617) | - | (12,837,617) |
| Amortization of acquisition expenses | (2,326,676) | (1,047,515) | (2,938,084) | (975,266) | (1,623,451) | (63,013) | (669,707) | (212,507) | (9,856,218) | - | (9,856,218) |
| Losses/(reversal of losses onerous contracts) | - | - | - | - | - | - | - | - | - | - | - |
| | (7,572,660) | (2,333,885) | (7,558,577) | (1,899,709) | (1,827,231) | (65,283) | (1,213,853) | (222,638) | (22,693,835) | - | (22,693,835) |
| Net Expenses on reinsurance contracts held | | | | | | | | | | | |
| Reinsurance Premium | (99,485) | (979,879) | (2,531,532) | (1,435,781) | (2,296,870) | (33,347) | (334,824) | (9,482) | (7,721,201) | - | (7,721,201) |
| Recoveries of incurred claims and other attributable income | 40,338 | 817,958 | 2,983,545 | 835,943 | 51,891 | 11,812 | 489,383 | 9,657 | 5,240,526 | - | 5,240,526 |
| Recoveries/(reversal of recoveries) on onerous contracts | - | - | - | - | - | - | - | - | - | - | - |
| | (59,147) | (161,922) | 452,013 | (599,838) | (2,244,980) | (21,535) | 154,558 | 175 | (2,480,675) | - | (2,480,675) |
| Insurance Service result | 1,792,297 | 1,184,583 | 735,186 | 486,905 | 976,956 | 3,475 | 753,458 | 326,233 | 6,259,091 | - | 6,259,091 |
| Insurance finance expenses from insurance contracts issued | (4) | (47,000) | (102,172) | (33,443) | (34,488) | - | (7,729) | (718) | (225,554) | - | (225,554) |
| Insurance finance Income from reinsurance contracts held | 2 | 28,000 | 64,879 | 22,813 | 15,520 | - | 5,272 | 490 | 136,976 | - | 136,976 |
| Total Financial result | 1,792,295 | 1,165,583 | 697,893 | 476,275 | 957,988 | 3,475 | 751,001 | 326,004 | 6,170,513 | - | 6,170,513 |

| (b) Insurance Revenue | MOTOR | MARINE | FIRE | GENERAL ACCIDENT | OIL & GAS | AGRICULTURE | ENGINEERING | BOND | PARENT | HEALTH | GROUP |
|---|------------------|------------------|------------------|-------------------------|----------------------|--------------------|--------------------|-------------------|-------------------|-------------------|-------------------|
| 2023 | N'000 | N'000 | N'000 | N'000 | N'000 | N'000 | N'000 | N'000 | N'000 | N'000 | N'000 |
| Insurance contracts measured using PAA | 16,309,055 | 4,459,975 | 11,583,954 | 4,769,538 | 10,932,219 | 82,539 | 3,123,932 | 732,785 | 51,993,998 | 118,436 | 52,112,434 |
| Insurance contracts measured using GMM | - | - | - | - | - | - | - | - | - | - | - |
| Insurance contracts measured using VFA | - | - | - | - | - | - | - | - | - | - | - |
| Insurance Revenue 2022 Restated | 9,424,104 | 3,680,389 | 7,841,750 | 2,986,452 | 5,049,166 | 90,293 | 1,812,752 | 548,695 | 31,433,601 | - | 31,433,601 |
| Insurance contracts measured using PAA | 9,424,104 | 3,680,389 | 7,841,750 | 2,986,452 | 5,049,166 | 90,293 | 1,812,752 | 548,695 | 31,433,601 | - | 31,433,601 |
| Insurance contracts measured using GMM | - | - | - | - | - | - | - | - | - | - | - |
| Insurance contracts measured using VFA | - | - | - | - | - | - | - | - | - | - | - |
| 9,424,104 | 3,680,389 | 7,841,750 | 2,986,452 | 5,049,166 | 90,293 | 1,812,752 | 548,695 | 31,433,601 | - | - | 31,433,601 |
| (c) Insurance contract liabilities | MOTOR | MARINE | FIRE | GENERAL ACCIDENT | OIL & GAS | AGRICULTURE | ENGINEERING | BOND | PARENT | HEALTH | GROUP |
| 2023 | N'000 | N'000 | N'000 | N'000 | N'000 | N'000 | N'000 | N'000 | N'000 | N'000 | N'000 |
| Liability for remaining coverage | 6,044,617 | 931,329 | 3,095,764 | 811,800 | 4,033,582 | 47,288 | 948,171 | 289,625 | 16,202,176 | 183,054 | 16,385,229 |
| Liability for Incurred claim | 2,052,713 | 890,875 | 3,408,619 | 1,108,033 | 599,502 | 7,862 | 772,878 | 55,189 | 8,895,671 | 4,825 | 8,900,496 |
| 8,097,330 | 1,822,204 | 6,504,383 | 1,919,833 | 4,633,085 | 55,150 | 1,721,048 | 344,814 | 25,097,847 | 187,878 | 25,285,725 | |
| 31 December 2022 Restated | 2,513,176 | 702,516 | 1,599,781 | 584,805 | 377,573 | 64,232 | 695,564 | 280,718 | 6,818,365 | - | 6,818,365 |
| Liability for remaining coverage | 2,513,176 | 702,516 | 1,599,781 | 584,805 | 377,573 | 64,232 | 695,564 | 280,718 | 6,818,365 | - | 6,818,365 |
| Liability for Incurred claim | 1,687,217 | 884,972 | 3,214,670 | 1,200,425 | 558,285 | 1,178 | 307,248 | 1,804 | 7,855,800 | - | 7,855,800 |
| 4,200,393 | 1,587,488 | 4,814,451 | 1,785,230 | 935,858 | 65,410 | 1,002,812 | 282,522 | 14,674,165 | - | 14,674,165 | |
| 1 January 2022 Restated | 1,820,088 | 873,103 | 1,047,446 | 367,757 | 701,051 | 11,048 | 330,115 | 148,546 | 5,299,155 | - | 5,299,155 |
| Liability for remaining coverage | 1,820,088 | 873,103 | 1,047,446 | 367,757 | 701,051 | 11,048 | 330,115 | 148,546 | 5,299,155 | - | 5,299,155 |
| Liability for Incurred claim | 1,300,233 | 642,658 | 2,527,327 | 1,050,102 | 469,472 | 3,450 | 242,689 | 22,556 | 6,258,487 | - | 6,258,487 |
| 3,120,321 | 1,515,761 | 3,574,773 | 1,417,860 | 1,170,523 | 14,498 | 572,804 | 171,102 | 11,557,642 | - | 11,557,642 | |
| (d) Reinsurance contract Assets | MOTOR | MARINE | FIRE | GENERAL ACCIDENT | OIL & GAS | AGRICULTURE | ENGINEERING | BOND | TOTAL | HEALTH | GROUP |
| 2023 | N'000 | N'000 | N'000 | N'000 | N'000 | N'000 | N'000 | N'000 | N'000 | N'000 | N'000 |
| Asset for remaining coverage | 34,439 | 258,252 | 652,153 | 293,760 | 3,496,461 | 16,096 | 118,098 | 64,112 | 4,933,370 | - | 4,933,370 |
| Amount recoverable from Incurred claim | 416,091 | 538,696 | 2,201,107 | 801,401 | 199,304 | 4,156 | 307,513 | 31,401 | 4,499,670 | - | 4,499,670 |
| 450,530 | 796,948 | 2,853,260 | 1,095,161 | 3,695,766 | 20,252 | 425,611 | 95,514 | 9,433,041 | - | 9,433,041 | |
| 31 December 2022 Restated | 279 | 188,257 | 647,225 | 445,643 | 431,358 | 23,764 | 103,924 | 2,943 | 1,843,393 | - | 1,843,393 |
| Asset for remaining coverage | 279 | 188,257 | 647,225 | 445,643 | 431,358 | 23,764 | 103,924 | 2,943 | 1,843,393 | - | 1,843,393 |
| Amount recoverable from Incurred claim | 1,011,426 | 1,049,870 | 3,548,952 | 1,502,700 | 128,941 | 547 | 384,615 | 2,259 | 7,629,310 | - | 7,629,310 |
| 1,011,705 | 1,238,127 | 4,196,177 | 1,948,344 | 560,299 | 24,310 | 488,539 | 5,202 | 9,472,703 | - | 9,472,703 | |
| 1 January 2022 Restated | 548 | 229,498 | 398,280 | 138,361 | 231,485 | 7,447 | 204,144 | 12,004 | 1,221,767 | - | 1,221,767 |
| Asset for remaining coverage | 548 | 229,498 | 398,280 | 138,361 | 231,485 | 7,447 | 204,144 | 12,004 | 1,221,767 | - | 1,221,767 |
| Amount recoverable from Incurred claim | 1,012,274 | 826,815 | 2,434,547 | 1,376,168 | 206,652 | 2,743 | 318,045 | 29,560 | 6,206,804 | - | 6,206,804 |
| 1,012,822 | 1,056,313 | 2,832,827 | 1,514,529 | 438,137 | 10,190 | 522,189 | 41,564 | 7,428,571 | - | 7,428,571 | |

(e) Reconciliation of Insurance contracts issued per product (Contracts measured under PAA)*
MOTOR

| | 2023 | | | | | 2022 RESTATED | | | | |
|---|----------------------------------|----------------------|-------------------------------|-----------------------|-------------------|----------------------------------|----------------------|-------------------------------|-----------------------|--------------------|
| | Liability for remaining coverage | | Liability for Incurred claims | | | Liability for remaining coverage | | Liability for Incurred claims | | |
| | Non-loss component N'000 | Loss component N'000 | Incurred claims N'000 | Risk adjustment N'000 | Total N'000 | Non-loss component N'000 | Loss component N'000 | Incurred claims N'000 | Risk adjustment N'000 | Total N'000 |
| Insurance contract liabilities as at January 1 | 2,513,176 | - | 1,569,692 | 117,525 | 4,200,393 | 1,820,088 | - | 1,220,307 | 79,926 | 3,120,321 |
| Insurance contract assets as of January 1 | - | - | - | - | - | - | - | - | - | - |
| Net Insurance Contracts as of January 1 | 2,513,176 | - | 1,569,692 | 117,525 | 4,200,393 | 1,820,088 | - | 1,220,307 | 79,926 | 3,120,321 |
| Insurance Revenue | (16,309,055) | - | - | - | - | (9,424,104) | - | - | - | (9,424,104) |
| Insurance Service Expenses: | | | | | | | | | | |
| Incurred claims | - | - | 6,854,275 | 33,529 | 6,887,804 | - | - | 5,208,385 | 37,599 | 5,245,984 |
| Changes that relate to past service-adjustment to LIC | - | - | - | - | - | - | - | - | - | - |
| Amortization of insurance acquisition cashflows | 5,291,188 | - | - | - | 5,291,188 | 2,326,676 | - | - | - | 2,326,676 |
| Losses and reversals of losses on onerous contracts | - | 199,989 | - | - | 199,989 | - | - | - | - | - |
| Total Gross Insurance Service result | (11,017,868) | 199,989 | 6,854,275 | 33,529 | 12,378,981 | (7,097,427) | - | 5,208,385 | 37,599 | (1,851,444) |
| Insurance finance expenses | - | - | 82,279 | - | 82,279 | - | - | 4 | - | 4 |
| Insurance finance (income) expenses (Changes in discount rates) | - | - | - | - | - | - | - | - | - | - |
| | - | - | 82,279 | - | 82,279 | - | - | 4 | - | 4 |
| Cash flows in the period: | | | | | | | | | | |
| Premiums received | 20,117,645 | - | - | - | 20,117,645 | 10,215,056 | - | - | - | 10,215,056 |
| Insurance acquisition cash flows paid | (5,768,325) | - | - | - | (5,768,325) | (2,424,541) | - | - | - | (2,424,541) |
| Claims paid | - | - | (6,604,588) | - | (6,604,588) | - | - | (4,859,003) | - | (4,859,003) |
| Net cash flow | 14,349,320 | - | (6,604,588) | - | 7,744,732 | 7,790,515 | - | (4,859,003) | - | 2,931,512 |
| Insurance contract liabilities, as at December 31 | 5,844,628 | 199,989 | 1,901,659 | 151,054 | 24,406,385 | 2,513,176 | - | 1,569,692 | 117,525 | 4,200,393 |
| Insurance contract assets as at December 31 | - | - | - | - | - | - | - | - | - | - |
| Net Insurance Contracts as at December 31 | 5,844,628 | 199,989 | 1,901,659 | 151,054 | 24,406,385 | 2,513,176 | - | 1,569,692 | 117,525 | 4,200,393 |

MARINE

| | 2023 | | | | | 2022 RESTATED | | | | |
|---|----------------------------------|----------------------|-------------------------------|-----------------------|--------------------|----------------------------------|----------------------|-------------------------------|-----------------------|--------------------|
| | Liability for remaining coverage | | Liability for Incurred claims | | | Liability for remaining coverage | | Liability for Incurred claims | | |
| | Non-loss component N'000 | Loss component N'000 | Incurred claims N'000 | Risk adjustment N'000 | Total N'000 | Non-loss component N'000 | Loss component N'000 | Incurred claims N'000 | Risk adjustment N'000 | Total N'000 |
| Insurance contract liabilities as at January 1 | 702,516 | - | 834,040 | 50,932 | 1,587,488 | 873,103 | - | 604,141 | 38,517 | 1,515,761 |
| Insurance contract assets as of January 1 | - | - | - | - | - | - | - | - | - | - |
| Net Insurance Contracts as of January 1 | 702,516 | - | 834,040 | 50,932 | 1,587,488 | 873,103 | - | 604,141 | 38,517 | 1,515,761 |
| Insurance Revenue | (4,459,975) | - | - | - | (4,459,975) | (3,680,389) | - | - | - | (3,680,389) |
| Insurance Service Expenses: | | | | | | | | | | |
| Incurred claims | - | - | 1,272,568 | 14,626 | 1,287,194 | - | - | 1,273,955 | 12,415 | 1,286,370 |
| Changes that relate to past service-adjustment to LIC | - | - | - | - | - | - | - | - | - | - |
| Amortization of insurance acquisition cashflows | 1,523,655 | - | - | - | 1,523,655 | 1,047,514 | - | - | - | 1,047,514 |
| Losses and reversals of losses on onerous contracts | - | - | - | - | - | - | - | - | - | - |
| Total Gross Insurance Service result | (2,936,320) | - | 1,272,568 | 14,626 | (1,649,126) | (2,632,875) | - | 1,273,955 | 12,415 | (1,346,505) |
| Insurance finance expenses | - | - | 28,657 | - | 28,657 | - | - | 47,000 | - | 47,000 |
| Insurance finance (income) expenses (Changes in discount rates) | - | - | - | - | - | - | - | - | - | - |
| | - | - | 28,657 | - | 28,657 | - | - | 47,000 | - | 47,000 |
| Cash flows in the period: | | | | | | | | | | |
| Premiums received | 4,738,962 | - | - | - | 4,738,962 | 3,463,667 | - | - | - | 3,463,667 |
| Insurance acquisition cash flows paid | (1,573,830) | - | - | - | (1,573,830) | (1,001,379) | - | - | - | (1,001,379) |
| Claims paid | - | - | (1,309,948) | - | (1,309,948) | - | - | (1,091,056) | - | (1,091,056) |
| Net cash flow | 3,165,133 | - | (1,309,948) | - | 1,855,185 | 2,462,288 | - | (1,091,056) | - | 1,371,232 |
| Insurance contract liabilities, as at December 31 | 931,329 | - | 825,317 | 65,558 | 1,822,204 | 702,516 | - | 834,040 | 50,932 | 1,587,488 |
| Insurance contract assets as at December 31 | - | - | - | - | - | - | - | - | - | - |
| Net Insurance Contracts as at December 31 | 931,329 | - | 825,317 | 65,558 | 1,822,204 | 702,516 | - | 834,040 | 50,932 | 1,587,488 |

FIRE

| | 2023 | | | | | 2022 RESTATED | | | | |
|---|----------------------------------|----------------------|-------------------------------|-----------------------|--------------------|----------------------------------|----------------------|-------------------------------|-----------------------|------------------|
| | Liability for remaining coverage | | Liability for Incurred claims | | | Liability for remaining coverage | | Liability for Incurred claims | | |
| | Non-loss component N'000 | Loss component N'000 | Incurred claims N'000 | Risk adjustment N'000 | Total N'000 | Non-loss component N'000 | Loss component N'000 | Incurred claims N'000 | Risk adjustment N'000 | Total N'000 |
| Insurance contract liabilities as at January 1 | 1,599,781 | - | 3,055,325 | 159,345 | 4,814,451 | 1,047,446 | - | 2,400,152 | 127,175 | 3,574,773 |
| Insurance contract assets as of January 1 | - | - | - | - | - | - | - | - | - | - |
| Net Insurance Contracts as of January 1 | 1,599,781 | - | 3,055,325 | 159,345 | 4,814,451 | 1,047,446 | - | 2,400,152 | 127,175 | 3,574,773 |
| Insurance Revenue | (11,583,953) | - | - | - | (11,583,953) | (7,841,750) | - | - | - | (7,841,750) |
| Insurance Service Expenses: | | | | | | | | | | |
| Incurred claims | - | - | 3,032,483 | 91,488 | 3,123,971 | - | - | 4,588,323 | 32,170 | 4,620,493 |
| Changes that relate to past service-adjustment to LIC | - | - | - | - | - | - | - | - | - | - |
| Amortization of insurance acquisition cashflows | 4,526,295 | - | - | - | 4,526,295 | 2,938,084 | - | - | - | 2,938,084 |
| Losses and reversals of losses on onerous contracts | - | - | - | - | - | - | - | - | - | - |
| Total Gross Insurance Service result | (7,057,659) | - | 3,032,483 | 91,488 | (3,933,688) | (4,903,666) | - | 4,588,323 | 32,170 | (283,174) |
| Insurance finance expenses | - | - | 191,373 | - | 191,373 | - | - | 102,172 | - | 102,172 |
| Insurance finance (income) expenses (Changes in discount rates) | - | - | - | - | - | - | - | - | - | - |
| | - | - | 191,373 | - | 191,373 | - | - | 102,172 | - | 102,172 |
| Cash flows in the period: | | | | | | | | | | |
| Premiums received | 13,464,145 | - | - | - | 13,464,145 | 8,531,794 | - | - | - | 8,531,794 |
| Insurance acquisition cash flows paid | (4,910,504) | - | - | - | (4,910,504) | (3,075,792) | - | - | - | (3,075,792) |
| Claims paid | - | - | (3,121,395) | - | (3,121,395) | - | - | (4,035,322) | - | (4,035,322) |
| Net cash flow | 8,553,641 | - | (3,121,395) | - | 5,432,246 | 5,456,002 | - | (4,035,322) | - | 1,420,680 |
| Insurance contract liabilities, as at December 31 | 3,095,764 | - | 3,157,786 | 250,833 | 6,504,383 | 1,599,781 | - | 3,055,325 | 159,345 | 4,814,451 |
| Insurance contract assets as at December 31 | - | - | - | - | - | - | - | - | - | - |
| Net Insurance Contracts as at December 31 | 3,095,764 | - | 3,157,786 | 250,833 | 6,504,383 | 1,599,781 | - | 3,055,325 | 159,345 | 4,814,451 |

GENERAL ACCIDENT

| | 2023 | | | | | 2022 RESTATED | | | | |
|---|----------------------------------|----------------------|-------------------------------|-----------------------|--------------------|----------------------------------|----------------------|-------------------------------|-----------------------|--------------------|
| | Liability for remaining coverage | | Liability for Incurred claims | | | Liability for remaining coverage | | Liability for Incurred claims | | |
| | Non-loss component N'000 | Loss component N'000 | Incurred claims N'000 | Risk adjustment N'000 | Total N'000 | Non-loss component N'000 | Loss component N'000 | Incurred claims N'000 | Risk adjustment N'000 | Total N'000 |
| Insurance contract liabilities as at January 1 | 584,805 | - | 1,117,894 | 82,531 | 1,785,230 | 367,757 | - | 980,428 | 69,675 | 1,417,860 |
| Insurance contract assets as of January 1 | - | - | - | - | - | - | - | - | - | - |
| Net Insurance Contracts as of January 1 | 584,805 | - | 1,117,894 | 82,531 | 1,785,230 | 367,757 | - | 980,428 | 69,675 | 1,417,860 |
| Insurance Revenue | (4,769,538) | - | - | - | (4,769,538) | (2,986,452) | - | - | - | (2,986,452) |
| Insurance Service Expenses: | | | | | | | | | | |
| Incurred claims | - | - | 1,747,144 | (993) | 1,746,150 | - | - | 911,587 | 12,856 | 924,443 |
| Changes that relate to past service-adjustment to LIC | - | - | - | - | - | - | - | - | - | - |
| Amortization of insurance acquisition cashflows | 1,779,428 | - | - | - | 1,779,428 | 975,266 | - | - | - | 975,266 |
| Losses and reversals of losses on onerous contracts | - | - | - | - | - | - | - | - | - | - |
| Total Gross Insurance Service result | (2,990,109) | - | 1,747,144 | (993) | (1,243,959) | (2,011,186) | - | 911,587 | 12,856 | (1,086,743) |
| Insurance finance expenses | - | - | 37,966 | - | 37,966 | - | - | 33,443 | - | 33,443 |
| Insurance finance (income) expenses (Changes in discount rates) | - | - | - | - | - | - | - | - | - | - |
| | - | - | 37,966 | - | 37,966 | - | - | 33,443 | - | 33,443 |
| Cash flows in the period: | | | | | | | | | | |
| Premiums received | 5,053,009 | - | - | - | 5,053,009 | 3,258,776 | - | - | - | 3,258,776 |
| Insurance acquisition cash flows paid | (1,835,905) | - | - | - | (1,835,905) | (1,030,542) | - | - | - | (1,030,542) |
| Claims paid | - | - | (1,876,508) | - | (1,876,508) | - | - | (807,564) | - | (807,564) |
| Net cash flow | 3,217,104 | - | (1,876,508) | - | 1,340,596 | 2,228,234 | - | (807,564) | - | 1,420,670 |
| Insurance contract liabilities, as at December 31 | 811,800 | - | 1,026,495 | 81,538 | 1,919,833 | 584,805 | - | 1,117,894 | 82,531 | 1,785,230 |
| Insurance contract assets as at December 31 | - | - | - | - | - | - | - | - | - | - |
| Net Insurance Contracts as at December 31 | 811,800 | - | 1,026,495 | 81,538 | 1,919,833 | 584,805 | - | 1,117,894 | 82,531 | 1,785,230 |

OIL & GAS

| | 2023 | | | | | 2022 RESTATED | | | | |
|---|----------------------------------|----------------------|-------------------------------|-----------------------|--------------------|----------------------------------|----------------------|-------------------------------|-----------------------|--------------------|
| | Liability for remaining coverage | | Liability for Incurred claims | | | Liability for remaining coverage | | Liability for Incurred claims | | |
| | Non-loss component N'000 | Loss component N'000 | Incurred claims N'000 | Risk adjustment N'000 | Total N'000 | Non-loss component N'000 | Loss component N'000 | Incurred claims N'000 | Risk adjustment N'000 | Total N'000 |
| Insurance contract liabilities as at January 1 | 377,573 | - | 513,888 | 44,397 | 935,858 | 701,051 | - | 432,036 | 37,436 | 1,170,523 |
| Insurance contract assets as of January 1 | - | - | - | - | - | - | - | - | - | - |
| Net Insurance Contracts as of January 1 | 377,573 | - | 513,888 | 44,397 | 935,858 | 701,051 | - | 432,036 | 37,436 | 1,170,523 |
| Insurance Revenue | (10,932,219) | - | - | - | (10,932,219) | (5,049,166) | - | - | - | (5,049,166) |
| Insurance Service Expenses: | | | | | | | | | | |
| Incurred claims | - | - | 494,792 | (281) | 494,511 | - | - | 196,819 | 6,961 | 203,780 |
| Changes that relate to past service-adjustment to LIC | - | - | - | - | - | - | - | - | - | - |
| Amortization of insurance acquisition cashflows | 4,384,366 | - | - | - | 4,384,366 | 1,623,451 | - | - | - | 1,623,451 |
| Losses and reversals of losses on onerous contracts | - | - | - | - | - | - | - | - | - | - |
| Total Gross Insurance Service result | (6,547,853) | - | 494,792 | (281) | (6,053,341) | (3,425,716) | - | 196,819 | 6,961 | (3,221,935) |
| Insurance finance expenses | - | - | 39,104 | - | 39,104 | - | - | 34,488 | - | 34,488 |
| Insurance finance (income) expenses (Changes in discount rates) | - | - | - | - | - | - | - | - | - | - |
| | - | - | 39,104 | - | 39,104 | - | - | 34,488 | - | 34,488 |
| Cash flows in the period: | | | | | | | | | | |
| Premiums received | 15,054,932 | - | - | - | 15,054,932 | 4,765,273 | - | - | - | 4,765,273 |
| Insurance acquisition cash flows paid | (4,851,069) | - | - | - | (4,851,069) | (1,663,036) | - | - | - | (1,663,036) |
| Claims paid | - | - | (492,398) | - | (492,398) | - | - | (149,455) | - | (149,455) |
| Net cash flow | 10,203,863 | - | (492,398) | - | 9,711,464 | 3,102,237 | - | (149,455) | - | 2,952,782 |
| Insurance contract liabilities, as at December 31 | 4,033,582 | - | 555,386 | 44,116 | 4,633,085 | 377,573 | - | 513,888 | 44,397 | 935,858 |
| Insurance contract assets as at December 31 | - | - | - | - | - | - | - | - | - | - |
| Net Insurance Contracts as at December 31 | 4,033,582 | - | 555,386 | 44,116 | 4,633,085 | 377,573 | - | 513,888 | 44,397 | 935,858 |

AGRICULTURE

| | 2023 | | | | | 2022 RESTATED | | | | |
|---|----------------------------------|----------------------|-------------------------------|-----------------------|-----------------|----------------------------------|----------------------|-------------------------------|-----------------------|-----------------|
| | Liability for remaining coverage | | Liability for Incurred claims | | | Liability for remaining coverage | | Liability for Incurred claims | | |
| | Non-loss component N'000 | Loss component N'000 | Incurred claims N'000 | Risk adjustment N'000 | Total N'000 | Non-loss component N'000 | Loss component N'000 | Incurred claims N'000 | Risk adjustment N'000 | Total N'000 |
| Insurance contract liabilities as at January 1 | 64,232 | - | 1,093 | 85 | 65,410 | 11,048 | - | 3,226 | 224 | 14,498 |
| Insurance contract assets as of January 1 | - | - | - | - | - | - | - | - | - | - |
| Net Insurance Contracts as of January 1 | 64,232 | - | 1,093 | 85 | 65,410 | 11,048 | - | 3,226 | 224 | 14,498 |
| Insurance Revenue | (82,539) | - | - | - | (82,539) | (90,293) | - | - | - | (90,293) |
| Insurance Service Expenses: | | | | | | | | | | |
| Incurred claims | - | - | 18,061 | 494 | 18,554 | - | - | 2,409 | (139) | 2,270 |
| Changes that relate to past service-adjustment to LIC | - | - | - | - | - | - | - | - | - | - |
| Amortization of insurance acquisition cashflows | 22,454 | - | - | - | 22,454 | 63,013 | - | - | - | 63,013 |
| Losses and reversals of losses on onerous contracts | - | - | - | - | - | - | - | - | - | - |
| Total Gross Insurance Service result | (60,085) | - | 18,061 | 494 | (41,531) | (27,280) | - | 2,409 | (139) | (25,010) |
| Insurance finance expenses | - | - | 74 | - | 74 | - | - | - | - | - |
| Insurance finance (income) expenses (Changes in discount rates) | - | - | - | - | - | - | - | - | - | - |
| | - | - | 74 | - | 74 | - | - | - | - | - |
| Cash flows in the period: | | | | | | | | | | |
| Premiums received | 62,913 | - | - | - | 62,913 | 152,756 | - | - | - | 152,756 |
| Insurance acquisition cash flows paid | (19,772) | - | - | - | (19,772) | (72,292) | - | (4,542) | - | (76,834) |
| Claims paid | - | - | (11,944) | - | (11,944) | - | - | - | - | - |
| Net cash flow | 43,141 | - | (11,944) | - | 31,198 | 80,464 | - | (4,542) | - | 75,922 |
| Insurance contract liabilities, as at December 31 | 47,288 | - | 7,284 | 579 | 55,150 | 64,232 | - | 1,093 | 85 | 65,410 |
| Insurance contract assets as at December 31 | - | - | - | - | - | - | - | - | - | - |
| Net Insurance Contracts as at December 31 | 47,288 | - | 7,284 | 579 | 55,150 | 64,232 | - | 1,093 | 85 | 65,410 |

ENGINEERING

| | 2023 | | | | | 2022 RESTATED | | | | |
|---|----------------------------------|----------------------|-------------------------------|-----------------------|------------------|----------------------------------|----------------------|-------------------------------|-----------------------|------------------|
| | Liability for remaining coverage | | Liability for Incurred claims | | | Liability for remaining coverage | | Liability for Incurred claims | | |
| | Non-loss component N'000 | Loss component N'000 | Incurred claims N'000 | Risk adjustment N'000 | Total N'000 | Non-loss component N'000 | Loss component N'000 | Incurred claims N'000 | Risk adjustment N'000 | Total N'000 |
| Insurance contract liabilities as at January 1 | 695,564 | - | 286,124 | 21,124 | 1,002,812 | 330,115 | - | 226,586 | 16,103 | 572,804 |
| Insurance contract assets as of January 1 | - | - | - | - | - | - | - | - | - | - |
| Net Insurance Contracts as of January 1 | 695,564 | - | 286,124 | 21,124 | 1,002,812 | 330,115 | - | 226,586 | 16,103 | 572,804 |
| Insurance Revenue | (3,123,932) | - | - | - | (3,123,932) | (1,812,752) | - | - | - | (1,812,752) |
| Insurance Service Expenses: | | | | | | | | | | |
| Incurred claims | - | - | 1,218,640 | 35,751 | 1,254,391 | - | - | 539,125 | 5,021 | 544,146 |
| Changes that relate to past service-adjustment to LIC | - | - | - | - | - | - | - | - | - | - |
| Amortization of insurance acquisition cashflows | 1,190,754 | - | - | - | 1,190,754 | 669,707 | - | - | - | 669,707 |
| Losses and reversals of losses on onerous contracts | - | - | - | - | - | - | - | - | - | - |
| Total Gross Insurance Service result | (1,933,178) | - | 1,218,640 | 35,751 | (678,787) | (1,143,045) | - | 539,125 | 5,021 | (598,899) |
| Insurance finance expenses | - | - | 9,717 | - | 9,717 | - | - | 7,729 | - | 7,729 |
| Insurance finance (income) expenses (Changes in discount rates) | - | - | - | - | - | - | - | - | - | - |
| | - | - | 9,717 | - | 9,717 | - | - | 7,729 | - | 7,729 |
| Cash flows in the period: | | | | | | | | | | |
| Premiums received | 3,472,794 | - | - | - | 3,472,794 | 2,267,819 | - | - | - | 2,267,819 |
| Insurance acquisition cash flows paid | (1,287,009) | - | (798,478) | - | (2,085,488) | (759,324) | - | - | - | (759,324) |
| Claims paid | - | - | - | - | - | - | - | (487,316) | - | (487,316) |
| Net cash flow | 2,185,785 | - | (798,478) | - | 1,387,306 | 1,508,494 | - | (487,316) | - | 1,021,178 |
| Insurance contract liabilities, as at December 31 | 948,171 | - | 716,003 | 56,874 | 1,721,048 | 695,564 | - | 286,124 | 21,124 | 1,002,812 |
| Insurance contract assets as at December 31 | - | - | - | - | - | - | - | - | - | - |
| Net Insurance Contracts as at December 31 | 948,171 | - | 716,003 | 56,874 | 1,721,048 | 695,564 | - | 286,124 | 21,124 | 1,002,812 |

BOND

| | 2023 | | | | | 2022 RESTATED | | | | |
|---|----------------------------------|----------------------|-------------------------------|-----------------------|------------------|----------------------------------|----------------------|-------------------------------|-----------------------|------------------|
| | Liability for remaining coverage | | Liability for Incurred claims | | | Liability for remaining coverage | | Liability for Incurred claims | | |
| | Non-loss component N'000 | Loss component N'000 | Incurred claims N'000 | Risk adjustment N'000 | Total N'000 | Non-loss component N'000 | Loss component N'000 | Incurred claims N'000 | Risk adjustment N'000 | Total N'000 |
| Insurance contract liabilities as at January 1 | 280,718 | - | 1,680 | 124 | 282,522 | 148,546 | - | 21,060 | 1,497 | 171,102 |
| Insurance contract assets as of January 1 | - | - | - | - | - | - | - | - | - | - |
| Net Insurance Contracts as of January 1 | 280,718 | - | 1,680 | 124 | 282,522 | 148,546 | - | 21,060 | 1,497 | 171,102 |
| Insurance Revenue | (732,785) | - | - | - | (732,785) | (548,695) | - | - | - | (548,695) |
| Insurance Service Expenses: | | | | | | | | | | |
| Incurred claims | - | - | 115,083 | 3,937 | 119,021 | - | - | 11,503 | (1,373) | 10,131 |
| Changes that relate to past service-adjustment to LIC | - | - | - | - | - | - | - | - | - | - |
| Amortization of insurance acquisition cashflows | 266,642 | - | - | - | 266,642 | 212,507 | - | - | - | 212,507 |
| Losses and reversals of losses on onerous contracts | - | - | - | - | - | - | - | - | - | - |
| Total Gross Insurance Service result | (466,144) | - | 115,083 | 3,937 | (347,123) | (336,188) | - | 11,503 | (1,373) | (326,057) |
| Insurance finance expenses | - | - | 57 | - | 57 | - | - | 718 | - | 718 |
| Insurance finance (income) expenses (Changes in discount rates) | - | - | - | - | - | - | - | - | - | - |
| | - | - | 57 | - | 57 | - | - | 718 | - | 718 |
| Cash flows in the period: | | | | | | | | | | |
| Premiums received | 743,919 | - | - | - | 743,919 | 713,909 | - | - | - | 713,909 |
| Insurance acquisition cash flows paid | (268,868) | - | - | - | (268,868) | (245,550) | - | - | - | (245,550) |
| Claims paid | - | - | (65,693) | - | (65,693) | - | - | (31,601) | - | (31,601) |
| Net cash flow | 475,051 | - | (65,693) | - | 409,357 | 468,360 | - | (31,601) | - | 436,759 |
| Insurance contract liabilities, as at December 31 | 289,625 | - | 51,128 | 4,061 | 344,814 | 280,718 | - | 1,680 | 124 | 282,522 |
| Insurance contract assets as at December 31 | - | - | - | - | - | - | - | - | - | - |
| Net Insurance Contracts as at December 31 | 289,625 | - | 51,128 | 4,061 | 344,814 | 280,718 | - | 1,680 | 124 | 282,522 |

Health

| | 2023 | | | | | 2022 RESTATED | | | | | |
|---|----------------------------------|----------------------|-------------------------------|-----------------------|-----------------|----------------------------------|----------------------|-------------------------------|-----------------------|-------------|--|
| | Liability for remaining coverage | | Liability for Incurred claims | | | Liability for remaining coverage | | Liability for Incurred claims | | | |
| | Non-loss component N'000 | Loss component N'000 | Incurred claims N'000 | Risk adjustment N'000 | Total N'000 | Non-loss component N'000 | Loss component N'000 | Incurred claims N'000 | Risk adjustment N'000 | Total N'000 | |
| Insurance contract liabilities as at January 1 | - | - | - | - | - | - | - | - | - | - | |
| Insurance contract assets as of January 1 | - | - | - | - | - | - | - | - | - | - | |
| Net Insurance Contracts as of January 1 | - | - | - | - | - | - | - | - | - | - | |
| Insurance Revenue | (118,436) | - | - | - | (118,436) | - | - | - | - | - | |
| Insurance Service Expenses: | | | | | | | | | | | |
| Incurred claims | - | - | 97,559 | - | 97,559 | - | - | - | - | - | |
| Changes that relate to past service-adjustment to LIC | - | - | - | - | - | - | - | - | - | - | |
| Amortization of insurance acquisition cashflows | 5,047 | - | - | - | 5,047 | - | - | - | - | - | |
| Losses and reversals of losses on onerous contracts | - | - | - | - | - | - | - | - | - | - | |
| Total Gross Insurance Service result | (113,389) | - | 97,559 | - | (15,830) | - | - | - | - | - | |
| Insurance finance expenses | - | - | - | - | - | - | - | - | - | - | |
| Insurance finance (income) expenses (Changes in discount rates) | - | - | - | - | - | - | - | - | - | - | |
| Cash flows in the period: | | | | | | | | | | | |
| Premiums received | 301,490 | - | - | - | 301,490 | - | - | - | - | - | |
| Insurance acquisition cash flows paid | (5,047) | - | - | - | (5,047) | - | - | - | - | - | |
| Claims paid | - | - | (92,734) | - | (92,734) | - | - | - | - | - | |
| Net cash flow | 296,442 | - | (92,734) | - | 203,708 | - | - | - | - | - | |
| Insurance contract liabilities, as at December 31 | 183,054 | - | 4,825 | - | 187,878 | - | - | - | - | - | |
| Insurance contract assets as at December 31 | - | - | - | - | - | - | - | - | - | - | |
| Net Insurance Contracts as at December 31 | 183,054 | - | 4,825 | - | 187,878 | - | - | - | - | - | |

*All the Group's insurance contracts issued are measured using the Premium Allocation approach

(f) Reconciliation of Reinsurance contracts held per product (Contracts measured under PAA)*

| MOTOR | 2023 | | | | | 2022 RESTATED | | | | | |
|--|-------------------------------|----------------------|---------------------------------------|-----------------------|------------------|-------------------------------|----------------------|---------------------------------------|-----------------------|------------------|--|
| | Assets for remaining coverage | | Amount Recoverable on Incurred claims | | | Assets for remaining coverage | | Amount Recoverable on Incurred claims | | | |
| | Non-loss component N'000 | Loss component N'000 | Incurred claims N'000 | Risk adjustment N'000 | Total N'000 | Non-loss component N'000 | Loss component N'000 | Incurred claims N'000 | Risk adjustment N'000 | Total N'000 | |
| Reinsurance contract assets as of January 1 | 279 | - | 963,692 | 47,734 | 1,011,705 | 548 | - | 971,663 | 40,612 | 1,012,822 | |
| Reinsurance contract liabilities as of January 1, | - | - | - | - | - | - | - | - | - | - | |
| Net Reinsurance contracts as of January 1, | 279 | - | 963,692 | 47,734 | 1,011,705 | 548 | - | 971,663 | 40,612 | 1,012,822 | |
| Reinsurance expenses | (1,027) | - | - | - | (1,027) | (99,485) | - | - | - | (99,485) | |
| Changes that relate to past service-adjustment to LIC | - | - | - | - | - | - | - | - | - | - | |
| Effect of changes in the risk of reinsurance non-performance | - | - | - | - | - | - | - | - | - | - | |
| Amounts recovered from reinsurance: | | | | | | | | | | | |
| Recoveries of incurred claims and other attributable income | - | - | (618,989) | (17,114) | (636,104) | - | - | 33,216 | 7,122 | 40,338 | |
| Recoveries and reversals of recoveries on onerous contracts | - | 33,014 | - | - | 33,014 | - | - | - | - | - | |
| | (1,027) | 33,014 | (618,989) | (17,114) | (604,116) | (99,485) | - | 33,216 | 7,122 | (59,147) | |
| Insurance Finance Income | - | - | 40,769 | - | 40,769 | - | - | 2 | - | 2 | |
| Insurance finance reserve (changes in discount rate) | - | - | - | - | - | - | - | - | - | - | |
| | - | - | 40,769 | - | 40,769 | - | - | 2 | - | 2 | |
| Cash flows in the period: | | | | | | | | | | | |
| Reinsurance premiums paid net of commission received | 2,172 | - | - | - | 2,172 | 99,216 | - | - | - | 99,216 | |
| Amounts received under reinsurance contracts held | - | - | - | - | - | - | - | (41,188) | - | (41,188) | |
| Net cash flow | 2,172 | - | - | - | 2,172 | 99,216 | - | (41,188) | - | 58,028 | |
| Reinsurance contracts assets as of December 31, | 1,424 | 33,014 | 385,472 | 30,619 | 450,530 | 279 | - | 963,692 | 47,734 | 1,011,705 | |
| Reinsurance contract liabilities as of December 31, | - | - | - | - | - | - | - | - | - | - | |
| | 1,424 | 33,014 | 385,472 | 30,619 | 450,530 | 279 | - | 963,692 | 47,734 | 1,011,705 | |

MARINE

| | 2023 | | | | | 2022 RESTATED | | | | |
|--|-------------------------------|----------------------|---------------------------------------|-----------------------|------------------|-------------------------------|----------------------|---------------------------------------|-----------------------|------------------|
| | Assets for remaining coverage | | Amount Recoverable on Incurred claims | | | Assets for remaining coverage | | Amount Recoverable on Incurred claims | | |
| | Non-loss component N'000 | Loss component N'000 | Incurred claims N'000 | Risk adjustment N'000 | Total N'000 | Non-loss component N'000 | Loss component N'000 | Incurred claims N'000 | Risk adjustment N'000 | Total N'000 |
| Reinsurance contract assets as of January 1 | 188,257 | - | 1,017,790 | 32,080 | 1,238,127 | 229,498 | - | 804,002 | 22,813 | 1,056,313 |
| Reinsurance contract liabilities as of January 1, | - | - | - | - | - | - | - | - | - | - |
| Net Reinsurance contracts as of January 1, | 188,257 | - | 1,017,790 | 32,080 | 1,238,127 | 229,498 | - | 804,002 | 22,813 | 1,056,313 |
| Reinsurance expenses | (1,616,739) | - | - | - | (1,616,739) | (979,879) | - | - | - | (979,879) |
| Changes that relate to past service-adjustment to LIC | - | - | - | - | - | - | - | - | - | - |
| Effect of changes in the risk of reinsurance non-performance | - | - | - | - | - | - | - | - | - | - |
| Amounts recovered from reinsurance: | | | | | | | | | | |
| Recoveries of incurred claims and other attributable income | - | - | 1,078,271 | 7,561 | 1,085,832 | - | - | 808,690 | 9,268 | 817,958 |
| Recoveries and reversals of recoveries on onerous contracts | - | - | - | - | - | - | - | - | - | - |
| | (1,616,739) | - | 1,078,271 | 7,561 | (530,907) | (979,879) | - | 808,690 | 9,268 | (161,921) |
| Insurance Finance Income | - | - | 17,986 | - | 17,986 | - | - | 28,000 | - | 28,000 |
| Insurance finance reserve (changes in discount rate) | - | - | - | - | - | - | - | - | - | - |
| | - | - | 17,986 | - | 17,986 | - | - | 28,000 | - | 28,000 |
| Cash flows in the period: | | | | | | | | | | |
| Reinsurance premiums paid net of commission received | 1,686,734 | - | - | - | 1,686,734 | 938,638 | - | - | - | 938,638 |
| Amounts received under reinsurance contracts held | - | - | (1,614,992) | - | (1,614,992) | - | - | (622,902) | - | (622,902) |
| Net cash flow | 1,686,734 | - | (1,614,992) | - | 71,742 | 938,638 | - | (622,902) | - | 315,736 |
| Reinsurance contracts assets as of December 31, | 258,252 | - | 499,054 | 39,642 | 796,948 | 188,257 | - | 1,017,790 | 32,080 | 1,238,127 |
| Reinsurance contract liabilities as of December 31, | - | - | - | - | - | - | - | - | - | - |
| | 258,252 | - | 499,054 | 39,642 | 796,948 | 188,257 | - | 1,017,790 | 32,080 | 1,238,127 |

FIRE

| | 2023 | | | | | 2022 RESTATED | | | | |
|--|-------------------------------|----------------------|---------------------------------------|-----------------------|--------------------|-------------------------------|----------------------|---------------------------------------|-----------------------|------------------|
| | Assets for remaining coverage | | Amount Recoverable on Incurred claims | | | Assets for remaining coverage | | Amount Recoverable on Incurred claims | | |
| | Non-loss component N'000 | Loss component N'000 | Incurred claims N'000 | Risk adjustment N'000 | Total N'000 | Non-loss component N'000 | Loss component N'000 | Incurred claims N'000 | Risk adjustment N'000 | Total N'000 |
| Reinsurance contract assets as of January 1 | 647,225 | - | 3,409,974 | 138,978 | 4,196,177 | 398,280 | - | 2,338,630 | 95,918 | 2,832,827 |
| Reinsurance contract liabilities as of January 1, | - | - | - | - | - | - | - | - | - | - |
| Net Reinsurance contracts as of January 1, | 647,225 | - | 3,409,974 | 138,978 | 4,196,177 | 398,280 | - | 2,338,630 | 95,918 | 2,832,827 |
| Reinsurance expenses | (3,416,249) | - | - | - | (3,416,249) | (2,531,532) | - | - | - | (2,531,532) |
| Changes that relate to past service-adjustment to LIC | - | - | - | - | - | - | - | - | - | - |
| Effect of changes in the risk of reinsurance non-performance | - | - | - | - | - | - | - | - | - | - |
| Amounts recovered from reinsurance: | | | | | | | | | | |
| Recoveries of incurred claims and other attributable income | - | - | 1,222,996 | 22,997 | 1,245,993 | - | - | 2,940,485 | 43,060 | 2,983,545 |
| Recoveries and reversals of recoveries on onerous contracts | - | - | - | - | - | - | - | - | - | - |
| | (3,416,249) | - | 1,222,996 | 22,997 | (2,170,257) | (2,531,532) | - | 2,940,485 | 43,060 | 452,013 |
| Insurance Finance Income | - | - | 131,490 | - | 131,490 | - | - | 64,879 | - | 64,879 |
| Insurance finance reserve (changes in discount rate) | - | - | - | - | - | - | - | - | - | - |
| | - | - | 131,490 | - | 131,490 | - | - | 64,879 | - | 64,879 |
| Cash flows in the period: | | | | | | | | | | |
| Reinsurance premiums paid net of commission received | 3,421,177 | - | - | - | 3,421,177 | 2,780,477 | - | - | - | 2,780,477 |
| Amounts received under reinsurance contracts held | - | - | (2,725,328) | - | (2,725,328) | - | - | (1,934,020) | - | (1,934,020) |
| Net cash flow | 3,421,177 | - | (2,725,328) | - | 695,850 | 2,780,477 | - | (1,934,020) | - | 846,457 |
| Reinsurance contracts assets as of December 31, | 652,153 | - | 2,039,132 | 161,975 | 2,853,260 | 647,225 | - | 3,409,974 | 138,978 | 4,196,177 |
| Reinsurance contract liabilities as of December 31, | - | - | - | - | - | - | - | - | - | - |
| | 652,153 | - | 2,039,132 | 161,975 | 2,853,260 | 647,225 | - | 3,409,974 | 138,978 | 4,196,177 |

GENERAL ACCIDENT

| | 2023 | | | | | 2022 RESTATED | | | | |
|--|-------------------------------|----------------------|---------------------------------------|-----------------------|--------------------|-------------------------------|----------------------|---------------------------------------|-----------------------|------------------|
| | Assets for remaining coverage | | Amount Recoverable on Incurred claims | | | Assets for remaining coverage | | Amount Recoverable on Incurred claims | | |
| | Non-loss component N'000 | Loss component N'000 | Incurred claims N'000 | Risk adjustment N'000 | Total N'000 | Non-loss component N'000 | Loss component N'000 | Incurred claims N'000 | Risk adjustment N'000 | Total N'000 |
| Reinsurance contract assets as of January 1 | 445,643 | - | 1,450,321 | 52,379 | 1,948,344 | 138,361 | - | 1,334,078 | 42,089 | 1,514,529 |
| Reinsurance contract liabilities as of January 1, | - | - | - | - | - | - | - | - | - | - |
| Net Reinsurance contracts as of January 1, | 445,643 | - | 1,450,321 | 52,379 | 1,948,344 | 138,361 | - | 1,334,078 | 42,089 | 1,514,529 |
| Reinsurance expenses | (1,587,320) | - | - | - | (1,587,320) | (1,435,781) | - | - | - | (1,435,781) |
| Changes that relate to past service-adjustment to LIC | - | - | - | - | - | - | - | - | - | - |
| Effect of changes in the risk of reinsurance non-performance | - | - | - | - | - | - | - | - | - | - |
| Amounts recovered from reinsurance: | | | | | | | | | | |
| Recoveries of incurred claims and other attributable income | - | - | 580,003 | 6,594 | 586,597 | - | - | 825,653 | 10,290 | 835,943 |
| Recoveries and reversals of recoveries on onerous contracts | - | - | - | - | - | - | - | - | - | - |
| | (1,587,320) | - | 580,003 | 6,594 | (1,000,723) | (1,435,781) | - | 825,653 | 10,290 | (599,838) |
| Insurance Finance Income | - | - | 29,177 | - | 29,177 | - | - | 22,813 | - | 22,813 |
| Insurance finance reserve (changes in discount rate) | - | - | - | - | - | - | - | - | - | - |
| | - | - | 29,177 | - | 29,177 | - | - | 22,813 | - | 22,813 |
| Cash flows in the period: | | | | | | | | | | |
| Reinsurance premiums paid net of commission received | 1,435,437 | - | - | - | 1,435,437 | 1,743,063 | - | - | - | 1,743,063 |
| Amounts received under reinsurance contracts held | - | - | (1,317,074) | - | (1,317,074) | - | - | (732,223) | - | (732,223) |
| Net cash flow | 1,435,437 | - | (1,317,074) | - | 118,363 | 1,743,063 | - | (732,223) | - | 1,010,840 |
| Reinsurance contracts assets as of December 31, | 293,760 | - | 742,427 | 58,973 | 1,095,161 | 445,643 | - | 1,450,321 | 52,379 | 1,948,344 |
| Reinsurance contract liabilities as of December 31, | - | - | - | - | - | - | - | - | - | - |
| | 293,760 | - | 742,427 | 58,973 | 1,095,161 | 445,643 | - | 1,450,321 | 52,379 | 1,948,344 |

OIL & GAS

| | 2023 | | | | | 2022 RESTATED | | | | |
|--|-------------------------------|----------------------|---------------------------------------|-----------------------|--------------------|-------------------------------|----------------------|---------------------------------------|-----------------------|--------------------|
| | Assets for remaining coverage | | Amount Recoverable on Incurred claims | | | Assets for remaining coverage | | Amount Recoverable on Incurred claims | | |
| | Non-loss component N'000 | Loss component N'000 | Incurred claims N'000 | Risk adjustment N'000 | Total N'000 | Non-loss component N'000 | Loss component N'000 | Incurred claims N'000 | Risk adjustment N'000 | Total N'000 |
| Reinsurance contract assets as of January 1 | 431,358 | - | 121,856 | 7,085 | 560,299 | 231,485 | - | 194,416 | 12,235 | 438,137 |
| Reinsurance contract liabilities as of January 1, | - | - | - | - | - | - | - | - | - | - |
| Net Reinsurance contracts as of January 1, | 431,358 | - | 121,856 | 7,085 | 560,299 | 231,485 | - | 194,416 | 12,235 | 438,137 |
| Reinsurance expenses | (8,304,177) | - | - | - | (8,304,177) | (2,296,870) | - | - | - | (2,296,870) |
| Changes that relate to past service-adjustment to LIC | - | - | - | - | - | - | - | - | - | - |
| Effect of changes in the risk of reinsurance non-performance | - | - | - | - | - | - | - | - | - | - |
| Amounts recovered from reinsurance: | | | | | | | | | | |
| Recoveries of incurred claims and other attributable income | - | - | 54,829 | 7,581 | 62,411 | - | - | 57,041 | (5,150) | 51,891 |
| Recoveries and reversals of recoveries on onerous contracts | - | - | - | - | - | - | - | - | - | - |
| | (8,304,177) | - | 54,829 | 7,581 | (8,241,766) | (2,296,870) | - | 57,041 | (5,150) | (2,244,979) |
| Insurance Finance Income | - | - | 7,953 | - | 7,953 | - | - | 15,520 | - | 15,520 |
| Insurance finance reserve (changes in discount rate) | - | - | - | - | - | - | - | - | - | - |
| | - | - | 7,953 | - | 7,953 | - | - | 15,520 | - | 15,520 |
| Cash flows in the period: | | | | | | | | | | |
| Reinsurance premiums paid net of commission received | 11,369,280 | - | - | - | 11,369,280 | 2,496,743 | - | - | - | 2,496,743 |
| Amounts received under reinsurance contracts held | - | - | - | - | - | - | - | (145,122) | - | (145,122) |
| Net cash flow | 11,369,280 | - | - | - | 11,369,280 | 2,496,743 | - | (145,122) | - | 2,351,621 |
| Reinsurance contracts assets as of December 31, | 3,496,461 | - | 184,638 | 14,666 | 3,695,766 | 431,358 | - | 121,856 | 7,085 | 560,299 |
| Reinsurance contract liabilities as of December 31, | - | - | - | - | - | - | - | - | - | - |
| | 3,496,461 | - | 184,638 | 14,666 | 3,695,766 | 431,358 | - | 121,856 | 7,085 | 560,299 |

AGRICULTURE

| | 2023 | | | | | 2022 RESTATED | | | | |
|--|-------------------------------|-------------------------|---------------------------------------|--------------------------|-----------------|-------------------------------|-------------------------|---------------------------------------|--------------------------|-----------------|
| | Assets for remaining coverage | | Amount Recoverable on Incurred claims | | | Assets for remaining coverage | | Amount Recoverable on Incurred claims | | |
| | Non-loss component N'000 | Loss component N'000 | Incurred claims N'000 | Risk adjustment N'000 | Total N'000 | Non-loss component N'000 | Loss component N'000 | Incurred claims N'000 | Risk adjustment N'000 | Total N'000 |
| Reinsurance contract assets as of January 1 | 23,764 | - | 516 | 31 | 24,310 | 7,447 | - | 2,581 | 162 | 10,190 |
| Reinsurance contract liabilities as of January 1, | - | - | - | - | - | - | - | - | - | - |
| Net Reinsurance contracts as of January 1, | 23,764 | - | 516 | 31 | 24,310 | 7,447 | - | 2,581 | 162 | 10,190 |
| Reinsurance expenses | (27,674) | - | - | - | (27,674) | (33,347) | - | - | - | (33,347) |
| Changes that relate to past service-adjustment to LIC | - | - | - | - | - | - | - | - | - | - |
| Effect of changes in the risk of reinsurance non-performance | - | - | - | - | - | - | - | - | - | - |
| Amounts recovered from reinsurance: | | | | | | | | | | |
| Recoveries of incurred claims and other attributable income | - | - | 12,166 | 275 | 12,441 | - | - | 11,943 | (131) | 11,812 |
| Recoveries and reversals of recoveries on onerous contracts | - | - | - | - | - | - | - | - | - | - |
| | (27,674) | - | 12,166 | 275 | (15,232) | (33,347) | - | 11,943 | (131) | (21,535) |
| Insurance Finance Income | - | - | 35 | - | 35 | - | - | - | - | - |
| Insurance finance reserve (changes in discount rate) | - | - | - | - | - | - | - | - | - | - |
| | - | - | 35 | - | 35 | - | - | - | - | - |
| Cash flows in the period: | | | | | | | | | | |
| Reinsurance premiums paid net of commission received | 20,006 | - | - | - | 20,006 | 49,664 | - | - | - | 49,664 |
| Amounts received under reinsurance contracts held | - | - | (8,866) | - | (8,866) | - | - | (14,008) | - | (14,008) |
| Net cash flow | 20,006 | - | (8,866) | - | 11,139 | 49,664 | - | (14,008) | - | 35,656 |
| Reinsurance contracts assets as of December 31, | 16,096 | - | 3,850 | 306 | 20,252 | 23,764 | - | 516 | 31 | 24,310 |
| Reinsurance contract liabilities as of December 31, | - | - | - | - | - | - | - | - | - | - |
| | 16,096 | - | 3,850 | 306 | 20,252 | 23,764 | - | 516 | 31 | 24,310 |

ENGINEERING

| | 2023 | | | | | 2022 RESTATED | | | | |
|--|-------------------------------|-------------------------|---------------------------------------|--------------------------|------------------|-------------------------------|-------------------------|---------------------------------------|--------------------------|------------------|
| | Assets for remaining coverage | | Amount Recoverable on Incurred claims | | | Assets for remaining coverage | | Amount Recoverable on Incurred claims | | |
| | Non-loss component N'000 | Loss component N'000 | Incurred claims N'000 | Risk adjustment N'000 | Total N'000 | Non-loss component N'000 | Loss component N'000 | Incurred claims N'000 | Risk adjustment N'000 | Total N'000 |
| Reinsurance contract assets as of January 1 | 103,924 | - | 371,208 | 13,406 | 488,539 | 204,144 | - | 308,318 | 9,727 | 522,189 |
| Reinsurance contract liabilities as of January 1, | - | - | - | - | - | - | - | - | - | - |
| Net Reinsurance contracts as of January 1, | 103,924 | - | 371,208 | 13,406 | 488,539 | 204,144 | - | 308,318 | 9,727 | 522,189 |
| Reinsurance expenses | (826,002) | - | - | - | (826,002) | (334,824) | - | - | - | (334,824) |
| Changes that relate to past service-adjustment to LIC | - | - | - | - | - | - | - | - | - | - |
| Effect of changes in the risk of reinsurance non-performance | - | - | - | - | - | - | - | - | - | - |
| Amounts recovered from reinsurance: | | | | | | | | | | |
| Recoveries of incurred claims and other attributable income | - | - | 611,956 | 9,223 | 621,179 | - | - | 485,704 | 3,679 | 489,383 |
| Recoveries and reversals of recoveries on onerous contracts | - | - | - | - | - | - | - | - | - | - |
| | (826,002) | - | 611,956 | 9,223 | (204,823) | (334,824) | - | 485,704 | 3,679 | 154,558 |
| Insurance Finance Income | - | - | 7,468 | - | 7,468 | - | - | 5,272 | - | 5,272 |
| Insurance finance reserve (changes in discount rate) | - | - | - | - | - | - | - | - | - | - |
| | - | - | 7,468 | - | 7,468 | - | - | 5,272 | - | 5,272 |
| Cash flows in the period: | | | | | | | | | | |
| Reinsurance premiums paid net of commission received | 840,176 | - | - | - | 840,176 | 234,605 | - | - | - | 234,605 |
| Amounts received under reinsurance contracts held | - | - | (705,749) | - | (705,749) | - | - | (428,086) | - | (428,086) |
| Net cash flow | 840,176 | - | (705,749) | - | 134,427 | 234,605 | - | (428,086) | - | (193,480) |
| Reinsurance contracts assets as of December 31, | 118,098 | - | 284,884 | 22,629 | 425,611 | 103,924 | - | 371,208 | 13,406 | 488,539 |
| Reinsurance contract liabilities as of December 31, | - | - | - | - | - | - | - | - | - | - |
| | 118,098 | - | 284,884 | 22,629 | 425,611 | 103,924 | - | 371,208 | 13,406 | 488,539 |

BOND

| | 2023 | | | | | 2022 RESTATED | | | | |
|--|-------------------------------|----------------------|---------------------------------------|-----------------------|-----------------|-------------------------------|----------------------|---------------------------------------|-----------------------|-----------------|
| | Assets for remaining coverage | | Amount Recoverable on Incurred claims | | | Assets for remaining coverage | | Amount Recoverable on Incurred claims | | |
| | Non-loss component N'000 | Loss component N'000 | Incurred claims N'000 | Risk adjustment N'000 | Total N'000 | Non-loss component N'000 | Loss component N'000 | Incurred claims N'000 | Risk adjustment N'000 | Total N'000 |
| Reinsurance contract assets as of January 1 | 2,943 | - | 2,180 | 79 | 5,202 | 12,004 | - | 28,656 | 904 | 41,564 |
| Reinsurance contract liabilities as of January 1, | - | - | - | - | - | - | - | - | - | - |
| Net Reinsurance contracts as of January 1, | 2,943 | - | 2,180 | 79 | 5,202 | 12,004 | - | 28,656 | 904 | 41,564 |
| Reinsurance expenses | (70,252) | - | - | - | (70,252) | (9,482) | - | - | - | (9,482) |
| Changes that relate to past service-adjustment to LIC | - | - | - | - | - | - | - | - | - | - |
| Effect of changes in the risk of reinsurance non-performance | - | - | - | - | - | - | - | - | - | - |
| Amounts recovered from reinsurance: | | | | | | | | | | |
| Recoveries of incurred claims and other attributable income | - | - | 40,370 | 2,232 | 42,602 | - | - | 10,483 | (825) | 9,657 |
| Recoveries and reversals of recoveries on onerous contracts | - | - | - | - | - | - | - | - | - | - |
| | (70,252) | - | 40,370 | 2,232 | (27,650) | (9,482) | - | 10,483 | (825) | 175 |
| Insurance Finance Income | - | - | 44 | - | 44 | - | - | 490 | - | 490 |
| Insurance finance reserve (changes in discount rate) | - | - | - | - | - | - | - | - | - | - |
| | - | - | 44 | - | 44 | - | - | 490 | - | 490 |
| Cash flows in the period: | | | | | | | | | | |
| Reinsurance premiums paid net of commission received | 131,421 | - | - | - | 131,421 | 421 | - | - | - | 421 |
| Amounts received under reinsurance contracts held | - | - | (13,504) | - | (13,504) | - | - | (37,449) | - | (37,449) |
| Net cash flow | 131,421 | - | (13,504) | - | 117,918 | 421 | - | (37,449) | - | (37,028) |
| Reinsurance contracts assets as of December 31, | 64,112 | - | 29,091 | 2,311 | 95,514 | 2,943 | - | 2,180 | 79 | 5,202 |
| Reinsurance contract liabilities as of December 31, | - | - | - | - | - | - | - | - | - | - |
| | 64,112 | - | 29,091 | 2,311 | 95,514 | 2,943 | - | 2,180 | 79 | 5,202 |

*All the Group's Reinsurance contracts issued are measured using the Premium Allocation approach

48 Claim Development Table
Extracts from EY Nigeria Limited Valuation Report

48.1 Data Reconciliation

As part of our verification process, we have reconciled the gross written premium and the claims paid in the technical data, with the figures indicated in the financial accounts. We illustrate both set of figures below.

| (a) Claims Data | Gross Claims Paid Data | Gross Claims Paid Account | Percentage Difference |
|-------------------|------------------------|---------------------------|-----------------------|
| Class of Business | N'000 | N'000 | |
| Fire | 3,910,233 | 3,910,233 | 0% |
| General Accident | 2,060,446 | 2,060,446 | 0% |
| Engineering | 813,530 | 813,530 | 0% |
| Bond | 72,293 | 72,293 | 0% |
| Marine | 1,346,001 | 1,346,001 | 0% |
| Motor | 6,862,673 | 6,862,673 | 0% |
| Oil & gas | 492,399 | 492,398 | 0% |
| Agriculture | 11,944 | 11,944 | 0% |
| Total | 15,569,519 | 15,569,519 | 0% |

| (b) Premium Data | Gross Premium Written Data | Gross Premium Written Account | Percentage Difference |
|-------------------|----------------------------|-------------------------------|-----------------------|
| Class of Business | N'000 | N'000 | |
| Fire | 13,464,145 | 13,464,145 | 0% |
| General Accident | 5,053,009 | 5,053,009 | 0% |
| Engineering | 3,472,794 | 3,472,794 | 0% |
| Bond | 743,919 | 743,919 | 0% |
| Marine | 4,738,962 | 4,738,962 | 0% |
| Motor | 20,117,645 | 20,117,645 | 0% |
| Oil & gas | 15,054,932 | 15,054,932 | 0% |
| Agriculture | 62,913 | 62,913 | 0% |
| Total | 62,708,320 | 62,708,320 | |

(c) Comments on Claims Data

The claims data was divided into six risk groups - (Marine, Motor, Fire, General Accident, Engineering, Bond, Agriculture and Oil & Gas) in accordance with the Nigerian Insurance Act 2003.

(d) Business Trend

We illustrate in the table below, the Gross Written Premium as at 31 December 2023 and 2022 respectively. All lines of business experienced increases and there was an overall increase in GWP by 20%.

| Class of Business | Gross Premium Written Data 2023 | Gross Premium Written Data 2022 | Percentage Difference |
|-------------------|---------------------------------|---------------------------------|-----------------------|
| | N'000 | N'000 | |
| Fire | 13,464,145 | 8,531,794 | 58% |
| General Accident | 5,053,009 | | |
| Engineering | 3,472,794 | 6,240,504 | -19% |
| Bond | 743,919 | | |
| Marine | 4,738,962 | 3,463,667 | 37% |
| Motor | 20,117,645 | 10,215,056 | 97% |
| Oil & gas | 15,054,932 | 4,765,273 | 216% |
| Agriculture | 62,913 | 152,756 | -59% |
| Total | 62,708,320 | 33,369,050 | 88% |

48.2 Valuation Methodology

We describe in this section the methods used for calculating Premium and Claim Reserve.

(a) Liability for Remaining Coverage (LRC)

- i Our reserves consist of Advance Premium (AP), Unexpired Risk Reserve (URR), Deferred Acquisition Cost (DAC) and Additional Unexpired Risk Reserve (AURR), which are all described in section 2.
- ii We adopted the 365th (time apportionment) method. Each policy's unexpired insurance period (UP) was calculated as the exact number of days of insurance cover available after the valuation date. The UPR is calculated as the premium *(UP)/ full policy duration.
- iii Each policy's URR= AP* Assumed Loss Ratio. Typically, the Advanced Premium is expected to cover the unexpired risk. Where the unexpired risk exceeds the advanced premium then the portfolio is considered onerous, and a loss component is held as described in section 2.

(b) Claims Reserves

The claim reserves comprise of:

- i Outstanding Claims Reported (OCR)
- ii Incurred But Not Reported (IBNR)

Reserving method

We present the methodologies that were used in calculating for the IBNR reserves:

- i Inflation Adjusted Basic Chain Ladder Method (IABCL)
- ii Bornhuetter-Ferguson Approach
- iii Loss Ratio
- iv Frequency and Severity Method

48.3 Valuation Results

(a) Inflation Adjusted Chain Ladder Method - Result table

Discounted Inflation Adjusted Basic Chain Ladder Method

| Class of Business | LIC N'000 | ARIC N'000 | Net N'000 |
|-------------------------------|------------------|--------------------|------------------|
| General Accident | 1,026,496 | (801,401) | 225,094 |
| Fire | 3,157,786 | (2,201,107) | 956,679 |
| Marine | 825,317 | (538,696) | 286,621 |
| Motor | 1,901,659 | (416,091) | 1,485,567 |
| Agriculture | 7,284 | (4,156) | 3,128 |
| Oil and Gas* | 555,386 | (199,304) | 356,082 |
| Engineering | 716,003 | (307,513) | 408,490 |
| Bond | 51,127 | (31,401) | 19,726 |
| Total | 8,241,058 | (4,499,671) | 3,741,388 |
| Accounts (Outstanding Claims) | 2,531,091 | (1,562,998) | 968,094 |
| Difference | 5,709,967 | (2,936,673) | 2,773,294 |

* Estimated using Expected loss ratio method and discounted

(b) LIC Table

| Class of Business | LIC(PVFCF) | LIC(RA) | LIC |
|-------------------|------------------|----------------|------------------|
| | N'000 | N'000 | N'000 |
| General Accident | 1,026,496 | 81,538 | 1,108,033 |
| Fire | 3,157,786 | 250,833 | 3,408,619 |
| Marine | 825,317 | 65,558 | 890,875 |
| Motor | 1,901,659 | 151,055 | 2,052,714 |
| Agriculture | 7,284 | 579 | 7,862 |
| Oil and Gas | 555,386 | 44,116 | 599,502 |
| Engineering | 716,003 | 56,874 | 772,878 |
| Bond | 51,127 | 4,061 | 55,189 |
| Total | 8,241,058 | 654,614 | 8,895,672 |

(c) Amount Recoverable for incurred Claims Table

| Class of Business | ARIC(PVFCF) | ARIC(RA) | ARIC |
|-------------------|------------------|----------------|------------------|
| | N'000 | N'000 | N'000 |
| General Accident | 742,428 | 58,973 | 801,401 |
| Fire | 2,039,132 | 161,975 | 2,201,107 |
| Marine | 499,054 | 39,642 | 538,696 |
| Motor | 385,472 | 30,619 | 416,091 |
| Agriculture | 3,850 | 306 | 4,156 |
| Oil and Gas | 184,638 | 14,666 | 199,304 |
| Engineering | 284,884 | 22,629 | 307,513 |
| Bond | 29,091 | 2,311 | 31,401 |
| Total | 4,168,549 | 331,121 | 4,499,671 |

(d) Liability for Remaining Coverage(Gross and Reinsurance LRC)-Result Table

| Class of Business | LRC | ARC | NET |
|-------------------|-------------------|------------------|-------------------|
| | N'000 | N'000 | N'000 |
| General Accident | 811,800 | 293,760 | 518,040 |
| Fire | 3,095,764 | 652,153 | 2,443,611 |
| Marine | 931,329 | 258,252 | 673,077 |
| Motor | 5,844,628 | 1,424 | 5,843,204 |
| Agriculture | 47,288 | 16,096 | 31,192 |
| Oil and Gas | 4,033,582 | 3,496,461 | 537,121 |
| Engineering | 948,171 | 118,098 | 830,073 |
| Bond | 289,625 | 64,112 | 225,513 |
| Total | 16,002,186 | 4,900,356 | 11,101,830 |

(e) Liability for Remaining Coverage-Loss component

We derived our expense ratio as the average of the management expense ratio for the current year using

Gross Table

| Class of Business | Claims Ratio | Combined Ratio | LRC(LC) N'000 |
|-------------------|--------------|----------------|------------------|
| General Accident | 42% | 75% | - |
| Fire | 66% | 97% | - |
| Marine | 36% | 64% | - |
| Motor | 74% | 103% | 199,989 |
| Agriculture | 31% | 51% | - |
| Oil and Gas | 17% | 54% | - |
| Engineering | 45% | 71% | - |
| Bond | 42% | 84% | - |
| | | | 199,989 |

Reinsurance Table

| Class of Business | Recovery ratio | ARC(LC) N'000 |
|-------------------|----------------|------------------|
| General Accident | 91% | - |
| Fire | 54% | - |
| Marine | 101% | - |
| Motor | 17% | 33,014 |
| Agriculture | 79% | - |
| Oil and Gas | 39% | - |
| Engineering | 28% | - |
| Bond | 16% | - |
| | | 33,014 |

48.4 Conclusion

We are adopting the reserves from the Inflation Adjusted Discounted Chain Ladder method in this report. This method as indicated earlier

- i - anticipates that total claim payments may be exposed to future inflationary pressures
- ii - recognises that reserves should represent the present value and timing of future claim payments

Technical Reserves

We are reporting Gross Reserves of N25.1 billion and Reinsurance Contract Assets of N9.4 billion as shown in the table below. Our estimates meet the Liability Adequacy Test.

| Reserves | Gross N'000 | Reinsurance Contract Assets N'000 | Net N'000 |
|--|----------------|---|--------------|
| Incurred Claims | 8,895,672 | (4,499,671) | 4,396,002 |
| Remaining Coverage(Excluding Loss component) | 16,002,186 | (4,900,356) | 11,101,830 |
| Remaining Coverage(Loss component) | 199,989 | (33,014) | 166,975 |
| Total | 25,097,848 | (9,433,041) | 15,664,807 |

49 Financial Risk Management Policy

Management of insurance and financial risk

NEM Insurance Plc issues contracts that transfer insurance risk or financial risk or both. This section summarizes these risks and the way the Company manages them.

49.1 Insurance risk

The risk, under any insurance contract, is the possibility that the insured event occurs and the uncertainty of the amount of the resulting claim. By the very nature of an insurance contract, this risk is random and therefore unpredictable. The Company manages its insurance risk by means of established internal procedures that include underwriting authority levels, pricing policy, approved reinsurers list and monitoring.

NEM is exposed to underwriting risk through the insurance contracts that are underwritten. The risks within the underwriting risk category are associated with both the perils covered by the specific lines of insurance including General Accident, Motor, Fire, Marine and Aviation, Oil and Gas and Miscellaneous insurance, as well as the specific processes associated with the conduct of the insurance business. The various subsets of underwriting risks are listed below;

- i **Underwriting Process Risk:** risk from exposure to financial losses related to the selection and acceptance of risks to be insured.
- ii **Mispricing Risk:** risk that insurance premiums will be too low to cover the Company's expenses related to underwriting, claims, claims handling and administration.
- iii **Individual risk:** This includes the identification of the risk inherent in an insured property (movable or unmovable), we shall ensure surveys are performed and reviewed as at when due and that risks are adequately priced.
- iv **Claims Risk (for each peril):** Risk that many more claims occur than expected or that some claims that occur are much larger than expected claims resulting in unexpected losses to the Company. The underwriting risk assessment shall also determine the likelihood of a claim arising from an insured risk by considering various factors and probabilities, determined by information obtained from the insured party, historical information on similar risks and available external data.
- v **Concentration risk (including geographical risk):** This includes identification of the concentration of risks insured by NEM. NEM utilizes data analysis, software and market knowledge to determine the concentration of its risks by insurance class, geographic location, exposure to a client or business. The assessment of the concentration risk is consistent with the overall risk appetite as established by the Company.

Underwriting Risk Appetite

- The following statements amongst others shall underpin NEM's underwriting risk appetite:
- We do not underwrite risks which we do not understand;
- We are cautious in underwriting unquantifiable risks;
- We are extremely cautious in underwriting risk observed to poorly managed at proposal state e.g. those with low safety standards, shoddy construction or businesses with excessively high risk profile;
- We carefully evaluate businesses or opportunities that could create systemic risk exposures i.e. incidents of multiple claims occurring from one event e.g. natural catastrophe risks, and risks dependent on the macroeconomic environment);
- We consider all applicable regulatory guidelines while carrying out our underwriting activities;
- We established and adhere to internal standards for co-insurance, reinsurance transactions;
- We exercise extreme caution when underwriting discrete (one-off) risks, particularly where we do not have the requisite experience or know-how;
- Where the broker has inadequate knowledge of the trade of the client or the class of business, we exercise caution in taking on such risks into our books;
- We exercise extreme prudence and caution when dealing with clients with financial difficulties or poor payment records; and with transient clients who change insurers regularly; and
- We ensure compliance with NAICOM's guideline on KYC for consistency.

49.2 Underwriting Strategy

The Company has developed its insurance underwriting strategy to diversify the type of insurance risks accepted and within each of these categories to achieve a sufficiently large population of risks to reduce the variability of the expected outcome. Any risks exceeding the underwriting limits require Head Office approval. Factors that aggravate insurance risk include lack of risk diversification in terms of type and amount of risk, geographical location and type of industry covered. The Company manages these risks through its underwriting strategy, adequate reinsurance arrangements and proactive claims handling. Underwriting limits are in place to enforce appropriate risk selection criteria. For example, the Company has the right not to renew individual policies, it can impose deductibles and it has the right to reject the payment of a fraudulent claim. Insurance contracts also entitle the Company to pursue third parties for payment of some or all costs (for example, subrogation).

49.3 Products and Services

NEM Insurance Plc is presently operating as a non-life insurance company and we have a wide range of insurance products and services that are tailored to meet the specific needs of the company's clients. Insurance contracts are issued on an annual contract either directly to the customer or through accredited insurance brokers and agents. Premiums from brokers and agents are payable within 30 days, whereas from direct customers immediately. The following is a broad spectrum of the products and services the company is offering:

Fire/Extraneous Perils Policy

This type of policy will provide indemnity to the insured in the event of loss or damage to property covered under it as a direct result of fire outbreak, lightning or explosion. Other extraneous perils such as social disturbances like strike and riot, and natural disasters like storm damage, flood and earthquake can also be covered by an extension of the standard scope of the cover. The items to be insured are usually made up of the following:

- a) Buildings
- b) Office Furniture, Electrical & Electronic Equipment
- c) Plant and Machinery
- d) Stock of Raw Materials and finished goods
- e) Loss of Annual Rent for alternative accommodation.

The policy also contains various other extensions that are granted at no extra cost to the policyholder. The replacement cost of the items to be insured will have to be supplied to us for assessment to facilitate quotation of the premium payable.

Consequential Loss Policy

This type of policy, often referred to as "business interruption insurance" is designed to indemnify the insured against loss of productive capacity or future earning power which may occur as a result of loss or damage to the premises and property insured under the Fire/Extraneous Perils in 1 above. This policy is normally taken out in conjunction with the Fire Policy so that when the latter pays for the material damage to property insured under it, this will pick up the intangible loss that will flow from the primary loss of the Fire perils. The items usually covered under this policy are as follows:

- a)Gross Profit
- b)Salary and Wages
- c)Auditor's fees

The sum insured to be indicated against the items of Gross Profit should represent the difference in turnover and the total of standing and variable charges. The sum insured on Salary and Wages will be that which is required to maintain some key staff pending resumption of business while the sum insured on Auditor's Fees will represent charges that any firm of accountants will make in preparing papers for insurance claim.

Burglary/Housebreaking Policy

This type of policy is designed to indemnify the insured against loss or damage resulting from theft or attempted theft which is accompanied by actual forcible or violent entry into or out of the premises or any attempt theft. The items usually covered under this policy are similar to those under the Fire/Extraneous Perils policy above with the exception of Buildings and Loss of Rent. The replacement cost of the relative items would have to be supplied to enable us submit our quotation.

Fidelity Guarantee Policy

This is a form of policy that protects an organization against loss of money or valuable stock as a result of dishonesty or fraudulent activity of employees. It is possible to grant cover on named basis, positions basis or on a blanket basis. In any of these cases, the number of persons and the limit of guarantee any one loss would be advised as well as aggregate amount of guarantee in a given year. Once we have this information, we would be in a position to quote for premium payable.

Public Liability Policy

This policy also covers the insured against legal liability to third party for cost and expenses incurred in respect of accidental death, bodily injury and accidental damage to property occurring within the insured's premises or at work-away premises. The vicarious liability of the insured's employee can also be covered provided it arose in the course of carrying out his official duties. The Company usually require the insured to indicate the limit of cover required to enable her advise the premium payable.

Money Policy

This is another type of All Risks policy which is designed to cover any fortuitous event that could result in the loss of cash while in the course of transit either to or from the bank. The cover will also operate while the money is on the premises of the insured and while in a securely locked safe. The policy can also be extended to cover cash in the personal custody of selected management staff.

Goods in Transit Policy

This is also an "All Risks" policy covering goods being carried from one location to another. Any loss not specifically excluded under the policy is covered and the insurance is suitable for any organization that is engaged in movement of goods either by road or rail and the cover will operate when the goods are being conveyed by the insured's owned or hired vehicles. Losses arising from Fire and Theft are covered under this policy.

Group Personal Accident Policy

This type of policy is designed to foster the welfare of employees as well as reduce the financial constrain that an organization could undergo in the event of death or bodily injury to a member of staff arising as a result of any injury sustained through accidental, violent, external and visible means. The policy provides a world-wide cover on 24 hours basis and benefits payable in respect of Death and Permanent Disability are usually expressed as multiple of salaries. Cover also extends to pay weekly benefit in the event of temporary total disability resulting from bodily injury to the insured person as well as certain allowance for expenses incurred on medical treatment as a result of accidental injury. Death or injuries from natural causes are however not covered.

Motor Insurance Policy

This class of insurance is made compulsory by Government through the legislation known as the Motor Vehicle (Third Party) Insurance Act of 1945. Third Party Only cover which is the minimum type of insurance legislated upon provides indemnity to policyholder against legal liability to Third Parties for death, bodily injury and property damage.

The most popular type of cover under this policy is comprehensive insurance which, in addition to the cover provided under the Third Party Only, will also indemnify the policyholder for loss or damage to the vehicle resulting from road accident, fire and theft. The premium payable for the various forms of cover under this policy is regulated by a statistical table of rate known as "tariff" which is approved by Government.

Marine Policies

CARGO: The policy issued here is to provide indemnity for loss or damage to imported goods being conveyed by sea or air. The All Risks type of cover known as Clauses "A" provides indemnity to the insured in the event of total or partial loss of the goods while the restricted cover known as Clauses "C" would provide indemnity in the event of total loss only. To enable us determine the premium payable in this regard, we would require information on the nature and value of goods being imported as well as the type of cover required.

HULL: This type of policy is issued on vessels and yachts to provide indemnity for any loss, damage or liability that may arise from their use. The scope of cover provided is either an "all risks" or "total loss only" while the policy usually carries a deductible of about 10% of the value of the vessel or yacht.

Aviation Policy

This policy provides comprehensive cover against loss or damage to insured aircraft while operating anywhere in the world. Cover also extends to include the operator's legal liability to Third Parties for death, bodily injury and property damage. Liability to passengers is also covered up to a certain limit selected. In order to ensure full protection for our clients, we reinsure as much as 90% of this type of risk in the London Aviation Market through one of our overseas associates. The essence of this arrangement is to obviate the problem of absorption in the Nigerian Market which has limited capacity for Aviation Insurance and also to afford our clients the opportunity of having a dollar/sterling based insurance policy.

Machinery Breakdown Policy

This policy is designed to cover any damage to a plant or equipment while working or at rest, or being dismantled for the purpose of cleaning, repairing or overhauling. In the same vein, boiler and pressure vessels can be covered under a separate but similar policy.

Electronic Equipment Policy

This policy is designed to cover any loss or damage that could result while any computer and or equipment insured is working or at rest. The cover under this policy also extends to include loss or damage to external data media such as diskettes and tapes containing processed information while such are kept within the premises. The increase in cost of working, as a result of damage to the main computer equipment, is also covered and indemnity is provided for alternative means of carrying on operation. With payment of an additional premium, this policy can be extended to cover the risk of theft.

Energy Risks

The policies on offer in this area have been specifically developed to take advantage of the insurance opportunities created by the Nigerian Content Policy. The Nigerian content policy is aimed at utilizing Nigerian human and material resources in creating values in the country through all contracts awarded in the Oil and Gas industry and the Power sector of the economy. NEM Insurance Plc has carved a niche as the Leader in provision of Oil & Gas and Energy Insurance in Nigeria.

- Our focus is on the following areas:
- Upstream Risks which includes Construction/Erection All Risks, Operators Extra Expense Insurance, Property Insurance and General Third Party Liability Insurance.
- Downstream Risks which include the downstream properties (Refineries and Petrochemical plants, Onshore pipelines, Oil tank farm, Gas processing plants, Pumping and Metering stations, Gas turbines and Boilers, Damage to Asset and other related downstream sector risks.
- Power, Solid Mineral and Other special products.

| |
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| CERTIFIED BY |
| DIRECTOR: |
| SECRETARY |

The above products have been packaged for marketing to the public sector as well as various manufacturing, industrial and commercial concerns. Financial institutions such as banks, mortgage and stock broking firms are also being offered these products. Our Company is innovative in approach and we specialize in packaging policies in line with the needs of the various segments of the economy. NEM Insurance Plc also provides comprehensive risk management services. The Company carries out various risk surveys and make appropriate recommendations towards risk improvement and minimization of loss impacts.

Approach to Management of Underwriting Risks

The Company's underwriting risk shall be managed by adhering to policies, principles and guidelines spelt out in the Annual Underwriting Plan.

Where the broker has inadequate knowledge of the trade of the client or the class of business and the client not willing to disclose such information, the Company shall exercise caution in taking on such risks.

The Company shall exercise extreme prudence and caution when dealing with clients with financial difficulties or poor payment records; and with transient clients who change insurers regularly; and The Company shall ensure compliance with the National Insurance Commission's guidelines on "Know Your Customer" (KYC) requirement to get enough information about the transaction.

The Company carries out timely pre-loss inspection/survey exercise of risks, preferably before commencement of cover but not later than 48 hours after commencement of risks.

We limit acceptance of risks to a more convenient value/share while spreading excess through co-insurance or facultative basis. We ensure application/introduction/review of policy terms and conditions including clauses/warranties that will deal with areas of concern which will at the end of the day make the risk worthy of being in the Company's portfolio.

Risk Acceptance Rules

The Company shall follow the provisions (terms and conditions) of the reinsurance treaties that were arranged for the classes of insurance that any risk offered for insurance falls under in deciding whether to accept the risk or not. This shall be the case on all cases where the sum insured of the risk is more than the Company's retention as contained and evidenced by the treaty cover notes.

For any risk that Reinsurance Treaty could not be arranged for, acceptance of such risks shall be limited to any limit set by the Company for such risks at the beginning of each year and shown in the underwriting plan.

Marine Insurance Risks

No Marine insurance risk (Hull or Cargo), Marine Cargo or any other special risks of different nature but relating to Marine Insurance e.g. Marine Cargo Insurance export, shall be accepted without clarification from the Heads of Technical, Energy and Branch Operations Departments. The Company shall not accept Marine Cargo business in respect of fish head risks whether as import or export. Where it must be covered for any reason, cover shall be limited to ICC "C" and on rate of premium of a minimum of 0.20%.

Aviation Risks

No Aviation risk, Marine Hull risk, Marine Cargo export and any other special risks of different nature shall be accepted without clarification from the Heads of Technical, Energy and Branch Operations Departments.

49.4 Approaches to Risk Mitigation

Generally, we shall apply any of the following four (4) approaches to risk mitigations:

a) Risk Termination (Avoidance)

Under the risk termination approach, we will take measures to avoid risks that are outside our risk appetite, not aligned to our strategy or offer rewards that are unattractive when compared to the risk undertaken. Specifically, we will discontinue activities that generate these risks, such as divesting from certain geographical markets, product lines or businesses. Generally, we will utilise this approach for high-risk events that remain unacceptably high even after we have applied controls.

b) Risk Treatment (Reduction)

Under the risk treatment approach, we would accept the risks inherent in our transactions, but shall take measures, through our system of internal controls, to reduce the likelihood and/or impact of these risks. Generally, we would utilise this approach for risks that occur frequently and have low impact. Some of the measures we shall take under this approach may include formulating or enhancing policies, defining boundaries and authority limits, assigning accountabilities and measuring performance, improving processes, strengthening existing controls or implementing new controls and continuing education and training.

c) Risk Transfer (Sharing)

Under the risk transfer approach, we would accept the risks inherent in our transactions, but shall take measures to transfer whole or portions of the risk to an independent counterparty. Specifically, we shall transfer our risks to an independent counterparty such as co-insurance and reinsurance companies by utilising contracts and arrangements. We will retain accountability for the outsourced risk and that outsourcing does not eliminate risk but only changes our risk profile. The relevant business units shall be responsible for identifying and incorporating the risks arising from such risk transfer arrangements in their risk registers. The business units shall also be responsible for managing the resultant risks and reviewing the risk transfer arrangement to ensure that it is still capable of mitigating the initial risk.

d) Risk Tolerance (Acceptance)

Under the risk tolerance approach, we would accept the risks inherent in our transactions and would not take any action to change the likelihood and/or impact of the risks. We shall adopt this approach where the risk is low and the cost of further managing the risk exceeds the potential benefit should the risk crystallize.

e) Reinsurance Treaty Cover

We have arranged very adequate reinsurance treaties to enable us accommodate risks with high necessary support in the event of large claims. Our treaties are arranged by UAIB RE and placed with a consortium of reputable reinsurance companies.

The types of re-insurance on NEM Treaty are:

- 1) Quota share
- 2) Surplus
- 3) Excess of loss

1. Quota share

This is the simplest type of Re-insurance whereby a Reinsurer agrees to reinsure a fixed proportion of every risk accepted by the ceding Company, sharing proportionately in all losses and receiving in the same proportion of all direct net premium, less the agreed reinsurance commission.

2. Surplus

Under this arrangement the ceding Company can retain a risk up to the level of its agreed Retention amount. The proportion of the risk which is beyond the Retention amount is then ceded into the Surplus treaty and reinsurer receives a proportionate share of the premium, less reinsurance commission.

3. Excess of Loss

This arrangement protects the ceding Company against a loss where the ceding Company's claims liability exceeds its retention.

Concentration of insurance risk

The Company monitors concentrations of insurance risk by product and sector. An analysis of concentrations of insurance risk at 31 December 2023 and 2022 for premium received is set out below:

(a) By product

| | 2023 N'000 | 2022 N'000 |
|-------------------|---------------|---------------|
| Motor business | 20,117,645 | 10,215,056 |
| Fire & Property | 13,464,145 | 8,531,794 |
| Marine & Aviation | 4,738,962 | 3,463,667 |
| General Accident | 5,053,009 | 3,258,776 |
| Energy business | 15,054,932 | 4,765,273 |
| Agriculture | 62,913 | 152,756 |
| Engineering | 3,472,794 | 2,267,819 |
| Bond | 743,919 | 713,909 |
| | 62,708,320 | 33,369,050 |

(b) By sector

| | N'000 | N'000 |
|---------------------------|------------|------------|
| Energy | 22,091,618 | 4,949,598 |
| Financial Services | 14,155,142 | 9,806,417 |
| IT/Telecoms & Other Corp. | 10,663,613 | 7,500,775 |
| Manufacturing | 11,453,511 | 8,056,388 |
| Retail | 4,344,436 | 3,055,872 |
| | 62,708,320 | 33,369,050 |

50 Financial risk management

NEM Insurance Plc operates in a highly complex and competitive environment driven by the need to meet all claim obligations, maximize returns to shareholders and comply with all statutory and regulatory requirements. The Company is in the business of managing risks for public and private entities as well as individuals. In the ordinary course of its business activities, the Company is exposed to a variety of financial risks, including currency risk, liquidity risk, credit risk, country risk and market risk as well as operational and compliance risks.

Risk is the level of exposure to opportunity, threat and uncertainty - that should be identified, understood, measured and effectively managed, in the course of executing the Company's business strategies. In terms of opportunity, we see risk in relation to returns in that the greater the risk, the greater the potential return. We therefore manage risk by using several methods to maximize the positive aspects within the constraints of our risk appetite and business environment.

In terms of threat, we see risk as the potential for the occurrence of negative events such as financial loss, fraud, damage to reputation or public image and loss of competitive advantage. We therefore manage risk in this context by introducing risk management techniques to reduce the probability of these negative events occurring without incurring excessive costs or stifling the initiative, innovation, and entrepreneurial flair of our staff.

In terms of uncertainty, we see risk as the distribution of all possible outcomes both positive and negative. In this context, we manage uncertainty by seeking to reduce the variance between anticipated outcomes and actual results.

Our risk management philosophy and culture consist of our shared beliefs, values, attitudes and practices with respect to how we consider risk in everything we do, from strategy development and implementation to every aspect of our day-to-day activities.

"We shall underwrite all profitable transactions that we consider prudent and meets our risk appetite and profile. We shall take calculated and informed risk while seeking to maximize returns and shareholders' value. We shall continuously evaluate the risk and rewards inherent in our business transactions, from strategy development and implementation to our day-to-day activities. We believe that to achieve this objective would require a good understanding of the risks we are taking and the effective management of these risks both at the individual and enterprise levels".

We therefore manage and control risk by introducing new risk management techniques, enhancing existing risk management practices and placing a greater emphasis on cooperation among departments to comprehensively manage the Company's full range of risks as a whole. The Company proactively formulates strategies and plans that enable the identification and management of events/factors/occurrences that impact our ability to attain our business and strategic objectives.

(a) Risk Management Strategy

The Company adopts the following strategy for managing risks:

- i. Establish a clearly defined risk management process for identifying, measuring, controlling, monitoring and reporting risks.
- ii. Entrench and incorporate risk management principles in all functions across the Company.
- iii. Comprehensive implementation and maintenance of our risk management framework.
- iv. Ensure good corporate governance practices.
- v. Board and senior management support to promote sound risk management.
- vi. Zero tolerance for non-compliance with risk and control procedures.
- vii. Avoid concentration of risk to any industry, market, sector or individual entity.
- viii. Deploy a risk management systems to facilitate the effective management of risks.

(b) Market risk

The Group undertakes activities which give rise to a considerable level of market risks exposures (i.e. the risk that the fair value of future cash flows of our trading and investment positions or other financial instrument, will fluctuate because of changes in market prices). Market risks can arise from adverse changes in interest rates, foreign exchange rates, equity prices, commodity prices and other relevant factors such as market volatilities. The objective of market risk management activities is to continually manage and control market risk exposure within acceptable parameters, while optimizing the return on risks taken.

Management of market risk

The Group has an independent Risk Management unit which assesses, monitors, manages and reports on market risk taking activities across the group. We have continued to enhance our Risk Management Framework.

The Group's market risk objectives, policies and processes are aimed at instituting a model that objectively identifies, measures and manages market risks in the Group and ensure that:

1. The individuals who take or manage risk clearly understand it.
2. The Group's risk exposure is within established limits.
3. Risk taking decisions are in line with business strategy and objectives set by the Board of Directors.
4. The expected payoffs compensate for the risks taken.
5. Sufficient capital, as a buffer, is available to take risk.

(i) Interest Rate Risk

The Group is exposed to a considerable level of interest rate risk-especially on the Investment contracts (i.e. the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates). Similar to the last financial year, interest rate was fairly volatile. These changes could have a negative impact on the Net Interest Income, if not properly managed. The Group however, has all of its financial instruments in non-rate sensitive assets and liabilities. This greatly assists it in managing its exposure to interest rate risks.

Exposure to fixed and variable interest rate risk

| Group December 31 2023 | Fixed | Floating | Non-interest bearing | Total |
|--|-------------------|----------|----------------------|-------------------|
| <i>in thousand of naira</i> | | | | |
| Cash and cash equivalents | 3,742,338 | - | 4,280,742 | 8,023,080 |
| Financial assets | | | | |
| - At fair value through profit or loss | - | - | 10,463,494 | 10,463,494 |
| - At fair value through other comprehensive income | - | - | 75,219 | 75,219 |
| - At amortised cost | 36,614,636 | - | - | 36,614,636 |
| Loans and other receivables | 108,114 | - | - | 108,114 |
| Total | 40,465,087 | - | 14,819,456 | 55,284,542 |
| <i>in thousand of naira</i> | | | | |
| Cash and cash equivalents | 6,273,297 | - | 2,611,358 | 8,884,655 |
| Financial assets | | | | |
| - At fair value through profit or loss | - | - | 5,800,623 | 5,800,623 |
| - At fair value through other comprehensive income | - | - | 53,731 | 53,731 |
| - At amortised cost | 12,224,178 | - | - | 12,224,178 |
| Loans and other receivables | 220,446 | - | - | 220,446 |
| Total | 18,717,921 | - | 8,465,712 | 27,183,633 |

| Parent December 31 2023 | Fixed | Floating | Non-interest bearing | Total |
|--|-------------------|----------|----------------------|-------------------|
| in thousand of naira | | | | |
| Cash and cash equivalents | 3,721,332 | - | 4,211,937 | 7,933,269 |
| Financial assets | | | | |
| - At fair value through profit or loss | - | - | 10,463,494 | 10,463,494 |
| - At fair value through other comprehensive income | - | - | 75,219 | 75,219 |
| - At amortised cost | 36,614,636 | | | 36,614,636 |
| Loans and other receivables | 108,114 | - | - | 108,114 |
| Total | 40,444,081 | - | 14,750,650 | 55,194,731 |

| Parent December 31 2022 (restated) | Fixed | Floating | Non-interest bearing | Total |
|--|-------------------|----------|----------------------|-------------------|
| in thousand of naira | | | | |
| Cash and cash equivalents | 6,273,297 | - | 2,575,529 | 8,848,826 |
| Financial assets | | | | |
| - At fair value through profit or loss | - | - | 5,800,623 | 5,800,623 |
| - At fair value through other comprehensive income | - | - | 53,731 | 53,731 |
| - At amortised cost | 12,224,178 | - | - | 12,224,178 |
| Loans and other receivables | 220,446 | - | - | 220,446 |
| Total | 18,717,921 | - | 8,429,883 | 27,147,804 |

Sensitivity analysis - interest-rate risk

The sensitivity analysis below is based on a change in one assumption while holding all other assumptions constant. In practice this is unlikely to occur, and changes in some of the assumptions may be correlated - for example, change in interest rate and change in market values.

**Group
31 December 2023 (N'000)**

| | Carrying amount | Fixed rate | Floating rate | Impact 100 basis point increase in interest rate | Impact 100 basis point decrease in interest rate |
|--------------------------------|-------------------|-------------------|---------------|--|--|
| Assets | | | | | |
| Cash and cash equivalents | 3,742,338 | 3,742,338 | - | (3,742) | 3,742 |
| Amortized Cost Assets | 36,614,636 | 36,614,636 | - | (36,615) | 36,615 |
| Loans and other receivables | 108,114 | 108,114 | - | (108) | 108 |
| | 40,356,973 | 40,356,973 | - | (40,357) | 40,357 |
| Liabilities | | | | | |
| Borrowings | 1,557,737 | 1,557,737 | - | 1,558 | (1,558) |
| | 1,557,737 | 1,557,737 | - | 1,558 | (1,558) |
| Net increase/(Decrease) | | | | (38,799) | 38,799 |

Group

31 December 2022 (N'000)

| | Carrying amount | Fixed rate | Floating rate | Impact 100 basis point increase in interest rate | Impact 100 basis point decrease in interest rate |
|--------------------------------|-------------------|-------------------|---------------|--|--|
| Assets | | | | | |
| Cash and cash equivalents | 6,273,297 | 6,273,297 | - | 6,273 | (6,273) |
| Amortized Cost Assets | 12,224,178 | 12,224,178 | - | 12,224 | (12,224) |
| Loans and other receivables | 220,446 | 220,446 | - | 220 | (220) |
| | 18,717,921 | 18,717,921 | - | 18,718 | (18,718) |
| Liabilities | | | | | |
| Borrowings | - | - | - | - | - |
| | - | - | - | - | - |
| Net increase/(Decrease) | | | | 18,718 | (18,718) |

Parent

31 December 2023 (N'000)

| | Carrying amount | Fixed rate | Floating rate | Impact 100 basis point increase in interest rate | Impact 100 basis point decrease in interest rate |
|--------------------------------|-------------------|-------------------|---------------|--|--|
| Assets | | | | | |
| Cash and cash equivalents | 3,721,332 | 3,721,332 | - | (3,721) | 3,721 |
| Amortized Cost Assets | 36,614,636 | 36,614,636 | - | (36,615) | 36,615 |
| Loans and other receivables | 108,114 | 108,114 | - | (108) | 108 |
| | 40,444,081 | 40,444,081 | - | (40,444) | 40,444 |
| Liabilities | | | | | |
| Borrowings | 1,557,737 | 1,557,737 | - | 1,558 | (1,558) |
| | 1,557,737 | 1,557,737 | - | 1,558 | (1,558) |
| Net increase/(Decrease) | | | | (38,886) | 38,886 |

Parent

31 December 2022 (N'000)

| | Carrying amount | Fixed rate | Floating rate | Impact 100 basis point increase in interest rate | Impact 100 basis point decrease in interest rate |
|--------------------------------|-------------------|-------------------|---------------|--|--|
| Assets | | | | | |
| Cash and cash equivalents | 5,004,299 | 5,004,299 | - | 5,004 | (5,004) |
| Amortized Cost Assets | 12,224,178 | 12,224,178 | - | 12,224 | (12,224) |
| Loans and other receivables | 220,446 | 220,446 | - | 220 | (220) |
| | 17,448,923 | 17,448,923 | - | 17,449 | (17,449) |
| Liabilities | | | | | |
| Borrowings | - | - | - | - | - |
| | - | - | - | - | - |
| Net increase/(Decrease) | | | | 17,449 | (17,449) |

The impact on the Company's profit before tax if interest rates on financial instruments held at amortized cost or at fair value had increased or decreased by 100 basis points, with all other variables held constant are considered insignificant. This is due to the short term and fixed interest nature of the majority of the financial assets measured at amortized cost.

(ii) Foreign exchange risk

Foreign exchange risk is the exposure of the Group's financial condition to the changes in foreign exchange rates. The Company is exposed to exchange rate risk as a result of cash balances denominated in currencies other than Naira.

The table below summaries the Group's financial instruments at carrying amount, categorised by currency:

December 31, 2023

| | Total | Naira | US Dollar | Euro | Pounds |
|--|-------------------|-------------------|-------------------|----------------|---------------|
| Assets | | | | | |
| In thousands of Naira | | | | | |
| Cash and cash equivalents | 8,028,711 | 5,528,487 | 2,029,495 | 437,803 | 32,926 |
| Financial assets | | | | | |
| - At fair value through profit or loss | 10,463,494 | 10,463,494 | - | - | - |
| - At fair value through other comprehensive income | 75,219 | 75,219 | - | - | - |
| - At amortised cost | 36,614,636 | 17,051,116 | 19,303,875 | 259,644 | - |
| Loans and other receivables | 108,114 | 108,114 | - | - | - |
| Reinsurance contract assets | 9,433,042 | 9,433,042 | - | - | - |
| Statutory deposit | 320,000 | 320,000 | - | - | - |
| Total financial assets | 65,043,215 | 42,979,471 | 21,333,370 | 697,447 | 32,926 |
| Liabilities | | | | | |
| Other payables (excluding non-financial liabilities) | | | | | |
| | 4,981,828 | 4,981,828 | - | - | - |
| Total financial liabilities | 4,981,828 | 4,981,828 | - | - | - |
| Net financial assets/liabilities | 60,061,387 | 37,997,643 | 21,333,370 | 697,447 | 32,926 |
| Insurance contract liabilities | 25,285,724 | 25,285,724 | - | - | - |
| Net policyholders' assets | 34,775,662 | 12,711,919 | 21,333,370 | 697,447 | 32,926 |

December 31, 2022 (Restated)

| | Total | Naira | US Dollar | Euro | Pounds |
|--|-------------------|-------------------|------------------|---------------|----------------|
| Assets | | | | | |
| In thousands of Naira | | | | | |
| Cash and cash equivalents | 8,884,655 | 5,756,879 | 2,996,744 | 25,466 | 105,566 |
| Financial assets | | | | | |
| - At fair value through profit or loss | 5,800,623 | 5,800,623 | - | - | - |
| - At fair value through other comprehensive income | 75,219 | 75,219 | - | - | - |
| - At amortised cost | 12,224,178 | 7,413,928 | 4,810,250 | - | - |
| Loans and other receivables | 220,446 | 220,446 | - | - | - |
| Reinsurance contract assets | 9,472,703 | 9,472,703 | - | - | - |
| Statutory deposit | 320,000 | 320,000 | - | - | - |
| Total financial assets | 36,997,824 | 29,059,798 | 7,806,994 | 25,466 | 105,566 |
| Liabilities | | | | | |
| Other payables (excluding non-financial liabilities) | | | | | |
| | 2,099,247 | 2,099,247 | - | - | - |
| Total financial liabilities | 2,099,247 | 2,099,247 | - | - | - |
| Net financial assets/liabilities | 34,898,577 | 26,960,550 | 7,806,994 | 25,466 | 105,566 |
| Insurance contract liabilities | 14,674,166 | 14,674,166 | - | - | - |
| Net policyholders' assets | 20,224,411 | 12,286,384 | 7,806,994 | 25,466 | 105,566 |

The table below summaries the Parent's financial instruments at carrying amount, categorised by currency:

December 31, 2023

| | Total | Naira | US Dollar | Euro | Pounds |
|--|-------------------|-------------------|-------------------|----------------|---------------|
| Assets | | | | | |
| In thousands of Naira | | | | | |
| Cash and cash equivalents | 7,933,269 | 5,433,044 | 2,029,495 | 437,803 | 32,926 |
| Financial assets | | | | | |
| - At fair value through profit or loss | 10,463,494 | 10,463,494 | - | - | - |
| - At fair value through other comprehensive income | 75,219 | 75,219 | - | - | - |
| - At amortised cost | 36,614,636 | 17,051,116 | 19,303,875 | 259,644 | - |
| Loans and other receivables | 108,114 | 108,114 | - | - | - |
| Reinsurance assets | 9,433,042 | 9,433,042 | - | - | - |
| Statutory deposit | 320,000 | 320,000 | - | - | - |
| Total financial assets | 64,947,772 | 42,884,029 | 21,333,370 | 697,447 | 32,926 |
| Liabilities | | | | | |
| Other payables (excluding non-financial liabilities) | | | | | |
| | 4,830,401 | 4,830,401 | - | - | - |
| Total financial liabilities | 4,830,401 | 4,830,401 | - | - | - |
| Net financial assets/liabilities | 60,117,371 | 38,053,627 | 21,333,370 | 697,447 | 32,926 |
| Insurance contract liabilities | | | | | |
| | 25,097,847 | 25,097,847 | - | - | - |
| Net policyholders' assets | 35,019,524 | 12,955,780 | 21,333,370 | 697,447 | 32,926 |

December 31, 2022

| | Total | Naira | US Dollar | Euro | Pounds |
|--|-------------------|-------------------|------------------|---------------|-----------------|
| Assets | | | | | |
| In thousands of Naira | | | | | |
| Cash and cash equivalents | 8,848,826 | 5,721,050 | 2,996,744 | 25,466 | 105,566 |
| Financial assets | | | | | |
| - At fair value through profit or loss | 5,800,623 | 5,800,623 | - | - | - |
| - At fair value through other comprehensive income | 75,219 | 75,219 | - | - | - |
| - At amortised cost | 12,224,178 | 7,413,928 | 4,810,250 | - | - |
| Loans and other receivables | 220,446 | 220,446 | - | - | - |
| Reinsurance assets | 9,472,703 | 9,472,703 | - | - | - |
| Statutory deposit | 320,000 | 320,000 | - | - | - |
| Total financial assets | 36,961,995 | 29,023,969 | 7,806,994 | 25,466 | 105,566 |
| Liabilities | | | | | |
| Other payables (excluding non-financial liabilities) | | | | | |
| | 2,094,086 | 2,094,086 | - | - | - |
| Total financial liabilities | 2,094,086 | 2,094,086 | - | - | - |
| Net financial assets/liabilities | 34,867,909 | 26,929,882 | 7,806,994 | 25,466 | 105,566 |
| Insurance contract liabilities | | | | | |
| | 14,674,166 | 14,674,166 | - | - | 187,877 |
| Net policyholders' assets | 20,193,743 | 12,255,716 | 7,806,994 | 25,466 | (82,311) |

(iii) **Equity risk**

The Group is exposed to equity price risk by holding investments quoted on the Stock Exchange. Equity securities quoted on the Stock Exchange is exposed to movement based on the general movement of the all share index and movement in prices of specific securities held by the Group.

Sensitivity analysis - equity risk

The sensitivity analysis for equity price risk illustrates how changes in the fair value of equity securities will fluctuate because of changes in market prices, whether those changes are caused by factors specific to the individual equity issuer, or factors affecting all similar equity securities traded in the market.

Management monitors movements of financial assets and equity price risk movements by assessing the expected changes in the different portfolios due to parallel movements of a 10% increase or decrease in the Nigeria All share index with all other variables held constant and all the Company's equity instruments in that particular index moving proportionally.

As at 31 December 2023, the market value of quoted securities held by the Group is N10.5 billion (2022: N5.8 billion). If the all share index of the NGX moves by 100 basis points at 31 December 2023, the effect on profit or loss would have been N247 million (2022: N 54 million).

(c) **Credit Risk**

The Company's assets are exposed to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. The Company's maximum exposure to credit risk is reflected in the carrying amounts of financial assets on the statement of financial position. The main sources of the Company's incoming cash flows are the amounts of receivables from brokers and reinsurers. The Company manages the credit risk arising from such sources by aging and monitoring the receivables. The Company conducts the review of current and non-current receivables on a monthly basis and monitors the progress in the process of collection of the premiums in accordance with the procedure stated in the Company's internal control policy. The non-current receivables are checked and assessed for impairment.

The overdue premiums are considered by the Company on case by case basis. If an overdue premium is recognized by the Company as uncollectible, a notification is sent to the broker and the insurance agreement is cancelled from the date of notification. The premium related to the period from the beginning of insurance cover until the date of cancellation of the insurance agreement is considered a bad debt, and further steps right up to legal actions are planned with regard to that bad debt.

Other areas where the Company is exposed to credit risk are:

- amounts due from reinsurers for the insurance risks ceded;
- amounts due from insurance intermediaries.
- amounts of deposits held in banks and correspondent accounts

NEM is exposed to the following categories of credit risk;

Direct Default Risk - risk that NEM will not receive the cash flows or assets to which it is entitled because brokers, clients and other debtors which NEM has a bilateral contract default on their obligations.

Concentration Risk - is the exposure to losses due to excessive concentration of business activities to individual counterparties, groups of individual counterparties or related entities, counterparties in specific geographical locations, industry sectors, specific products, etc.

Counterparty Risk - the risk that a counterparty is not able or willing to meet its financial obligations to the Company as they fall due.

(i) **Credit Risk Principles**

The following principles underpin the Company's credit risk management policies:

- Individuals who create the credit risk and those who manage the risk clearly understand the nature of the risk;
- The Company's credit risk exposure is within the limits as approved by the Board;
- Credit decisions are clear and explicit and in line with the business strategy and objectives as approved by the Board;
- Credit risk exposures shall be within the defined limits to ensure there is no excessive concentration and that credit control procedures for managing large exposures and related counterparties are adhered to;
- Appropriate classification of credit risk through periodic evaluation of the collectability of risk assets; and
- Adequate loan loss provisioning to ensure that provisions or allowances are made to absorb anticipated losses.
- The expected payoffs more than compensate for the credit risks taken by the Company;
- Credit risk taking decisions are explicit and clear;
- There shall be clear delegated authorization limits for transactions;
- Sufficient capital as a buffer is available to take credit risk;

The Company's credit risk appetite shall be in line with its strategic objectives, available resources and the provisions of NAICOM Operational Guidelines. In setting this appetite/tolerance limits, NEM takes into consideration its corporate solvency level, risk capital and liquidity level, credit ratings, level of investments, reinsurance and coinsurance arrangements, and nature and categories of its clients. The company's credit risk is subsequently analysed as follows.

Credit risk by class

| Parent | December 31 2023 | | | | December 31 2022(restated) | | | |
|--|------------------|--------------|----------------|----------------|----------------------------|--------------|--------------|---------------|
| | Stage 1 | Stage 2 | Stage 3 | Total | Stage 1 | Stage 2 | Stage 3 | Total |
| Reinsurance assets | | Gross amount | Gross amount | | Gross amount | Gross amount | Gross amount | |
| | Gross amount | N'000 | N'000 | N'000 | N'000 | N'000 | N'000 | N'000 |
| External rating Grade | | | | | | | | |
| AAA | - | - | - | - | - | - | - | - |
| AA- AA+ | - | - | - | - | - | - | - | - |
| A- to A+ | - | - | - | - | - | - | - | - |
| B | - | - | - | - | - | - | - | - |
| B- | 9,433,042 | - | - | 9,433,042 | 9,472,703 | - | - | 9,472,703 |
| Internal rating Grade | | | | | | | | |
| Grade 1 | 9,433,042 | - | - | 9,433,042 | 9,472,703 | - | - | 9,472,703 |
| Grade 2 | - | - | - | - | - | - | - | - |
| Statutory deposit | | Gross amount | Gross amount | | Gross amount | Gross amount | Gross amount | |
| | Gross amount | N'000 | N'000 | N'000 | N'000 | N'000 | N'000 | N'000 |
| External rating Grade | | | | | | | | |
| AAA | - | - | - | - | - | - | - | - |
| AA- AA+ | - | - | - | - | - | - | - | - |
| A- to A+ | - | - | - | - | - | - | - | - |
| B | 320,000 | - | - | 320,000 | 320,000 | - | - | 320,000 |
| B- | - | - | - | - | - | - | - | - |
| Internal rating Grade | | | | | | | | |
| Grade 1 | 320,000 | - | - | 320,000 | 320,000 | - | - | 320,000 |
| Grade 2 | - | - | - | - | - | - | - | - |
| Loans and receivables | | Gross amount | Gross amount | | Gross amount | Gross amount | Gross amount | |
| | Gross amount | N'000 | N'000 | N'000 | N'000 | N'000 | N'000 | N'000 |
| External rating Grade | | | | | | | | |
| AAA | - | - | - | - | - | - | - | - |
| AA- AA+ | - | - | - | - | - | - | - | - |
| A- to A+ | - | - | - | - | - | - | - | - |
| Internal rating Grade | | | | | | | | |
| Grade 1 | 128,114 | - | - | 128,114 | 220,446 | - | - | 220,446 |
| Grade 2 | - | - | - | - | - | - | - | - |
| Other receivables (excluding non-financial assets) | | Gross amount | Gross amount | | Gross amount | Gross amount | Gross amount | |
| | Gross amount | N'000 | N'000 | N'000 | N'000 | N'000 | N'000 | N'000 |
| External rating Grade | | | | | | | | |
| AAA | - | - | - | - | - | - | - | - |
| AA- AA+ | - | - | - | - | - | - | - | - |
| A- to A+ | - | - | - | - | - | - | - | - |
| B | - | - | - | - | - | - | - | - |
| B- | - | - | - | - | - | - | - | - |
| Internal rating Grade | | | | | | | | |
| Grade 1 | 1,500,000 | - | - | 1,500,000 | 122,496 | - | - | 122,496 |
| Grade 2 | - | - | - | - | - | - | - | - |
| Amounts arising from ECL on financial assets | | | | | | | | |
| Group | | | | | | | | |
| in thousand of naira | | | | | | | | |
| | Stage 1 | Stage 2 | Stage 3 | Total | Stage 1 | Stage 2 | Stage 3 | Total |
| | N'000 | N'000 | N'000 | N'000 | N'000 | N'000 | N'000 | N'000 |
| Cash and cash equivalents | 4,452 | - | 21,266 | 25,718 | 6,644 | - | - | 6,644 |
| Financial assets | | | | | | | | |
| - At fair value through other comprehensive income | - | - | - | - | - | - | - | - |
| - At amortised cost | 129,750 | - | 129,652 | 259,402 | 65,158 | - | - | 65,158 |
| Reinsurance contract assets | - | - | - | - | - | - | - | - |
| Statutory deposit | - | - | - | - | - | - | - | - |
| Loans and receivables | - | - | - | - | - | - | - | - |
| Other receivables (excluding non-financial assets) | - | - | - | - | - | - | - | - |
| | 134,202 | - | 150,917 | 285,119 | 71,802 | - | - | 71,802 |

| Parent in thousand of naira | December 31 2023 | | | | December 31 2022 (restated) | | | |
|--|------------------|------------------|------------------|----------------|-----------------------------|------------------|------------------|----------------|
| | Stage 1 N'000 | Stage 2 N'000 | Stage 3 N'000 | Total N'000 | Stage 1 N'000 | Stage 2 N'000 | Stage 3 N'000 | Total N'000 |
| Cash and cash equivalents | 4,452 | - | 21,266 | 25,718 | 6,644 | - | - | 6,644 |
| Financial assets | | | | | | | | |
| - At fair value through other comprehensive income | - | - | - | - | - | - | - | - |
| - At amortised cost | 129,750 | - | 129,652 | 259,402 | 65,158 | - | - | 65,158 |
| Reinsurance contract assets | - | - | - | - | - | - | - | - |
| Statutory deposit | - | - | - | - | - | - | - | - |
| Loans and receivables | - | - | - | - | - | - | - | - |
| Other receivables (excluding non-financial assets) | - | - | - | - | - | - | - | - |
| | 134,202 | - | 150,917 | 285,119 | 71,802 | - | - | 71,802 |

Concentration of credit risk

This is the exposure to losses due to excessive concentration of business activities to individual counterparties, groups of individual counterparties or related entities, counterparties in specific geographical locations, industry sectors, specific products, etc.

An analysis of the carrying amounts of financial investments is shown below;

By sector

| Group December 31, 2023 in thousand of naira | Corporate | Commercial | Bank | Retail | Government | Others | Total |
|--|-------------------|------------|-------------------|----------|------------------|----------------|-------------------|
| Cash and cash equivalents | 803,493 | - | 7,225,218 | - | - | - | 8,028,711 |
| Financial assets | | | | | | | |
| - At fair value through profit or loss | 4,275,739 | - | 6,187,755 | - | - | - | 10,463,494 |
| - At fair value through other comprehensive income | 28,000 | - | - | - | 47,219 | - | 75,219 |
| - At amortised cost | 26,033,090 | - | 7,405,696 | - | 3,175,850 | - | 36,614,636 |
| Loan and other receivables | 1,500,000 | - | - | - | - | 648,365 | 2,148,365 |
| | 32,640,322 | - | 20,818,669 | - | 3,223,069 | 648,365 | 57,330,425 |

| Group December 31, 2022 (restated) in thousand of naira | Corporate | Commercial | Bank | Retail | Government | Others | Total |
|---|-------------------|------------|-------------------|----------|------------------|----------------|-------------------|
| Cash and cash equivalents | 1,268,998 | - | 7,615,657 | - | - | - | 8,884,655 |
| Financial assets | | | | | | | |
| - At fair value through profit or loss | 3,280,707 | - | 2,519,916 | - | - | - | 5,800,623 |
| - At fair value through other comprehensive income | 23,583 | - | - | - | 30,148 | - | 53,731 |
| - At amortised cost | 5,617,235 | - | 5,004,299 | - | 1,602,644 | - | 12,224,178 |
| Loan and other receivables | 1,500,000 | - | - | - | - | 723,429 | 723,429 |
| | 10,190,523 | - | 15,139,872 | - | 1,632,792 | 723,429 | 27,686,616 |

| Parent December 31, 2023 in thousand of naira | Corporate | Commercial | Bank | Retail | Government | Others | Total |
|---|-------------------|------------|-------------------|----------|------------------|----------------|-------------------|
| Cash and cash equivalents | 803,493 | - | 7,129,776 | - | - | - | 7,933,269 |
| Financial assets | | | | | | | |
| - At fair value through profit or loss | 4,275,739 | - | 6,187,755 | - | - | - | 10,463,494 |
| - At fair value through other comprehensive income | 28,000 | - | - | - | 47,219 | - | 75,219 |
| - At amortised cost | 26,033,090 | - | 7,405,696 | - | 3,175,850 | - | 36,614,636 |
| Loan and other receivables | 1,500,000 | - | - | - | - | 375,423 | 1,875,423 |
| | 32,640,322 | - | 20,723,226 | - | 3,223,069 | 375,423 | 56,962,040 |

| December 31, 2022 (restated) in thousand of naira | Corporate | Commercial | Bank | Retail | Government | Others | Total |
|--|-------------------|------------|-------------------|----------|------------------|----------------|-------------------|
| Cash and cash equivalents | 1,268,998 | - | 7,579,828 | - | - | - | 8,848,826 |
| Financial assets | | | | | | | |
| - At fair value through profit or loss | 3,280,707 | - | 2,519,916 | - | - | - | 5,800,623 |
| - At fair value through other comprehensive income | 23,583 | - | - | - | 30,148 | - | 53,731 |
| - At amortised cost | 5,617,235 | - | 5,004,299 | - | 1,602,644 | - | 12,224,178 |
| Loan and other receivables | 1,500,000 | - | - | - | - | 581,362 | 581,362 |
| | 10,190,523 | - | 15,104,043 | - | 1,632,792 | 581,362 | 27,508,720 |

By Geography
Group
December 31, 2023

| in thousand of naira | Nigeria | Rest of Africa | Europe | Others | Total |
|--|-------------------|----------------|-------------------|----------|-------------------|
| Cash and cash equivalents | 8,007,445 | - | 21,266 | - | 8,028,711 |
| Financial assets | | | | | |
| - At fair value through profit or loss | 10,463,494 | - | - | - | 10,463,494 |
| - At fair value through other comprehensive income | 75,219 | - | - | - | 75,219 |
| - At amortised cost | 25,758,193 | 98,689 | 10,757,754 | - | 36,614,636 |
| | 44,304,351 | 98,689 | 10,779,020 | - | 55,182,060 |

Group
December 31, 2022 (restated)

| in thousand of naira | Nigeria | Rest of Africa | Europe | Others | Total |
|--|-------------------|----------------|------------------|----------|-------------------|
| Cash and cash equivalents | 8,884,655 | - | - | - | 8,884,655 |
| Financial assets | | | | | |
| - At fair value through profit or loss | 5,800,623 | - | - | - | 5,800,623 |
| - At fair value through other comprehensive income | 53,731 | - | - | - | 53,731 |
| - At amortised cost | 9,377,571 | - | 2,846,607 | - | 12,224,178 |
| | 24,116,580 | - | 2,846,607 | - | 26,963,187 |

By Geography
Parent
December 31, 2023

| in thousand of naira | Nigeria | Rest of Africa | Europe | Others | Total |
|--|-------------------|----------------|-------------------|----------|-------------------|
| Cash and cash equivalents | 7,912,003 | - | 21,266 | - | 7,933,269 |
| Financial assets | | | | | |
| - At fair value through profit or loss | 10,463,494 | - | - | - | 10,463,494 |
| - At fair value through other comprehensive income | 75,219 | - | - | - | 75,219 |
| - At amortised cost | 25,758,193 | 98,689 | 10,757,754 | - | 36,614,636 |
| | 44,208,909 | 98,689 | 10,779,020 | - | 55,086,617 |

Parent
December 31, 2022 (restated)

| in thousand of naira | Nigeria | Rest of Africa | Europe | Others | Total |
|--|-------------------|----------------|------------------|----------|-------------------|
| Cash and cash equivalents | 8,848,826 | - | - | - | 8,848,826 |
| Financial assets | | | | | |
| - At fair value through profit or loss | 5,800,623 | - | - | - | 5,800,623 |
| - At fair value through other comprehensive income | 53,731 | - | - | - | 53,731 |
| - At amortised cost | 9,377,571 | - | 2,846,607 | - | 12,224,178 |
| | 24,080,751 | - | 2,846,607 | - | 26,927,358 |

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Business Risk Management

Business risk is managed by Management Underwriting & Investment Committee through consistent monitoring of product lines' profitability, stakeholder engagement to ensure positive outcomes from external factors beyond the Group's control and prompt response to changes in the external environment.

Reputational Risk Management

NEM Insurance Plc norms and values set a tone for acceptable behaviors required for all staff members, and provide structure and guidance for non-quantifiable decision making, thereby assisting in the management of the group's reputation.

The Group identifies, assesses and manages reputational risks predominately within its business processes. Management of reputational risks is based on the Group's risk governance framework. In addition, Company-wide risks are identified and assessed qualitatively as part of the annual risk & control self-assessment. The Group's risk functions analyses the overall risk profile and regularly informs management about the current profile and potential exposures to the risk. Risk functions' presentation of potential reputational risk guides management decisions in executing business operations and strategies.

The Group has laid great emphasis on effective management of its exposure to credit risk especially premium related debts. The Group defines credit risk as the risk of counterparty's failure to meet its contractual obligations. Credit risk arises from insurance cover granted to parties with payment instruments or payments plan issued by stating or implying the terms of contractual agreement. Credit risk exposure to direct business is low as the Group requires debtors to provide payment plans before inception of insurance policies. The Group's exposure to credit risk arising from brokerage business is relatively moderate and the risk is managed by the Group's internal rating model for brokers. Our credit risk internal rating model is guided by several weighted parameters which determine the categorization of brokers the Group transacts businesses with.

The Group credit risk originates from reinsurance recoverable transactions, retail clients, corporate clients, brokers and agents.

Management of credit risk due to outstanding premium

Credit Rating

We constantly review brokers' contribution to ensure that adequate attention is paid to high premium contributing brokers while others are explored for possible potentials.

Receivables are reviewed and categorized into grade A, B, C and D on the basis of:

- a) Previous year contribution
- b) Payment mode
- c) Outstanding as at December of the previous year
- d) Future prospect
- e) Recommendation

The Group credit risk is constantly reviewed and approved during the weekly Management Operations meeting. The monthly Group management meeting is responsible for the assessment and continual review of the Group premium debt and direct appropriate actions in respect of delinquent ones. It also ensured that adequate provisions are taken in line with the regulatory guidelines. Other credit risk management includes:

- a) Formulating credit policies with strategic business units, underwriters, brokers covering, brokers grading, reporting, assessment, legal procedures and compliance with regulatory and statutory bodies.
- b) Identification of credit risk drivers within the Group in order to coordinate and monitor the probability of default that could have an unfortunate impact.
- c) Developing and monitoring credit limits. The Group is responsible for setting credit limits through grading in order to categorize risk exposures according to the degree of financial loss and the level of priority expected from management.

d) Assessment of credit risk. All firsthand assessment and review of credit exposures in excess of credit limits, prior to granting insurance cover are subject to review process and approval given during management meeting.

e) Continuous reviewing of compliance and processes in order to maintain credit risk exposure within acceptable parameters.

In measuring credit risk, the Group considers three models:

a) The Probability of Default (PD), the likelihood that the insured will fail to make full and timely payment of financial obligations

b) The Exposure at Default (EAD) is derived from the Group's expected value of debt at the time of default

c) The Loss Given Default (LGD) which states the amount of the loss if there is a default, expressed as a percentage of the (EAD).

Impairment Model

Premium debtors, which technically falls under receivables is recognized at a fair value and subsequently measured at amortized cost, less provision for impaired receivables. Under IFRS, an asset is impaired if the carrying amount is greater than the recoverable amount. The Group adopts simplified provisional matrix for calculating expected losses on premium receivables as a practical expedient in line with IFRS 9. The provision matrix is based on the Group's historical default rates over the expected life of the trade receivables which is adjusted for forward-looking estimates.

Credit quality

The Group loan and receivables have no collateral as security and other credit enhancements, thus the Group has no loan or receivables that are past due but not impaired. Insurance receivables are to be settled on demand and the carrying amount is not significantly different from the fair value.

The Group further manages its exposure to credit risk through deduction of transactions at source and investment in blue-chip companies quoted on Stock Exchange. The exposure to credit risk associated with other receivables is low.

Operational Risk Management

A summary of the analytical tools that the Group employed in operational risk management are discussed below:

Issue tracking report/action plan report:

Issues can surface from the internal self-assessment process, an audit, or regulators requirements. A key result of the self-assessment process is an action plan with assigned responsibilities. This report contains a ream of major issues, the status of the action plan, and an aging of overdue tasks.

Risk control and self-assessment (RCSA): The business areas perform self-assessments semi- annually and results are aggregated to provide a qualitative and quantitative profile of risk across the organization and related action items. Severity of the risks identified is compared with previous RCSA risk severity and a trend is ascertained. The register summarizes findings into list of risks facing the institution. These summary results are accompanied by descriptions of the significant gaps and trends, suggested mitigants, and process owners and timeline for each risk.

The profile of risks across the organization is an integral input for the Group's internal audit whilst preparing audit plans. Areas with high-risk exposures are thoroughly audited and performance of recommended controls tested by the Group's internal control function to ascertain that risks are properly managed.

Risk Maps: Risk maps typically are graphs on which impact of each risk is plotted against probability of occurrence. Risk maps are designed either to show inherent or residual risk categories by line of business. Risks in the upper right are very severe and need to be monitored closely to reduce the Group's exposure. High-frequency/low-severity risks create the basis for expected losses and are often subject to detailed analysis focused on reducing the level of losses.

Key risk indicators dashboard: These are numerous measures of actual risks in the business and support functions, such as error rates and control breaks. Summary indicators, related escalation criteria, explanations of any excesses, and identified trends are all important aspects that are tracked. Many indicators are specific to each business unit or process, but some may be common and reported in a consolidated fashion. Threshold is set by management for each key risk indicators and escalation of indicators above such levels triggers a mitigation response.

Loss events report: The ERM team developed a database for loss event collation named Loss Event Register. This register allows staff to report actual and near-miss (an unplanned event that did not result in injury, illness, or damage - but had the potential to do so) loss events. Summary statistics from the loss event database are used to show trends of total losses and mean average loss, with analysis by type of loss and business line.

Business continuity plan: A critical tool in managing our operational risk is the Business Continuity Plan (BCP) that documents the procedures to be executed by relevant teams in the event of a disaster.

Liquidity Risk Management

Liquidity risk is the risk that cash may not be available to pay obligations when due at a reasonable cost. The Group mitigates this risk by monitoring cash activities and expected outflows. The Group's current liabilities arise as claims are made and clients request for termination of their investment-linked products. The Group has no material commitments for capital expenditures and there is no need for such expenditures in the normal course of business. Claims payments are funded by current operating cash flows including investment income. The Group has no tolerance for liquidity risk and is committed to meeting all liabilities as they fall due.

Expected Credit Loss Impairment Model for financial assets

The Group's allowance for credit losses calculations are 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 Group adopts 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 is recorded. The expected credit loss is 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 is used.

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- Stage 2 - When a financial instrument experiences a SICR subsequent to origination but is not considered to be in default, it is 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 are 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 is to reflect the general pattern of deterioration or improvement in the credit quality of financial instruments since initial recognition. The ECL allowance is 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 are 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 are modelled based on macroeconomic variables that are most closely related with credit losses in the relevant portfolio.

The Group employs the usage of international rating agencies PD factors which was modified by factors specific to the Nigerian Economy such as inflation rate, unemployment rate, GDP and so on.

Using the probabilities of default (PD) as provided by Standard & Poor's, our model employs Nigeria-centric forward-looking macro-economic factors which have been determined to be statistically significant, to adjust the PDs. Country-specific factors are also applied to the LGD factors which originate from Basel recommendations and are thereby adjusted to our specific circumstances. Base, optimistic and pessimistic scenarios are employed and projected cash flows are discounted to present value at using the effective rates of interest. The resulting ECL computations are therefore appropriately probability-weighted and consider relevant forward-looking information as well as the time value of money.

Details of these statistical parameters/inputs are as follows:

- PD - The probability of default is 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 facility has not been previously derecognized and is still in the portfolio.
 1. 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 is used to calculate 12-month ECLs.
 2. Lifetime PDs - This is the estimated probability of default occurring over the remaining life of the financial instrument. This is used to calculate lifetime ECLs for 'stage 2' and 'stage 3' exposures. PDs are limited to the maximum period of exposure required by IFRS 9.
- EAD - The exposure at default is 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 is an estimate of the loss arising in the case where a default occurs at a given time. Basically, It is 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 is usually expressed as a percentage of the EAD. However, the Group make use of the combination of the following in establishing its LGD:

- 1) Fixed LGD ratios prescribed by the Bank for International Settlements (BIS) under the foundation approach
- 2) Recovery rates on insolvencies in Nigeria as published by the World bank

Forward-looking information

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.

Macroeconomic factors

The Group relies 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 may be made as temporary adjustments using expert credit judgement.

Multiple forward-looking scenarios

The Group determines allowance for credit losses using probability-weighted forward looking scenarios.

The Group considers both internal and external sources of information in order to achieve an unbiased measure of the scenarios used. The Group 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), Financial Markets Dealers Quotation (FMDQ) and Trading Economics.

The Group estimates three scenarios for each risk parameter (LGD, EAD, CCF and PD) - Normal, Upturn and Downturn, which in turn are used in the estimation of the multiple scenario ECLs. The normal case represents the most likely outcome and is aligned with information used by the Group for other purposes such as strategic planning and budgeting. The other scenarios represent more optimistic and more pessimistic outcomes. The Group 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 Group assesses 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 specific quantitative and qualitative information about the issuer 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 are a key component of the macroeconomic outlook. The importance and relevance of each specific macroeconomic factor depend on the type of product, characteristics of the financial instruments and the issuer and the geographical region.

The Group adopts 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.

i Quantitative elements

The quantitative element is the primary indicator of significant increases in credit risk, with the qualitative element playing a secondary role. The quantitative element is calculated based on the change in lifetime PDs by comparing:

- the remaining lifetime PD as at the reporting date; with
- the remaining lifetime PD for this point in time that was estimated based on facts and circumstances at the time of initial recognition of the exposure (adjusted where relevant for changes in prepayment expectations)

ii Qualitative elements

In general, qualitative factors that are indicative of an increase in credit risk are reflected in PD models on a timely basis and thus are included in the quantitative assessment and not in a separate qualitative assessment. However, if it is not possible to include all current information about such qualitative factors in the quantitative assessment, they are considered separately in a qualitative assessment as to whether there has been a significant increase in credit risk. If there are qualitative factors that indicate an increase in credit risk that have not been included in the calculation of PDs used in the quantitative assessment, the Group recalibrates the PD or otherwise adjusts its estimate when calculating ECLs.

iii Backstop indicators

Instruments which are more than 30 days past due or have been granted forbearance are generally regarded as having significantly increased in credit risk and may be credit-impaired. There is a rebuttable presumption that the credit risk has increased significantly if contractual payments are more than 30 days past due; this presumption is applied unless the Group has reasonable and supportable information demonstrating that the credit risk has not increased significantly since initial recognition.

Definition of Default and Credit Impaired Financial Assets

At each reporting date, the Group assesses whether financial assets carried at amortized cost and debt financial assets carried at FVOCI are credit-impaired. A financial asset is 'credit impaired' when one or more events that have a detrimental impact on the estimated future cashflows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- (i) Significant financial difficulty of the borrower or issuer;
- (ii) A breach of contract such as a default or past due event;
- (iii) It is becoming probable that the issuer will enter bankruptcy or other financial reorganization; or
- (iv) The disappearance of an active market for a security because of financial difficulties.
- (v) The purchase or origination of a financial asset at a deep discount that reflects the incurred credit loss

An asset that has been renegotiated due to a deterioration in the issuer's condition is usually considered to be credit-impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment.

In making an assessment of whether an investment in sovereign debt is credit-impaired, the Group considers the following factors:

- The market's assessment of creditworthiness as reflected in the bond yields.
- The rating agencies' assessments of creditworthiness.
- The Country's ability to access the capital markets for new debt issuance.
- The probability of debt being restructured, resulting in holders suffering losses through voluntary or mandatory debt forgiveness.
- 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

The Company assesses the possible default events within 12 months for the calculation of the 12month ECL and lifetime for the calculation of Life Time ECL. Given the investment policy, the probability of default for new instruments acquired is generally determined to be minimal and the expected loss given default ratio varies for different instruments. In cases where a lifetime ECL is required to be calculated, the probability of default is estimated based on economic scenarios.

Loan allowances for ECL are 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: 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.

Inputs, assumptions and techniques used for estimating impairment

When determining whether the credit risk(i.e. Risk of default) on a financial instrument has increased significantly since initial recognition, the Company considers reasonable and supportable information that is relevant and available without undue cost of effort, This includes both qualitative and quantitative information analysis based on the Group's experience, expert credit assessment and forward looking information.

The Group primarily identifies whether a significant increase in credit risk has occurred for an exposure by using days past due and assessing other information obtained externally. Whenever available, the Group monitors changes in credit risk by tracking published external credit ratings. To determine whether published ratings remain up to date and to assess whether there has been a significant increase in credit risk at the reporting date that has not been reflected in the published rating, the Group also reviews changes in Bond yields together with available press and regulatory information about issuers.

Where external credit ratings are not available, the Group allocates each exposure to a credit risk grade based on data that is determined to be predictive of the risk of default(including but not limited to the audited financial statements, management accounts and cash flows projections, available regulatory and press information about the borrowers and apply experienced credit judgement. Credit risk grades are defined by using qualitative and quantitative factors that are indicative of the risk of default and are aligned with the external credit rating definition from Moody's and Standards and Poor.

The Group has assumed that the credit risk of a financial asset has not increased significantly since the initial recognition if the financial asset has low credit risk at reporting date. The Group considers a financial asset to have low credit risk when its credit risk rating is equivalent to the globally understood definition of "investment grade". The Group considers this to be Baa3 or higher based on the Moody rating.

As a back stop, the Group considers that a significant increase in credit risk occurs no later than when the asset is more than 30 days past due. Days past due are determined by counting the numbers of days since the earliest elapsed due date in respect of which full payments has not been received. Due dates are determined without considering any grace period that might be available to the borrower.

The Group monitors the effectiveness of the criteria used to identify significant increase in credit risk by regular reviews to confirm that:

- The criteria are capable of identifying significant increase in credit risk before an exposure is in default;

- The criteria do not align with the point in time when the asset becomes 30 days past due;
- The average time between the identification of a significant increase in credit risk and default appears reasonable
- Exposures are not generally transferred from 12- month ECL measurement to credit impaired and
- There is no unwarranted volatility in loss allowance from transfers between 12-month ECL and Lifetime ECL measurement.

Modified financial assets

The contractual terms of a financial asset may be modified for a number of reasons, including changing market conditions and other factors not related to a current or potential credit deterioration of the borrower. An existing financial asset whose terms have been modified may be derecognized and the renegotiated asset recognized as a new financial asset at fair value in accordance with the accounting policies. When the terms of a financial asset are modified and the modification does not result in derecognition, the determination of whether the asset's credit risk has increased significantly reflects a comparison of:

- Its risk of default occurring at the reporting date based on the modified term; with
- The risk of default occurring estimated based on Data on initial recognition and the original contractual terms.

Liquidity Risk

Liquidity risk is the inability of a Group to meet obligations on a timely basis. It is also the inability of a Group to take advantage of business opportunities and sustain the growth target in its business strategy due to liquidity constraints or difficulty in obtaining funding at a reasonable cost. Our liquidity risk exposure is strongly related to our credit and investment risk profile. The Group is exposed to daily calls on its available cash resources from claims to be paid.

At 31 December 2023, management does not believe the current maturity profile of the Group lends itself to any material liquidity risk, taking into account the level of cash and deposits and the nature of its securities portfolio at year end, as well as the reinsurance structure of the Group's insurance portfolio. The Group's bank deposits and trading securities are able to be released at short notice when and if required. The possible payments of significant insurance claims are secured by the reinsurance contracts' clause that allows a cash call from the reinsurers for the losses exceeding a certain amount based on line of business.

Sources of Liquidity Risk

Our liquidity risk exposure depends on the occurrence of other risks. Some of the factors that could lead to liquidity risks are:

- Reputational loss or rating downgrade, leading to inability to generate funds;
- Failure of insurance brokers and clients to meet their premium payment obligation as and when due;
- Lack of timely communication between Finance & Investment Division and Claims Department resulting in mismatch of funds;
- Investment in volatile securities; and
- Frequency and severity of major and catastrophic claims.

Liquidity Risk Management Strategy

The Group's strategy for managing liquidity risks are as follows:

- Maintain a good and optimum balance between having sufficient stock of liquid assets, profitability and investment needs;
- Ensure strict credit control and an effective management of account receivables;
- Ensure unrestricted access to financial markets to raise funds;
- Develop and continuously update the contingency funding plan;
- Adhere to the liquidity risk control limits; and
- Communicate to all relevant staff on the liquidity risk management objectives and control limits.

Liquidity Risk Appetite/Tolerance

Our liquidity risk appetite is defined using the following parameters:

- Liquidity gap limits;
- Scenario and Sensitivity Analysis

- Liquidity Ratios such as:
 - Claims ratio
 - Cash ratio
 - Quick ratio
- Receivable to capital ratio
- Technical provision to capital ratio
- Maximum exposure for single risk to capital ratio
- Maximum exposure for a single event to capital ratio
- Retention rate
- Re-insurance receipts to ceded premium ratio
- Solvency margin

Short-term insurance contracts

For short-term insurance contracts, the Company funds the insurance liabilities with a portfolio of equity and debt securities exposed to liquidity risk. The following tables indicate the contractual timing of cash flows arising from assets and liabilities included in the Company's ALM framework for management of short-term insurance contracts.

The table below sets out the classification of each class of financial assets and liabilities, and their maturity profiles:

Group

At 31 December 2023

| | Note | Carrying amount N'000 | 1 - 3 months N'000 | 3 - 6 months N'000 | 6 - 12 months N'000 | Above 12 months N'000 | Total N'000 |
|--|----------|--------------------------|-----------------------|-----------------------|---------------------------|--------------------------|-------------------|
| Financial assets | | | | | | | |
| Cash & cash equivalent | 3 | 8,002,993 | 8,028,711 | - | - | - | 8,028,711 |
| <i>Financial assets</i> | | | | | | | - |
| - At fair value through profit or loss | 4.1 | 10,463,494 | - | - | - | 10,463,494 | 10,463,494 |
| - At fair value through other comprehensive income | 4.2 | 75,219 | - | - | - | 75,219 | 75,219 |
| - At amortised cost | 4.3 | 36,355,234 | 533,063 | 11,461,910 | 7,162,790 | 17,456,873 | 36,614,636 |
| Loans and receivables | 8 | 108,114 | - | - | 108,114 | - | 108,114 |
| Other Receivables | (5)(8) | 2,490,394 | 869,193 | 36,347 | 84,855 | 1,500,000 | 2,490,394 |
| | | 57,495,448 | 9,430,967 | 11,498,256 | 7,355,758 | 29,495,586 | 57,780,568 |
| Accruals and other payables (excluding non-financial liabilities) | (17)(28) | 3,651,207 | 3,651,207 | - | - | - | 3,651,207 |
| | | 3,651,207 | 3,651,207 | | | | 3,651,207 |
| Liquidity Gap | | 53,844,242 | 5,779,760 | 11,498,256 | 7,355,758 | 29,495,586 | 54,129,361 |
| Cumulative liquidity gap | | | 5,779,760 | 17,278,016 | 24,633,775 | 54,129,361 | |

At 31 December 2022 (Restated)

| | Note | Carrying amount N'000 | 1 - 3 months N'000 | 3 - 6 months N'000 | 6 - 12 months N'000 | Above 12 months N'000 | Total N'000 |
|--|----------|--------------------------|-----------------------|-----------------------|---------------------------|--------------------------|-------------------|
| Financial assets | | | | | | | |
| Cash & cash equivalent | 3 | 8,878,011 | 8,884,655 | - | - | - | 8,884,655 |
| <i>Financial assets</i> | | | | | | | - |
| - At fair value through profit or loss | 4.1 | 5,800,623 | - | - | - | 5,800,623 | 5,800,623 |
| - At fair value through other comprehensive income | 4.2 | 53,731 | - | - | - | 53,731 | 53,731 |
| - At amortised cost | 4.3 | 12,159,020 | 360,000 | 2,336,138 | 2,576,367 | 6,951,673 | 12,224,178 |
| Loans and receivables | 8 | 220,446 | - | - | 220,446 | - | 220,446 |
| Other Receivables | (5)(8) | 1,175,339 | 1,028,222 | 51,532 | 69,045 | 26,540 | 1,175,339 |
| | | 28,287,170 | 10,272,877 | 2,387,670 | 2,865,858 | 12,832,567 | 28,358,972 |
| Accruals and other payables (excluding non-financial liabilities) | (17)(28) | 1,575,721 | 1,575,721 | - | - | - | 1,575,721 |
| | | 1,575,721 | 1,575,721 | | | | 1,575,721 |
| Liquidity Gap | | 26,711,449 | 8,697,156 | 2,387,670 | 2,865,858 | 12,832,567 | 26,783,251 |
| Cumulative liquidity gap | | | 8,697,156 | 11,084,826 | 13,950,684 | 26,783,251 | |

Parent
At 31 December 2023

| | Note | Carrying amount N'000 | 1 - 3 months N'000 | 3 - 6 months N'000 | 6 - 12 months N'000 | Above 12 months N'000 | Total | N'000 |
|--|----------|--------------------------|-----------------------|-----------------------|---------------------------|--------------------------|-------------------|-------|
| Financial assets | | | | | | | | |
| Cash & cash equivalent | 3 | 7,907,551 | 7,933,269 | - | - | - | 7,933,269 | - |
| <i>Financial assets</i> | | | | | | | | |
| - At fair value through profit or loss | 4.1 | 10,463,494 | - | - | - | 10,463,494 | 10,463,494 | - |
| - At fair value through other comprehensive income | 4.2 | 75,219 | - | - | - | 75,219 | 75,219 | - |
| - At amortised cost | 4.3 | 36,355,234 | 533,063 | 11,461,910 | 7,162,790 | 17,456,873 | 36,614,636 | - |
| Loans and receivables | 8 | 108,114 | 108,114 | - | - | - | 108,114 | - |
| Other Receivables | (5)(8) | 2,229,953 | 399,269 | - | 192,709 | 1,637,976 | 2,229,953 | - |
| | | 57,139,565 | 8,973,714 | 11,461,910 | 7,355,498 | 29,633,562 | 57,424,684 | |
| Accruals and other payables (excluding non-financial liabilities) | | | | | | | | |
| | (17)(28) | 3,573,259 | 3,573,259 | - | - | - | 3,573,259 | - |
| | | 3,573,259 | 3,573,259 | - | - | - | 3,573,259 | |
| Liquidity Gap | | | | | | | | |
| | | 53,566,306 | 5,400,455 | 11,461,910 | 7,355,498 | 29,633,562 | 53,851,425 | |
| Cumulative liquidity gap | | | | | | | | |
| | | | 5,400,455 | 16,862,365 | 24,217,863 | 53,851,425 | | |

At 31 December 2022 (Restated)

| | Note | Carrying amount N'000 | 1 - 3 months N'000 | 3 - 6 months N'000 | 6 - 12 months N'000 | Above 12 months N'000 | Total | N'000 |
|--|----------|--------------------------|-----------------------|-----------------------|---------------------------|--------------------------|-------------------|-------|
| Financial assets | | | | | | | | |
| Cash & cash equivalent | 3 | 8,842,182 | 8,848,826 | - | - | - | 8,848,826 | - |
| <i>Financial assets</i> | | | | | | | | |
| - At fair value through profit or loss | 4.1 | 5,800,623 | - | - | - | 5,800,623 | 5,800,623 | - |
| - At fair value through other comprehensive income | 4.2 | 53,731 | - | - | - | 53,731 | 53,731 | - |
| - At amortised cost | 4.3 | 12,159,020 | 360,000 | 2,336,138 | 2,576,367 | 6,951,673 | 12,224,178 | - |
| Loans and receivables | 8 | 220,446 | - | - | 220,446 | - | 220,446 | - |
| Other Receivables | (5)(8) | 1,033,272 | 803,656 | 120,576 | - | 109,040 | 1,033,272 | - |
| | | 28,109,274 | 10,012,482 | 2,456,714 | 2,796,813 | 12,915,067 | 28,181,076 | |
| Accruals and other payables (excluding non-financial liabilities) | | | | | | | | |
| | (17)(28) | 1,570,560 | 1,570,560 | - | - | - | 1,570,560 | - |
| | | 1,570,560 | 1,570,560 | - | - | - | 1,570,560 | |
| Liquidity Gap | | | | | | | | |
| | | 26,538,714 | 8,441,922 | 2,456,714 | 2,796,813 | 12,915,067 | 26,610,516 | |
| Cumulative liquidity gap | | | | | | | | |
| | | | 8,441,922 | 10,898,636 | 13,695,449 | 26,610,516 | | |

(b) Financial instruments measured at fair value

IFRS 13 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable input reflects market data obtained from independent sources; unobservable inputs reflect the Group's market assumptions. These two types of inputs have created the following fair value hierarchy:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs)

This hierarchy requires the use of observable market data when available. The Group considers relevant and observable market prices in its valuations where possible.

(c) Fair valuation methods and assumptions

(i) Cash and bank balances

Cash and bank balances represent cash held with other banks. The fair value of these balances is their carrying amounts.

(ii) Equity securities

The fair values of quoted equity securities are determined by reference to quoted prices (unadjusted) in active markets for identical assets. The fair value of the unquoted equity securities was determined on a net asset value basis.

(iii) Debt securities

Treasury bills represent short term instruments issued by the Central bank of the jurisdiction where the Group operates. The fair value of treasury bills and bonds at fair value are determined with reference to quoted prices (unadjusted) in active markets for identical assets. The estimated fair value of bonds (asset or liability) at amortised cost represents the discounted amount of estimated future cash flows expected to be received. Expected cash flows are discounted at current market rates to determine fair value.

(iv) Other assets

Other assets represent monetary assets which usually have a short recycle period and as such the fair values of these balances approximate their carrying amount.



Fair value measurement

Accounting classification measurement basis and fair values

The table below sets out the classification of each class of financial assets and liabilities, and their fair values.

| | Financial assets designated as FVTPL | Financial assets measured at amortized cost | Financial assets measured at FVOCI | Financial liabilities measured at amortised cost | Total carrying amount | Fair value |
|---|---|---|---------------------------------------|--|--------------------------|-------------------|
| Group | | | | | | |
| In thousands of Naira | | | | | | |
| 31 December, 2023 | | | | | | |
| Cash and cash equivalents | - | 8,028,711 | - | - | 8,028,711 | 8,028,711 |
| Financial assets | | | | | | |
| - At fair value through profit or loss | 10,463,494 | - | - | - | 10,463,494 | 10,463,494 |
| - At fair value through other comprehensive income | - | - | 75,219 | - | 75,219 | 75,219 |
| - At amortised cost | - | 36,614,636 | - | - | 36,614,636 | 36,614,636 |
| Loans and receivables | - | 108,114 | - | - | 108,114 | 108,114 |
| Total Financial assets | 10,463,494 | 44,751,460 | 75,219 | - | 55,290,173 | 55,290,173 |
| Borrowings | - | - | - | 1,557,737 | 1,557,737 | 1,557,737 |
| Other payables | - | - | - | 1,620,229 | 1,620,229 | 1,620,229 |
| Lease liabilities | - | - | - | 473,241 | 473,241 | 473,241 |
| Total Financial liabilities | - | - | - | 3,651,207 | 3,651,207 | 3,651,207 |
| Group | | | | | | |
| In thousands of Naira | | | | | | |
| December 31, 2022 (restated) | | | | | | |
| Cash and cash equivalents | - | - | - | 8,884,655 | 8,884,655 | 8,884,655 |
| Financial assets | | | | | | |
| - At fair value through profit or loss | 5,800,623 | - | - | - | 5,800,623 | 5,800,623 |
| - At fair value through other comprehensive income | - | - | 53,731 | - | 53,731 | 53,731 |
| - At amortised cost | - | 12,224,178 | - | - | 12,224,178 | 12,224,178 |
| Loans and receivables | - | 220,446 | - | - | 220,446 | 220,446 |
| Total Financial assets | 5,800,623 | 12,444,624 | 53,731 | 8,884,655 | 27,183,633 | 27,183,633 |
| Borrowings | - | - | - | - | - | - |
| Other payables | - | - | - | 1,539,722 | 1,539,722 | 1,539,722 |
| Lease liabilities | - | - | - | 35,999 | 35,999 | 35,999 |
| Total Financial liabilities | - | - | - | 1,575,721 | 1,575,721 | 1,575,721 |
| Parent | | | | | | |
| In thousands of Naira | | | | | | |
| 31 December, 2023 | | | | | | |
| Cash and cash equivalents | - | 7,933,269 | - | - | 7,933,269 | 7,933,269 |
| Financial assets | | | | | | |
| - At fair value through profit or loss | 10,463,494 | - | - | - | 10,463,494 | 10,463,494 |
| - At fair value through other comprehensive income | - | - | 75,219 | - | 75,219 | 75,219 |
| - At amortised cost | - | 36,614,636 | - | - | 36,614,636 | 36,614,636 |
| Loans and receivables | - | 108,114 | - | - | 108,114 | 108,114 |
| Total Financial assets | 10,463,494 | 44,656,018 | 75,219 | - | 55,194,731 | 55,194,731 |
| Borrowings | - | - | - | 1,557,737 | 1,557,737 | 1,557,737 |
| Other payables | - | - | - | 591,043 | 591,043 | 591,043 |
| Lease liabilities | - | - | - | 473,241 | 473,241 | 473,241 |
| Total Financial liabilities | - | - | - | 2,622,021 | 2,622,021 | 2,622,021 |
| Parent | | | | | | |
| In thousands of Naira | | | | | | |
| December 31, 2022 (restated) | | | | | | |
| Cash and cash equivalents | - | 8,848,826 | - | - | 8,848,826 | 8,848,826 |
| Financial assets | | | | | | |
| - At fair value through profit or loss | 5,800,623 | - | - | - | 5,800,623 | 5,800,623 |
| - At fair value through other comprehensive income | - | - | 53,731 | - | 53,731 | 53,731 |
| - At amortised cost | - | 12,224,178 | - | - | 12,224,178 | 12,224,178 |
| Loans and receivables | - | 220,446 | - | - | 220,446 | 220,446 |
| Total Financial assets | 5,800,623 | 21,293,450 | 53,731 | - | 27,147,804 | 27,147,804 |
| Borrowings | - | - | - | - | - | - |
| Other payables | - | - | - | 1,534,561 | 1,534,561 | 1,534,561 |
| Lease liabilities | - | - | - | 35,999 | 35,999 | 35,999 |
| Total Financial liabilities | - | - | - | 1,570,560 | 1,570,560 | 1,570,560 |

51 Capital management Policy

NEM has over the years been deploying capital from earnings and additional equity funds to support growth in business volumes while striving to meet dividend commitments to shareholders. To be able to continue to generate and deploy capital both to grow core businesses and reward shareholders, there is need for the Group to execute the right strategy, the right growth dynamics, the right cost structure and risk discipline as well as the right capital management.

NEM's capital management strategy focuses on the creation of shareholders' value whilst meeting the crucial and equally important objective of providing an appropriate level of capital to protect stakeholders' interests and satisfy regulators.

The Group's objectives when managing capital are as follows:

- To ensure that capital is, and will continue to be, adequate for the safety, soundness and stability of the Group;
- To generate sufficient capital to support the Group's overall business strategy;
- To ensure that the Group meets all regulatory capital ratios and the prudent buffer required by the Board;
- To ensure that the average return on capital over a 3 -5 years performance cycle is sufficient to satisfy the expectations of investors;
- To maintain a strong risk rating;
- To ensure that capital allocation decisions are optimal, considering the return on economic and regulatory capital;
- To determine the capital required to support each business activity based on returns generated on capital to facilitate growth/expansion of existing businesses (i.e. capital allocation);
- To establish the efficiency of capital utilization.

(a) Minimum Capital Requirement

The Parent complied with the minimum capital requirement of N3billion for non-life operations. This is shown under Shareholders' Fund in the Statement of Financial Position.

(b) Solvency Status

The Parent met the criteria for solvency margin as stated in section 24(1) of the Insurance Act, CAP I17, LFN 2004, the solvency margin maintained is N23,713,851,281.

(c) Capital Adequacy Test

Based on the capital adequacy calculation below, NEM Insurance Plc has a surplus of N38.2 billion (2022: N26.6 billion).

| | 2023 | 2022 |
|---|-------------------|-------------------|
| | N'000 | Restated N'000 |
| Shareholders' fund as per Statement of Financial Position | 38,695,671 | 26,983,131 |
| Less: | | |
| Intangible Assets | (42,161) | (15,721) |
| Deferred tax asset | - | (253,568) |
| Due from related parties | (488,577) | (176,540) |
| | <u>(530,737)</u> | <u>(445,829)</u> |
| Capital base | <u>38,164,934</u> | <u>26,537,302</u> |

Management uses regulatory capital ratios to monitor its capital base. Based on the capital base computed above, the Parent capital base is above the minimum capital requirement of N3billion specified by NAICOM.

| | | | 2023 | 2022 |
|---------------------------------------|-------------------|-------------------|-------------------|-------------------|
| (d) DETERMINATION OF SOLVENCY MARGIN | Admissible | Inadmissible | N'000 | Restated N'000 |
| Cash and cash equivalents | 7,082,792 | 824,759 | 7,907,551 | 7,573,184 |
| Financial assets | | | | |
| -FVTPL | 10,463,494 | - | 10,463,494 | 5,800,623 |
| -Amortised Cost | 25,498,791 | 10,856,443 | 36,355,234 | 9,312,413 |
| -FVOCI | 75,219 | - | 75,219 | 53,731 |
| Trade receivables | 354,531 | - | 354,531 | 672,356 |
| Insurance contract assets | - | - | - | - |
| Reinsurance contract assets | 9,433,042 | - | 9,433,042 | 9,472,703 |
| Investment in Subsidiary | 435,000 | - | 435,000 | - |
| Staff loans and advances | 108,114 | - | 108,114 | 220,446 |
| Other receivables and prepayments | - | 1,767,309 | 1,767,309 | 581,362 |
| Investment Properties | 2,353,946 | - | 2,353,946 | - |
| Property, plant and equipment | 1,353,117 | 2,706,233 | 4,059,350 | 1,332,433 |
| Right-of-use Assets | - | 609,015 | 609,015 | - |
| Intangible assets | 42,161 | - | 42,161 | 15,721 |
| Statutory deposit | 320,000 | - | 320,000 | 320,000 |
| Admissible assets | 57,520,206 | 16,763,759 | 74,283,965 | 35,354,972 |
| LIABILITIES | | | | |
| Insurance contract liabilities | 25,097,847 | - | 25,097,847 | 14,674,166 |
| Other Insurance contracts liabilities | 783,901 | - | 783,901 | 487,527 |
| Borrowings | 1,557,737 | - | 1,557,737 | - |
| Provisions and other payables | 2,015,522 | - | 2,015,522 | 1,570,560 |
| Lease liabilities | 473,241 | - | 473,241 | 35,999 |
| Retirement benefits obligations | - | - | - | 29,497 |
| Current income tax liabilities | 1,154,348 | - | 1,154,348 | 378,179 |
| Deferred tax payable | - | 4,505,697 | 4,505,697 | 3,687 |
| Admissible liabilities | 31,082,597 | 4,505,697 | 35,588,294 | 17,179,615 |
| Solvency margin | 26,437,610 | | | 18,175,357 |
| A. Minimum share capital | 3,000,000 | | | 3,000,000 |
| B. 15% of Net premium | 6,570,287 | | | 3,322,524 |
| C. Higher of A and B | 6,570,287 | | | 3,322,524 |
| Surplus in solvency margin | 19,867,323 | | | 14,852,833 |
| Percentage of solvency | 75% | | | 82% |

The Company's capital requirement ratio and Solvency margin are above the requirements of the Insurance Act CAP I17, LFN 2004.

Asset and Liability Management

The Group is exposed to a range of financial risks through its financial assets, financial liabilities, reinsurance assets and insurance liabilities.

Asset and Liability management (ALM) attempts to address financial risks the group is exposed to which include interest rate risks, foreign currency risks, equity price risks and credit risks. The major financial risk is that in the long term its investment proceeds are not sufficient to fund the obligations arising from its insurance and investment contracts. ALM ensures that specific assets of the group is allocated to cover reinsurance and liabilities of the Group.

The Group manages these positions within an ALM framework that has been developed to achieve long-term investment returns in excess of its obligations under insurance contracts. The notes below show how the Group has managed its financial risks.

Company Hypthetification Table as at 31 December 2023

| Assets | Policyholders funds N'000 | Shareholders' funds N'000 | Total N'000 |
|--------------------------------------|---------------------------------|---------------------------------|-------------------|
| Cash and cash equivalents | 7,082,792 | 824,759 | 7,907,551 |
| Financial assets | | | |
| - FVTPL | 10,463,494 | - | 10,463,494 |
| - FVOCI | - | 75,219 | 75,219 |
| - At amortised cost | 7,405,696 | 28,949,538 | 36,355,234 |
| Trade receivables | - | 354,531 | 354,531 |
| Reinsurance contract assets | 9,433,042 | | 9,433,042 |
| Other receivables and prepayment | - | 1,875,423 | 1,875,423 |
| Investment in Subsidiaries | - | 435,000 | 435,000 |
| Investment properties | - | 2,353,946 | 2,353,946 |
| Statutory deposit | - | 320,000 | 320,000 |
| Intangible assets | - | 42,161 | 42,161 |
| Property, plant and equipment | - | 4,059,350 | 4,059,350 |
| Right-of-use Assets | - | 609,015 | 609,015 |
| Deferred tax assets | - | - | - |
| Total assets | 34,385,024 | 39,898,941 | 74,283,965 |
| Liabilities: | | | |
| Insurance contract liabilities | 25,097,847 | - | 25,097,847 |
| Other Insurance contract liabilities | - | 783,901 | 783,901 |
| Borrowings | - | 1,557,737 | 1,557,737 |
| Other payables | - | 2,015,522 | 2,015,522 |
| Lease liabilities | - | 473,241 | 473,241 |
| Retirement benefit obligations | - | - | - |
| Income tax liability | - | 1,154,348 | 1,154,348 |
| Deferred tax liabilities | - | 4,505,697 | 4,505,697 |
| Total liabilities | 25,097,847 | 10,490,447 | 35,588,294 |
| Gap | 9,287,177 | 29,408,495 | 38,695,672 |

Company Hypthetification Table as at 31 December 2022 (Restated)

| Assets | Policyholders funds | Shareholders' funds | Total |
|--------------------------------------|------------------------|------------------------|------------|
| | N'000 | N'000 | N'000 |
| Cash and cash equivalents | 7,573,184 | 1,268,998 | 8,842,182 |
| Financial assets | | | |
| - FVTPL | 5,800,623 | - | 5,800,623 |
| - FVOCI | - | 53,731 | 53,731 |
| - At amortised cost | - | 12,159,020 | 12,159,020 |
| Trade receivables | - | 672,356 | 672,356 |
| Reinsurance contract assets | 9,472,703 | - | 9,472,703 |
| Other receivables and prepayment | - | 581,362 | 581,362 |
| Investment in Subsidiaries | - | 150,000 | 150,000 |
| Investment properties | - | 1,813,768 | 1,813,768 |
| Statutory deposit | - | 320,000 | 320,000 |
| Intangible assets | - | 15,721 | 15,721 |
| Property, plant and equipment | - | 3,878,192 | 3,878,192 |
| Right-of-use Assets | - | 149,520 | 149,520 |
| Deferred tax assets | - | 253,568 | 253,568 |
| Total assets | 22,846,510 | 21,316,236 | 44,162,746 |
| Liabilities: | | | |
| Insurance contract liabilities | 14,674,166 | - | 14,674,166 |
| Other Insurance contract liabilities | - | 487,527 | 487,527 |
| Borrowings | - | - | - |
| Other payables | - | 1,570,560 | 1,570,560 |
| Lease liabilities | - | 35,999 | 35,999 |
| Retirement benefit obligations | - | 29,497 | 29,497 |
| Income tax liability | - | 378,179 | 378,179 |
| Deferred tax liabilities | - | 3,687 | 3,687 |
| Total liabilities | 14,674,166 | 2,505,449 | 17,179,615 |
| Gap | 8,172,344 | 18,810,787 | 26,983,131 |

The main objectives of the Parent when managing capital are:

to ensure that the Minimum Capital Requirement of N3 billion as required by the Insurance Act CAP 117, LFN 2004, is maintained at all times.

This is a risk based capital method of measuring the minimum amount appropriate for an insurance company to support its overall business operations in consideration of its size and risk profile. The calculation is based on applying capital factors to amongst others, the Parent's assets, outstanding claims, unearned premium reserve and assets above a certain concentration limit.

| |
|---|
| CERTIFIED BY |
| DIRECTOR:  |
| SECRETARY  |

OTHER NATIONAL DISCLOSURES

NEM INSURANCE PLC
ANNUAL REPORT, 31 DECEMBER 2023
OTHER NATIONAL DISCLOSURE
STATEMENT OF VALUE ADDED - GROUP

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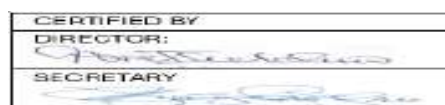
| |
|---|
| CERTIFIED BY |
| DIRECTOR:  |
| SECRETARY  |

| | 2023 N'000 | % | 2022 Restated N'000 | % |
|---------------------------------------|--------------------------|-------------------|---------------------------|-------------------|
| Insurance revenue | | | | |
| Local | 52,112,435 | | 31,433,600 | |
| Foreign | - | | - | |
| Other Income: | | | | |
| Local | 20,024,374 | | 3,244,601 | |
| Foreign | - | | - | |
| | <u>72,136,809</u> | <u> </u> | <u>34,678,201</u> | <u> </u> |
| Bought in Services: | | | | |
| Local | (46,328,950) | | (24,801,763) | |
| Foreign | - | | - | |
| Value Added | <u><u>25,807,859</u></u> | <u><u>100</u></u> | <u><u>9,876,438</u></u> | <u><u>100</u></u> |
| Applied as follows: | | | | |
| Employees | | | | |
| Salaries and other employees benefits | 2,310,268 | 9 | 1,889,357 | 19 |
| Provider of Capital | | | | |
| Dividend to Shareholders | 1,504,943 | 6 | 1,103,625 | 11 |
| Government | | | | |
| Taxation | 5,929,070 | 23 | 96,667 | 1 |
| Retention and Expansion | | | | |
| Depreciation and Amortisation Charges | 463,879 | 2 | 297,556 | 3 |
| Contingency reserves | 2,650,915 | 10 | 1,087,811 | 11 |
| Retained profit for the year | 12,948,785 | 50 | 5,401,422 | 55 |
| Value Added | <u><u>25,807,859</u></u> | <u><u>100</u></u> | <u><u>9,876,438</u></u> | <u><u>100</u></u> |

Value added represents the additional wealth the Group has been able to create on its own and its employees' efforts. This statement shows the allocation of the wealth between employees, shareholders, government and that retained for the future creation of more wealth.

NEM INSURANCE PLC
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OTHER NATIONAL DISCLOSURE
STATEMENT OF VALUE ADDED - PARENT

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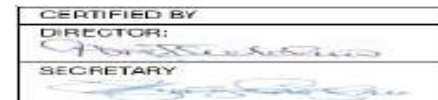


| | 2023 N'000 | % | 2022 Restated N'000 | % |
|---------------------------------------|--------------------------|------------|---------------------------|------------|
| Insurance Revenue: | | | | |
| Local | 51,993,997 | | 31,433,600 | |
| Foreign | - | | - | |
| Other Income: | | | | |
| Local | 19,960,824 | | 3,191,110 | |
| Foreign | - | | - | |
| | <u>71,954,821</u> | | <u>34,624,710</u> | |
| Bought in Services: | | | | |
| Local | (46,080,861) | | (24,764,539) | |
| Foreign | - | | - | |
| Value Added | <u><u>25,873,960</u></u> | <u>100</u> | <u><u>9,860,171</u></u> | <u>100</u> |
| Applied as follows: | | | | |
| Employees | | | | |
| Salaries and other employees benefits | 2,099,928 | 8 | 1,877,383 | 19 |
| Provider of Capital | | | | |
| Dividend to Shareholders | 1,504,943 | 6 | 1,103,625 | 11 |
| Government | | | | |
| Taxation | 5,924,145 | 23 | 94,941 | 1 |
| Retention and Expansion | | | | |
| Depreciation and Amortisation Charges | 439,452 | 2 | 295,557 | 3 |
| Contingency reserves | 2,650,915 | 10 | 1,087,811 | 11 |
| Retained profit for the year | 13,254,576 | 51 | 5,400,854 | 55 |
| Value Added | <u><u>25,873,960</u></u> | <u>100</u> | <u><u>9,860,171</u></u> | <u>100</u> |

Value added represents the additional wealth the Company has been able to create by its own and its employees' efforts. This statement shows the allocation of the wealth between employees, shareholders, government and that retained for the future creation of more wealth.

NEM INSURANCE PLC
ANNUAL REPORT, 31 DECEMBER 2023
OTHER NATIONAL DISCLOSURE
FIVE YEAR FINANCIAL SUMMARY - GROUP
STATEMENT OF FINANCIAL POSITION

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| | 2023 | 2022 | 2021 | 2020 | 2019 |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|
| | N'000 | Restated N'000 | Restated N'000 | Restated N'000 | Restated N'000 |
| Assets | | | | | |
| Cash and Cash Equivalents | 8,002,993 | 8,878,011 | 7,895,469 | 7,352,189 | 8,101,885 |
| Financial assets | | | | | |
| - At fair value through profit or loss | 10,463,494 | 5,800,623 | 5,354,017 | 4,479,121 | 2,485,564 |
| - At fair value through other comprehensive income | 75,219 | 53,731 | 84,884 | 81,318 | 70,028 |
| - At amortised cost | 36,355,234 | 12,159,020 | 8,143,491 | 6,105,529 | 2,130,855 |
| Insurance Contract assets | - | - | - | - | - |
| Trade Receivable | 450,143 | 672,356 | 1,479,056 | 228,140 | 207,484 |
| Reinsurance Contract Assets | 9,433,042 | 9,472,703 | 7,428,571 | 4,703,036 | 5,248,767 |
| Investment in Associate | - | - | - | 412,741 | 435,165 |
| Investment Properties | 2,353,946 | 1,813,768 | 1,706,167 | 1,617,609 | 1,589,278 |
| Intangible Assets | 54,110 | 15,721 | 10 | 10 | 1,225 |
| Property, plant and equipment | 4,202,175 | 3,886,188 | 3,794,957 | 2,922,422 | 3,031,838 |
| Right-of-use Assets | 609,015 | 149,520 | 209,920 | - | - |
| Other Receivables and Prepayment | 2,148,365 | 723,429 | 414,712 | 470,727 | 683,375 |
| Statutory Deposit | 320,000 | 320,000 | 320,000 | 320,000 | 320,000 |
| Deferred tax asset | - | 256,411 | 257,505 | 263,035 | 291,203 |
| Total Assets | 74,467,735 | 44,201,481 | 37,088,759 | 28,955,877 | 24,596,667 |
| Liabilities | | | | | |
| Insurance Contract Liabilities | 25,285,724 | 14,674,166 | 11,557,642 | 7,939,241 | 8,190,768 |
| Other Insurance contract liabilities | 857,381 | 487,527 | 410,728 | 585,327 | 298,046 |
| Borrowings | 1,557,737 | - | - | - | - |
| Other Payables | 2,093,470 | 1,575,721 | 1,531,528 | 1,267,300 | 1,109,555 |
| Lease Liabilities | 473,241 | 35,999 | 139,623 | 47,963 | - |
| Income Tax Liabilities | 1,155,152 | 379,224 | 623,508 | 675,783 | 462,419 |
| Deferred Tax Liability | 4,507,627 | 3,687 | 10,387 | - | 356,500 |
| Retirement Benefit Obligations | - | 29,497 | 52,414 | 78,960 | 81,635 |
| Total liabilities | 35,930,332 | 17,185,821 | 14,325,830 | 10,594,574 | 10,498,923 |
| Net Assets | 38,537,404 | 27,015,659 | 22,762,929 | 18,361,303 | 14,097,744 |
| Equity | | | | | |
| Share Capital | 5,016,477 | 5,016,477 | 5,016,477 | 5,016,477 | 2,640,251 |
| Share Premium | - | - | - | - | 272,551 |
| Other Reserves-gratuity | - | 58,581 | 72,495 | 71,147 | 111,455 |
| FVOCI reserve | (46,277) | (67,765) | (36,612) | (40,178) | (51,468) |
| Asset revaluation reserve | 2,107,964 | 2,107,964 | 2,107,964 | 1,094,475 | 1,094,475 |
| Contingency Reserve | 9,837,510 | 7,186,595 | 6,098,784 | 5,213,927 | 4,198,848 |
| Retained Earnings | 21,578,802 | 12,713,807 | 9,503,821 | 7,005,455 | 5,831,632 |
| Non controlling interests | 42,927 | - | - | - | - |
| Shareholders' Fund | 38,537,403 | 27,015,659 | 22,762,929 | 18,361,303 | 14,097,744 |

NEM INSURANCE PLC
ANNUAL REPORT, 31 DECEMBER 2023
OTHER NATIONAL DISCLOSURE
FIVE YEAR FINANCIAL SUMMARY - GROUP
INCOME STATEMENT

| |
|--------------|
| CERTIFIED BY |
| DIRECTOR: |
| SECRETARY |

| | 2023 | 2022 | 2021 | 2020 | 2019 |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|
| | N'000 | Restated N'000 | Restated N'000 | Restated N'000 | Restated N'000 |
| Insurance revenue | 52,112,435 | 31,433,600 | 26,545,254 | 21,682,189 | 19,259,541 |
| Insurance Service exp | (34,218,973) | (22,693,835) | (18,947,902) | (13,377,938) | (12,835,699) |
| Net expenses on Reinsurance contracts | (12,795,475) | (2,480,675) | (747,957) | (2,324,108) | (2,075,145) |
| Insurance Service Result | 5,097,987 | 6,259,090 | 6,849,395 | 5,980,143 | 4,348,697 |
| Other Revenue | 19,789,453 | 3,071,200 | 1,785,351 | 2,490,666 | 1,143,774 |
| Other Expenses | (6,009,585) | (3,832,201) | (4,207,514) | (3,289,820) | (3,553,738) |
| Profit Before Tax | 18,877,855 | 5,498,089 | 4,427,232 | 5,180,989 | 1,938,733 |
| Income tax | (5,929,070) | (96,667) | (141,043) | (96,337) | 456,633 |
| Profit For the Year | 12,948,785 | 5,401,422 | 4,286,189 | 5,084,652 | 2,395,366 |
| Other Comprehensive (loss)/income for the year | 10,025 | (45,067) | 1,018,403 | (29,018) | (35,712) |
| Total Comprehensive Income for the year | 12,958,810 | 5,356,355 | 5,304,592 | 5,055,634 | 2,359,654 |
| Basic EPS (Kobo) | 260 | 108 | 85 | 96 | 45 |
| Diluted Basic EPS (Kobo) | 260 | 108 | 85 | 96 | 45 |

NEM INSURANCE PLC
ANNUAL REPORT, 31 DECEMBER 2023
OTHER NATIONAL DISCLOSURE
FIVE YEAR FINANCIAL SUMMARY - PARENT
STATEMENT OF FINANCIAL POSITION

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| | 2023 | 2022 | 2021 | 2020 | 2019 |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|
| | N'000 | Restated N'000 | Restated N'000 | Restated N'000 | Restated N'000 |
| Assets | | | | | |
| Cash and Cash Equivalents | 7,907,551 | 8,842,182 | 7,841,181 | 7,326,758 | 8,095,230 |
| Financial Assets | | | | | |
| - At fair value through profit or loss | 10,463,494 | 5,800,623 | 5,354,017 | 4,479,121 | 2,485,564 |
| - At fair value through other comprehensive income | 75,219 | 53,731 | 84,884 | 81,318 | 70,028 |
| - At amortised cost | 36,355,234 | 12,159,020 | 8,143,491 | 6,105,529 | 2,130,855 |
| Insurance contract assets | - | - | - | - | - |
| Trade Receivable | 354,531 | 672,356 | 1,479,056 | 228,140 | 207,484 |
| Reinsurance Contract Assets | 9,433,042 | 9,472,703 | 7,428,571 | 4,703,036 | 5,248,767 |
| Investment in Associate | - | - | - | 412,741 | 435,165 |
| Investment in Subsidiary- NEM Asset Management Limited | 435,000 | 150,000 | 150,000 | 100,000 | 50,000 |
| Investment Properties | 2,353,946 | 1,813,768 | 1,706,167 | 1,617,609 | 1,589,278 |
| Intangible Assets | 42,161 | 15,721 | 10 | 10 | 1,225 |
| Property, plant and equipment | 4,059,350 | 3,878,192 | 3,784,962 | 2,922,422 | 3,030,737 |
| Right-of-use Assets | 609,015 | 149,520 | 209,920 | - | - |
| Other Receivables and Prepayments | 1,875,423 | 581,362 | 263,776 | 374,862 | 627,253 |
| Statutory Deposit | 320,000 | 320,000 | 320,000 | 320,000 | 320,000 |
| Deferred tax asset | - | 253,568 | 253,568 | 253,568 | 281,736 |
| Total Assets | 74,283,965 | 44,162,746 | 37,019,603 | 28,925,114 | 24,573,322 |
| Liabilities | | | | | |
| Insurance Contract Liabilities | 25,097,847 | 14,674,166 | 11,557,642 | 7,939,241 | 8,190,768 |
| Other insurance contract liabilities | 783,901 | 487,527 | 410,728 | 585,327 | 298,046 |
| Borrowings | 1,557,737 | - | - | - | - |
| Other Payables | 2,015,522 | 1,570,560 | 1,499,104 | 1,266,000 | 1,105,351 |
| Lease liabilities | 473,241 | 35,999 | 139,623 | 47,963 | - |
| Income Tax Liabilities | 1,154,348 | 378,179 | 618,736 | 670,286 | 457,987 |
| Deferred Tax Liability | 4,505,697 | 3,687 | 10,387 | - | 356,500 |
| Retirement Benefit Obligations | - | 29,497 | 52,414 | 78,960 | 81,635 |
| Total liabilities | 35,588,294 | 17,179,615 | 14,288,634 | 10,587,777 | 10,490,287 |
| Net Assets | 38,695,672 | 26,983,131 | 22,730,969 | 18,337,337 | 14,083,035 |
| Equity | | | | | |
| Share Capital | 5,016,477 | 5,016,477 | 5,016,477 | 5,016,477 | 2,640,251 |
| Share Premium | - | - | - | - | 272,551 |
| Other Reserves-gratuity | - | 58,581 | 72,495 | 71,147 | 111,455 |
| FVOCI reserve | (46,277) | (67,765) | (36,612) | (40,178) | (51,468) |
| Asset revaluation reserve | 2,107,964 | 2,107,964 | 2,107,964 | 1,094,475 | 1,094,475 |
| Contingency Reserve | 9,837,510 | 7,186,595 | 6,098,784 | 5,213,927 | 4,198,848 |
| Retained Earnings | 21,779,997 | 12,681,279 | 9,471,861 | 6,981,489 | 5,816,923 |
| Shareholders' Fund | 38,695,671 | 26,983,131 | 22,730,969 | 18,337,337 | 14,083,035 |

NEM INSURANCE PLC
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OTHER NATIONAL DISCLOSURE
FIVE YEAR FINANCIAL SUMMARY - PARENT
INCOME STATEMENT

| |
|--------------|
| CERTIFIED BY |
| DIRECTOR: |
| SECRETARY |

| | 2023 | 2022 | 2021 | 2020 | 2019 |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|
| | N'000 | Restated N'000 | Restated N'000 | Restated N'000 | Restated N'000 |
| INCOME STATEMENT | | | | | |
| Insurance revenue | 51,993,997 | 31,433,600 | 26,545,254 | 21,682,189 | 19,259,541 |
| Insurance Service exp | (34,116,367) | (22,693,835) | (18,947,902) | (13,377,938) | (12,835,699) |
| Net expenses on Reinsurance contracts | (12,795,475) | (2,480,675) | (747,957) | (2,324,108) | (2,075,145) |
| Insurance Service Result | 5,082,155 | 6,259,090 | 6,849,395 | 5,980,143 | 4,348,697 |
| Other Revenue | 19,725,902 | 3,054,134 | 1,743,972 | 2,449,659 | 1,099,009 |
| Other Expenses | (5,629,337) | (3,817,429) | (4,181,855) | (3,260,991) | (3,530,785) |
| Profit Before Tax | 19,178,721 | 5,495,795 | 4,411,512 | 5,168,811 | 1,916,921 |
| Income tax | (5,924,145) | (94,941) | (133,317) | (93,416) | 461,133 |
| Profit For the Year | 13,254,576 | 5,400,854 | 4,278,195 | 5,075,395 | 2,378,054 |
| Other Comprehensive (loss)/income for the year | 10,025 | (45,067) | 1,018,403 | (29,018) | (35,712) |
| Total Comprehensive Income for the year | 13,264,601 | 5,355,787 | 5,296,598 | 5,046,377 | 2,342,342 |
| Basic EPS (Kobo) | 264 | 108 | 85 | 96 | 45 |
| Diluted Basic EPS (Kobo) | 264 | 108 | 85 | 96 | 45 |



| Description | 31-Dec-23 | | 31-Dec-22 | |
|---|----------------------|---------------|----------------------|---------------|
| | Unit | Percentage | Unit | Percentage |
| Issued Share Capital | 5,016,477,766 | | 5,016,477,766 | |
| Substantial Shareholdings (5% and above) | | | | |
| AFIG FUND | 1,499,926,852 | 29.90% | 1,499,926,852 | 29.90% |
| CAPITAL EXPRESS ASSURANCE LIMITED | 364,318,306 | 7.26% | 364,318,306 | 7.26% |
| BUKSON INVESTMENT LIMITED | 320,201,645 | 6.38% | 320,201,645 | 6.38% |
| JEIDOC LIMITED | 350,023,219 | 6.98% | 350,023,219 | 6.98% |
| Total Substantial Shareholdings | 2,534,470,022 | 50.52% | 2,534,470,022 | 50.52% |

| Directors' Shareholdings (direct and indirect), excluding directors with substantial interests | | | | |
|---|----------------------------|---------------|----------------------------|---------------|
| DR. FIDELIS AYEBAE | 23,155,158 | 0.46% | 23,155,158 | 0.46% |
| MR TOPE SMART | 120,411,652 | 2.40% | 120,411,652 | 2.40% |
| MR ANDREW IKEKHUA | 1,362,856 | 0.03% | 1,362,856 | 0.03% |
| MRS BISOLA GIWA-OSAGIE | 13,986,656 | 0.28% | - | 0.00% |
| MR. IDOWU SEMOWO | 15,270,847 | 0.30% | - | 0.00% |
| MR. ODAMAH MOMOH | - | 0.00% | 2,225,120 | 0.04% |
| MR. ADEBAYO SUNDAY JOSHUA | - | 0.00% | 3,275,501 | 0.07% |
| JOY TELUWO | 253,044 | 0.01% | 253,044 | 0.01% |
| Total Directors' Shareholdings | 174,440,213 | 3.48% | 150,683,331 | 3.00% |
| Other Influential Shareholdings | | | | |
| | | | | |
| Total Other Influential Shareholdings | | | | |
| Free Float in Units and Percentage | 2,307,567,531 | 46.00% | 2,331,324,413 | 46.47% |
| Free Float in Value | ₦ 12,853,151,147.67 | | ₦ 10,490,959,858.50 | |

Declaration:

(A) NEM Insurance Plc with a free float percentage of 46.00% as at 31st December 2023, is compliant with The Exchange's free float requirements for companies listed on the Main Board.

(B) NEM Insurance Plc with a free float value of N12,853,151,147.67 as at 31st December 2023, is compliant with The Exchange's free float requirements for companies listed on the Main Board.

NEM INSURANCE PLC
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| |
|--|
| CERTIFIED BY |
| DIRECTOR:  |
| SECRETARY:  |

Securities Trading Policy

In compliance with Rule 17.15 Disclosure of Dealings in Issuers' Shares, Rulebook of the Exchange 2015 (Issuers Rule) NEM Insurance Plc maintains a Security Trading Policy which guides Directors, Audit Committee members, employees and all individuals categorized as insiders with respect to their dealing in the Company's shares. The Policy undergoes periodic review by the Board and is updated accordingly. The Company has made specific inquiries of all its directors and other insiders and is not aware of any infringement of the policy during the period.

Rules Governing Free Float Requirements

In accordance with Rule 2.2 - Rules Governing Free Float Requirement:
NEM Insurance plc complies with the Exchange's free Float requirement.