



FORTIS GLOBAL INSURANCE PLC
AUDITED FINANCIAL STATEMENT
FOR THE YEAR ENDED 31ST DECEMBER 2025

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Corporate Information

Registration Number RC: 40590
Registered Office Plot 20c Akin Ogunlewe Street,
Victoria Island,
Eti-Osa, Lagos State

Board of Directors Akin Iroko - Non-Executive Chairman - Appointed 23 September 2024
Nomwen Emeghalu Managing Director - Appointed 27 August 2025
Olutayo Amore Executive Director, Technical - Appointed 30 October 2024
Rohan Fernando - Non-Executive Director - Appointed 23 September 2024
Musa Lawan - Non-Executive Director - Appointed 23 September 2024
Abiodun Sanusi - Non-Executive Director - 29th October 2025
Nelson Ahaneku - Non-Executive Director - 29th October 2025
Nathaniel Ibitowa- Non-Executive Director - Resigned 15 December 2025
Paulinus Offorzor - Managing Director - Resigned 30 September 2025
Michael Owope – Executive Director - Resigned 20 September 2025

Management Team Nomwen Emeghalu - Managing Director
Olutayo Amore Executive Director, Technical
Omolabake Olusesan - Chief Finance Officer
Bolaji Akerele - Chief Information Officer
Halima Jimada - Company Secretary/Legal Adviser
Adedamola Adeshina - Head Human Resources
Ademola Oladipupo - Head Compliance

FRC No: **FRC/2013/00000000570**

Tax Identification No: **TIN: 00097402-0001**

Auditors **TAC Professional Services**
(Chartered Accountants)
Plot 22, Adebisi Oguniyi Crescent.
Off Oladimeji Alao Street.
Lekki Phase 1 Lagos

Bankers Access Bank Plc
Fidelity Bank Plc
First Bank of Nigeria Limited
Globus Bank
GTI MFB
Guaranty Trust Bank Plc
Premuim Trust Bank
Providus Bank Limited
United Bank for Africa Plc
Wema Bank Plc
Zenith Bank Plc

Re-insurers Continental Reinsurance Plc
Nigeria Reinsurance Corporation
WAICA Reinsurance Corporation

**Corporate Information
(Cont'd)**

Registrar	PAC Registrars & Investors Services Limited.
Reinsurance Broker	Standard Insurance Brokers Limited
Actuary	Becoda Consulting Limited No 7, Ibiyinka Olorunimbe Close Victoria Island, Lagos FRC/2015/PRO/NAS/004/00000012946
ESTATE SURVEYOR & VALUERS	Omo Egbedi & Co 205 Igbosere Rd., Opposite Lagos High Court, Marina Lagos. FRC/2014/NIESV/000000007157

**Financial Highlights
 FOR THE YEAR ENDED 31ST DECEMBER 2025**

	Dec-25	Dec-24	Change	Change
	₦'000	₦'000	₦'000	%
Statement of profit or loss and other comprehensive income				
Insurance revenue	535,952	413,635	122,317	29
Insurance service expenses	(1,105,346)	(347,586)	(757,760)	218
Net expenses from reinsurance contract	(9,253)	-	(9,253)	-
Insurance service result	(578,647)	66,050	(644,696)	(976)
Net insurance and investment returns	(684,283)	7,429,873	(8,183,919)	(110)
Other Income	735,569	-	805,331	-
Other expenses	(700,073)	(103,859)	(596,214)	574
(Loss)/Profit before tax	(1,889,753)	4,993,511	(6,888,405)	(137)
Taxation	(2,680)	(3,120)	440	(14)
Profit/(Loss) after tax	(1,892,433)	4,990,391	(6,882,824)	(139)
 Statement of Financial Position:				
Cash and cash equivalents	11,499,089	540,667	10,958,422	2,005
Total assets	25,153,588	13,759,685	11,393,903	83
Total liabilities	16,115,733	14,834,538	744,493	5
Total equity	9,037,855	(1,074,853)	10,674,272	(993)
 Ratios				
Basic earnings per share (kobo)	(0.29)	0.34	(0.63)	(187)
Solvency Margin Ratio	5%	(7.20)%	23.2	322

Directors' Responsibilities and Approval

The Directors accepted responsibility for the preparation of the full period financial statements set out on pages 14-41 and ensuring that it gives a true and fair view of the state of affairs of the Company following the International Financial Reporting Standards (IFRS) and in the manner required by the Companies and Allied Matters Act, 2020 as amended.

The responsibilities of the Directors include ensuring that:

- Appropriate and adequate internal controls are established to safeguard the assets of the Company and to prevent and detect fraud and other irregularities;
- The Company keeps proper accounting records that disclose with reasonable accuracy the financial position of the Company and which ensure the Audited Financial Statements comply with the requirements of the Companies and Allied Matters Act, 2020, relevant provisions of the International Financial Reporting Standards;
- The Company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgments and estimates, and all applicable accounting standards have been followed; and
- The Audited Financial Statements are prepared on a going concern basis unless it is presumed that the Company will not continue in business.

The Directors accept responsibility for the Audited Financial Statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Financial Reporting Standards and amended requirements of the Companies and Allied Matters Act.

The Directors are of the opinion that the Audited Financial Statements give a true and fair view of the state of financial affairs of the Company and of its profit or loss. The Directors further accept responsibility for the maintenance of accounting records that may be relied upon in preparing Audited Financial statements as well as adequate systems of internal financial control.

Nothing has come to the attention of the Directors to indicate that the Company will not remain a going concern for at least twelve months from the date of this statement.

SIGNED ON BEHALF OF THE BOARD OF DIRECTORS BY:

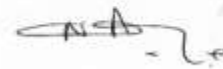


Akinlolu Iroko

Chairman

FRC/2024/PRO/DIR/003/358339

Date: 30th March 2026



Nomwen Emeghalu

MD/CEO

FRC/2025/PRO/DIR/003/060576

Date: 30th March 2026

Report of the Directors

The Directors have the pleasure of presenting their Annual Report together with the Audited Financial Statements of Fortis Global Insurance Plc for the financial year ended 31 December 2025, alongside the Independent Auditor’s Report. The Financial Statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), the provisions of the Companies and Allied Matters Act (CAMA), the Insurance Act, the guidelines issued by the National Insurance Commission (NAICOM), the Financial Reporting Council of Nigeria (FRCN) Act, and the relevant reporting requirements of the Securities and Exchange Commission (SEC) and the Nigerian Exchange Limited (NGX) where applicable.

Principal activities and business review

Fortis Global Insurance Plc (formerly known as *Standard Alliance Insurance Plc*) is a composite insurance company engaged in the business of providing non-life (general) and life insurance services to both individual and corporate customers. The Company’s principal activities include the underwriting of general insurance products such as motor, fire, marine, aviation, engineering, accident, and special risks, as well as the provision of life assurance products including individual life, Company life, annuity, and savings-related plans.

The Company also undertakes specialised risk underwriting aimed at meeting the evolving needs of its diverse customer base. In line with its growth strategy and repositioning efforts, the Company successfully rebranded to Fortis Global Insurance Plc following regulatory approval in 2025. This strategic transition reflects management’s commitment to strengthening the Company’s market presence, enhancing operational efficiency, and expanding its product offerings across both life and non-life segments.

During the year under review, the Company continued to pursue improved service delivery, digital transformation initiatives, and portfolio optimisation, with a focus on sustainable profitability and enhanced customer experience. Management remains committed to maintaining strong risk management practices in line with the guidelines of the National Insurance Commission (NAICOM) and other regulatory bodies, while ensuring the long-term stability and competitiveness of the Fortis Global brand.

OPERATING RESULTS

The following is a summary of the Company’s operating results FOR THE YEAR ENDED 31ST DECEMBER 2025:

	December 2025	December 2024
	N’000	N’000
Insurance Revenue	535,952	413,635
Insurance Service expenses	(1,105,346)	(347,586)
Net expenses from reinsurance contract	(9,252)	-
Insurance service result	(578,647)	66,049
(Loss)/Profit before income tax	(1,889,753)	4,990,391
Income tax expense	(2,680)	(3,120)
(Loss)/Profit after income tax	(1,892,433)	4,990,391

Proposed Dividend

The Directors do not recommend the declaration of any dividend in respect of the financial year ended 31 December 2025.

Report of the Directors

Directors

The Directors of the Company are as follows:

Akinlolu Iroko	Chairman	Appointed 23 September 2024
Nomwen Emeghalu	Managing Director	Appointed 27 August 2025
Olutayo Amore	Executive Director, Technical	Appointed 30 October 2024
Rohan Fernando	Non-Executive Director	Appointed 23 September 2024
Musa Lawan	Non-Executive Director	Appointed 23 September 2024
Abiodun Sanusi	Non -Executive Director	29th October 2025
Nelson Ahaneku	Non -Executive Director	29th October 2025
Nathaniel Ibitowa	Non-Executive Director	Resigned 15 December 2025
Paulinus Offorzor	Managing Director	Resigned 30 September 2025
Michael Owope	Executive Director	Resigned 20 September 2025

Resignation, election, or re-election of Directors

Resignation

During the financial year ended 31 December 2025, three (3) members resigned from the Board of Directors.

Appointment

During the financial year ended 31 December 2025, two (2) member was appointed to the Board of Directors.

Director's Attendance

The Board met four times (4) during the year ended 31 December 2025 and the table below shows members' attendance at the meetings:

S/N	Directors	28 th March 2025	16 th June 2025	19 th October 2025	23 rd December 2025
1.	Akinlolu Iroko	✓	✓	✓	✓
2.	Nomwen Emeghalu*	NA	NA	✓	✓
3.	Olutayo Amore	✓	✓	✓	✓
4.	Rohan Fernando	✓	✓	✓	✓
5.	Musa Lawan	✓	✓	✓	✓
6.	Nathaniel Ibitowa	✓	✓	✓	NP
7	Paulinus Offorzor	✓	✓	NA	NA
8	Abiodun Sanusi	NA	NA	NA	✓
9	Nelson Ahaneku	NA	NA	NA	✓
8	Michael Owope	✓	✓	NA	NA

Report of the Directors

✓ = In attendance
NP = Not present
NA = Not Applicable

Directors' Interest in Shares

Pursuant to Sections 275 and 276 of the Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria 2020, one Director of the Company held indirect interests in the shares of the Company, while two Director held a direct interest in the shares during the period under review. The Directors' indirect interests in the issued share capital of the Company as recorded in the Register of Members as at 31 December 2025 are as follows:

Directors' Interest in Contracts

None of the Directors has notified the Company for the purpose of Section 277 of the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2020 of any direct or indirect interest in contracts with which the Company is involved as at 31 December 2025(2024: Nil).

Shareholders	2025	
	Number of shares	% Holding
Rohan Fernando and Abiodun Sanusi (Endura Investment Global limited)	3,140,774,908	24.32
Nomwen Emeghalu	100,000	0.08
Amore Olutayo	55,125	0.04

Share Capital Information

The distribution of the Company's shareholding by range of shareholdings is set out below:

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



Report of the Directors

FREE FLOAT STATUS AS AT 31ST DECEMBER 2025

	31/12/2025		31/12/2024	
	Unit	Percentage	Unit	Percentage
Issued share capital	12,911,030,586	100%	12,911,303,586	100%
Substantial shareholdings (5% and above)				
Endura investment global ltd	3,140,774,908	24.33%	3,140,774,908	24.33%
Gemrock management company limited	2,594,060,738	20%	2,594,060,738	20%
First inland bank plc/FCMB	1,120,000,000	9%	1,120,000,000	9%
Total substantial shareholdings	6,854,835,646	53%	6,854,835,646	53%
Directors' shareholdings (direct and indirect), excluding directors with substantial interests				
Iroko Akinlolu Gabriel (indirect - representing Endura investment global ltd)	Nil	Nil	Nil	Nil
Abiodun Sanusi (indirect -representing Endura investment global ltd)	Nil	Nil	Nil	Nil
Fernando Rohan Simon Michael (indirect - representing Endura investment global ltd)	Nil	Nil	Nil	Nil
Nelson Ahaneku	Nil	Nil	Nil	Nil
Lawan Musa (indirect -representing Gemrock mgt coy ltd)	Nil	Nil	Nil	Nil
Nomwen Emeghalu	100,000	0.08%	100,000	0.08%
Amore James Olutayo	55,125	0.04%	55,125	0.04%
Total directors' shareholdings	155,125	0.00%	55,125	0.12%
Other influential shareholdings				
Total other influential shareholdings	0	0.00%	0	0.00%
Free float in units and percentage	6,056,139,815	47%	6,056,412,815	47%
Free float in value	₦ 1,211,227,963.00		₦ 1,211,282,563.00	

Report of the Directors

Security Trading Policy

The Company ensures strict compliance with the Investment and Securities Act 2007, the Securities and Exchange Commission Code of Corporate Governance for Companies in Nigeria 2011, and other laws that may be applicable from time to time bordering on insider trading.

To this end, the Company has put in place mechanisms to ensure that the categories of persons and entities that may be classified as “Restricted Persons” for the purpose of insider trading are clearly identified and informed. In addition, there are stringent restrictions on dealing with the Company’s securities.

Directors and Key Management personnel are also required to comply with rules relating to dealings in the Company’s securities, particularly the requirement to obtain prior approval before dealing in such securities.

There are also mechanisms in place to ensure that detailed reports are submitted to the Nigerian Stock Exchange and the Securities and Exchange Commission on the extent of compliance with this rule, permitted exceptions, and any instances where the rule may have been breached.

This Policy has become an essential company document that has been brought to the notice, and will continue to be brought to the notice, of all concerned, and continuous efforts are made to ensure strict compliance and implementation.

Substantial Interest in Shares

According to the Register of Members, the following shareholders held more than 5% of the Issued Share Capital of the Company as at the reporting date.

Shareholders	2025		2024	
	Number of shares	% Holding	Number of shares	% Holding
Endura Investment Global limited	3,140,774,908	24	3,140,774,908	24
Gemrock Management Company Limited	2,594,060,738	20	2,594,060,738	20
Firstinland Bank Plc / FCMB	1,120,000,000	9	1,120,000,000	9

Acquisition of Own Shares

The Company has not purchased any of its own shares during the year (2024: Nil).

Future Prospects

The Directors are confident that the Company is appropriately placed to continue its current business and to explore new business opportunities.

Internal Control

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

Report of the Directors

Complaints Management Policy Framework

The Company's Complaints Management Policy framework on how to resolve complaints arising from issues covered under the Investment and Securities Act 2007 is being complied with and implemented as approved by the Board of Directors.

It can be accessed on the Company's website:

www.fortisglobalinsurance.com

Whistle Blowing Policy

The Company has a Whistle Blowing Policy in place which provides a formal mechanism for employees, directors, and other stakeholders to report, in good faith, any suspected misconduct, unethical behaviour, illegal acts, or other improprieties relating to the Company's operations.

The Policy ensures confidentiality of disclosures and provides protection against retaliation for whistle blowers. Reports are received, reviewed, and investigated under the oversight of the Board Audit Committee, and appropriate action is taken in line with applicable laws and the Company's internal policies.

The Whistle Blowing Policy is approved by the Board of Directors and is implemented across the Company.

Donations and Charitable Gifts

There was no donation and charitable gifts made during the period.

Fraud

The Company did not witness any case of fraud during the period.

Post Balance Sheet Events

The Directors are not aware of any matter or circumstance arising since the end of the year that would have affected the true and fair view of the Company's state of affairs as at the reporting date.

Employment and Employees

Employment of Physically Challenged Persons

It is the policy of the Company that there will be no discrimination in considering applications for employment including those from disabled persons. All employees whether disabled or not are given equal opportunities to develop their experience and knowledge and to qualify for promotion in furtherance of their career. As at 31 December, no disabled person was employed by the Company.

Health, Safety and Welfare

The Company maintains business premises and work environment that guarantee the safety and health of its employee and other stakeholders.

Report of the Directors

Employee Involvement and Training

The Company is committed to keeping employees fully informed as much as possible regarding the Company's performance and progress. Views of employees are sought where practicable on matters that particularly affect them as employees. Incentive schemes designed to meet changing circumstances of employees are implemented whenever appropriate and some of these schemes include bonus, promotion and salary review. The Company places a high premium on the training and development of its staff; hence the Company sponsored its employees for various training and skills development courses.

Format of Financial Statements

The financial statements of Fortis Global Insurance PLC have been prepared in accordance with the reporting and presentation requirements of International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

Auditors

The Company's auditor, Messrs. TAC Professional Services (Chartered Accountants) have been newly appointed in office as external auditors in accordance with section 401 (1) of the companies and Allied Matters Act 2020. A resolution will be passed authorizing the Directors to determine their remuneration.

BY ORDER OF THE BOARD



Halima Jimada

Company Secretary/Legal Adviser

FRC/2024/PRO/NBA/004/605363

LAGOS, NIGERIA.

30th March, 2026

REPORT OF THE STATUTORY AUDIT COMMITTEE
TO THE MEMBERS OF FORTIS GLOBAL INSURANCE PLC

In accordance with the provisions of Section 404 (7) of the Companies and Allied Matters Act 2020, we the Members of the Audit Committee of Fortis Global 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 , 2025 and we confirm that they were adequate.
- We have reviewed the financial statements and are satisfied with the explanations and comments obtained
- The Company’s reporting and accounting policies as well as internal control systems conform to legal requirements and agreed ethical practices.
- We are satisfied with the departmental responses to the External Auditors’ findings on management matters for the year ended 31 December 2025.

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

Abiodun Sanusi	Chairman
Musa Lawan	Member
Mathew Esonanjor SAN	Member
Gafar Erinfoami	Member
Abiodun Sanusi	Member

CORPORATE GOVERNANCE REPORT

Reporting entity

Fortis Global Insurance Plc is a Company incorporated and domiciled in Nigeria. The address of the Company's registered office is Plot 20c Akin Ogunlewe Street, Victoria Island, Eti-Osa, Lagos State. The Company underwrites life and non-life insurance risks. The Company is listed on the Nigerian Stock Exchange.

The Company primarily operates in the insurance sector.

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

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

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

Governance Structure

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

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

The Board of Directors

The newly constituted Board of Directors is made up of seven (7) members, five (5) Non- Executive Directors and two (2) Executive Directors.

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

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

CORPORATE GOVERNANCE REPORT (CONT'D)

Responsibilities of the Board

The responsibilities of the Board of Directors include:

- i. Review corporate strategy, major plans of actions, risk policies, business plans, setting performance objectives, monitoring implementation and corporate performance and overseeing major capital expenditures and acquisitions
- ii. Select, compensate, monitor and when necessary, replace key executives and oversee succession planning.
- iii. Monitor the effectiveness of the governance practices under which it operates and make changes as may be necessary.
- iv. Ensure the integrity of the Company's accounting and financial reporting systems, including the independent audit and that appropriate systems of control are in place, in particular, systems for monitoring risk, financial control and compliance with the law.
- v. Monitor and manage potential conflicts of interest of management, board members and shareholders, including misuse of corporate assets and abuse in related party transactions.
- vi. Supervise and monitor the execution of policies and providing direction for the management.
- vii. Monitor potential risks within the company including recognising and encouraging honest whistle blowing.
- viii. Oversee the process of disclosure and communication in the company.

Roles of Chairman and Chief Executive Officer

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

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

Board Committees

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

CORPORATE GOVERNANCE REPORT (CONT'D)

1) Finance, Investment & General Purpose Committee

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

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

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

Rohan Fernando	- Chairman
Nathaniel Ibitowa	- Member
Paulinus Offorzor	- Member
Michael Owopo	- Member
Abiodun Sanusi	- Member
Nomwen Emeghalu	- Member

The Committee met four times (4) during the year ended 31 December 2025 and the table below shows members' attendance at the meetings:

S/N	Directors	25 March 2025	11 June 2025	8th October 2025	18th December 2025
1.	Rohan Fernando	✓	✓	✓	✓
2.	Nathaniel Ibitowa	✓	✓	✓	NA
3.	Paulinus Offorzor	✓	NP	NA	NA
4.	Michael Owopo	✓	✓	NA	NA
5.	Abiodun Sanusi	NA	NA	NA	✓
6.	Nomwen Emeghalu	NA	NA	NA	✓

- ✓ = In attendance
 NP = Not present
 NA = Not Applicable

CORPORATE GOVERNANCE REPORT (CONT'D)

2) Enterprise Risk Management & Compliance Committee

- Review and approval of the Company's Enterprise Risk Management policy, including risk appetite and risk strategy
- Review the adequacy and effectiveness of risk management and internal controls
- Oversight of management's process for identification of significant risks and adequacy of prevention, detection and reporting mechanisms
- Review of the Company's level of compliance with applicable laws and regulatory requirements that may impact the Company's risk profile
- Periodic review of changes in the economic and business environment, including emerging risks and trends
- Review and recommend for Board approval risk management procedures and controls for new products and services

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

Musa Lawan	- Chairman
Rohan Fernando	- Member
Paulinus Offorzor	- Member
Olutayo Amore	- Member
Nelson Ahaneku	- Member
Nomwen Emeghalu	- Member

The Committee met three times (3) during the year ended 31 December, 2025 and the table below shows members' attendance at the meetings:

S/N	Directors	27 March 2025	12 June 2025	7 October 2025	
1.	Musa Lawan	✓	✓	✓	
2.	Rohan Fernando	✓	✓	✓	
3.	Paulinus Offorzor	✓	✓	NA	
4.	Olutayo Amore	✓	✓	✓	
5.	Nelson Ahaneku	NA	NA	NA	
6.	Nomwen Emeghalu	NA	NA	✓	

- ✓ = In attendance
 NP = Not present
 NA = Not Applicable

CORPORATE GOVERNANCE REPORT (CONT'D)

3) Audit Committee

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

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

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

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

Nathaniel Ibitowa	- Chairman
Musa Lawan	- Member
Mathew Esonanjour SAN	- Member
Gafar Erinfolami	- Member
Abiodun Sanusi	- Member

The Committee met four times (4) during the year ended 31 December 2025 and the table below shows members’ attendance at the meetings:

S/N	Directors	25 March 2025	11 June 2025	7 October 2025	18 December 2025
1.	Nathaniel Ibitowa	✓	✓	✓	✓
2.	Musa Lawan	✓	✓	✓	✓
3.	Mathew Esonanjour SAN	✓	✓	✓	✓
4.	Gafar Erinfolami	✓	✓	✓	✓
5.	Abiodun Sanusi	NA	NA	NA	✓

- ✓ = In attendance
NP = Not present
NA = Not Applicable

CORPORATE GOVERNANCE REPORT (CONT'D)

4. Nomination Compensation and Governance Committee

Board composition, nomination & evaluation

- Establish criteria for Board and Board Committee memberships, review candidates' qualifications and conflicts of interest, assess contribution of current Directors and recommend re-appointment
- Prepare job specification for the Chairman's position, including assessment of time commitment
- Periodic evaluation of skills, knowledge and experience required on the Board
- Make recommendations on experience required by Board Committee members, Committee appointments and removals
- Ensure Board conducts Board Evaluation on an annual basis
- Review performance and effectiveness of the Company's Board on an annual basis

Succession & organisational structure

- Ensure Succession Policy and Plan subsists for positions of Chairman, CEO/MD and Executive Directors
- Review and make recommendations to the Board for approval of the Company's organisational structure and any proposed amendments

Remuneration & compensation

- Make recommendations on compensation structure for Executive Directors
- Provide input to the annual report in respect of Directors' compensation
- Review of performance bonuses
- Review of staff remuneration package

The Committee operates in accordance with its approved terms of reference and reports its deliberations and recommendations to the Board.

The Committee met three times (3) during the year ended 31 December 2025 and the table below shows members' attendance at the meetings:

S/N	Directors	14 March 2025	12 June 2025	8 October 2025	
1.	Nathaniel Ibitowa	✓	✓	✓	
2.	Rohan Fernando	✓	✓	✓	
3.	Musa Lawan	✓	✓	✓	
4.	Abiodun Sanusi	NA	NA	NA	
5.	Nelson Ahaneku	NA	NA	NA	

CORPORATE GOVERNANCE REPORT (CONT'D)

Internal Control

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

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

TAC Professional Services (Chartered Accountants) acted as external auditors to the Company for the 2024 financial year. Their report for the year under review is contained on pages 22 - 28 of these financial statements.

Support Committees

1 Executive Management Committee

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

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

2 Senior Management Committee

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

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

3 Management Committee

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

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

STATEMENT OF DIRECTORS' RESPONSIBILITIES FOR THE PREPARATION AND APPROVAL OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

The Directors of Fortis Global Insurance Plc are responsible for the preparation of the financial statements that present fairly the financial position of the Company as at 31 December 2025, and the results of its operations, cash flows and changes in equity for the period then ended, in compliance with International Financial Reporting Standards ("IFRS") and in the manner required by the Companies and Allied Matters Act (CAMA),2020, Insurance Act 2003 and the Financial Reporting Council of Nigeria Act, 2023.

In preparing the financial statements, the Directors are responsible for:

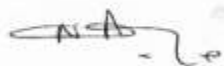
- 1) properly selecting and applying accounting policies;
- 2) presenting information, including accounting policies, in a manner that provides relevant reliable, comparable and understandable information;
- 3) providing additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Company and Company's financial position and financial performance; and
- 4) making an assessment of the Company's and Company's ability to continue as a going concern.

The Directors are responsible for:

- 1) designing, implementing and maintaining an effective and sound system of internal controls throughout the Company and Company.
- 2) maintaining adequate accounting records that are sufficient to show and explain the Company and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and Company, and which enable them to ensure that the financial statements of the Company and Company comply with IFRS.
- 3) maintaining statutory accounting records in compliance with the legislation of Nigeria and IFRS.
- 4) taking such steps as are reasonably available to them to safeguard the assets of the Company and Company; and preventing and detecting fraud and other irregularities.

The Directors have assessed the Company's ability to continue as a going concern and have no reason to believe the Company and Company will not remain as a going concern in the year ahead.

The financial statements of the Company and Company for the year ended 31 December 2025 were approved by the Directors on 30th March 2026.



Nomwen Emeghalu

Managing Director/CEO

FRC/2025/PRO/DIR/003/060576



Omolabake Olusesan

Chief Financial Officer

FRC/2026/PRO/ICAN/001/600879

**STATEMENT OF THE CORPORATE RESPONSIBILITY FOR THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025**

Certification Pursuant to Section 405(1) of Companies and Allied Matter Act, 2020

We, the undersigned hereby certify the following with regards to our Financial Statements for the year ended 31 December 2025, that:

- (a) We have reviewed the Report.
- (b) To the best of our knowledge, the Report does not contain:
 - i. Any untrue statement of a material fact, or
 - ii. Omit to state a material fact, which would make the statements misleading in the light of the circumstances under which such statements were made.
- (c) To the best of our knowledge, the financial statement and other financial information included in the report fairly present in all material respects the financial condition and results of operation of the Company as of, and for the period presented in the report.
- (d) We:
 - i. Are responsible for establishing and maintaining internal controls.
 - ii. Have designed such internal controls to ensure that material information relating to the Company are made known to such officers by others within those entities particularly during the period in which the periodic reports are being prepared;
 - iii. Have evaluated the effectiveness of the Company's internal controls, as of date, within 90 days prior to the report;
 - iv. Have presented in the report our conclusions about the effectiveness of our internal controls based on our evaluation;
- (e) We have disclosed to the auditors of the Company and its audit committee:
 - (i) All significant deficiency in the design or operation of internal controls which would adversely affect the Company's ability to record, summarize and report financial data and have identified for the Company's auditors any material weakness in internal controls, and
 - (ii) Any fraud, whether or not material, that involves management or other employees who have significant role in the Company's internal controls;
- (f) We have identified in the report whether or not there were significant changes in internal controls or other factors that could significantly affect internal controls subsequent to the date of our evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.



Nomwen Emeghalu

Managing Director/CEO

FRC/2025/PRO/DIR/003/060576



Omolabake Olusesan

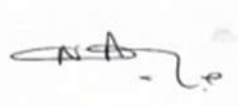
Chief Financial Officer

FRC/2026/PRO/ICAN/001/600879

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

In line with the provisions of Section 405 of the Companies and Allied Matters Act, 2020; we have reviewed the audited financial statements of the Company for the year ended 31 December 2024 and based on our knowledge confirm as follows:

- a) the audited financial statements do not contain any untrue statement of material fact or omit to state a material fact, which would make the statements misleading;
- b) the audited financial statements and all other financial information included in the statements fairly present, in all material respects, the financial condition and results of operations of the Company as at and for the year ended 31 December 2025.
- c) the Company's internal controls have been designed to ensure that all material information relating to the Company is received and provided to the Auditor in the course of the audit.
- d) Contract Measured the Company's internal controls were evaluated within 90 days of the financial reporting date and are effective as at 31 December 2025.
- e) that we have disclosed to the Auditor that there are no significant deficiencies in the design or operation of the Company's internal controls which could adversely affect the Company's ability to record, process, summarise and report financial data, and have discussed with the Auditor any weaknesses in internal controls observed in the course of the Audit.
- f) that we have disclosed to the Auditor that there is no fraud involving management or other employees which could have any significant role in the Company's internal control; and
- g) there are no significant changes in internal controls or in other factors which could significantly affect internal controls subsequent to the date of this audit, including any corrective actions with regard to any observed deficiencies and material weaknesses.



Nomwen Emeghalu

Managing Director/CEO

FRC/2025/PRO/DIR/003/060576



Omolabake Olusesan

Chief Financial Officer

FRC/2026/PRO/ICAN/001/600879

Management Report on the Assessment of Internal Control Over Financial Reporting

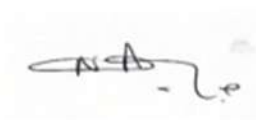
In accordance with the guidance of Securities and Exchange Commission (SEC) and Financial Reporting Council of Nigeria (FRC) on management's assessment of Internal Control Over Financial Reporting for the year ended 31 December 2025, we hereby attest as follows:

1. Fortis Global Insurance PLC's management is responsible for establishing and maintaining a system of internal control over financial reporting ("ICFR") and attest that the entity's ICFR were effective as of 31 December, 2025.
2. Fortis Global Insurance PLC's management has designed and maintained an internal control system as recommended by the Investment and Securities Act, 2007 which is able to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with International Financial Reporting Standards (IFRS).
3. That the Audited Financial Statements do not contain any untrue statement of material fact or omit to state a material fact, which would make the statements misleading.
4. In evaluating the effectiveness of the entity's ICFR, we adopted the Integrated Framework issued by the Committee of Sponsoring Organisations of the Treadway Commission (COSO). Based on our evaluation, we attest that the Internal Control Over Financial Reporting of Fortis Global Insurance PLC is effective as of 31 December 2025.
5. Management takes responsibility to remediate deficiencies where identified. Any significant deficiencies in the design and operation of internal controls which could adversely affect the financial information of the entity has been disclosed to the independent Auditor and the Audit Committee.

Our auditor, Messrs TAC Professional Services, has issued an attestation report on management's assessment of the entity's internal control over financial reporting as of 31 December 2025. This report will be filed as part of the annual report of Fortis Global Insurance PLC.

Signed on behalf of the Directors by:

Date:



Nomwen Emeghalu

Managing Director/CEO

FRC/2025/PRO/DIR/003/060576



Omolabake Olusesan

Chief Financial Officer

FRC/2026/PRO/ICAN/001/600879

CERTIFICATION OF INTERNAL CONTROL OVER FINANCIAL REPORTING

To comply with the Financial Reporting Council (FRC) Guidance on Management Report on Internal Control Over Financial Reporting, I hereby make the following statements regarding the internal controls of Fortis Global Insurance PLC for the year ended 31 December 2025.

I, **Nomwen Emeghalu** certify that

(a) I have reviewed the management's assessment on Internal Control over financial reporting of Fortis Global Insurance PLC

(b) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the year covered in this report.

i Based on my knowledge, the financial statements and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this report.

(d) The Company's other certifying officer and I:

i are responsible for establishing and monitoring internal controls

ii have designed such internal controls and procedures, or caused such internal controls and procedures to be designed under our supervision, to ensure that material information relating to the Company is made known to us, particularly during the period in which this report is being prepared.

iii have designed such internal control system, or caused such internal control system to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and preparation of financial statements to external purposes in accordance with generally accepted accounting principles;

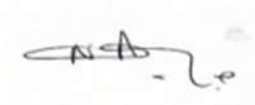
iv have evaluated the effectiveness of the Company's internal controls and procedures as of a date within 90 days prior to the report and presented in this report our conclusions about the effectiveness of the internal controls and procedures, as of the end of the period covered by this report based on such evaluation.

i The Company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control system, to the Company's auditors and audit committee of the Company's board of directors (or persons performing the equivalent functions):

i All significant deficiencies and material weaknesses in the design or operation of the internal control system which are reasonably likely to adversely affect the Company's ability to record, process, summarize and report financial information; and

ii Any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal control system.

(f) The Company's other certifying officer(s) and I have identified, in the report whether or not there were significant changes in internal controls or other facts that could significantly affect internal controls subsequent to the date of their evaluation including any corrective actions with regard to significant deficiencies and material weaknesses.



Nomwen Emeghalu

Managing Director/CEO

FRC/2025/PRO/DIR/003/060576

CERTIFICATION OF INTERNAL CONTROL OVER FINANCIAL REPORTING

To comply with the Financial Reporting Council (FRC) Guidance on Management Report on Internal Control Over Financial Reporting, I hereby make the following statements regarding the internal controls of Fortis Global Insurance PLC for the year ended 31 December 2025.

I, **Omolabake Olusesan** certify that

(a) I have reviewed the management's assessment on Internal Control over financial reporting of Fortis Global Insurance PLC

(b) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the year covered in this report.

i Based on my knowledge, the financial statements and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this report.

(d) The Company's other certifying officer and I:

i are responsible for establishing and monitoring internal controls

ii have designed such internal controls and procedures, or caused such internal controls and procedures to be designed under our supervision, to ensure that material information relating to the Company is made known to us, particularly during the period in which this report is being prepared.

iii have designed such internal control system, or caused such internal control system to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and preparation of financial statements to external purposes in accordance with generally accepted accounting principles;

iv have evaluated the effectiveness of the Company's internal controls and procedures as of a date within 90 days prior to the report and presented in this report our conclusions about the effectiveness of the internal controls and procedures, as of the end of the period covered by this report based on such evaluation.

i The Company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control system, to the Company's auditors and audit committee of the Company's board of directors (or persons performing the equivalent functions):

i All significant deficiencies and material weaknesses in the design or operation of the internal control system which are reasonably likely to adversely affect the Company's ability to record, process, summarize and report financial information; and

ii Any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal control system.

(f) The Company's other certifying officer(s) and I have identified, in the report whether or not there were significant changes in internal controls or other facts that could significantly affect internal controls subsequent to the date of their evaluation including any corrective actions with regard to significant deficiencies and material weaknesses.



Omolabake Olusesan

Chief Financial Officer

FRC/2026/PRO/ICAN/001/600879



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Independent Auditor's Attestation Report on Management's Assessment of Internal Control Over Financial Reporting

To the Members of Fortis Global Insurance PLC

Attestation

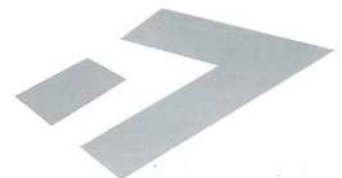
We have performed a limited review assurance engagement on management's assessment of the effectiveness of internal control over financial reporting of Fortis Global Insurance PLC ("the company") as of 31 December 2025, in compliance with the SEC Guidance on Implementation of section 60-63 of the Investments and Securities Act 2007 issued by the Securities and Exchange Commission and in accordance with the FRC Guidance on Assurance Engagement Report on Internal Control Over Financial Reporting ("the Guidance") issued by the Financial Reporting Council of Nigeria.

Based on the procedures performed and evidence obtained, nothing has come to our attention to cause us to believe that the Company's internal control over financial reporting as of 31 December 2025 is not effective, in compliance with the SEC Guidance on Implementation of section 60-63 of the Investments and Securities Act 2007 issued by the Securities and Exchange Commission and the FRC Guidance on Assurance Engagement Report on Internal Control Over Financial Reporting ("the Guidance") issued by the Financial Reporting Council of Nigeria.

Basis for Attestation

We conducted a limited review assurance engagement on management's assessment of the effectiveness of internal control over financial reporting of Fortis Global Insurance PLC as of 31 December 2025, based on FRC Guidance on Assurance Engagement Report on Internal Control Over Financial Reporting ("the Guidance") issued by the Financial Reporting Council of Nigeria.

Our responsibilities under those sections and the guidance are further described in the Auditors Responsibilities for the Audit of the internal control procedures over financial reporting section of our report.





We are independent of the Company in accordance with the requirements of the 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 internal control procedures over financial reporting in Nigeria.

We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and other ethical requirements that are relevant to our audit of Internal control procedures over financial reporting in Nigeria.

Responsibilities of the Directors and Those Charged with Governance for Maintaining Effective Internal Control over Financial Reporting

The Directors are responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, in accordance with requirement of section 405 of the Companies and Allied Matters Act, 2020, in connection with section 1.3 of SEC Guidance on implementation of Sections 60-63 of the Investments and Securities Act. No. 29, 2007 and in compliance with the FRC Guidance on Assurance Engagement Report on Internal Control Over Financial Reporting ("the Guidance") issued by the Financial Reporting Council of Nigeria.

Auditor's responsibilities for the audit of the internal control procedures over financial reporting

Our responsibility is to express an opinion on the management's assessment of the effectiveness of the Company's internal control over financial reporting based on our limited review.

We conducted our limited review assurance engagement in accordance with "the Guidance", which requires that we planned and performed the assurance engagement and provide a limited assurance report on the entity's internal control over financial reporting based on our assurance engagement.

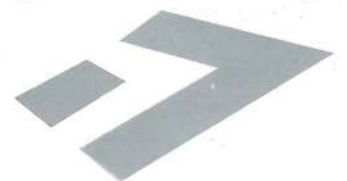
As prescribed in the Guidance, the procedures we performed included:

- obtaining an understanding of Internal Control over Financial Reporting,
- assessed the risks that a material weakness may exist, and
- evaluated the result of the test of design and operating effectiveness of internal control based on the assessed risks. Our engagement also included performing such other procedures as we considered necessary in the circumstances. We believe the procedures performed provide a basis for our report on the internal control put in place by management over financial reporting.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that:

1. Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company.





2. Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company.

3. Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Limitations of Internal Control over Financial Reporting

Because of its inherent limitations, internal control over financial reporting may not prevent or detect all misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate. The major limitations are:

- a) Internal Control over Financial Reporting cannot provide absolute assurance due to its inherent limitations
- b) it is a process that involves human diligence and compliance and is subject to lapses in judgment and breakdowns resulting from human failures
- c) It can be circumvented by collusion or improper management override

Other Matter We also have audited, in accordance with the International Standards on Auditing, the financial statements for the year ended 31 December 2025 of Fortis Global Insurance PLC and our report dated 31st March 2026, is expressed as an Unqualified Opinion.



Lagos, Nigeria.
31th March, 2026

TUNDE FANIYI
FRC/2012/PRO/ICAN/004/00000000325
For: TAC Professional Services
(Chartered Accountants)



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INDEPENDENT AUDITORS REPORT
TO THE MEMBERS OF FORTIS GLOBAL INSURANCE PLC

Report on the Audited Financial Statements

Opinion

We have audited the financial statements of **Fortis Global Insurance Plc (“the Company”)** set out on pages 36 to 164, which comprise of financial position as at 31 December 2025, and the statements of profit or loss and other comprehensive income, statement of changes in equity and the statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

In our opinion, these financial statements present fairly, in all material respects, the financial position of **Fortis Global Insurance Plc (“the Company”)** as at 31 December 2025, and of the financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs), and the requirements of the Companies and Allied Matters Act of Nigeria, Cap C20 LFN 2020, the Insurance Act 2003, Nigeria Insurance Industry Reform Act (NIIRA) 2025, the Financial Reporting Council of Nigeria Act 2023 and relevant National Insurance Commission (NAICOM) guidelines and 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 Financial Statements section of our report. We are independent of the company in accordance with the International Ethics Standards Board for Accountants’ Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of **Fortis Global Insurance Plc** 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.

Emphasis of Matter - Material Uncertainty Related to Going Concern

We draw attention to Note 46 of the financial statements, which indicates that the Company recorded a shortfall in the regulatory minimum paid up capital of ₦6.075 billion and a solvency margin deficit of ₦ 5.305 billion during the year.

These conditions, along with other matters as set out, indicate that a material uncertainty exists that may cast significant doubt on the Company’s ability to continue as a going concern.

The Board and Management of the Company are actively pursuing measures to address this situation, including the injection of fresh capital through a recapitalisation and business restructuring plan involving prospective investors, as disclosed in Note 40.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the interim financial statements of the current period. These matters were addressed in the context of our audit of the interim financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How the matter was addressed in the audit
<p>Actuarial valuation of insurance contract liabilities The Company has material insurance contract liabilities of ₦5.056 billion (2024: ₦4.855 billion)</p> <p>Actuarial valuation of these insurance contract liabilities, including reinsurance contract assets is an area that involves significant assumptions and judgment over uncertain future outcomes and therefore was an area of significance to our audit.</p> <p>Economic assumptions such as discount rates, time value of money, risk adjustment for non-financial risk involve significant judgement which are applied in setting these assumptions and small changes in a number of these key assumptions could have a material impact on the calculation of the liabilities.</p> <p>Insurance contract liabilities, related accounting policies and significant judgments and assumptions are disclosed in (Reinsurance contract assets and Insurance contract liabilities), (Insurance contracts and insurance contract liabilities) and (financial instruments) respectively to the financial statements.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> • We gained an understanding of the Company's IFRS 17 implementation process including the approach for classification of insurance contracts for the purpose of measuring insurance contract liabilities. • Tested underlying support documentation for the inputs into the valuation of insurance contract liabilities. • We assessed the competence and objectivity of the Company's independent actuary, confirming they are qualified and affiliated with the appropriate industry bodies. • With the assistance of our in-house staff, we performed the following audit procedures on the Company's actuarial reports: • We considered the appropriateness of the methodology and assumptions used in the valuation of the insurance contracts liabilities with reference to the Company's policies and the requirements of the relevant accounting standard. • We considered the appropriateness of the noneconomic assumptions used in the valuation of the insurance contract liabilities by making reference to Company-specific and industry data. • We reviewed the qualitative and quantitative disclosures for appropriateness and reasonableness to ensure conformity with required guidelines of National Insurance Commission (NAICOM) and IFRS 17.
<p>Solvency Margin Compliance</p> <p>Why the matter was considered to be a Key Audit Matter</p> <p>In accordance with the provisions of the Insurance Act of Nigeria, NAICOM Prudential Guidelines, and other applicable regulatory requirements, insurance companies are required to maintain a minimum solvency margin at all times. The solvency margin represents the excess of admissible assets over insurance liabilities and other obligations and is a critical indicator of the Company's financial strength and ability to meet policyholder obligations as they fall due.</p> <p>The determination of the solvency margin involves significant judgement in identifying admissible assets, measuring insurance and investment</p>	<p>Our audit procedures included, among others, the following:</p> <ul style="list-style-type: none"> • Obtained management's computation of the solvency margin and assessed its compliance with the relevant provisions of the NAICOM Prudential Guidelines and the Insurance Act. • Evaluated the appropriateness of assets included in the solvency margin computation by assessing their admissibility in line with regulatory requirements. • Tested, on a sample basis, the existence and valuation of key admissible assets included in the computation by reference to supporting documentation such as bank statements, investment schedules, valuation reports, and third-party confirmations where available. • Reviewed the measurement of insurance contract liabilities and investment contract liabilities used in the solvency margin



<p>contract liabilities in accordance with IFRS 17 and IFRS 9, and ensuring appropriate classification and exclusion of non admissible assets as prescribed by NAICOM. Given the significance of the balances involved, the regulatory importance of solvency compliance, and the potential impact of non compliance on the Company's operations and regulatory standing, we considered the solvency margin assessment to be a key audit matter.</p>	<p>computation, including consideration of the actuarial valuation performed in accordance with IFRS 17.</p> <ul style="list-style-type: none"> Assessed whether any material non admissible assets or regulatory adjustments were appropriately excluded from the solvency margin calculation. Evaluated the adequacy of disclosures relating to solvency margin compliance in the financial statements.
<p>Insurance Revenue Recognition</p> <p>Why the matter was considered to be a Key Audit Matter</p> <p>Insurance revenue represents a significant component of the Company's performance and is a key driver of profitability. Under IFRS 17 - Insurance Contracts, insurance revenue is recognised based on the provision of insurance coverage and services over the coverage period, rather than on premium receipts. This requires appropriate identification of insurance contracts, determination of coverage periods, and accurate allocation of revenue between earned and unearned portions.</p> <p>The determination of insurance revenue involves significant judgement, particularly in relation to the completeness of premium data, cut-off at the reporting date, accuracy of production reports, and alignment of underwriting data with actuarial valuations. In addition, the Company operates across multiple classes of business with varying policy durations and risk characteristics, which increases the complexity of revenue recognition.</p> <p>Given the materiality of insurance revenue, the judgement involved in its recognition under IFRS 17, and the risk of material misstatement arising from inappropriate timing, completeness, or valuation of revenue, we considered insurance revenue recognition to be a key audit matter.</p>	<p>Our audit procedures included, among others, the following:</p> <ul style="list-style-type: none"> Obtained an understanding of the Company's underwriting and premium recording processes and assessed the design and implementation of relevant controls over insurance revenue. Evaluated management's insurance revenue recognition methodology for compliance with the requirements of IFRS 17. Tested, on a sample basis, insurance contracts by inspecting underlying policy documents to confirm policy inception dates, coverage periods, premiums charged, and classification by class of business. Recalculated insurance revenue for selected policies by assessing the allocation of premiums between earned and unearned portions based on the coverage period. Tested the completeness and accuracy of production reports by reconciling them to the general ledger and trial balance. Performed cut-off testing around the reporting date to ensure that insurance revenue was recognised in the appropriate accounting period. Compared premium data used by the actuarial expert in the insurance contract liability valuation with the Company's accounting records and investigated significant differences. Assessed the adequacy of disclosures relating to insurance revenue in the financial statements.

Information Other than the Financial Statements and Audit Report thereon

The Directors are responsible for the other information. The other information comprises the information included in [the directors' report, chairman's statement, audit committee report, Value added statement and financial summary but does not include the financial statements and our audit report thereon.

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

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





Responsibilities of the Directors and Those Charged with Governance for the Financial Statements

The company's directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, and requirements of the Companies and Allied Matters Act of Nigeria, Cap C20 LFN 2020, the Financial Reporting Council of Nigeria Act, 2023, the Insurance Act 2003 and relevant National Insurance Commission (NAICOM) guidelines and circulars and for such internal control as the directors determine is necessary to enable the preparation of the financial statements that are free from material misstatements, whether due to fraud or error.

In preparing the interim financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

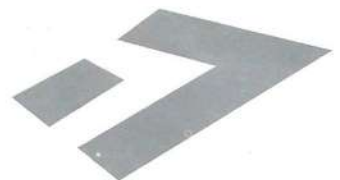
Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the interim 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 financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the company to express an opinion on the financial statements.





We are responsible for the direction, supervision and performance of the company audit. We remain solely responsible for our audit opinion.

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

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

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

Report on Other Legal and Regulatory Requirements

As required by the Companies and Allied Matters Act of Nigeria, Cap C20 LFN 2020 we report to you, based on our audit, that:

1. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
2. in our opinion proper books of account have been kept by the company, so far as appears from our examination of those books; and
3. The company statement of financial position and profit and loss account are in agreement with the books of account.
4. The company financial statement is in compliance with section 28 (2) of the Insurance Act 2003.
5. The Company paid a penalty of ₦6,865,161 to the National Insurance Commission (NAICOM) late regulatory filing for year 2020 - 2022, during the ended year December 31, 2025.



Lagos, Nigeria
31th March 2026

TUNDE FANIYI
FRC/2012/PRO/ICAN/004/0000000325
For: TAC Professional Services
(Chartered Accountants)



SUMMARY OF MATERIAL ACCOUNTING POLICIES

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

1. The reporting entity

The Company was incorporated in July 1981 as a Private Limited Liability Company and commenced full operations in 1982 under the name Jubilee Insurance Company Limited. The name was changed to Standard Alliance Insurance Limited in August 1996. The name was changed to Fortis Global Insurance Plc in April 2025.

The Company successfully merged with its subsidiary Company, Standard Alliance Life Assurance Limited on 27 February 2017.

Standard Alliance Life Insurance Limited (*now named Fortis Global Insurance Plc*) became a Public Liability Company (Plc) on 30th May 2002 and was quoted on the Nigerian Stock Exchange in December 2003.

The Company is 100% fully owned by Nigerian citizens and Institutional investors.

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

2. Basis of preparation

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

The financial statements for the year ended 31 December 2025 have been prepared in accordance with the IFRS Accounting Standards as issued by the International Accounting Standards Board, Companies and Allied Matters Act, 2020, Insurance Act CAP I17, LFN 2003 and Prudential Guidelines issued by National insurance Commission and Investment and Securities Act 2007.

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

SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

2.2 Going concern

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

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

2.3 Basis of measurement

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

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

2.4 Functional and Presentation Currency

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

2.5 Transactions and balances in foreign currencies

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

SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

3 Significant management judgements and key sources of estimation uncertainty

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

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

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

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

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

(ii) Key sources of estimation uncertainty

a) Valuation of insurance contract liabilities

- Critical assumptions are made by the actuaries in determining the present value of actuarial liabilities. These assumptions are set out in accounting policy 4.11 and as embedded in the report. The liability for insurance contracts is either based on current assumptions or on assumptions established at inception of the contract, reflecting the best estimate at the time increased with a margin for risk and adverse deviation. All contracts are subject to a liability adequacy test, which reflects management's best current estimate of future cashflows.
- Estimates are also made as to future investment income arising from the assets backing insurance contracts. These estimates are based on current market returns as well as expectations about future economic and financial developments.
- Assumptions on future expenses are based on current expense levels, adjusted for expected expense inflation if appropriate.

b) Property, plant and equipment

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

SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

c) Impairment losses

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

d) Income taxes

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

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

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

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

f) 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.

g) 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 Company 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. for how the Company recognises and measures this liabilities.

h) Fulfilment Cash Flows

In estimating its liabilities and assets as it relates to insurance and reinsurance contracts, the Company 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 behaviour. These estimates require judgment and are influenced by historical data and actuarial projections

The Company 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.

SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

The estimates of future cash flows reflect the Company's view of current conditions at the reporting date, using market variables consistent with observable market prices, where applicable.

i) 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. for the company's policy regarding the determination and measurement of risk adjustment.

j) Discount rates

The determination of appropriate discount rates to value future cash flows is critical in the application of IFRS 17. The Company 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 Company to ensure that the selected rates reflects the characteristics of the cashflows and the risks associated with insurance contracts. for the Company's policy regarding discount rates used in assessing insurance and reinsurance contracts.

(k) New standards and interpretations not yet effective

- Amendments to IAS 21 - Lack of exchangeability

The amendments clarifies:

- when a currency is exchangeable into another currency; and
- how a company estimates a spot rate when a currency lacks exchangeability.

Assessing exchangeability: When to estimate a spot rate. A currency is exchangeable into another currency when a company is able to exchange that currency for the other currency at the measurement date and for a specified purpose. When a currency is not exchangeable, a company need to estimate a spot.

Estimating a spot rate: Meeting the estimation objective

A company's objective when estimating a spot rate is only that it reflects the rate at which an orderly exchange transaction would take place at the measurement date between market participants under prevailing economic conditions. The amendments contain no specific requirements on how to estimate a spot rate,

Therefore, when estimating a spot rate a company can use:

- an observable exchange rate without adjustment; or
- another estimation technique.

Under the amendments, companies will need to provide new disclosures to help users assess the impact of using an estimated exchange rate on the financial statements. This may include:

SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

- the nature and financial impacts of the currency not being exchangeable
- the spot exchange rate used;
- the estimation process; and
- risks to the company because the currency is not exchangeable

The company is still evaluating the impact of the amendments on its operation. The amendment is effective 1 January, 2025.

Amendments to IFRS 9 and IFRS 7 Classification and Measurement of Financial Instruments

The International Accounting Standards Board (IASB) issued amendments to the classification and measurement requirements in IFRS 9 Financial Instruments. The key amendments include the following:

- **Settlement of financial liabilities through electronic payment systems:** The amendments clarify that a financial liability is derecognised on the 'settlement date'. However, the amendments provide an exception for the derecognition of financial liabilities. This exception allows the company to derecognise its trade payable before the settlement date when it uses an electronic payment system, provided that specified criteria are met.
- **Additional SPPI Test for Contingent Features:** The amendments introduce an additional SPPI test for financial assets with contingent features that are not directly related to a change in basic lending risks or costs – for example, where the cash flows change depending on whether the borrower meets an ESG target specified in the loan contract. Under the amendments, certain financial assets, including those with ESG-linked features, could now meet the SPPI criterion, provided that their cash flows are not significantly different from an identical financial asset without such a feature.
- **Clarification on Contractually Linked Instruments (CLIs):** The amendments clarify the key characteristics of CLIs and how they differ from financial assets with non-recourse features. They also include factors that a company needs to consider when assessing the cash flows underlying a financial asset with non-recourse features (the 'look through' test).
- **Additional Disclosure Requirements:** The amendments require additional disclosures for investments in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent features that are not directly related to a change in basic lending risks or costs and are not measured at fair value through profit or loss. These amendments are not expected to materially impact the Company.

Presentation and Disclosure in Financial Statements (IFRS 18)

IFRS 18 Presentation and Disclosure in Financial Statements replaces IAS 1 Presentation of Financial Statements.

The new standard introduces the following key new requirements:

SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

- It promotes a more structured income statement, in particular, it introduces a newly defined 'operating profit' subtotal and a requirement for all income and expenses to be classified into three new distinct categories, operating, investing, and financing, based on a company's main business activities.
- All companies are required to report the newly defined 'operating profit' subtotal – an important measure for investors' understanding of a company's operating results – i.e. investing and financing results are specifically excluded. This means that the results of equity-accounted investees are no longer part of operating profit and are presented in the investing' category.
- Management-defined performance measures (MPMs) are disclosed in a single note in the financial statements.
- Enhance guidance is provided on how to group information in the financial statements. This includes guidance on whether information is included in the primary financial statements or is further disaggregated in the notes. Companies are discouraged from labelling items as 'other' and will now be required to disclose more information if they continue to do so.
- Entities are required to use the operating profit subtotal as the starting point for the statement of cash flows when presenting operating cash flows under the indirect method.
- It also requires Companies to analyse their operating expenses directly on the face of the income statement – either by nature, by function or using a mixed presentation. If any terms are presented by function on the face of the income statement (e.g. cost of sales), then a company provides more detailed disclosures about their nature. The Company is still evaluating the impact of the standard on its operation.

Annual Improvements to IFRS Accounting Standards (Amendments to IFRS 7, IFRS 9 and IAS 7)

IFRS 7 Financial Instruments: Disclosures

- 1) Gain or loss on derecognition. The amendment addresses a potential confusion in paragraph B38 of IFRS 7 arising from an obsolete reference to a paragraph that was deleted from the standard when IFRS 13 Fair Value Measurement was issued. These amendments are not expected to have material impact on the group or company.
- 2) Disclosure of deferred difference between fair value and transaction price. The amendment addresses an inconsistency between paragraph 28 of IFRS 7 and its accompanying implementation guidance that arose when a consequential amendment resulting from the issuance of IFRS 13 was made to paragraph 28, but not to the corresponding paragraph in the implementation guidance.
- 3) Introduction and credit risk disclosures. The amendment addresses a potential confusion by clarifying in paragraph IG1 that the guidance does not necessarily illustrate all the requirements in the referenced paragraphs of IFRS 7 and by simplifying some explanations.

SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

IFRS 9 Financial Instruments

1. Initial measurement of Trade receivables. The amendments remove the conflict between IFRS 9 and IFRS 15 over the amount at which a trade receivable is initially measured. Under IFRS 15, a trade receivable may be recognised at an amount that differs from the transaction price – e.g. when the transaction price is variable. Conversely, IFRS 9 requires that companies initially measure Trade receivables without a significant financing component at the transaction price. The IASB has amended IFRS 9 to require companies to initially measure a trade receivable without a significant financing component at the amount determined by applying IFRS 15. Amendment on Trade receivables could prompt accounting policy change.
2. Derecognition of a lease liability. If a lease liability is derecognised, then the derecognition is accounted for under IFRS 9. However, when a lease liability is modified, the codification is accounted for under IFRS 16 Leases. The Company is still evaluating the impact of the amendments on its operation.

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

The amendments require the full gain to be recognised when assets transferred between an investor and its associate or joint venture meet the definition of a 'business' under IFRS 3 Business Combinations. Where the assets transferred do not meet the definition of a business, a partial gain to the extent of unrelated investors' interests in the associate or joint venture is recognised. The definition of a business is key to determining the extent of the gain to be recognised. When a parent loses control of a subsidiary in a transaction with an associate or joint venture (JV), there is a conflict between the existing guidance on consolidation and equity accounting. Under the consolidation standard, the parent recognises the full gain on the loss of control. But under the standard on associates and JVs, the parent recognises the gain only to the extent of unrelated investors' interests in the associate or JV. In either case, the loss is recognised in full if the underlying assets are impaired. The IASB has decided to defer the effective date for these amendments indefinitely. There is no impact on the Company's activities.

4. Material accounting policies

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

4.1 Cash and cash equivalents

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

SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

4.2 Financial instruments

Recognition

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

Classification and Measurement

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

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

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

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

Business Model Assessment

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

- i. The stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realizing cash flows through the sale of the assets.
- ii. How the performance of assets in a portfolio is evaluated and reported to Company heads and other key decision makers within the Company's business lines;
- iii. The risks that affect the performance of assets held within a business model and how those risks are managed;
- iv. How compensation is determined for the Company's business lines' management that manages the assets;
- v. The frequency and volume of sales in prior periods and expectations about future sales activity.

SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

4.2 Financial instruments - cont'd

Business Model Assessment - cont'd

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

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

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

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

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

- ii) Where these sales are insignificant in value both individually and in aggregate, even if frequent. A sale is considered insignificant if the portion of the financial assets sold is equal to or less than five (5) per cent of the carrying amount (book value) of the total assets within the business model.
- iii) When these sales are made close to the maturity of the financial assets and the proceeds from the sales approximate the collection of the remaining contractual cash flows. A sale is considered to be close to maturity if the financial assets have a tenor to maturity of not more than one (1) year and/or the remaining contractual

cash flows expected from the financial asset do not exceed the cash flows from the sales by ten (10) per cent.

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

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

SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

Cash flow characteristics assessment

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

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

a) Financial assets measured at amortised cost

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

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

b) Financial assets measured at FVOCI

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

c) Financial assets measured at FVTPL

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

SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

d) Equity Instruments

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

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

(i) Fair Value through Profit or Loss (FVTPL)

(ii) Amortised cost

i) Financial Liabilities at fair value through profit or loss

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

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

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

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

SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

ii) Financial Liabilities at amortised cost

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

4.2.1 Impairment of financial instruments

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

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

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

Expected Credit Loss Impairment Model

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

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

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

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

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

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

SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

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

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

SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

each risk parameter (LGD, EAD, CCF and PD) – Normal, Upturn and Downturn, which in turn shall be used in the estimation of the multiple scenario ECLs. The ‘normal case’ represents the most likely outcome and shall be aligned with information used by the company for other purposes such as strategic planning and budgeting. The other scenarios represent more optimistic and more pessimistic outcomes. The Company has identified and documented key drivers of credit risk and credit losses for each portfolio of financial instruments and, using an analysis of historical data, has estimated relationships between macro-economic variables, credit risk and credit losses.

Assessment of significant increase in credit risk (SICR)

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

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

The quantitative models considers deterioration in the credit rating of obligor/counterparty based on the 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 Company shall assess whether financial assets are credit impaired. A financial asset shall be credit impaired when one or more of the following events have a detrimental impact on the estimated future cash flows of the financial asset:

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

SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

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

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

Presentation of allowance for ECL in the statement of financial position

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

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

Write-off

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

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

4.3 Reinsurance assets

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

SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

policies and are in accordance with the related reinsurance contract.

4.4 Trade receivables

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

4.5 Other receivables and prepayments

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

4.6 Non-current assets held for sale

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

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

4.7 Investment property

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

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 Company and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to the income

SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

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.

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

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

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

4.8 Intangible assets

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

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

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

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

4.9 Property, plant and equipment

All categories of property, plant and equipment are initially recognized at cost or at fair value. Cost includes expenditure directly attributable to the acquisition of the assets.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. Repairs and maintenance expenses are charged to the income statement in the year in which they are incurred.

SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

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

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

Land is a component of property, plant and equipment but not subject to depreciation.

Depreciation on an item of property, plant and equipment commences when it is available for use and continues to be depreciated until it is derecognized, even if during that period the item is idle. Depreciation of an item ceases when the item is retired from active use and is being held for disposal.

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

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

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

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

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

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

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

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

SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

4.10 Statutory deposit

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

4.11 Insurance contract liabilities

Insurance contract liabilities include the outstanding claims provision, the provision for unearned premium and provision for premium deficiency. The outstanding claims provision is based on the estimated ultimate cost of all claims incurred but not settled at the reporting date, whether reported or not, together with related claims handling costs and reduction for the expected value of salvage and other recoveries. Delays can be experienced in the notification and settlement of certain types of claims, therefore, the ultimate cost of these cannot be known with certainty at the reporting date.

The liability is calculated at the reporting date using a range of standard actuarial claim projection techniques, based on empirical data and current assumptions that may include a margin for adverse deviation. The liability is not discounted for the time value of money. No provision for equalisation or catastrophe reserves is recognised. The liabilities are derecognised when the obligation to pay a claim expires, is discharged or is cancelled.

The provision for unearned premiums represents that portion of premiums received or receivable that relates to risks that have not yet expired at the reporting date. The provision is recognised when contracts are entered into and premiums are charged, and is brought to account as premium income over the term of the contract in accordance with the pattern of insurance service provided under the contract.

At each reporting date, the Company reviews its unexpired risk and a liability adequacy test is performed in accordance with requirement of IFRS on liability adequacy test to determine whether there is any overall excess of expected claims and deferred acquisition costs over unearned premiums.

This calculation uses current estimates of future contractual cash flows after taking account of the investment return expected to arise on assets relating to the relevant non-life insurance technical provisions. If these estimates show that the carrying amount of the unearned premiums (less related deferred acquisition costs) is inadequate, the deficiency is recognised in the income statement by setting up a provision for premium deficiency.

- **Liability adequacy test**

At the end of the reporting period, liability adequacy tests are performed by an actuary to ensure the adequacy of the contractual liabilities net of related deferred acquisition cost assets (DAC). In performing these tests current best estimates of future contractual cash flows and claims handling and administrative expenses, as well as investment income from the assets backing such liabilities, are used. Any deficiency is immediately charged to profit or loss initially by writing off DAC and by subsequently establishing a provision for losses arising from liability adequacy tests “the unexpired risk provision”.

- **Annuity contracts**

These contracts insure customers from consequences of events that would affect the ability of the customers to maintain their current level of income. There are no maturity benefits. However,

SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

there is a death benefit payable to named beneficiary if death occurs within the ten years guaranteed period. The annuity contracts are fixed annuity plans. Policy holders make a lump sum payment recognised as part of premium in the period when the payment was made. Constant and regular payments are made to annuitants based on terms and conditions agreed at the inception of the contract and throughout the life of the annuitants. The annuity funds are invested in money market instruments to meet up with the payment of monthly/quarterly annuity payments. The annuity funds liability is actuarially determined based on assumptions as to mortality, persistence, maintenance expenses and investment income that are established at the time the contract is issued.

Recognition and Measurement of Annuity Premium and Claims

Annuity premiums relate to single premium payments and are recognised as earned premium income in the period in which payments are received.

Claims are made to annuitants in the form of monthly/quarterly payments based on the terms of the annuity contract and charged to income statement as incurred. Premiums are recognised as revenue when they become payable by the contract holders.

4.12 Investment contract liabilities

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

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

4.13 Trade payables

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

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

4.14 Other payables and accruals

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

SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

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

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

4.15 Borrowings

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

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

4.16 Finance lease obligations

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

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

4.17 Employee retirement benefits

Retirement Benefit Obligations

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

4.18 Income tax liabilities

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

SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

Company Income tax

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

Education tax

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

Deferred tax liabilities

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

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

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

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

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss.

Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity.

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

4.19 Share capital and share premium.

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

4.20 Contingency reserves

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

SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

4.21 Retained earnings

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

4.22 Insurance Revenue

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

4.23 Insurance Service Expenses

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

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

4.24 Reinsurance revenue

Reinsurance premiums are outward premiums due to reinsurance companies in accordance with the tenor of the reinsurance contract, after adjusting for the unexpired portion, as at the end of the period.

4.25 Net expenses from reinsurance contracts held.

The Company presents income or expenses from a group of reinsurance contracts held and reinsurance finance income or expenses in profit or loss for the period separately. Income or expenses from reinsurance contracts held are split into the following two amounts:

- . Amount recovered from reinsurers.
- . An allocation of the premiums paid.

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

SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

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

4.26 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.

4.27 The presentation for insurance finance income and expenses

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

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

4.28 Commission on reinsurance

When the Company acts in the capacity of an agent rather than as the principal in a transaction, the revenue recognized is the amount of commission made by the Company. Commission on reinsurance is recognised as income over the period of the underlying contracts. If the fees are for services provided in future periods, then they are deferred and recognised over those future periods.

4.29 Investment income

(a) Dividend income and interest on fixed deposit.

Investment income includes interest on bank placements, dividend income and rental income arising from operating leases on investment properties, which are presented in the Income statement.

Income from any earmarked investment is credited to its source. Otherwise, the investment income is distributed between the Insurance contract business, Investment contract business and shareholders' account on the basis of average investments outstanding during the year as financed by the respective funds.

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

SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

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

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

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

4.31 Definition and Classification of Insurance contracts

Products sold by the Company are classified as insurance contracts when the Company accepts significant insurance risk from a policyholder by agreeing to compensate the policyholder if a specified uncertain future event adversely affects the policyholder's finances.

The Company's accounting and financial assessment are made on a cohort basis and on a contract-by-contract basis at the contract issue date. In making this assessment, the Company considers all its substantive rights and obligations, whether they arise from contract, law or regulation.

The Company determines whether a contract contains significant insurance risk by assessing if an insured event could cause the Company to pay to the policyholder additional amounts that are significant in any single scenario with commercial substance even if the insured event is extremely unlikely or the expected present value of the contingent cash flows is a small proportion of the expected present value of the remaining cash flows from the insurance contract.

The Company does not issue any pure life insurance contracts or any life insurance contracts with direct participating features or any contract of insurance with investment component. The Company issues only non-life (General Business) insurance to individuals and commercial businesses.

4.32 Separating components from insurance and reinsurance contracts

The Company assesses its insurance and reinsurance contracts to determine whether they contain components that should be accounted for separately under other applicable IFRS standards. Such components may include distinct investment components, embedded derivatives, or distinct goods and services.

Where such components exist, they are separated from the host insurance contract and accounted for under the relevant IFRS. After separating any distinct components, the Company applies IFRS 17 to the remaining components of the insurance contract from initial recognition until the end of the coverage period.

The Company is a composite insurer and writes both life and non-life insurance contracts. Life insurance products include endowment and annuity policies, while non-life business comprises general insurance products issued to individuals and commercial customers.

SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

4.33 Level of aggregation

Under IFRS 17 the Company determines a granular grouping of individual contracts for the purpose of measuring insurance contract liability and in the recognition of profitability. The Company identifies portfolios by aggregating insurance contracts that are subject to similar risks and managed together. In grouping insurance contracts into portfolios, the Company considers the similarity of risks rather than the specific labelling of product lines. The Company has determined that all contracts within each product line, as defined for management purposes, have similar risks. Therefore, when contracts are managed together, they represent a portfolio of contracts. The Company's insurance contracts portfolios are disaggregated into annual cohorts or cohorts of periods that are not more than one year apart. Limiting groups to contracts issued within one year or less apart improves the transparency of profitability to be reported in the Company's set of financial statements.

Each portfolio is subdivided into groups of contracts to which the recognition and measurement requirements of IFRS 17 are applied.

At initial recognition, the Group segregates contracts based on when they were issued. A cohort contains all contracts that were issued within a 12-month period. Each cohort is then further disaggregated into three groups of contracts:

- . Contracts that are onerous on initial recognition
- . Contracts that, on initial recognition, have no significant possibility of becoming onerous subsequently
- . Any remaining contracts

For short term contracts accounted for applying the Premium Allocation Approach (PAA), the Company determines that its contracts are not onerous upon initial recognition, unless there are facts and circumstances indicating otherwise. As IFRS 17 does not define what "facts/circumstances" entail; the following are considered on their impact on expected cashflows and resulting profitability:

- Significant changes in external conditions including economic or regulatory changes.
- Changes to the organization or processes
- Changes in underwriting and pricing strategies
- Trends in experience and expected variability in cashflows

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

4.34 Reinsurance contracts held

Reinsurance contracts held (loss-occurring reinsurance contracts) are for one year or less. For Risk-attaching reinsurance contracts, the Company reasonably expects that the resulting measurement of the assets for remaining coverage would not differ materially from the result of

SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

applying the accounting policies that are the same as the underlying the measurement model for the insurance contracts they protect.

Reinsurance contracts are assessed for aggregation on an individual contract basis and are assessed separately from insurance contracts. The smallest unit of account is a reinsurance contract, even where this contract covers more than one type of insurance product. However, there are cases where a reinsurance contract covers separate and identifiable product lines which are only included in the same legal document for administrative convenience. These contracts have been separated into its different components.

4.35 Recognition of Insurance contracts

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

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

An insurance contract acquired in a transfer of contracts or a business combination is recognised on the date of acquisition.

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

4.36 Contract Boundaries

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

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

Both of the following criteria are satisfied:

. The Company has the practical ability to reassess the risks of the portfolio of insurance contracts that contain the contract and, as a result, can set a price or level of benefits that fully reflects the risk of that portfolio.

. The pricing of the premiums up to the date when the risks are reassessed does not take into account the risks that relate to periods after the reassessment date.

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

SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

4.37 Measurement of insurance contracts issued.

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

At initial recognition, the Company measures the carrying amount of the liability for remaining coverage (LRC) as the premiums received on initial recognition minus any insurance acquisition cashflows allocated to the group of contracts at that date, and adjusted for any amount arising from derecognition of any assets or liabilities previously recognized for cash flows related to the

group (including assets for insurance acquisition cashflows). The Company has not chosen to expense insurance acquisition cashflows when they are incurred. Subsequently, the carrying amount of the LRC is increased by any premiums received and the amortization of insurance acquisition cashflows recognized as expenses and decreased by amount recognized as insurance revenue for services provided and any additional insurance acquisition cashflows allocated after initial recognition. On initial recognition the Company expects that the time between providing part of the services and the related premium due date is not more than a year.

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

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

i Liability for Remaining Coverage

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

When applying the PAA, the 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 Company measures the liability for remaining coverage at each subsequent reporting date as follows: Sum of:

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

SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

ii Liability for Incurred claims (LIC)

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

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

4.38 Discount Rate

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

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

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

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

4.39 Risk adjustment(RA) for non-financial risk

The risk adjustment measures the compensation the Company would require for bearing the uncertainty about the amount and timing of cash flows arising from insurance contracts, other than those relating to financial risk. The Company chooses a technique which aligns with the

SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

principles of risk adjustment and disclose significant judgement which has been made in determining the risk adjustment and the equivalent confidence level utilized. The Company has service level agreements that enhances prompt claim settlement except when circumstances warranted such delay. Amount recoverable from risk adjustment is recognised in the financial statement.

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

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

4.41 Onerous Contracts

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

The Company conducts the onerousness 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,

SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

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.

4.42 Management expenses

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

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

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

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

Brokers/ Agents' commissions and allowances

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

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

Net claims expenses

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

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

SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

Reinsurance claims recoveries

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

Salvage and subrogation reimbursements

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

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

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

4.43 Dividends

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

4.44 Earnings per share

The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares.

Basic earnings per share amounts are calculated by dividing the profit for the year attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding at the reporting date.

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

4.45 Conversion of foreign currencies

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

SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

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

4.46 Segment reporting

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

4.47 Comparatives

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

4.48 Events after the reporting date

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

STATEMENT OF FINANCIAL POSITION AS AT THE YEAR ENDED 31 DECEMBER 2025

	NOTES	2025 N'000	2024 N'000
ASSETS			
Cash and Cash Equivalents	1	11,499,089	540,667
Financial Assets:			
At Fair Value through P or L	2.1	195,303	125,539
At Amortized Cost	2.2	615,254	603,061
At Fair Value through OCI	2.3	228,756	223,615
Reinsurance Contact Asset	3	7,370	-
Trade receivables	4	-	-
Other receivables and prepayments	5	153,704	40,655
Investment properties	6	11,670,000	11,670,000
Intangible assets	7	10,510	-
Property, plant and equipment	8	238,602	21,148
Statutory deposit	9	535,000	535,000
TOTAL ASSETS		25,153,588	13,759,685
LIABILITIES AND SHAREHOLDERS EQUITY			
Insurance contract liabilities	10	5,056,035	4,855,759
Investment contract liabilities	11	2,614,386	2,898,330
Trade payables	12	-	7,948
Other payables and accruals	13	2,122,774	553,249
Borrowings	14	5,973,587	6,172,982
Income tax liabilities	15	280,772	278,091
Deferred tax liabilities	16	68,179	68,179
TOTAL LIABILITIES		16,115,733	14,834,538
SHAREHOLDERS' EQUITY			
Share capital	17	6,455,515	6,455,515
Treasury shares	18	(1,145)	(1,145)
Share premium	19	7,484,955	7,484,955
Irredeemable convertible debt	20	12,000,000	-
Statutory Contingency reserves	21	1,793,695	1,784,139
Accumulated loss	22	(18,927,266)	(17,025,277)
Fair value reserves	23	232,101	226,960
		9,037,855	(1,074,853)
		25,153,588	13,759,685

The financial statements were approved by the Board of Directors on 30th March 2026 and signed on its behalf by:



FRC/2024/PRO/DIR/003/358339
Akinlolu Iroko
Chairman



FRC/2025/PRO/DIR/003/060576
Nomwen Emeghalu
Managing Director



FRC/2026/PRO/ICAN/001/600879
Omolabake Olusesan
Chief Financial Officer

The accounting policies on pages 27 to 51, notes on pages 65 to 100 and other national disclosures on pages 101 to 103 form an integral part of these financial statements.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31ST DECEMBER 2025

	NOTES	2025 N'000	2024 N'000
Insurance Revenue	24	535,952	413,635
Insurance service expenses	25	(1,105,346)	(347,586)
Net Expenses on reinsurance Contracts	26	(9,253)	-
Insurance Service Result		(578,647)	66,050
Fair value gain on investment properties	6.2	-	7,639,933
Net finance expenses from insurance contracts	27	(405,319)	(263,102)
Investment income	28	299,683	144,383
Write down of investment	2.3	-	(157,390)
Net insurance and investment results		(684,283)	7,429,873
Other income	29	735,569	-
Finance Cost	30	(1,625,659)	(112,624)
Foreign exchange gain/(expense)	31	384,693	(2,174,566)
Impairment on Bank Balance	1a	-	(1,316)
Other operating expenses	32	(700,073)	(103,859)
		(1,205,470)	(2,392,365)
(Loss) before income tax		(1,889,753)	(4,993,511)
Income tax expense	15	(2,680)	(3,120)
(Loss)/Profit after income tax		(1,892,433)	4,990,391
Other comprehensive income/(expenses):			
Other comprehensive income/(expenses) not to be reclassified to profit or loss in subsequent periods			
Fair value loss on equity instruments at fair value through other comprehensive income	33	5,141	46,266
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year, net of tax		(1,887,292)	5,036,657

The accounting policies on pages 27 to 60, notes on pages 65 to 100 and other national disclosures on pages 101 to 103 form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2025

	Ordinary Share Capital 17 N'000	Treasury shares 18 N'000	Share Premium 19 N'000	Irredeemable convertible debt 20 N'000	Statutory Contingency reserves 21 N'000	Accumulated loss 22 N'000	Fair value reserves 23 N'000	Total Equity N'000
Opening Balance as at 01 January 2024	6,455,515	(1,145)	7,484,955	-	1,780,004	(22,011,530)	1,378,593	(4,913,608)
Profit for the period	-	-	-	-	-	4,990,391	-	4,990,391
Net effect of prior year adjustments	-	-	-	-	-	-	-	-
Write down of Transcorp Investment	-	-	-	-	-	-	(1,197,900)	(1,197,900)
Total Comprehensive Income for the period	-	-	-	-	-	-	-	-
<i>Transactions with Owners of Equity:</i>	-	-	-	-	-	-	-	-
Issue of new shares	-	-	-	-	-	-	-	-
Transfer from/to Statutory Contingency reserves	-	-	-	-	4,135	(4,136)	-	-
Transfer from/to Fair value reserves	-	-	-	-	-	-	46,266	46,266
Transfer to Foreign Reserves	-	-	-	-	-	-	-	-
Dividend Paid	-	-	-	-	-	-	-	-
Balance as at 31 December 2024	6,455,515	(1,145)	7,484,955	-	1,784,141	(17,025,277)	226,960	(1,074,853)
Opening Balance as at 01 January 2025	6,455,515	(1,145)	7,484,955	-	1,784,141	(17,025,277)	226,960	(1,074,853)
Loss for the period	-	-	-	-	-	(1,892,433)	-	(1,892,433)
Other comprehensive income	-	-	-	-	-	-	5,141	5,141
Total Comprehensive Income for the period	6,455,515	(1,145)	7,484,955	-	1,784,139	(18,917,711)	232,101	(2,962,146)
<i>Transactions with Owners of Equity:</i>	-	-	-	-	-	-	-	-
Issue of new shares	-	-	-	-	-	-	-	-
Transfer from/to Statutory Contingency reserves	-	-	-	-	9,556	(9,556)	-	-
Transfer from/to Fair value reserves	-	-	-	-	-	-	-	-
Irredeemable convertible debt	-	-	-	12,000,000	-	-	-	12,000,000
Balance as at 31 December 2025	6,455,515	(1,145)	7,484,955	12,000,000	1,793,695	(18,927,266)	232,101	9,037,855

The accounting policies on pages 27 to 51, notes on pages 65 to 100 and other national disclosures on pages 101 to 103 form an integral part of these financial statements.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2025

Cash flows from operating activities	Note	2025	2024
		N'000	N'000
Premium received	34	452,227	195
Reinsurance Paid	3	(16,622)	-
Claims Paid	25	(488,419)	-
Insurance Expenses		(668,809)	-
Insurance Acquisition	25	(69,436)	-
Withdrawals from Investment Contract	11	283,944	
Cash payments to employees, suppliers and others		(267,396)	(55,116)
Cash generated from operations		(774,511)	(54,921)
Income tax paid		-	-
Net cash from operating activities		(774,511)	(54,921)
Purchase of property, plant and equipment	8	(269,029)	(8,320)
Purchase of Intangible asset	7	(11,937)	-
Rental Income	29	367,956.63	-
Interest on current account with Bank	29	501,688	98,423
Interest on Statutory Deposit	29	114,062	-
Other Income	29	30,702	-
Dividends received	29	3,994	17,832
Net cash from investing activities		742,020	107,935
Finance charges paid	30	(1,440,359)	(156,620)
Irredeemable convertible debt	20	12,000,000	-
Net cash from financing activities		10,559,641	(156,620)
Net movement in cash and cash equivalents			
Net increase/(decrease) in cash and cash equivalent		10,958,944	(103,606)
Cash and cash equivalents at beginning of year	1	540,667	644,272
Cash and cash equivalents at the end of the year		11,499,089	540,667
Cash and Cash Equivalents comprises:			
Cash in hand	1	109	117
Current bank balances	1	10,984,522	46,974
Short-term deposits	1	514,458	493,576
Total cash and cash equivalents		11,499,089	540,667

The accounting policies on pages 27 to 51, notes on pages 56 to 100 and other national disclosures on pages 101 to 103 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

	2025	2024
	N'000	N'000
1. Cash and Cash Equivalents		
Cash in Hand	109	117
Cash at Bank	10,989,023	46,974
Short Term Deposits	514,458	498,082
Allowance for Impairment (1a)	(4,506)	(4,506)
	11,499,089	540,667
1a. Impairment allowance for cash and cash equivalents		
At 1/1/2025	4,506	3,190
Movements during the year	-	1,316
At 31/12/2025	4,506	4,506
2. Financial Assets:		
At fair value through profit or loss (2.1)	195,303	125,539
At amortised cost (2.2)	615,254	603,061
At fair value through other comprehensive income (2.3)	228,756	223,615
	1,039,313	952,215
2.1 Fair Value through Profit or Loss		
At 1/1/2025	125,539	102,411
Fair value gain during the year (28)	69,764	23,128
	195,303	125,539
2.2. At Amortised Cost		
Agency Loan	554	554
Staff Loan(2.2.1)	1,227	1,227
Bond (2.2.2)	546,682	534,488
Loan against Policies(2.2.3)	69,125	69,125
ECL Provision	(2,333)	(2,333)
	615,254	603,060
2.2.1 Staff Loan		
Staff Debtor	1,227	1,227
	1,227	1,227

NOTES TO THE FINANCIAL STATEMENTS

	2025	2024
	N'000	N'000
2.2.2 Bond		
16.2884 Percent FGN Bond	118,488	118,488
13 Percent MTN CBond	300,000	300,000
13.50 Percent Dangote	116,000	116,000
Interest receivables	12,194	-
	546,682	534,488
2.2.3 Loan against Policies		
GSL-Policy Loan	14,621	14,621
SIP- Policy Loan	26	26
SLA-Policy Loan	3,263	3,263
SPP- Policy Loan	5,093	5,093
FAS- Policy Loan	478	478
PPP- Policy Loan	43,396	43,396
DELAS - Policy Loan	2,048	2,048
ANNUITY- Policy Loan	200	200
	69,125	69,125
2.3 Fair Value through other comprehensive income		
Quoted Shares in Transcorp Plc	228,756	223,615
	228,756	223,615
2.3.1 Investment in Quoted Shares		
At I/1/2025	223,615	1,532,639
Write down of investment	-	(1,355,290)
	223,615	177,349
Fair Value (loss)/gain during the period	5,141	46,266
At Closing	228,756	223,615
3. Reinsurance contract asset		
Reinsurance Contact Asset (3.1)		-
	7,370	

NOTES TO THE FINANCIAL STATEMENTS

3.1. Reinsurance Contract Assets - December 2025					
Portfolios	Assets for Remaining Coverage (ARC)	Assets for Incurred Claims (AIC)			Total
		IBNR	Outstanding claims	Risk Adjustment	
Motor	3,158	-	-	-	3,158
Marine	4,213	-	-	-	4,213
Total	7,370	-	-	-	7,370

3.2. Reconciliation of the Asset for Remaining Coverage (ARC) and the Asset for Incurred Claims (AIC)

Reinsurance Contracts Held

	ARC - Non-onerous	ARC Onerous	AIC	Total
Opening reinsurance contract Assets	-	-	-	-
Net opening balance	-	-	-	-
Allocation of Reinsurer Insurance Revenue	(9,253)	-	-	(9,253)
Net Income/(Expense) for Reinsurance contract	(9,253)	-	-	(9,253)
Premiums paid / received	16,623	-	-	16,623
Total cash flows	16,623	-	-	16,623
Closing reinsurance contract assets	7,370	-	-	7,370
Closing reinsurance contract liabilities	-	-	-	-
Net closing balance	7,370	-	-	7,370

NOTES TO THE FINANCIAL STATEMENTS

4. Trade receivables

Premium Receivable (4.1)

	-	-
	-	-

4.1 Premium Receivable

As at January

Gross Premium Written during the year

Premium received during the year

As at 31st December

Allowance for impairment

Carrying amount

	-	-
	452,227	195
	(452,227)	195
	-	-
	-	-
	-	-

5. Other receivables and prepayments

Other receivables (5.1)

Prepayments (5.2)

	57,808	40,655
	95,895	-
	153,704	40,655

N'000

N'000

5.1 Other receivables

Sundry Debtors

Deposit For Quoted Shares

	57,153	40,000
	656	656
	57,808	40,655

5.2 Prepayments

Prepayments – Rents

	95,895	-
	95,895	-

Note 5.2 the company paid the rent of N126,000,000 for its head office for two years, complete the statement

6. Investment Properties

At 1 January	11,670,000	4,030,067
Fair value gain during the year (Note 6.1)	-	7,639,933
At 31 December (Fair value)	11,670,000	11,670,000

NOTES TO THE FINANCIAL STATEMENTS

6.1 Cost as at date of initial recognition	3,186,501	3,186,501
Cumulative fair value gain at 1 January	8,483,499	843,566
Fair value gain for the year	-	7,639,933
Cumulative fair value gain at 31 December	8,483,499	8,483,499
At 31 December	11,670,000	11,670,000

6.2 Fair Value Gain Reported in the Statement of Profit or Loss

Fair value changes in investment properties		7,639,933
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NOTES TO THE FINANCIAL STATEMENTS

6.3 Movement in Investment Properties – 2025

Description	Cost (₦'000)	Fair value gain at 1 January (₦'000)	Addition during the year (₦'000)	Sold during the year (₦'000)	Fair value gain (₦'000)	Balance at 31 December(₦'000)
11 units of 4-bedroom terrace houses at New County Estate, Lekki, Lagos	3,135,000	-	-	-	-	3,135,000
10 units of 2 Bedroom Terrace houses at No 17, Gbangbala Road, Ikate Elegushi, Lekki	1,500,000	-	-	-	-	1,500,000
One wing of 4 bedroom duplex, Lekki, Lagos	580,000	-	-	-	-	580,000
Six (6) storey lettable office complex – Ebute Metta	3,950,000	-	-	-	-	3,950,000
Six (6) bedroom detached house, Asokoro-Abuja	1,600,000	-	-	-	-	1,600,000
Oreki Village, Ibeju, Lekki	850,000	-	-	-	-	850,000
Flat 3, Block 2, Kadiri Estate, Joseph Dosu, Badagry	55,000	-	-	-	-	55,000
Total	11,670,000	-	-	-	7,639,933	11,670,000

NOTES TO THE FINANCIAL STATEMENTS

6.4 Movements in Investment Properties – 2024

Description	Cost (₦'000)	Fair value gain at 1 January (₦'000)	Balance at 1 January (₦'000)	Addition during the year (₦'000)	Sold during the year (₦'000)	Fair value gain (₦'000)	Balance at 31 December (₦'000)
11 units of 4-bedroom terrace houses at New County Estate, Lekki, Lagos	1,045,000	-	1,168,750	-	-	1,966,250	3,135,000
10 units of 2 Bedroom Terrace houses at No 17, Gbangbala Road, Ikate Elegushi, Lekki	244,734	-	661,184	-	-	838,816	1,500,000
One wing of 4 bedroom duplex, Lekki, Lagos	57,371	-	97,284	-	-	482,716	580,000
Six (6) storey lettable office complex – Ebute Metta	201,301	-	875,325	-	-	3,074,675	3,950,000
Six (6) bedroom detached house, Asokoro-Abuja	268,595	-	757,149	-	-	842,851	1,600,000
Abuja plot of Land at Cadastral Zone	320,000	-	-	-	-	-	-
Oreki Village, Ibeju, Lekki	600,000	-	450,000	-	-	400,000	850,000
Shapati Village, Ibeju, Lekki	446,000	-	-	-	-	-	-
Flat 3, Block 2, Kadiri Estate, Joseph Dosu, Badagry	3,500	-	20,375	-	-	34,625	55,000
Total	3,186,501	-	4,030,067	-	-	7,639,933	11,670,000



NOTES TO THE FINANCIAL STATEMENTS

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

S/N	Name on Title Document	Description of Properties	Date of Acquisition	Nature of Document	Location	Carrying Amount	Steps Taken for Perfection
I	Standard Alliance Insurance Plc	Warehouse	2015	Deed of Assignment	Oreki Village, Ibeji-Lekki	850,000	Perfection in progress
Ii	Standard Alliance Insurance Plc	11 Units of 4 Bedroom Flat	2009	Registered Title	New County Terrace, Iroko Awe, Lekki Peninsula	3,135,000	Near perfection
Iii	Standard Alliance Insurance Plc	10 Units of 2 B/R Terrace Hse	2003	Deed of Assignment	No. 17 Gbangbala Road, Ikate, Elegushi, Lekki, Lagos	1,500,000	Perfection
Iv	Standard Alliance Insurance Plc	3 Bedroom Duplex	2012	Deed of Assignment	Flat 3, Block 2, Kadiri Est, Joseph Dosu Way, Badagry	55,000	Perfection in progress
V	Standard Alliance Insurance Plc	4 Bedroom Duplex	2003	Registered Title	House 13B, Oba Adeyinka Estate, Lekki, Lagos	580,000	Near perfection
Vi	Standard Alliance Insurance Plc	Six (6) Storey Lettable Offices	2012	Registered Title	No. 22, Herbert Macaulay Street, Ebute Meta, Lagos	3,950,000	Perfection
Vii	Standard Alliance Insurance Plc	Six (6) Bedroom Detached House	2010	Deed of Assignment	House 1207, Yakubu Gowon, Asokoro, Abuja	1,600,000	Perfection in progress
Total						11,670,000	

The Company's investment properties are carried at fair value. During the year, no formal revaluation was performed. However, the Company obtained a written confirmation from the independent professional valuer who performed the most recent valuation confirming that there has been no material change in the fair value of the investment properties as at the reporting date.

Accordingly, the carrying values of the investment properties remain unchanged during the year.

NOTES TO THE FINANCIAL STATEMENTS

7. INTANGIBLE ASSET

	N'000
At 1 January 2025	
COST	15,000
Additions	11,937
Reclassifications	-
Disposal/Adjustments	-
At 31 December, 2025	<u>26,937</u>

**Accumulated Depreciation
& Impairment**

AT 1 January 2025	15,000
Charge for the period	1,427
Disposal/Adjustments	-
At 31 December, 2025	<u>16,427</u>

Carrying Amount

At 31 December, 2025	<u>10,510</u>
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NOTES TO THE FINANCIAL STATEMENTS

8. Property, Plant and Equipment (December 2025)

	BUILDING N'000	MOTOR VEHICLES N'000	FURNITURE AND FITTINGS N'000	COMPUTER EQUIPMENT N'000	OFFICE EQUIPMENT N'000	GENERATING SET N'000	W-I-P N'000	TOTAL N'000
At 1 January 2025								
COST	7,415	786,495	294,680	135,590	186,678	123,247	7,600	1,541,706
Additions	3,400	190,065	46,065	9,600	19,900	-	-	269,029
Reclassifications		-	-					-
Disposal/Adjustments		-	-					
At 31 December, 2025	10,815	976,559	340,744	145,190	206,578	123,247	7,600	1,810,735
Accumulated Depreciation & Impairment								
AT 1 January 2025	9,469	786,495	282,613	135,463	183,272	123,247	-	1,520,558
Charge for the period	39	16,365	27,380	1,5289	6,261	-	-	51,574
Disposal/Adjustments								-
At 31 December, 2025	9,508	802,860	309,993	136,992	189,533	123,247	-	1,572,133
Net Book Value								
At 31 December, 2025	<u>1,307</u>	<u>173,699</u>	<u>30,751</u>	<u>8,199</u>	<u>17,045</u>	<u>499</u>	<u>7,600</u>	<u>238,602</u>



8. Property, Plant and Equipment (December 2024)

Description	Building	Motor Vehicles	Furniture & Fittings	Computer Equipment	Office Equipment	Generating Set	Work in Progress	Total
Cost / Valuation								
At 1 January 2023	-	786,495	294,680	135,590	193,374	123,247	-	1,533,386
At 31 December 2023	-	786,495	294,680	135,590	193,374	123,247	-	1,533,386
Additions (2024)	-	-	-	-	720	-	7,600	8,320
At 31 December 2024	-	786,495	294,680	135,590	194,094	123,247	7,600	1,541,706
Accumulated Depreciation								
At 1 January 2023	-	786,495	261,245	135,179	191,557	123,246	-	1,497,722
Charge for 2023	-	-	10,684	142	592	-	-	11,418
At 31 December 2023	-	786,495	271,929	135,321	192,149	123,246	-	1,509,140
Charge for 2024	-	-	10,684	142	592	-	-	11,418
At 31 December 2024	-	786,495	282,613	135,463	192,741	123,246	-	1,520,558
Carrying Amount								
At 31 December 2024	-	-	12,067	127	1,353	1	7,600	21,148
At 31 December 2023	-	-	22,751	269	1,225	1	-	24,246

NOTES TO THE FINANCIAL STATEMENTS

	2025	2024
	N'000	N'000
9. Statutory Deposits		
Statutory Deposit with CBN	535,000	535,000
	<u>535,000</u>	<u>535,000</u>

The Statutory Deposit represents amount deposited with the Central Bank of Nigeria (CBN) pursuant to Section 10(3) of the insurance Act, 2003. The deposits are not made available for use by the company on a normal course of day to day business. The company has statutory deposit of ₦ 535,000,000 with CBN in line with the Insurance Act, 2003.

10. Insurance Contract Liability

Liability for Incurred Claims (LIC) - Group Life PAA Model	995,788	885,209
LIC & LRC GMM Life	2,399,953	2,268,610
Liability for Incurred Claims (LIC) - PAA General Business	1,660,294	1,701,940
	<u>5,056,035</u>	<u>4,855,759</u>

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

NOTES TO THE FINANCIAL STATEMENTS

10.1 Reconciliation of the liability for remaining coverage and the liability for incurred claims for insurance contracts - Aggregate GMM & PAA – 2025

	Liability for Remaining Coverage (LRC)		Liability for Incurred Claims	Risk Adjustment	Insurance Contract Liabilities (ICL)
	Non-onerous	Onerous	PVFCF		
Reconciliation of carrying amounts by LRC/LIC: insurance					
Opening insurance contract liabilities	1,799,292	48,627	3,007,837	206,382	4,855,759
Net opening balance	1,799,292	48,627	3,007,837		4,855,759
Insurance revenue	(535,951)	-	-	-	(535,951)
Insurance service expenses					-
Incurred claims	-	-	315,748		315,748
Incurred fulfilment expenses	-	-	668,809		668,809
Acquisition expenses	69,435	-	-		69,435
Changes related to future service	-	289,212		-	289,212
Changes related to past service	-	-	(228,005)	(9,854)	(237,859)
Total Insurance service expenses	69,435	289,212	756,552	(9,854)	1,105,346
Investment components	-	-	-		-
Insurance service result	(477,306)	289,212	756,552	936	569,394
Insurance finance expenses	153,339	-	250,560	1,419	405,318
Total change in comprehensive income	(323,966)	289,212	1,007,112	2,355	974,713
Premiums received	452,227	-	-		452,227
Claims paid	-	-	(488,419)		(488,419)
Expenses paid	-	-	(668,809)		(668,809)
Acquisition costs paid	(69,435)	-	-		(69,435)
Total cash flows	382,791	-	(1,157,228)		(774,437)
Closing insurance contract assets	-	-	-		-
Closing insurance contract liabilities	1,858,116	337,840	2,651,339	208,737	5,056,035
Net closing balance	1,858,116	337,840	2,860,079	208,737	5,056,035

NOTES TO THE FINANCIAL STATEMENTS

Reconciliation of the Liability for Remaining Coverage (LRC) and Liability for Incurred Claims

Aggregate GMM & PAA – 2024

	LRC – Non- onerous	LRC – Onerous	LIC – PV of Future Flows	LIC – Risk Adjustment	Total
Opening insurance contract liabilities	1,944,930	5,173	2,893,339	218,948	5,062,390
Net opening balance	1,944,930	5,173	2,893,339	218,948	5,062,390
Insurance revenue	(413,635)	-	-	-	(413,635)
Incurred claims	-	-	288,767	-	288,767
Incurred fulfilment expenses	-	-	23,229	-	23,229
Changes related to future service	-	43,455	-	-	43,455
Changes related to past service	-	-	-	(7,865)	(7,865)
Total insurance service expenses	-	43,455	311,996	(7,865)	324,357
Insurance service result	(413,635)	43,455	311,996	(7,865)	(89,278)
Insurance finance expenses	263,102	-	-	-	263,102
Total change in comprehensive income	(150,533)	43,455	311,996	(7,865)	173,824
Premiums received	195	-	-	-	195
Claims paid	-	-	(380,651)	-	(380,651)
Expenses paid	-	-	(23,229)	-	(23,229)
Total cash flows	195	-	(403,879)	-	(403,684)
Closing insurance contract liabilities	1,799,293	48,628	2,801,456	206,382	4,855,759
Net closing balance	1,799,293	48,628	2,801,456	206,382	4,855,759

10.2 Insurance Contract Liabilities: (general measurement model products)

Reconciliation of Insurance Contract Liabilities – GMM Portfolios

Reconciliation of carrying amounts by LRC/LIC: insurance	Liability for Remaining Coverage (LRC)		Liability for Incurred Claims	Insurance Contract Liabilities (ICL)
	Non-onerous	Onerous	LIC	
Opening insurance contract assets	-	-	-	-
Opening insurance contract liabilities	1,884,296	48,627	335,685	2,268,610
Net opening balance	1,884,296	48,627	335,685	2,268,610
Insurance revenue	(440,260)	-	-	(440,260)
Insurance service expenses	-	-	-	-
Incurred claims	-	-	315,477	315,477
Incurred Fulfilment expenses	-	-	235,875	235,875
Acquisition expenses	22,334	-	-	22,334
Changes related to future service	-	289,212	-	289,212
Changes related to past service	-	-	70,635	70,635
Total Insurance service expenses	22,334	289,212	621,987	933,535
Investment components	-	-	-	-
Insurance service result	(417,925)	289,212	621,987	493,274
Insurance finance expenses	154,758	-	-	154,758
Total change in comprehensive income	(263,166)	289,212	621,987	648,033
Premiums received	196,285	-	-	196,285
Claims paid	-	-	(454,767)	(454,767)
Expenses paid	-	-	(235,875)	(235,875)
Acquisition costs paid	(22,334)	-	-	(22,334)
Total cash flows	173,950	-	(690,642)	(516,692)
Closing insurance contract assets	-	-	-	-
Closing insurance contract liabilities	1,795,080	337,840	267,030	2,399,953
Net closing balance	1,795,080	337,840	267,030	2,399,953

NOTES TO THE FINANCIAL STATEMENTS

Insurance Contract Liabilities: GMM Portfolio) - 2024

Reconciliation of carrying amounts by LRC/LIC	Liability for Remaining Coverage (LRC) – Non-onerous	Liability for Remaining Coverage (LRC) – Onerous	Liability for Incurred Claims – PV of future cash flow	Risk Adjustment	Total
Opening insurance contract assets	-	-	-	-	-
Opening insurance contract liabilities	1,944,930	5,173	223,790	89,705	2,263,598
Net opening balance	1,944,930	5,173	223,790	89,705	2,263,598
Insurance revenue	(413,440)	-	-	-	(413,440)
Insurance service expenses	-	-	-	-	-
Incurred claims	-	-	288,767	-	288,767
Incurred fulfillment expenses	-	-	10,456	-	10,456
Acquisition expenses	-	-	-	-	-
Changes related to future service	-	43,455	-	-	43,455
Changes related to past service	-	-	-	-	-
Total Insurance service expenses	-	43,455	299,223	-	342,678
Investment components	-	-	-	-	-
Insurance service result	(413,440)	43,455	299,223	-	(70,760)
Insurance finance expenses	263,102	-	-	-	263,102
Total change in comprehensive income	(150,338)	43,455	299,223	-	192,342
Premiums received	-	-	-	-	-
Claims paid	-	-	(176,872)	-	(176,872)
Expenses paid	-	-	(10,456)	-	(10,456)
Acquisition costs paid	-	-	-	-	-
Total cash flows	-	-	(187,328)	-	(187,328)
Closing insurance contract assets	-	-	-	-	-
Closing insurance contract liabilities	1,799,293	48,628	335,686	85,004	2,268,610
Net closing balance	1,799,293	48,628	335,686	85,004	2,268,610

NOTES TO THE FINANCIAL STATEMENTS

10.3 Insurance Contract Liabilities – PAA General Business Portfolio 2025

Reconciliation of the liability for remaining coverage and the liability for incurred claims for insurance contracts					
Reconciliation of carrying amounts by LRC/LIC: insurance	Liability for Remaining Coverage (LRC)		Liability for Incurred Claims		Insurance Contract Liabilities (ICL)
	Non-onerous	Onerous	PVFCF	Risk Adjustment	
Opening insurance contract assets	-	-	-	-	-
Opening insurance contract liabilities	-	-	1,597,918	104,021	1,701,940
Net opening balance	-	-	1,597,918	104,021	1,701,940
Insurance revenue	(94,896)	-	-	-	(94,896)
Insurance service expenses					
Incurred claims	-	-	271	-	271
Incurred fulfilment expenses	-	-	334,404	-	334,404
Acquisition expenses	46,708	-	-	-	46,708
Changes related to future service	-	-	-	-	-
Changes related to past service	-	-	(325,185)	(11,954)	(337,139)
Total insurance service expenses	46,708	-	9,490	(11,954)	44,243
Investment components	-	-	-	-	-
Insurance service result	(48,188)	-	9,490	(11,954)	(50,652)
Insurance finance expenses	-	-	162,373	-	162,373
Total change in comprehensive income	(48,188)	-	171,863	(11,954)	111,720
Premiums received	251,665	-	-	-	251,665
Claims paid	-	-	(334,404)	-	(334,404)
Expenses paid	-	-	(23,918)	-	(23,918)
Acquisition costs paid	(46,707)	-	-	-	(46,707)
Total cash flows	204,957	-	(358,323)	-	(153,365)
Closing insurance contract assets	-	-	-	-	-
Closing insurance contract liabilities	156,768	-	1,411,458	92,066	1,660,294
Net closing balance	156,768	-	1,411,458	92,066	1,660,294

NOTES TO THE FINANCIAL STATEMENTS

10.3 Insurance Contract Liabilities – PAA General Business Portfolio 2024

	Liability for Remaining Coverage (LRC)		Liability for Incurred Claims	Insurance Contract Liabilities (ICL)
	Non-onerous	Onerous	LIC	
Reconciliation of carrying amounts by LRC/LIC: insurance				
Opening insurance contract assets	-	-	-	-
Opening insurance contract liabilities	-	-	1,813,109	1,813,109
Net opening balance	-	-	1,813,109	1,813,109
Insurance revenue	-	-	-	-
Insurance service expenses				
Incurred claims	-	-	-	-
Incurred fulfilment expenses	-	-	8,405	8,405
Acquisition expenses	-	-	-	-
Changes related to future service	-	-	-	-
Changes related to past service	-	-	(5,895)	(5,895)
Total Insurance service expenses	-	-	2,509	2,509
Investment components	-	-	-	-
Insurance service result	-	-	2,509	2,509
Insurance finance expenses	-	-	-	-
Total change in comprehensive income	-	-	2,509	2,509
Premiums received	-	-	-	-
Claims and expenses paid	-	-	(113,680)	(113,680)
Acquisition costs paid	-	-	-	-
Total cash flows	-	-	(113,680)	(113,680)
Closing insurance contract assets	-	-	-	-
Closing insurance contract liabilities	0	-	1,701,939	1,701,939
Net closing balance	0	-	1,701,939	1,701,939



NOTES TO THE FINANCIAL STATEMENTS

10.4 Reconciliation of the Components of Insurance Contract Liabilities – Contract measured using GMM Aggregate (December 2025)

Reconciliation of carrying amounts by BEL/RA/CSM: Insurance	Estimates of Present Value of Future Cash Flows	Risk Adjustment	CSM	Total
Opening insurance contract assets	-	-	-	-
Opening insurance contract liabilities	2,183,606	85,004	-	2,268,610
Net opening balance	2,183,606	85,004	-	2,268,610
Changes related to current services				
CSM for service provided	-	-	(168)	(168)
Risk Adjustment release for expired risks	-	(14,015)	-	(14,015)
Experience adjustments	147,611	-	-	147,611
Total changes related to current services	147,611	(14,015)	(168)	133,427
Changes related to future services				
New contracts recognised	(7,120)	1,401	6,513	794
Changes in estimates reflected in CSM	1,093	236	(1,329)	-
Changes in estimates resulting in contract losses	270,265	18,153	-	288,418
Total changes related to future services	264,238	19,790	5,184	289,212
Changes that relate to past service				
Adjustments to liabilities for incurred claims	70,635	-	-	70,635
Total changes that relate to past service	70,635	-	-	70,635
Insurance service result	(482,484)	(5,774)	(5,016)	(493,274)
Insurance finance expenses	153,339	-	1,419	154,758
Total change in comprehensive income	(635,823)	(5,774)	(6,436)	(648,033)
Total cash flows	(516,692)	-	-	(516,692)
Closing insurance contract assets	-	-	-	-
Closing insurance contract liabilities	2,302,738	90,778	6,436	2,399,952
Net closing balance	2,302,738	90,778	6,436	2,399,952

NOTES TO THE FINANCIAL STATEMENTS

10. 5.1 Reconciliation of Insurance Contract Liabilities – Endowment

	LRC – Non onerous	LRC – Onerous	Liability for Incurred Claims (LIC)	Insurance Contract Liabilities (ICL)
Opening insurance contract liabilities	142,516	14,735	–	157,251
Net opening balance	142,516	14,735	–	157,251
Insurance revenue	(123,015)	–	–	(123,015)
Incurred fulfilment expenses	–	–	15,012	15,012
Acquisition expenses	19,790	–	–	19,790
Changes related to future service	–	70,335	–	70,335
Changes related to past service	–	–	70,635	70,635
Total insurance service expenses	19,790	70,335	85,647	175,772
Investment components	–	–	–	–
Insurance service result	(103,226)	70,335	85,647	52,756
Insurance finance expenses	6,937	–	–	6,937
Total change in comprehensive income	(96,289)	70,335	85,647	59,693
Premiums received	131,930	–	–	131,930
Claims paid	–	–	(70,635)	(70,635)
Expenses paid	–	–	(15,012)	(15,012)
Acquisition costs paid	(19,790)	–	–	(19,790)
Total cash flows	112,141	–	(85,647)	26,494
Closing insurance contract liabilities	158,367	85,071	–	243,437
Net closing balance	158,367	85,071	–	243,437

NOTES TO THE FINANCIAL STATEMENTS

10.5.2 Reconciliation of Insurance Contract Liabilities – Protection

	LRC – Non-onerous	LRC – Onerous	LIC	Insurance Contract Liabilities (ICL)
Net opening balance	-	-	-	-
Insurance revenue	(227)	-	-	(227)
Incurring claims	-	-	-	-
Incurring fulfilment expenses	-	-	-	-
Acquisition expenses	34	-	-	34
Changes related to future service	-	-	-	-
Changes related to past service	-	-	-	-
Total insurance service expenses	34	-	-	34
Investment components	-	-	-	-
Insurance service result	(194)	-	-	(194)
Insurance finance expenses	1,014	-	-	1,014
Total change in comprehensive income	820	-	-	820
Premiums received	200	-	-	200
Claims paid	-	-	-	-
Expenses paid	-	-	-	-
Acquisition costs paid	(34)	-	-	(34)
Total cash flows	166	-	-	166
Closing insurance contract assets	-	-	-	-
Closing insurance contract liabilities	987	-	-	987
Net closing balance	987	-	-	987

NOTES TO THE FINANCIAL STATEMENTS

10.5.3 Reconciliation of Insurance Contract Liabilities – Investment Linked

Description	LRC – Non-onerous	LRC – Onerous	LIC	Insurance Contract Liabilities (ICL)
Net opening balance	-	-	-	-
Insurance revenue	(3,286)	-	-	(3,286)
Incurred claims	-	-	-	-
Incurred fulfilment expenses	-	-	-	-
Acquisition expenses	2,330	-	-	2,330
Changes related to future service	-	3,773	-	3,773
Changes related to past service	-	-	-	-
Total insurance service expenses	2,330	3,773	-	6,103
Investment components	-	-	-	-
Insurance service result	(956)	3,773	-	2,817
Insurance finance expenses	71	-	-	71
Total change in comprehensive income	(885)	3,773	-	2,888
Premiums received	62,139	-	-	62,139
Claims paid	-	-	-	-
Expenses paid	-	-	-	-
Acquisition costs paid	(2,330)	-	-	(2,330)
Total cash flows	59,809	-	-	59,809
Closing insurance contract assets	-	-	-	-
Closing insurance contract liabilities	58,923	3,773	-	62,697
Net closing balance	58,923	3,773	-	62,697



NOTES TO THE FINANCIAL STATEMENTS

10.5.4 Reconciliation of Insurance Contract Liabilities – Credit Life

Description	LRC – Non-onerous	LRC – Onerous	LIC	Insurance Contract Liabilities (ICL)
Net opening balance	-	-	-	-
Insurance revenue	(615)	-	-	(615)
Insurance service expenses				
Incurred claims	-	-	-	-
Acquisition expenses	181	-	-	181
Changes related to future service	-	-	-	-
Changes related to past service	-	-	-	-
Total insurance service expenses	181	-	-	181
Investment components	-	-	-	-
Insurance service result	(434)	-	-	(434)
Insurance finance expenses	99	-	-	99
Total change in comprehensive income	(335)	-	-	(335)
Premiums received	2,016	-	-	2,016
Claims paid	-	-	-	-
Expenses paid	-	-	-	-
Acquisition costs paid	(181)	-	-	(181)
Total cash flows	1,835	-	-	1,835
Closing insurance contract liabilities	1,500	-	-	1,500
Net closing balance	1,500	-	-	1,500

NOTES TO THE FINANCIAL STATEMENTS

10.5.5 Reconciliation of Insurance Contract Liabilities – Annuity

Description	LRC – Non-onerous	LRC – Onerous	LIC	Insurance Contract Liabilities (ICL)
Opening insurance contract liabilities	1,741,781	33,893	335,686	2,111,360
Net opening balance	1,741,781	33,893	335,686	2,111,360
Insurance revenue	(313,116)	-	-	(313,116)
Incurred claims	-	-	315,477	315,477
Incurred fulfilment expenses	-	-	220,864	220,864
Acquisition expenses	-	-	-	-
Changes related to future service	-	215,104	-	215,104
Changes related to past service	-	-	-	-
Total insurance service expenses	-	215,104	536,341	751,445
Investment components	-	-	-	-
Insurance service result	(313,116)	215,104	536,341	438,329
Insurance finance expenses	146,639	-	-	146,639
Total change in comprehensive income	(166,478)	215,104	536,341	584,967
Premiums received	-	-	-	-
Claims paid	-	-	(384,132)	(384,132)
Expenses paid	-	-	(220,864)	(220,864)
Acquisition costs paid	-	-	-	-
Total cash flows	-	-	(604,996)	(604,996)
Closing insurance contract liabilities	1,575,304	248,997	267,031	2,091,331
Net closing balance	1,575,304	248,997	267,031	2,091,331

NOTES TO THE FINANCIAL STATEMENTS

10.5.6 Reconciliation of Components of Insurance Contract Liabilities – Endowment

Description	PV of Future Cash Flows	Risk Adjustment	CSM	Total
Opening insurance contract liabilities	150,335	6,915	-	157,251
Net opening balance	150,335	6,915	-	157,251
CSM for service provided	-	-	(105)	(105)
Risk adjustment release for expired risks	-	(1,530)	-	(1,530)
Experience adjustments	(86,579)	-	-	(86,579)
Total changes related to current services	(86,579)	(1,530)	(105)	(88,214)
Changes related to future services				
New contracts recognised	(4,260)	1,159	3,101	-
Changes in estimates reflected in CSM	(1,474)	228	1,246	-
Changes in estimates resulting in contract losses	66,618	3,717	-	70,335
Total changes related to future services	60,884	5,104	4,347	70,335
Adjustments to liabilities for incurred claims	70,635	-	-	70,635
Total changes related to past service	70,635	-	-	70,635
Insurance service result	(44,940)	(3,574)	(4,242)	(52,756)
Insurance finance expenses	6,261	-	676	6,937
Total change in comprehensive income	(51,201)	(3,574)	(4,917)	(59,693)
Total cash flows	26,494	-	-	26,494
Closing insurance contract assets	-	-	-	-
Closing insurance contract liabilities	228,031	10,489	4,917	243,437
Net closing balance	228,031	10,489	4,917	243,437

NOTES TO THE FINANCIAL STATEMENTS

10.5.7 Reconciliation of Components of Insurance Contract Liabilities – Protection

	PV of Future Cash Flows	Risk Adjustment	CSM	Total
Net opening balance	-	-	-	-
Changes related to current services				
CSM for services provided	-	-	(35)	(35)
Risk adjustment release for expired risks	-	(64)	-	(64)
Experience adjustments	(95)	-	-	(95)
Total changes related to current services	(95)	(64)	(35)	(194)
Changes related to future services				
New contracts recognised	(3,183)	64	3,119	-
Changes in estimates reflected in CSM	2,995	4	(3,000)	-
Changes in estimates resulting in contract losses	-	-	-	-
Total changes related to future services	(187)	68	119	-
Changes that relate to past service				
Adjustments to liabilities for incurred claims	-	-	-	-
Total changes related to past service	-	-	-	-
Insurance service result	282	(4)	(84)	194
Insurance finance expenses	334	-	680	1,014
Total change in comprehensive income	(52)	(4)	(764)	(820)
Total cash flows	166	-	-	166
Closing insurance contract liabilities	218	4	764	987
Net closing balance	218	4	764	987

NOTES TO THE FINANCIAL STATEMENTS

10.5.8 Reconciliation of Components of Insurance Contract Liabilities – Investment Linked

	PV of Future Cash Flows	Risk Adjustment	CSM	Total
Net opening balance	-	-	-	-
Changes related to current services				
CSM for services provided	-	-	-	-
Risk adjustment release for expired risks	-	(53)	-	(53)
Experience adjustments	(903)	-	-	(903)
Total changes related to current services	(903)	(53)	-	(956)
Changes related to future services				
New contracts recognised	648	146	-	794
Changes in estimates reflected in CSM	-	-	-	-
Changes in estimates resulting in contract losses	3,048	(69)	-	2,979
Total changes related to future services	3,696	77	-	3,773
Changes that relate to past service				
Adjustments to liabilities for incurred claims	-	-	-	-
Total changes related to past service	-	-	-	-
Insurance service result	(2,793)	(25)	-	(2,817)
Insurance finance expenses	71	-	-	71
Total change in comprehensive income	(2,863)	(25)	-	(2,888)
Total cash flows	59,809	-	-	59,809
Closing insurance contract liabilities	62,672	25	-	62,697
Net closing balance	62,672	25	-	62,697

NOTES TO THE FINANCIAL STATEMENTS

10.5.9 Reconciliation of Components of Insurance Contract Liabilities – Credit Life

	PV of Future Cash Flows	Risk Adjustment	CSM	Total
Net opening balance	-	-	-	-
Changes related to current services				
CSM for services provided	-	-	(28)	(28)
Risk adjustment release for expired risks	-	(2)	-	(2)
Experience adjustments	(404)	-	-	(404)
Total changes related to current services	(404)	(2)	(28)	(434)
Changes related to future services				
New contracts recognised	(325)	31	293	-
Changes in estimates reflected in CSM	(429)	4	425	-
Changes in estimates resulting in contract losses	-	-	-	-
Total changes related to future services	(753)	35	718	-
Changes that relate to past service				
Adjustments to liabilities for incurred claims	-	-	-	-
Total changes related to past service	-	-	-	-
Insurance service result	1,157	(33)	(690)	434
Insurance finance expenses	35	-	64	99
Total change in comprehensive income	1,122	(33)	(754)	335
Total cash flows	1,835	-	-	1,835
Closing insurance contract liabilities	713	33	754	1,500
Net closing balance	713	33	754	1,500

NOTES TO THE FINANCIAL STATEMENTS

10.5.10 Reconciliation of Components of Insurance Contract Liabilities – Annuity

	PV of Future Cash Flows	Risk Adjustment	CSM	Total
Opening insurance contract liabilities	2,033,271	78,089	-	2,111,360
Net opening balance	2,033,271	78,089	-	2,111,360
Changes related to current services				
Risk adjustment release for expired risks	-	(12,366)	-	(12,366)
Experience adjustments	235,591	-	-	235,591
Total changes related to current services	235,591	(12,366)	-	223,225
Changes related to future services				
New contracts recognised	-	-	-	-
Changes in estimates reflected in CSM	-	-	-	-
Changes in estimates resulting in contract losses	200,599	14,505	-	215,104
Total changes related to future services	200,599	14,505	-	215,104
Changes that relate to past service				
Adjustments to liabilities for incurred claims	-	-	-	-
Total changes related to past service	-	-	-	-
Insurance service result	(436,190)	(2,138)	-	(438,329)
Insurance finance expenses	146,639	-	-	146,639
Total change in comprehensive income	(582,829)	(2,138)	-	(584,967)
Total cash flows	(604,996)	-	-	(604,996)
Closing insurance contract liabilities	2,011,104	80,227	-	2,091,331
Net closing balance	2,011,104	80,227	-	2,091,331

NOTES TO THE FINANCIAL STATEMENTS
 10.11

Reconciliation of the liability for remaining coverage and the liability for incurred claims for insurance contracts - Group Life					
Reconciliation of carrying amounts by LRC/LIC: insurance	Liability for Remaining Coverage (LRC)		Liability for Incurred Claims		Insurance Contract Liabilities (ICL)
	Non- onerous	Onerous	PVFCF	Risk Adjustment	
Opening insurance contract liabilities	-	-	867,852	17,357	885,209
Net opening balance	-	-	867,852	17,357	885,209
Insurance revenue	(794)	-	-	-	(794)
Insurance service expenses					
Incurred claims	-	-	-	-	-
Incurred fulfilment expenses	-	-	98,529	-	98,529
Acquisition expenses	393	-	-	-	393
Changes related to future service	-	-	-	-	-
Changes related to past service	-	-	26,545	2,099	28,645
Total Insurance service expenses	393	-	125,074	2,099	127,567
Investment components	-	-	-	-	-
Insurance service result	(402)	-	125,074	2,099	126,772
Insurance finance expenses	-	-	88,187	-	88,187
Total change in comprehensive income	(402)	-	213,261	2,099	214,959
Premiums received	4,276	-	-	-	4,276
Claims paid	-	-	(9,734)	-	(9,734)
Expenses paid	-	-	(98,528)	-	(98,528)
Acquisition costs paid	(393)	-	-	-	(393,191)
Closing insurance contract assets	-	-	-	-	-
Closing insurance contract liabilities	3,481	-	972,849	19,456	995,788
Net closing balance	3,481	-	972,849	19,456	995,788

NOTES TO THE FINANCIAL STATEMENTS

Insurance Contract Liabilities: Group Life (PAA) - December 2024					
Portfolios	Liability for Remaining Coverage (LRC)	Liability for Incurred Claims (LIC)			Total
		IBNR	Outstanding claims	Risk Adjustment	
Group Life	-	341,129	526,722	17,357	885,209

10.5.12 Reconciliation of Insurance Contract Liabilities – Motor

	LRC – Non- onerous	LRC – Onerous	LIC	Risk Adjustment	Insurance Contract Liabilities (ICL)
Opening insurance contract liabilities	-	-	44,738	2,882	47,621
Net opening balance	-	-	44,738	2,882	47,621
Insurance revenue	(15,346)	-	-	-	(15,346)
Incurred claims	-	-	170	-	170
Incurred fulfilment expenses	-	-	8,651	-	8,651
Acquisition expenses	6,042	-	-	-	6,042
Changes related to past service	-	-	(8,643)	(531)	(9,174)
Total insurance service expenses	6,042	-	178	(531)	5,689
Insurance service result	(9,303)	-	178	(531)	(9,656)
Insurance finance expenses	-	-	4,546	-	4,546
Total change in comprehensive income	(9,303)	-	4,724	(531)	(5,110)
Premiums received	48,337	-	-	-	48,337
Claims paid	-	-	(8,651)	-	(8,651)
Expenses paid	-	-	(4,310)	-	(4,310)
Acquisition costs paid	(6,042)	-	-	-	(6,042)
Total cash flows	42,295	-	(12,961)	-	29,333
Closing insurance contract liabilities	32,991	-	36,501	2,352	71,844
Net closing balance	32,991	-	36,501	2,352	71,844

NOTES TO THE FINANCIAL STATEMENTS

10.5.13 Reconciliation of Insurance Contract Liabilities – Aviation

	LRC – Non- onerous	LRC – Onerous	LIC	Risk Adjustment	Insurance Contract Liabilities (ICL)
Opening insurance contract liabilities	-	-	41,807	2,717	44,525
Net opening balance	-	-	41,807	2,717	44,525
Insurance revenue	(2,249)	-	-	-	(2,249)
Incurred fulfilment expenses	-	-	7,913	-	7,913
Acquisition expenses	784	-	-	-	784
Changes related to future service	-	-	-	-	-
Changes related to past service	-	-	(7,884)	(236)	(8,120)
Total insurance service expenses	784	-	30	(236)	578
Investment components	-	-	-	-	-
Insurance service result	(1,464)	-	30	(236)	(1,671)
Insurance finance expenses	-	-	4,248	-	4,248
Total change in comprehensive income	(1,464)	-	4,278	(236)	2,577
Premiums received	3,922	-	-	-	3,922
Claims paid	-	-	(7,913)	-	(7,913)
Expenses paid	-	-	-	-	-
Acquisition costs paid	(784)	-	-	-	(784)
Total cash flows	3,138	-	(7,913)	-	(4,776)
Closing insurance contract liabilities	1,673	-	38,172	2,481	42,326
Net closing balance	1,673	-	38,172	2,481	42,326

NOTES TO THE FINANCIAL STATEMENTS

10.5.14 Reconciliation of Insurance Contract Liabilities – Fire

	LRC – Non- onerous	LRC – Onerous	LIC	Risk Adjustment	Insurance Contract Liabilities (ICL)
Opening insurance contract liabilities	-	-	46,954	2,629	49,583
Net opening balance	-	-	46,954	2,629	49,583
Insurance revenue	(13,622)	-	-	-	(13,622)
Incurred claims	-	-	101	-	101
Incurred fulfilment expenses	-	-	8,822	-	8,822
Acquisition expenses	6,051	-	-	-	6,051
Changes related to past service	-	-	(8,854)	(229)	(9,083)
Total insurance service expenses	6,051	-	69	(229)	5,891
Investment components	-	-	-	-	-
Insurance service result	(7,570)	-	69	(229)	(7,731)
Insurance finance expenses	-	-	4,771	-	4,771
Total change in comprehensive income	(7,570)	-	4,840	(229)	(2,959)
Premiums received	30,257	-	-	-	30,257
Claims paid	-	-	(8,822)	-	(8,822)
Expenses paid	-	-	(101)	-	(101)
Acquisition costs paid	(6,051)	-	-	-	(6,051)
Total cash flows	24,206	-	(8,923)	-	15,283
Closing insurance contract liabilities	16,635	-	42,871	2,401	61,907
Net closing balance	16,635	-	42,871	2,401	61,907

NOTES TO THE FINANCIAL STATEMENTS

10.5.15 Reconciliation of Insurance Contract Liabilities – General Accidents

	LRC – Non- onerous	LRC – Onerous	LIC	Risk Adjustment	Insurance Contract Liabilities (ICL)
Opening insurance contract liabilities	-	-	298,071	16,692	314,763
Net opening balance	-	-	298,071	16,692	314,763
Insurance revenue	(7,188)	-	-	-	(7,188)
Incurred fulfilment expenses	-	-	87,655	-	87,655
Acquisition expenses	3,465	-	-	-	3,465
Changes related to past service	-	-	(79,143)	(3,021)	(82,164)
Total insurance service expenses	3,465	-	8,511	(3,021)	8,956
Investment components	-	-	-	-	-
Insurance service result	(3,722)	-	8,511	(3,021)	1,768
Insurance finance expenses	-	-	30,289	-	30,289
Total change in comprehensive income	(3,722)	-	38,800	(3,021)	32,056
Premiums received	17,327	-	-	-	17,327
Claims paid	-	-	(87,655)	-	(87,655)
Expenses paid	-	-	(5,097)	-	(5,097)
Acquisition costs paid	(3,465)	-	-	-	(3,465)
Total cash flows	13,862	-	(92,752)	-	(78,890)
Closing insurance contract liabilities	10,139	-	244,119	13,671	267,929
Net closing balance	10,139	-	244,119	13,671	267,929

NOTES TO THE FINANCIAL STATEMENTS

10.5.16 Reconciliation of Insurance Contract Liabilities – Marine

	LRC – Non-onerous	LRC Onerous	LIC	Risk Adjustment	ICL
Opening insurance contract assets	-	-	-	-	-
Opening insurance contract liabilities	-	-	60,510	4,115	64,624
Net opening balance	-	-	60,510	4,115	64,624
Insurance revenue	(25,997)	-	-	-	(25,997)
Incurred fulfilment expenses	-	-	11,499	-	11,499
Acquisition expenses	14,381	-	-	-	14,381
Changes related to past service	-	-	(11,410)	(358)	(11,768)
Total insurance service expenses	14,381	-	89	(358)	14,112
Insurance service result	(11,616)	-	89	(358)	(11,885)
Insurance finance expenses	-	-	6,149	-	6,149
Total change in comprehensive income	(11,616)	-	6,237	(358)	(5,736)
Premiums received	71,907	-	-	-	71,907
Claims paid	-	-	(11,499)	-	(11,499)
Acquisition costs paid	(14,381)	-	-	-	(14,381)
Total cash flows	57,525	-	(11,499)	-	46,026
Closing insurance contract liabilities	45,909	-	55,248	3,757	104,914
Net closing balance	45,909	-	55,248	3,757	104,914

NOTES TO THE FINANCIAL STATEMENTS

10.5.17 Reconciliation of Insurance Contract Liabilities – Bond

	LRC – Non-onerous	LRC Onerous	LIC	Risk Adjustment	ICL
Opening insurance contract assets	-	-	-	-	-
Opening insurance contract liabilities	-	-	66,103	3,305	69,409
Net opening balance	-	-	66,103	3,305	69,409
Insurance revenue	(17,888)	-	-	-	(17,888)
Incurred fulfilment expenses	-	-	12,337	-	12,337
Acquisition expenses	7,648	-	-	-	7,648
Changes related to past service	-	-	(12,465)	(287)	(12,753)
Total insurance service expenses	7,648	-	(128)	(287)	7,232
Insurance service result	(10,241)	-	(128)	(287)	(10,656)
Insurance finance expenses	-	-	6,717	-	6,717
Total change in comprehensive income	(10,241)	-	6,589	(287)	(3,939)
Premiums received	38,238	-	-	-	38,238
Claims paid	-	-	(12,337)	-	(12,337)
Acquisition costs paid	(7,648)	-	-	-	(7,648)
Total cash flows	30,591	-	(12,337)	-	18,254
Closing insurance contract liabilities	20,350	-	60,355	3,018	83,723
Net closing balance	20,350	-	60,355	3,018	83,723

NOTES TO THE FINANCIAL STATEMENTS

10.5.18 Reconciliation of Insurance Contract Liabilities – Oil & Gas

	LRC – Non-onerous	LRC Onerous	LIC	Risk Adjustment	ICL
Opening insurance contract liabilities	-	-	984,652	68,926	1,053,578
Net opening balance	-	-	984,652	68,926	1,053,578
Insurance revenue	(11,073)	-	-	-	(11,073)
Incurred fulfilment expenses	-	-	187,249	-	187,249
Acquisition expenses	6,594	-	-	-	6,594
Changes related to past service	-	-	(186,398)	(7,053)	(193,451)
Total insurance service expenses	6,594	-	851	(7,053)	392
Insurance service result	(4,479)	-	851	(7,053)	(10,681)
Insurance finance expenses	-	-	100,056	-	100,056
Total change in comprehensive income	(4,479)	-	100,907	(7,053)	89,375
Premiums received	32,971	-	-	-	32,971
Claims paid	-	-	(187,249)	-	(187,249)
Expenses paid	-	-	(14,410)	-	(14,410)
Acquisition costs paid	(6,594)	-	-	-	(6,594)
Total cash flows	26,377	-	(201,659)	-	(175,282)
Closing insurance contract liabilities	21,898	-	883,900	61,873	967,670
Net closing balance	21,898	-	883,900	61,873	967,670

NOTES TO THE FINANCIAL STATEMENTS

10.5.19 Reconciliation of Insurance Contract Liabilities – Engineering

	LRC – Non-onerous	LRC – Onerous	LIC	Risk Adjustment	ICL
Opening insurance contract assets	-	-	-	-	-
Opening insurance contract liabilities	-	-	55,083	2,754	57,837
Net opening balance	-	-	55,083	2,754	57,837
Insurance revenue	(1,533)	-	-	-	(1,533)
Incurred fulfilment expenses	-	-	10,279	-	10,279
Acquisition expenses	1,741	-	-	-	1,741
Changes related to past service	-	-	(10,387)	(239)	(10,627)
Total insurance service expenses	1,741	-	(108)	(239)	1,394
Insurance service result	208	-	(108)	(239)	(139)
Insurance finance expenses	-	-	5,597	-	5,597
Total change in comprehensive income	208	-	5,489	(239)	5,458
Premiums received	8,706	-	-	-	8,706
Claims paid	-	-	(10,279)	-	(10,279)
Acquisition costs paid	(1,741)	-	-	-	(1,741)
Total cash flows	6,965	-	(10,279)	-	(3,314)
Closing insurance contract liabilities	7,173	-	50,293	2,515	59,981
Net closing balance	7,173	-	50,293	2,515	59,981

10. 7 Expected release of Contractual Service Margin	Annuity	Protection	Investment Linked	Credit Life	Endowment	Total
Year 1	-	59	-	754	384	1,198
Year 2	-	37	-	-	243	280
Year 3	-	19	-	-	125	144
Year 4	-	19	-	-	123	142
Year 5	-	18	-	-	321	340
Year 6	-	18	-	-	3,719	3,737
Year 7	-	18	-	-	-	18
Year 8	-	18	-	-	-	18
Year 9	-	18	-	-	-	18
Year 10	-	536	-	-	-	536
Above Year 10	-	-	-	-	-	-
Total CSM	-	763	-	754	4,917	6,435

10. 8 Insurance Contracts Recognised During the Year

	Annuity	Protection	Investment Linked	Credit Life	Endowment	Total
Estimates of future cash inflows	-	4,340	4,972	1,293	168,990	179,595
Estimates of future cash outflows:						
- Claims	-	(955)	(1,819)	(890)	(141,537)	(145,203)
- Directly attributable expenses	-	(154)	(1,300)	-	(3,642)	(5,097)
- Acquisition cash flows	-	(47)	(2,500)	(77)	(19,550)	(22,175)
Total cash outflows	-	(1,157)	(5,620)	(968)	(164,730)	(172,476)
Fulfilment cash flows (net)	-	3,182	(648)	324	4,260	7,119
Risk adjustment for non-financial risk	-	(63)	(146)	(31)	(1,159)	(1,400)
Contractual service margin (CSM)	-	(3,119)	-	(293)	(3,100)	(6,513)
Total insurance contract liabilities at initial recognition	-	-	794	-	-	794

NOTES TO THE FINANCIAL STATEMENTS

10.9 Age Analysis of Outstanding Claims

Age Analysis – Summary

Age Bracket	2025 No. of Claimants	2025 N'000	2024 No. of Claimants	2024 N'000
0 – 90 days	-	-	-	-
91 – 180 days	-	-	-	-
181 – 270 days	-	-	-	-
271 – 365 days	-	-	-	-
366 days and above	4,800	1,428,802	4,800	1,367,894
Total	4,800	1,428,802	4,800	1,367,894

10.10 Reasons for Outstanding Claims – Analysis

	Above 365 Days	
	Qty	Amount N'000
Discharge Voucher Issued – Life		
Discharge Voucher Issued – Non-Life		
Awaiting Loss Adjusters Report	129	178,293
Awaiting Documentation from Claimants	3,028	261,450
Abandoned by Claimants	287	192,930
Incomplete Documentations	1,046	359,796
Total	4,800	1,428,802

Reason	Above 365 Days	
	Qty	Amount
Discharge Voucher Issued – Life	195	174,174
Discharge Voucher Issued – Non-Life	115	201,250
Awaiting Loss Adjusters Report	129	178,293
Awaiting Documentation from Claimants	3,028	261,450
Abandoned by Claimants	287	192,930
Incomplete Documentations	1,046	359,796
Total	4,800	1,367,894

NOTES TO THE FINANCIAL STATEMENTS

	2025 N'000	2024 N'000
11. Investment Contract Liabilities		
As at January	2,898,330	2,667,359
Deposits	-	230,917
Withdrawals	(283,944)	-
As at December	2,614,386	2,898,330

Investment contract liabilities represent contracts that do not transfer significant insurance risk and are therefore accounted for as financial liabilities in accordance with IFRS 9 Financial Instruments rather than IFRS 17 Insurance Contracts.

These contracts primarily relate to savings oriented and investment linked products where the Company's obligation is to repay the account balance together with credited returns, subject to contractual terms and conditions.

12. Trade Payables		
Trade Payables	-	7,948
	-	7,948

13. Other Payable and Accruals		
Statutory Deductions	202,792	206,613
Information Technology Development levy	8,406	8,406
Sundry Payables	12,745	11,293
Due to Legacy Staff	177,064	
Due to Legacy Vendors	413,149	
Accrued expenses	414,985	93,355
Statutory Penalty Payable	4,026	4,026
Unclaimed dividend	3,182	3,182
Preference dividend	175,000	175,000
Endura Payables	684,524	1,451
Annuity fund fee payable	16,651	16,651
Directors' current account	10,250	33,271
	2,122,774	553,249

NOTES TO THE FINANCIAL STATEMENTS

14. Borrowings

Daewoo securities facility (note 14.1)	5,973,587	6,172,282
	5,973,587	6,172,982

14.1 Daewoo Securities Bond

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

The bond was tenured originally for 20 years with the lenders' option to convert the bond to Standard Alliance Insurance Plc's ordinary shares. If the option is not exercised, the Company must pay interest 4.25% per annum on the gross bond value for the entire term it has been outstanding. Daewoo Securities requested the full redemption of the bond in 2011, after which the Company negotiated with it and a payment plan with the bond owners was renegotiated in 2012. Further negotiations commenced in 2015 and are still ongoing. The Company's outstanding liability to Daewoo Securities as of 31 December 2025 is JPY651,071,000 (2024: JPY630,959,000), principal and interest inclusive.

The Company is currently engaged in discussions with the relevant counterparty regarding the offset of the Daewoo Bond.

14.2	Principal JPY'000	Interest JPY'000	Total JPY'000	2025 N'000	2024 N'000
At 1 January	398,203	232,756	630,959	6,172,982	3,841,795
Interest accrued during the year	-	20,112	20,112	185,300	156,620
Foreign exchange difference	-	-	-	(384,693)	2,174,566
At 31 December	398,203	252,868	651,071	5,973,587	6,172,982

	JPY'000	JPY'000
Current maturities		
Interest	252,868	232,755
Principal	398,203	398,203
Total current maturities	651,071	630,958
Non-current principal maturity	-	-
	651,071	630,958

The balance of the Daewoo bond as of 31 December 2025 is JPY6,512,000 (2024 December: JPY630,958,000) is stated in the financial statements at the Central Bank of Nigeria closing exchange rate of ₦10.0396/JPY as at 31 December 2025. Subsequent to 2025 reporting period, no payment has been made on principal and interest.

NOTES TO THE FINANCIAL STATEMENTS

	2025	2024
	N'000	N'000
15. Income Tax Liabilities		
At 1 January	278,091	276,023
Income Tax	-	-
Education Tax	-	-
Company Income Tax Payable	2,680	2,068
	<u>280,772</u>	<u>278,091</u>

Current Income Tax is the amount of income tax payable on the taxable profit for the year determined in line with relevant tax legislation

16. Deferred Tax Liability		
Opening balance	68,179	67,127
Charged for the period	-	1,052
Closing balance	<u>68,179</u>	<u>68,179</u>

17. Minimum Issued Share capital		
At 1 January	6,455,515	6,455,515
Addition during the period	-	-
At Close	<u>6,455,515</u>	<u>6,455,515</u>

	2025	2024
	N'000	N'000
18. Treasury Shares		
Treasury Shares	1,145	1,145
Movement during the period	-	-
	<u>1,145</u>	<u>1,145</u>

19. Share Premium		
At 1 January	7,484,955	7,484,955
Addition during the period	-	-
At Closing	<u>7,484,955</u>	<u>7,484,955</u>

NOTES TO THE FINANCIAL STATEMENTS

20. Irredeemable convertible debt

Irredeemable convertible debt	12,000,000	-
	<u>12,000,000</u>	<u>-</u>

On the 5th of January 2022, an investor, QPI Consultants FZE, through a special purpose vehicle (SPV) named Endura Investment Global Limited (EIG), showed interest in obtaining regulatory approval for the purchase of 3,140,774,908 ordinary shares in Standard Alliance Insurance Plc at ₦0.01 each.

The purchase of the shares would give the new investor 26.4% of the issued share capital of the Company. The investor would be in a position to restructure the business and turn it around with a minimum amount of US\$8 million.

Subsequently, the transaction was consummated on the 19th of August 2024, with the approval of the Nigerian Exchange Limited (NGX). The Company subsequently injected ₦12 billion additional capital in February 2025.

21. Statutory Contingency reserves

As at January	1,784.139	1,780,003
Movement during the period	9,556	4,136
	<u>1,793,695</u>	<u>1,784,139</u>

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

22. Accumulated Loss

Opening balance	(17,025,277)	(22,011,532)
(loss)/Profit for the year	(1,892,433)	4,990,391
Appropriation to Contingency reserves	(9,556)	(4,136)
At closing	<u>(18,927,266)</u>	<u>(17,025,277)</u>

NOTES TO THE FINANCIAL STATEMENTS

	2025	2024
	N'000	N'000
23. Fair Value reserves		
At 1 January	226,960	1,378,593
Write down of investment	-	(1,197,900)
Movement during the period (note 33)	5,141	46,266
	<u>232,101</u>	<u>226,960</u>

During the year, the Company recognised a fair value gain of ₦5,140,514 arising from the upward revaluation of its equity investment in Transcorp Plc.

In line with the Company's accounting policy, this gain has been recognised in other comprehensive income and accumulated in the fair value reserve, as the investment is designated at fair value through other comprehensive income (FVOCI).

NOTES TO THE FINANCIAL STATEMENTS

	2025 N'000	2024 N'000
24. Insurance Revenue		
Insurance Revenue – Life (24.1)	441,055	413,635
Insurance Revenue –Non – Life (24.2)	94,896	-
	535,952	413,635

Insurance Revenue	Life	Non-Life	Total
	N'000	N'000	N'000
Amounts relating to changes in LFRC			
Expected benefits incurred	383,591	-	383,591
Expected expenses incurred	20,151	-	20,151
Change in risk adjustment	14,015	-	14,015
CSM recognized	168	-	168
Recovery of acquisition cash flows	22,335	-	22,335
Contracts not measured under PAA	440,260	-	440,260
Contracts measured under PAA	795	94,896	95,691
Total Insurance Revenue	441,055	94,896	535,952

NOTES TO THE FINANCIAL STATEMENTS

24. 1 Insurance Revenue – Life (December 2025)

Class of Business	Annuity	Protection	Investment Linked	Group Life	Credit Life	Endowment	Total
	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Amounts relating to changes in LFRC							
Expected benefits incurred	285,816	84	473	795	404	96,815	384,386
Expected expenses incurred	14,934	11	430	-	-	4,776	20,151
Change in risk adjustment	12,366	64	53	-	2	1,530	14,015
CSM recognised	-	35	-	-	28	105	168
Recovery of acquisition cash flows	-	34	2,330	-	181	19,790	22,335
Contracts not measured under PAA	313,116	227	3,286	-	615	123,015	441,055
Contracts measured under PAA	-	-	-	795	-	-	795
Total Insurance Revenue	313,116	227	3,286	795	615	123,015	441,055

24. 1 Insurance Revenue – Life (December 2024)

Class of Business	Annuity	Group Life	Endowment	Total
	N'000	N'000	N'000	N'000
Expected benefits incurred	286,012	195	92,193	378,400
Expected expenses incurred	13,406	-	4,083	17,489
Change in the risk adjustment	13,121	-	4,625	17,746
Contracts not measured under PAA	312,539	-	100,901	413,635
Contracts measured under PAA	312,539	195	100,901	413,635



NOTES TO THE FINANCIAL STATEMENTS

24. 2 Insurance Revenue – Non - Life (December 2025)

Class of Business	Motor	Fire	General Accidents	Marine	Bond	Oil & Gas	Engineering	Aviation	Total
	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Amounts relating to changes in LFRC									
Expected benefits incurred	15,346	13,622	7,188	25,997	17,888	11,073	1,533	2,249	94,896
Contracts measured under PAA	15,346	13,622	7,188	25,997	17,888	11,073	1,533	2,249	94,896
Total Insurance Revenue	15,346	13,622	7,188	25,997	17,888	11,073	1,533	2,249	94,896

Insurance Revenue – Non-Life (December 2024)

Class of Business	Motor	Fire	General Accident	Marine	Bond	Oil & Gas	Engineering	Aviation	Total
	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Insurance Revenue	–	–	–	–	–	–	–	–	–



NOTES TO THE FINANCIAL STATEMENTS

	2025 N'000	2024 N'000
25. Insurance service expenses		
Insurance service expenses - Life 25.1	1,061,102	-
Insurance service expenses – Non - Life 25.2	44,244	347,586
	1,105,346	347,586

Insurance Service Expenses

	Life	Non-Life	Total
	N'000	N'000	N'000
Incurred claims	315,477	271	315,748
Incurred fulfilment expenses	334,405	334,405	668,809
Amortisation of insurance acquisition cash flows	22,728	46,708	69,436
Changes in BEL related to LIC	97,180	(325,185)	(228,005)
Changes in RA related to LIC	2,100	(11,954)	(9,854)
Loss component – losses and reversal of losses	289,213	-	289,213
Total Insurance Service Expense	1,061,102	44,244	1,105,346

NOTES TO THE FINANCIAL STATEMENTS

25.1 Insurance Service Expense – Life (December 2025)

	Annuity	Protection	Investment Linked	Group Life	Credit Life	Endowment	Total
	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Incurring claims	315,477	-	-	-	-	-	315,477
Incurring fulfilment expenses	220,864	-	-	98,529	-	15,012	334,405
Amortisation of insurance acquisition cash flows	-	32	2,330	393	181	19,790	22,728
Changes in BEL related to LIC	-	-	-	26,545	-	70,635	97,180
Changes in RA related to LIC	-	-	-	2,100	-	-	2,100
Loss component – losses and reversal of losses	215,104	-	3,773	-	-	70,335	289,213
Total Insurance Service Expense	751,445	34	6,103	127,567	181	175,772	1,061,102

25.1 Insurance Service Expense – Life (December 2024)

	Annuity	Group Life	Endowment	General	Total
	N'000	N'000	N'000	N'000	N'000
Incurring claims	288,767	-	-	2,510	291,277
Incurring fulfilment expenses	9,790	4,368	665	-	14,823
Changes in RA related to LIC	-	(1,970)	-	-	(1,970)
Loss component: losses and reversal of losses	32,300	-	11,156	-	43,455
Total insurance service expense	330,857	2,397	11,821	2,510	347,586

NOTES TO THE FINANCIAL STATEMENTS

25.2 Insurance Service Expense – Non-Life (December 2025)

	Motor	Fire	General Accidents	Marine	Bond	Oil & Gas	Engineering	Aviation	Total
	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Incurring claims	170	101	–	–	–	–	–	–	271
Incurring fulfilment expenses	8,651	8,822	87,655	11,499	12,337	187,249	10,279	7,913	334,405
Amortisation of insurance acquisition cash flows	6,042	6,051	3,465	14,381	7,648	6,594	1,741	784	46,708
Changes in BEL related to LIC	8,643	8,854	79,143	11,410	12,465	186,398	10,387	7,884	325,185
Changes in RA related to LIC	(530)	(229)	(3,021)	(358)	287	(7,053)	(239)	(236)	(11,954)
Total Insurance Service Expense	5,689	5,891	8,956	14,112	7,232	392	1,394	578	44,244

25.2 Insurance Service Expense – Non-Life (December 2024)

Description	Motor	Fire	General Accident	Marine	Bond	Oil & Gas	Engineering	Aviation	Total
	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Incurring fulfilment expenses	217	222	2,203	289	310	4,707	258	199	8,405
Changes in RA related to LIC	–	–	(5,895)	–	–	–	–	–	(5,895)
Total insurance service expense	217	222	(3,692)	289	310	4,707	258	199	2,510

	2025 N'000	2024 N'000
26. Net Income or Expenses on reinsurance contracts		
Net income or expense from reinsurance contracts held – Life	-	-
Net income or expense from reinsurance contracts held (26.1) – Non Life	(9,253)	-
	(9,253)	-

26. Net Income / (Expense) from Reinsurance Contracts Held (₺)

	Life	Non-Life	Total
	N'000	N'000	N'000
Expected expenses for contracts measured under PAA			
Allocation of Reinsurer Insurance Revenue	-	(9,253)	(9,253)
Net income / (expense) from reinsurance contracts held	-	(9,253)	(9,253)

26. 1 Net Income / (Expense) from Reinsurance Contracts Held – Non-Life

	Motor	Marine	Total
	N'000	N'000	N'000
Expected expenses for contracts measured under PAA			
Allocation of Reinsurer Insurance Revenue	(7,924)	(1,328)	(9,253)
Net income / (expense) from reinsurance contracts held	(7,924)	(1,328)	(9,253)

NOTES TO THE FINANCIAL STATEMENTS

	2025 N'000	2024 N'000
27. Net Insurance finance expenses		
Net Finance expenses from insurance contracts - Life(27.2)	242,946	263,102
Net Finance expenses from insurance contracts - Non - Life(27.3)	162,373	-
	405,319	263,102

27. 1 Net Finance Expenses from Insurance Contracts

	Life	Non-Life	Total
	N'000	N'000	N'000
Unwind of discount on FCFs – LRC	112,604	-	112,604
Unwind of discount on FCFs – LIC	88,187	162,373	250,560
Effect of change in economic assumptions – LRC	(120,028)	-	(120,028)
Interest accretion on CSM	1,419	-	1,419
Effect of change in discount rate assumptions – LRC	160,763	-	160,763
Total Net Finance Expenses from Insurance Contracts	242,946	162,373	405,319

NOTES TO THE FINANCIAL STATEMENTS

27. 2 Net Finance Expenses from Insurance Contracts

	Annuity	Protection	Investment Linked	Group Life	Credit Life	Endowment	Investment	Total
	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Unwind of discount on FCFs – LRC	102,601	347	71	–	35	9,550	–	112,604
Unwind of discount on FCFs – LIC	–	–	–	88,187	–	–	–	88,187
Effect of change in economic assumptions – LRC	(119,674)	20	–	–	–	(333)	–	(120,028)
Interest accretion on CSM	–	680	–	–	64	676	–	1,419
Effect of change in discount rate assumptions – LRC	163,711	8	–	–	–	2,956	–	160,763
Total Net Finance Expenses from Insurance Contracts	146,639	1,014	71	88,187	99	6,937	–	242,946

27.3 Net Finance Expenses from Insurance Contracts – Non-Life

	Motor	Fire	General Accidents	Marine	Bond	Oil & Gas	Engineering	Aviation	Total
	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Unwind of discount on FCFs – LIC	4,546	4,771	30,289	6,149	6,717	100,056	5,597	4,248	162,373
Total Net Finance Expenses from Insurance Contracts	4,546	4,771	30,289	6,149	6,717	100,056	5,597	4,248	162,373

NOTES TO THE FINANCIAL STATEMENTS

Insurance Finance Expenses (December 2024)

	Annuity	Group Life	Endowment	Non-Life	Total
	N'000	N'000	N'000	N'000	N'000
Unwind of discount on FCFs – LRC	244,832	–	97,030	–	341,862
Effect of change in economic assumptions – LRC	124,349	–	117	–	124,467
Effect of change in discount rate assumptions – LRC	(202,319)	–	(908)	–	(203,227)
Net Insurance Finance Expense	166,862	–	96,240	–	263,102

28. Investment income

	2025	2024
	N'000	N'000
Investment Income Life (28.2)	174,101	109,330
Investment Income Non - Life (28.3)	55,819	35,053
Fair Value on quoted shares	69,763	–
	299,683	144,383

28.1 Investment Income

	Life	Non-Life	Total
	N'000	N'000	N'000
Interest revenue on financial assets not measured at FVTPL	399,492	128,083	527,574
Fair value gain / (loss)	–	20,641	20,641
Other investment revenue	64,381	–	64,381
Net foreign exchange income / (expense)	(289,772)	(92,905)	(382,677)
Total Net Investment Income	174,101	55,819	229,920

NOTES TO THE FINANCIAL STATEMENTS

28.2 Investment Income - Life

	Annuity	Group Life	Endowment	Investment	Total
	N'000	N'000	N'000	N'000	N'000
Interest revenue on financial assets not measured at FVTPL	143,826	67,098	10,262	178,306	399,492
Other investment revenue	23,179	10,813	1,654	28,735	64,381
Net foreign exchange income / (expense)	(104,324)	(48,669)	(7,444)	(129,334)	(289,772)
Total Net Investment Income	62,680	29,242	4,472	77,707	174,101

28.3 Investment Income Non-Life

	Motor	Fire	General Accidents	Marine	Bond	Oil & Gas	Engineering	Aviation	Total
	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Interest revenue on financial assets not measured at FVTPL	3,314	3,379	33,573	4,404	4,725	71,720	3,937	3,031	128,083
Other investment revenue	534	545	5,411	710	762	11,558	634	488	20,641
Net foreign exchange income / (expense)	(2,403)	(2,451)	(24,352)	(3,195)	(3,427)	(52,022)	(2,856)	(2,198)	(92,905)
Total Net Investment Income	1,444	1,473	14,631	1,919	2,059	31,257	1,714	1,321	55,819

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	2025	2024
	N'000	N'000
29. Other income		
Income On Statutory Deposit	114,062	-
Interest on current Account with banks	501,688	-
Dividend Income	3,994	-
Rental Income	80,538	-
Misc. Incomes	35,287	-
	735,569	-
30. Finance Cost		
Interest on irredeemable convertible debt	1,440,359	-
Accrued Interest on Daewoo Bond	185,300	-
	1,625,659	-

Finance costs represent interest expenses incurred by the Company on its financing arrangements and debt instruments during the period. Details are as follows:

Interest on Irredeemable Convertible Debt

During the period under review, the Company received an irredeemable convertible debt injection of ₦12 billion, which was placed in a Fidelity Bank Escrow Account

The facility attracts an interest rate of 12.5 percent, which was paid upfront at inception of the instrument. In line with applicable accounting standards, the upfront interest paid has been recognised as prepaid interest and is being amortised over the tenure of the instrument.

Accrued Interest on Daewoo Bond

The accrued interest on the **Daewoo Bond** relates to interest expense arising from the Company's bond obligation. The bond is classified under **borrowings** in the statement of financial position.

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31. Foreign Exchange gain/Expenses

Exchange difference on Daewoo Bond 384,693 (2,174,566)

384,693 (2,174,566)

32. Management Expenses

N'000 N'000

Salaries and allowances 242,472 5,241

Insurance expenses 1,793 2,711

Depreciation 51,574 11,418

Amortisation 1,427

Legal and professional fees 76,179 618

Bank charges 45,757 258

Advertising and promotion expenses 49,725 1,547

Administrative expenses 117,058 58,784

Supervisory levies 68,199 9,631

Actuarial cost 21,500 1,087

Staff training and development 595 899

Audit fee 5,778 9,500

Travelling, outstation and hotel expenses 18,016 2,165

700,073 103,859

33. Fair Value gain through OCI

2025 2024

N'000 N'000

Fair Value Gain on Transcorp Shares 5,141 46,266

5,141 46,266

The fair value gain of ₦5,140,514 recognised during the year relates to the increase in market price of the Company's equity investment in Transcorp Plc.

In accordance with the Company's accounting policy for equity instruments designated at fair value through other comprehensive income (FVOCI), this gain has been recognised in other comprehensive income and accumulated in the fair value reserve within equity.

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34. Premium Receipt from Policyholders

	2025 N'000	2024 N'000
Premium due from policyholder at 1 January	-	-
Gross premium written in the year	452,227	195
Total	452,227	195
Premium due from policyholders at 31 December	-	-
Premium receipts in the year	452,227	195

35. Going Concern

The events and conditions listed below indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern:

As at 31 December 2024, the Company recorded a shortfall of ₦6.075 billion in meeting the then applicable minimum paid up capital requirement of ₦5 billion prescribed by the National Insurance Commission.

However, as at 31 December 2025, following capital restructuring and funding initiatives undertaken during the year, the Company has recorded an excess capital position of ₦4.59 billion above the regulatory minimum requirement.

Accordingly, the Company was in compliance with the applicable minimum paid up capital requirement as at the reporting date.

Management is implementing mitigating measures, including a re-capitalisation and business restructuring plan involving prospective investors, aimed at restoring the Company's capital position and ensuring continued operations.

Change of Company Name

At the Extra Ordinary General Meeting held on 4 April 2025, shareholders approved the change of the Company's name from Standard Alliance Insurance Plc to Fortis Global Insurance Plc. The Corporate Affairs Commission issued a Certificate of Registration evidencing the change of name on 25 April 2025.

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36. Fair Value Hierarchy

The Company's fair value measurement framework is described in accounting policy 4.2.

Level 1

Level 1 fair value measurements comprise quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2

Level 2 fair value measurements comprise valuations based on inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include:

- recent arm's length market transactions
- reference to other instruments that are substantially the same
- net asset value
- discounted cash flow techniques

Level 3

Level 3 fair value measurements comprise valuations based on inputs that are not observable in the market. These include financial assets for which there are no active markets and no observable inputs, such as certain loans and receivables.

37. Directors and Employees

Employees

The average number of persons employed by the Company during the year by category was as follows:

	2025	2024
Executive Directors	4	2
Management Staff	14	1
Non Management Staff	12	-
Total	30	3

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The number of employees of the Company other than Directors who received emoluments within the following ranges was:

Emolument Range	2025	2024
₦900,001 – ₦1,100,000	-	-
₦1,100,001 – ₦1,300,000	-	-
₦1,300,001 – ₦1,500,000	-	-
Above ₦1,500,000	26	-

The above fees and other emoluments include amounts paid to:

	2025 (₦'000)	2024 (₦'000)
The Chairman	-	-
The Highest Paid Director	15,135,000	-

The number of Directors who received fees and other emoluments (excluding pension contributions) within the following ranges was:

Emolument Range	2025	2024
₦1,000,001 – ₦2,000,000	-	-
₦2,000,001 and above	4	-

38. Penalties and Contraventions

During the year, the Company incurred a penalty in respect of late filling on outstanding legacy audited financial statements for years 2020, 2021, 2022, 2023 and 2024 due to its regulatory suspension.

The penalty has been fully settled and recognised in the financial statements under administrative/other operating expenses. Management has taken steps to strengthen its regulatory compliance processes to ensure timely submission of statutory filings going forward.

39. Contingent Liabilities

As at 31 December 2025, the Company had no material contingent liabilities (2024: Nil).

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40. Events after reporting date

On 7th April 2026, the National Insurance Commission (NAICOM) granted its "No Objection" for the conversion of the Company's ₦12,000,000,000 (Twelve Billion Naira) irredeemable convertible debt into 15,000,000,000 ordinary shares of 50 kobo each at a price of 80 kobo per share.

Reconstruction of Issued Share Capital

On 17th April 2026, the National Insurance Commission (NAICOM) granted its "No Objection" to the Company's proposal to reconstruct its issued share capital as follows:

1. Consolidation: The Company consolidated its issued shares from 12,911,030,586 ordinary shares of ₦0.50 each into 1,613,878,823 ordinary shares of ₦1.00 each
2. Subdivision: The consolidated shares were subsequently subdivided into 3,227,757,647 ordinary shares of ₦0.50 each.

All shares rank pari passu in all respects following the reconstruction.

41. Related Party Transactions

Related parties include related companies, Directors, key management personnel, and any employee who is able to exert significant influence over the operating policies of the Company. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Director, whether executive or otherwise.

During the year under review, there were no material transactions between the Company and its related parties other than those disclosed in the relevant notes to the financial statements.

42. Recapitalisation and Capital Adequacy

In line with the requirements of the Nigeria Insurance Industry Reform Act 2025, composite insurers are required to maintain a minimum paid up share capital of ₦25 billion.

As at the reporting date, the Company's paid up capital remains below the composite minimum threshold. The Board and shareholders have approved a recapitalisation plan comprising a public offer of ordinary shares and the proposed issuance of subordinated debt to strengthen the Company's capital base.

At the Extra Ordinary General Meeting held on 4 April 2025, shareholders authorised the Directors to issue additional ordinary shares to raise approximately ₦23.54 billion. In addition, the Company plans to raise up to ₦10 billion through subordinated debt, subject to regulatory approvals.

Management is in the process of obtaining the necessary regulatory approvals and implementing the recapitalisation plan. The recapitalisation represents a non adjusting event after the reporting date. Accordingly, no adjustment has been made to the financial statements.

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43. Risk Management Report

A. Introduction and Overview

The Company is exposed to various financial and regulatory risks in the course of its operations. The principal risks faced by the Company are:

1. Capital adequacy risk
2. Regulatory risk
3. Liquidity risk

This note provides information about the Company's exposure to these risks, its objectives, policies and processes for measuring and managing risk.

Risk Management Philosophy and Principles

The Company's financial risk management framework is guided by the following principles:

- i. Prudent management of the investment portfolio to minimise concentration risk across assets, industries and sectors, while ensuring portfolio flexibility and liquidity.
- ii. Strict adherence to internal policies and regulatory investment guidelines issued by the National Insurance Commission to ensure the maintenance of required solvency margins and liquidity levels.
- iii. Implementation of a structured liquidity management framework designed to ensure sufficient liquidity under both normal and stressed conditions.
- iv. Maintenance of a financial procedures manual that outlines operational steps and internal controls aimed at preventing or mitigating financial and strategic risks. The manual is reviewed periodically to reflect business, regulatory and structural changes.
- v. Board oversight and approval of strategies and policies relating to financial and strategic risk management.
- vi. Periodic evaluation of the effectiveness of the risk management process and internal control systems, including independent assessments where necessary.
- vii. Oversight by the Risk Management Committee of the Board.
- viii. Development of early warning indicators to facilitate timely identification and management of emerging risks.

Risk Management Strategy

The Board and Management have established a risk management framework designed to provide assurance that financial and operational risks are identified, assessed and managed within defined tolerance levels, taking into account available capital and regulatory requirements.

The Company's financial risk management strategy focuses on:

- i. Diversification of investment portfolios across eligible financial instruments in accordance with regulatory requirements.

NOTES TO THE FINANCIAL STATEMENTS

ii. Liquidity risk management within clearly defined internal limits to ensure the Company can meet obligations as they fall due.

iii. Efficient utilisation and monitoring of the Company's liquidity position.

Risk Management Framework

The Company recognises the presence of financial risk in the course of delivering value to its stakeholders. The Risk Management Framework is designed to manage financial risks inherent in the Company's investment activities, underwriting operations and liquidity management processes.

The framework provides guidance on the identification, measurement, monitoring and reporting of financial risks to ensure that the Company is able to meet its contractual obligations to policyholders and other stakeholders.

The Company acknowledges that risks arise primarily from investment activities, market exposures and liquidity management associated with its insurance operations. Accordingly, policies and procedures are established to ensure that assets are managed prudently, taking into account the profile of liabilities, solvency requirements and overall risk return objectives.

Financial risks are managed within defined tolerance limits through appropriate governance structures, management oversight and deployment of resources.

Risk Management Governance

Overall responsibility for risk management resides with the Board of Directors, acting through its designated Committees. The governance structure for financial risk management includes:

- i. Board of Directors and the Risk and Remuneration Committee
- ii. Finance and Investment Committee of the Board
- iii. Executive Management Committee on Investment
- iv. Enterprise Risk Management Committee and Chief Risk Officer
- v. Finance and Investment Department
- vi. Quality Assurance and Internal Control functions

These bodies ensure oversight, implementation and continuous monitoring of the Company's risk management framework.

Risk Tolerance and Risk Appetite

The Company manages its risks within clearly defined tolerance levels in order to maintain and enhance shareholder value while safeguarding policyholder interests.

The Company's Enterprise Risk Management framework defines risk appetite at two levels:

- i. Enterprise level
- ii. Business, Support and Functional unit level

Key performance and risk indicators are established at both levels, based on recommendations from the Chief Risk Officer and approved by the ERM Committee. These indicators are reviewed at least annually and updated to reflect changing business conditions and regulatory requirements.

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At the business and support unit levels, enterprise level risk indicators are cascaded to ensure alignment with overall risk objectives. Each unit's contribution to enterprise risk exposure forms part of performance assessment.

Tolerance limits are defined for each key risk indicator and serve as a practical expression of the Company's risk appetite. These limits are subject to approval by the ERM Committee and are reviewed periodically to reflect evolving economic, regulatory and operational circumstances.

Risk Management Process

The Company adopts a structured and iterative approach to risk management. The process is scalable and supports continuous improvement in decision making and performance by Management. The key stages of the risk management process are as follows:

1. **Communication and Consultation**

Ongoing communication with internal stakeholders and, where appropriate, external stakeholders is undertaken at each stage of the risk management process to ensure alignment and awareness.

2. **Establishing the Context**

The Company defines the internal and external parameters to be considered when managing risk, including the scope, objectives and criteria against which risks are assessed.

3. **Risk Identification**

Risks are identified through systematic assessment of events that may enhance, prevent, degrade or delay the achievement of the Company's objectives.

4. **Risk Analysis**

Identified risks are analysed to understand their causes, potential positive or negative consequences, and the likelihood of occurrence. Existing controls and their effectiveness are considered in the assessment.

5. **Risk Evaluation**

Risks are evaluated against defined risk tolerance levels to determine which risks require treatment and to prioritise mitigation efforts.

6. **Risk Treatment**

Appropriate risk treatment strategies are selected and implemented. These may include:

- avoiding the risk
- reducing the likelihood of occurrence
- reducing the impact of the risk
- transferring or sharing the risk
- accepting the risk within approved tolerance levels

7. **Monitoring and Review**

The entire risk management framework is subject to continuous monitoring and periodic review to:

- analyse trends and lessons learned from events

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- detect changes in internal and external environments
- assess the effectiveness of implemented controls

Risks and events are assessed against defined success criteria, and risk documentation typically includes:

- Description of the risk and affected processes or roles
- Impact on related objectives and success criteria
- Existing mitigation measures and control environment
- Assignment of responsibility for monitoring and implementation

B. Financial Risk Assessment

Financial risks are assessed in terms of both likelihood and impact, on an inherent basis (before controls) and residual basis (after controls). Assessment may be performed using qualitative or quantitative techniques, depending on the nature and complexity of the risk. In evaluating financial risk exposures, the Company considers the potential impact on the following performance and strategic indicators:

- Shareholders' funds
- Market share
- Corporate image and reputation
- Revenue growth
- Employee welfare
- Solvency margin
- Customer service standards

The objective of the financial risk assessment process is to ensure that risk exposures remain within acceptable limits while supporting sustainable business growth and regulatory compliance.

Risk Measurement Framework

The impact of identified risks against defined success criteria forms the basis for the Company's consequence rating scale. The evaluation criteria adopted are as follows:

Consequence Rating Scale

Rating	Classification	Description	Quantification
1	Catastrophic	Shareholders' funds depleted; licence withdrawal or liquidation imminent	≥ 10% of shareholders' funds
2	Major	Most success criteria threatened or one severely affected	5% – < 10% of shareholders' funds
3	Moderate	Some success criteria affected; recoverable with remedial action	1% – < 5% of shareholders' funds
4	Minor	Easily remedied; criteria recoverable	0.5% – < 1% of shareholders' funds
5	Negligible	Very small impact; rectified in normal course of operations	< 0.5% of shareholders' funds

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Likelihood Rating Scale

Rating	Classification	Interpretation
1	Almost Certain	Greater than 50% probability of occurrence during the year; may occur multiple times
2	Likely	Approximately 50% probability of occurrence during the year
3	Possible	Less than 50% probability of occurrence during the year
4	Unlikely	Could occur once over a 5–10 year period
5	Rare	Very unlikely; may occur once in more than 10 years

a) Market Risk

Market risk refers to the risk of adverse financial impact arising from fluctuations in market variables. The Company is exposed to movements in equity prices, interest rates and foreign exchange rates which may affect the value of its assets and liabilities.

Market risk exposures may arise from:

- i. Changes in interest rates affecting future cash flows of assets and liabilities where mismatches exist.
- ii. Changes in market values of equity instruments, real estate and other financial assets held by the Company.
- iii. Movements in foreign exchange rates that may result in losses on assets or liabilities denominated in foreign currencies.

The Company manages market risk through portfolio diversification, asset liability matching, regulatory investment limits and continuous monitoring of market conditions.

b) Credit Risk

Credit risk is the risk of financial loss arising from default, deterioration in credit quality or failure of counterparties to meet their contractual obligations. The Company is exposed to credit risk from investments, premium receivables, reinsurance recoverables and other counterparties.

Key sources of credit risk include:

i. Default Risk

The risk that a counterparty fails to settle obligations when due, resulting in delayed or partial recovery of cash flows or assets.

ii. Concentration Risk

Risk of losses arising from concentration of exposures to specific geographic areas, sectors, counterparties or related parties.

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iii. **Downgrade or Migration Risk**

Risk that a change in the credit quality of an obligor adversely affects the present value of related financial instruments.

iv. **Spread Risk**

Risk arising from market perception of increased credit risk at macroeconomic or counterparty specific levels.

Credit risk is managed through counterparty limits, credit quality assessments, diversification, adherence to regulatory investment guidelines and ongoing monitoring of receivables and recoverables.

c) **Liquidity Risk**

Liquidity risk is the risk that the Company, although solvent, may not have sufficient liquid assets to meet its obligations as they fall due. The Company manages liquidity risk by maintaining appropriate levels of cash and near cash assets and monitoring projected cash flows.

Liquidity risk exposures may arise from:

i. **Liquidation Value Risk**

Risk that unexpected timing or amount of cash requirements may necessitate the disposal of assets at unfavourable market prices.

ii. **Affiliated Investment Risk**

Risk that investments in affiliated entities may not be readily realisable or may create strain on financial or operating resources.

iii. **Capital Funding Risk**

Risk that the Company may be unable to obtain sufficient external funding when required, particularly where assets are illiquid.

iv. **Negative Publicity Risk**

Risk that adverse publicity may trigger unexpected liquidity pressures.

v. **Industry Contagion Risk**

Risk arising from liquidity challenges affecting similar companies within the industry.

vi. **Macroeconomic Deterioration Risk**

Risk of liquidity strain arising from broader economic downturns.

vii. **Market Stress Risk**

Risk resulting from abnormal volatility or stressed market conditions.

Liquidity risk is managed through active cash flow monitoring, maintenance of regulatory liquidity thresholds and periodic stress testing.

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Identification of Financial Risks

The principal financial risk categories identified by the Company include:

Market Risks	Credit Risks	Liquidity Risks
Interest rate risk	Concentration risk	Liquidation value risk
Equity price risk	Default risk	Affiliated investment risk
Real estate risk	Indirect or spread risk	Capital funding risk
Foreign exchange risk	Downgrade or migration risk	Negative publicity risk

Role of the Chief Risk Officer

In conjunction with the Finance and Investment Risk function, the Chief Risk Officer is responsible for:

- i. Identifying and anticipating emerging risks across all financial risk categories and recommending appropriate mitigation strategies.
- ii. Documenting identified risks and reporting them to the Enterprise Risk Management Committee for review, response and implementation of corrective actions.

Assessment of Financial Risk

The Company measures financial risk exposures across risk categories and its overall investment portfolio using defined methodologies and risk metrics.

The assessment process includes:

- i. Documentation of hedging strategies, including the instruments used, items hedged, measurement of hedge effectiveness and assignment of monitoring responsibility.
- ii. Establishment of exposure limits to control financial risk within approved tolerance levels.
- iii. Periodic review of risk limits to ensure alignment with prevailing market conditions, economic developments and overall risk appetite.
- iv. Application of stress testing and scenario analysis to evaluate the potential impact of economic shocks, market movements, interest rate fluctuations, foreign exchange volatility and changes in liquidity conditions.

Internal Risk Identification and Assessment

Internal risk refers to risks arising from weaknesses or deficiencies in internal systems, processes, controls or from negligence or oversight by responsible personnel. Such risks are addressed within the Company's internal control and risk management framework.

The Company continuously reviews its control environment to ensure that operational and financial processes remain effective, compliant and aligned with regulatory requirements.

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Internal Risk Identification and Assessment (Continued)

Internal risks may arise from deficiencies in internal processes, systems or oversight. Key areas considered under internal risk assessment include:

- i. Internal operational processes
- ii. Financial reporting systems
- iii. Bank reconciliation processes
- iv. Budget preparation and performance monitoring
- v. Working capital management

Financial risks may also arise from weaknesses in compliance levels, reporting systems, control procedures and personnel within the financial management function. These risks are addressed through established internal controls, periodic reviews and management oversight.

External Risk Identification and Assessment

External risks are those arising from factors outside the Company's direct control that may materially affect its financial position or operations. These include:

- i. Changes in regulatory requirements
- ii. Changes in currency and foreign exchange rates
- iii. Changes in interest rates
- iv. Changes in capitalisation requirements and solvency margins
- v. Changes in shareholder structure and composition
- vi. Developments in money and capital markets

The Company monitors these factors on a continuous basis and assesses their potential impact on capital adequacy, liquidity and profitability.

Risk and Control Self Assessments

The Company conducts periodic risk and control self assessments covering existing, newly identified and emerging financial risks. These assessments are performed at least quarterly.

For control based financial risks, including fraud risk, the Chief Risk Officer, in conjunction with the Finance and Investment Risk function:

- a. Identifies existing control structures
- b. Benchmarks control frameworks against recognised best practice standards
- c. Identifies control gaps
- d. Recommends and implements appropriate enhancements

Risk Ratings

The Chief Risk Officer, together with the Finance and Investment Risk function, ensures that identified risks are appropriately assessed and assigned priority ratings to facilitate effective treatment and monitoring.

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Key Risk Indicators

Management monitors key risk indicators to detect early signs of financial risk exposure. These indicators include:

Market Risks – KRIs	Credit Risks – KRIs	Liquidity Risks – KRIs
Interest rate fluctuations	Increasing receivables	Earnings volatility
Debt to equity ratio	Changes in debt profile	Asset coverage ratio
Decline in market values	Settlement default frequency	Liquidity ratio
Guaranteed value losses	Connected or affiliated exposures	Cash flow modelling
Exchange rate movements	Financial trends	Frequency of cash conversion
Inflation trends	Counterparty exposures	Variations in capital levels

These indicators are reviewed periodically to ensure that risk exposures remain within approved tolerance limits.

Risk Mitigation

Insurance

The Company mitigates certain operational and financial risks through insurance coverage.

- i. The Finance and Investment Risk function notifies the Head of Administration of risks arising from investment operations that require insurance coverage.
- ii. The Administration function ensures that insurance premiums are paid as they fall due and that coverage remains valid.
- iii. The Finance and Investment Risk function advises the Administration function of any insurance policies that are no longer required or require adjustment.

Risk Mitigation (Continued)

b) Consultancy

All consultancy services relating to financial risk management are governed by formal contracts that clearly define the scope and terms of engagement.

The Chief Risk Officer ensures that consultancy agreements include:

- i. Defined Service Level Agreements
- ii. Clearly specified minimum performance and quality standards
- iii. Explicit allocation of risks and responsibilities to be borne by the consultant
- iv. Clearly defined remedies and penalties in the event of default

This framework ensures accountability and alignment with the Company's risk management objectives.

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Risk Reporting

The Company maintains a structured risk reporting process to ensure timely and accurate reporting of risk exposures across the organisation.

- i. Risk reports clearly define responsibilities for preparation, content, presentation format, delivery timelines and evaluation methodology.
- ii. Reports are analysed to enhance risk management performance, assess the impact of risk exposures and monitor compliance with approved risk appetite levels.
- iii. Separate reports are generated for each major risk category, namely Market Risk, Credit Risk and Liquidity Risk.

Risk Reporting Template

Periodic risk reports typically include:

- i. Details of investment activities during the reporting period
- ii. Commentary on investment performance
- iii. Portfolio composition by asset class
- iv. Analysis of portfolio concentration and credit exposures

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- v. Disclosure of regulatory or internally approved limits breached, if any
- vi. Corrective actions taken
- vii. Planned investment strategies and outlook

C. Capital Management

The Company's capital management framework is designed to ensure that the Company maintains adequate capital in line with its risk profile, regulatory requirements and strategic objectives approved by the Board.

The objectives of capital management are to:

- Maintain sufficient capital to meet minimum regulatory capital requirements prescribed by NAICOM
- Maintain adequate capital buffers to support the Company's risk appetite and economic capital requirements
- Support the Company's creditworthiness and financial stability
- Sustain business growth while preserving going concern status and enhancing shareholder value
- Allocate capital efficiently across business lines to support strategic objectives and optimise returns
- Maintain capital levels above regulatory minimums to withstand potential adverse events
- Manage asset and currency exposures prudently, including evaluation of appropriate hedging strategies where necessary

The Board monitors capital adequacy on an ongoing basis to ensure continued compliance with regulatory requirements and internal capital targets.

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Capital Management Strategy

The Company's Enterprise Risk Management Committee oversees compliance with the Company's capital management objectives. The Committee reviews actual and forecast capital adequacy on a regular basis.

The capital management framework includes:

- Establishing internal capital adequacy targets
- Performing stress testing to assess capital resilience under adverse scenarios
- Planning and forecasting capital requirements to ensure that capital ratios exceed Board approved thresholds

The Board, through the ERM Committee, reviews and sets the Company's risk appetite annually and assesses the impact of stress scenarios on projected capital adequacy.

During the year under review, there were no significant changes to the Company's capital structure policies and processes. The Company continues to ensure strict compliance with NAICOM investment and capital requirements.

Expected Credit Loss Impairment Model for Financial Assets

The Company measures impairment of financial assets in accordance with IFRS 9 using the Expected Credit Loss (ECL) model. The ECL model reflects the present value of expected cash shortfalls resulting from default events over either a 12 month or lifetime horizon, depending on changes in credit risk since initial recognition.

The allowance for credit losses represents an unbiased, probability weighted estimate of credit losses determined by evaluating a range of possible outcomes and incorporating reasonable and supportable forward looking information.

The Company applies a three stage approach to impairment assessment:

Stage 1 – Performing Assets

Where there has been no significant increase in credit risk since initial recognition, a 12 month expected credit loss is recognised. For financial instruments with a remaining maturity of less than 12 months, the probability of default corresponds to the remaining contractual term.

Stage 2 – Underperforming Assets

Where there has been a significant increase in credit risk since initial recognition but the asset is not credit impaired, lifetime expected credit losses are recognised.

Stage 3 – Credit Impaired Assets

Financial assets that are considered to be in default are classified in Stage 3. Lifetime expected credit losses are recognised, and interest income is calculated on the net carrying amount.

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Measurement of Expected Credit Loss

Expected credit losses are measured using the following key inputs:

- Probability of Default (PD)
- Exposure at Default (EAD)
- Loss Given Default (LGD)

These inputs are modelled using historical data, current conditions and forward looking macroeconomic information relevant to the Company's portfolio.

Probability of Default (PD)

PD represents the likelihood that a borrower will default over a specified time horizon. A default event is recognised when contractual obligations are not met in accordance with agreed terms.

12 Month PD

This represents the probability of default occurring within the next 12 months (or over the remaining life of the instrument where maturity is less than 12 months) and is used in calculating Stage 1 ECL.

The Company periodically reviews its impairment models, assumptions and forward looking inputs to ensure that they remain appropriate and reflective of prevailing economic conditions.

Lifetime Probability of Default

Lifetime Probability of Default represents the likelihood that a borrower will default over the remaining contractual life of a financial instrument. Lifetime PD is applied in the measurement of expected credit losses for Stage 2 and Stage 3 exposures.

The maximum exposure considered in calculating lifetime ECL shall not exceed the contractual exposure in accordance with IFRS 9 requirements.

Exposure at Default (EAD)

Exposure at Default represents an estimate of the exposure at a future default date, taking into account:

- Expected changes in exposure after the reporting date
- Scheduled repayments of principal and interest
- Expected drawdowns on committed facilities
- Accrued interest arising from missed payments

EAD reflects the expected outstanding balance at the time of default.

Loss Given Default (LGD)

Loss Given Default represents the proportion of the exposure that is expected to be lost in the event of default. LGD is calculated as the difference between the contractual cash flows due and the cash flows expected to be recovered, including amounts recoverable from collateral or other credit enhancements.

LGD is typically expressed as a percentage of the Exposure at Default.

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Forward Looking Information

The measurement of expected credit losses incorporates forward looking information, including macroeconomic forecasts and assumptions that are reasonable and supportable.

Macroeconomic variables considered include, but are not limited to:

- GDP growth rates
- Inflation rates
- Central bank interest rates
- Unemployment rates
- Exchange rates
- Crude oil prices

The Company obtains economic data from reputable external sources such as the Central Bank of Nigeria, National Bureau of Statistics, International Monetary Fund, World Bank and other recognized financial data providers.

Where model outputs do not fully capture prevailing economic conditions or emerging risks, management applies qualitative adjustments or overlays based on expert judgment.

Expected credit losses are determined using probability weighted forward looking scenarios that represent unbiased estimates of credit losses.

Assessment of Significant Increase in Credit Risk (SICR)

At each reporting date, the Company assesses whether there has been a significant increase in credit risk since initial recognition by comparing the risk of default at the reporting date with the risk of default at initial recognition over the expected life of the financial instrument.

The assessment of SICR incorporates:

- Quantitative factors, including deterioration in internal or external credit ratings
- Qualitative indicators such as expected restructuring, forbearance or adverse changes in the borrower's operating environment
- Backstop indicators such as days past due thresholds

Forward looking macroeconomic factors are also incorporated in assessing changes in credit risk.

The Company adopts a multi factor approach in determining SICR, combining quantitative metrics as primary indicators with qualitative considerations and regulatory backstop measures to ensure appropriate classification of financial assets into Stage 1, Stage 2 or Stage 3.

Assessment of Significant Increase in Credit Risk (SICR) – Continued

As a backstop measure, where quantitative indicators do not trigger a significant increase in credit risk, a financial asset shall be transferred:

- To Stage 2 where payments are more than 30 days past due
- To Stage 3 where payments are more than 90 days past due

NOTES TO THE FINANCIAL STATEMENTS

This presumption may be rebutted only where there is reasonable and supportable evidence demonstrating that credit risk has not increased significantly despite the past due status.

Definition of Default and Credit Impaired Financial Assets

At each reporting date, the Company assesses whether a financial asset is credit impaired. A financial asset is considered credit impaired when one or more events have occurred that have a detrimental impact on the estimated future cash flows of the asset.

Indicators of credit impairment include:

- Significant financial difficulty of the issuer or borrower
- Breach of contract, including default or past due events
- It becoming probable that the borrower will enter bankruptcy or financial reorganisation
- Disappearance of an active market for the security due to financial distress

A debt instrument shall not automatically be considered credit impaired solely due to deterioration in credit rating unless there is objective evidence that expected cash flows have been adversely affected.

In assessing sovereign exposures, the Company considers:

- Market assessment of creditworthiness reflected in bond yields
- Credit rating agency assessments
- The country's ability to access capital markets
- Probability of restructuring or debt forgiveness
- Availability of international support mechanisms and the capacity of such mechanisms to provide required assistance

Effective Interest Rate (EIR)

The Effective Interest Rate represents the rate that exactly discounts estimated future cash receipts or payments through the expected life of a financial instrument to the gross carrying amount of a financial asset or the amortised cost of a financial liability.

Interest income for financial assets measured at amortised cost and FVOCI is recognised using the effective interest method.

Presentation of Expected Credit Loss in the Statement of Financial Position

The allowance for expected credit losses is presented as follows:

- For financial assets measured at amortised cost, the loss allowance is deducted from the gross carrying amount of the asset.
- For financial assets measured at fair value through other comprehensive income, no separate loss allowance is recognised in the statement of financial position as the carrying amount is already at fair value. However, the cumulative loss allowance is recognised in other comprehensive income and disclosed in the fair value reserve.

45. Asset Hypothecation

The company is exposed to a range of financial risks through its financial assets, financial liabilities, reinsurance assets and insurance liabilities. In particular, the key financial risk is that in the long term its investment proceeds will not be sufficient to fund the obligations arising from its insurance contracts, in response to the risk, the Company's assets and liabilities are allocated as follows:

Item	GENERAL BUSINESS			LIFE BUSINESS							COMPOSITE				
	Shareholders fund	Policyholders fund	Total	Shareholders fund	Policyholders fund						Shareholders fund	Policyholders fund	Current Period	Prior Period	% Change
					Individual Life	Group Life	Annuity	Investment Contract	Total Policyholders fund	Total					
	1	2	3=1+2	4	5	6	7	9	10=5+6+7+8+9	11=10+4	12=1+4	13=2+10	14=13+12		
Insurance Contract Liabilities - Liability for Incurred Claims		1,660,294.00	1,660,294.00		267,031.00	995,788.00	2,132,921.00		3,395,740.00	3,395,740.00	-	5,056,034.00	5,056,034.00	2,587,149.00	0.95
Insurance Contract Liabilities - Liability for Remaining	-	-	-		-	-	-	2,614,386.00	2,614,386.00	-	-	2,614,386.00	2,614,386.00	2,268,610.00	
Investment Contract Liabilities		-			-			-	-	-	-	-	-	2,898,330.00	(1.00)
Gross Insurance Funds		1,660,294.00	1,660,294.00	-	267,031.00	995,788.00	2,132,921.00	2,614,386.00	6,010,126.00	3,395,740.00	-	7,670,420.00	7,670,420.00	7,754,089.00	(0.01)
Less											-	-	-	-	
Reinsurance Contract Assets											-	-	-	-	
1 Assets for Incurred Claims	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2 Assets for Remaining Coverage	-	7,370.00	7,370.00	-	-	-	-	-	-	-	-	7,370.00	7,370.00	-	-
3 Others (specify)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net Insurance Funds	-	1,652,924.00	1,652,924.00	-	267,031.00	995,788.00	2,132,921.00	2,614,386.00	6,010,126.00	3,395,740.00	-	7,663,050.00	7,663,050.00	7,754,089.00	(0.01)
Admissible Assets											-	-	-	-	
1 Cash and Cash Equivalents	500,000.00	5,434,004.00	5,934,004.00	54,959.00	267,031.00	995,788.00	1,632,921.00	2,614,386.00	-	54,959.00	554,959.00	5,434,004.00	5,988,963.00	541,983.26	10.05
2 Treasury bills and Government Bonds	-	-	-	-	-	-	-	-	-	-	-	-	-	223,615.00	(1.00)
2 Placement with Financial Institutions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

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Corporate Bonds															
3 & Debenture	-	-	-	-	-	-	615,217.00	-	615,217.00	615,217.00	-	615,217.00	615,217.00	603,061.00	0.02
3 Quoted Shares	276,842.00	-	276,842.00	-	-	147,217.00	-	-	147,217.00	147,217.00	276,842.00	147,217.00	424,059.00	125,539.00	2.38
4 Unquoted Shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4 Mortgage Loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5 Loan to Policy holders	-	-	-	-	69,125.00	554.00	-	-	69,679.00	69,679.00	-	69,679.00	69,679.00	-	-
6 Other Loans & Investments	-	-	-	-	-	1,227.00	-	-	1,227.00	1,227.00	-	1,227.00	1,227.00	-	-
7 Investment in subsidiaries,	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8 Investment in Associates	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8 Investment in jointly controlled entities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9 Investment Properties	415,073.50	-	-	-	-	-	746,522.35	-	746,522.35	746,522.35	415,073.50	746,522.35	1,161,595.85	1,514,724.00	(0.23)
9 Others (Gross FA)	335,000.00	-	-	200,000.00	-	-	-	-	-	200,000.00	535,000.00	-	535,000.00	535,000.00	-
Total Admissible Assets	1,526,915.50	5,434,004.00	6,210,846.00	254,959.00	336,156.00	-	2,994,660.35	2,614,386.00	1,579,862.35	1,834,821.35	1,781,874.50	7,013,866.35	8,795,740.85	3,007,606.00	1.92
SURPLUS(DEFICIT) IN ASSETS COVER	1,526,915.50	3,781,080.00	4,557,922.00	254,959.00	69,125.00	(995,788.00)	861,739.35	-	(4,430,263.65)	(1,560,918.65)	2,731,948.00	(649,183.65)	1,132,690.85	4,126,409.26	(0.73)

46. Solvency Margin

The Company's solvency margin is summarised below:

	2025	2024
Company solvency	(305,788)	(1,656,261)
Regulatory minimum capital required	5,000,000	5,000,000
Surplus / (Deficit) in solvency margin	(5,305,288)	(6,656,261)

The Company recorded a solvency deficit of ₦ 5.305 billion for the year 31 December 2025 (2024: solvency deficit of ₦6.656 billion),

Detailed Computation of Solvency Margin As at 31 December 2025

Assets	TOTAL	Inadmissible	Admissible
	N'000	N'000	N'000
Cash and cash equivalents	11,499,089	-	11,499,089
Financial assets:			
At Fair Value Through P or L	195,303	-	195,303
At Amortised Cost	615,254	-	615,254
At Fair Value Through OCI	228,756	-	228,756
Reinsurance contract assets	7,370	-	7,370
Trade receivables	-	-	-
Other receivables and prepayments	153,704	153,704	-
Investment Properties (including building-PPE)	11,671,307	9,258,118	2,413,189
Intangible assets	10,510	-	10,510
Property, Plant and Equipment (excluding Building-PPE)	237,295	-	237,295
Statutory deposit	535,000	-	535,000
Total Assets	25,153,588	9,411,822	15,741,766

Liabilities			
Insurance Contract Liabilities	5,056,035	-	5,056,035
Investment Contract Liabilities	2,614,386	-	2,614,386

Other payables and accruals	2,122,774	-	2,122,774
Borrowings	5,973,587	-	5,973,587
Income tax liabilities	280,772	-	280,772
Deferred tax liabilities	68,179	68,179	-
Total liabilities	16,115,733	68,179	16,047,554
SOLVENCY MARGIN (ADMISSIBLE ASSETS MINUS ADMISSIBLE LIABILITIES)			(305,788)
Subject to higher of:			
15% OF NET PREMIUM	57,418		
OR			
Minimum paid-up capital	5,000,000		(5,000,000)
SURPLUS/(DEFICIT) SOLVENCY MARGIN			(5,305,288)

Notes

(i) Other receivables and prepayments

The non admissible portion represents balances that do not meet NAICOM admissibility criteria, excluding staff loans made in accordance with Section 24(13) of the Insurance Act 2003.

(ii) Investment properties

The non admissible portion represents the balance of revaluation reserves arising from the fair value adjustment of investment properties.

NOTES TO THE FINANCIAL STATEMENTS

47. SEGMENTS

The Company is organised into two operating segments, based on the nature of insurance risks assumed and the products offered. These segments are managed separately due to their distinct risk profiles, regulatory requirements, and operational processes. The Company distributes its insurance products through a network of licensed insurance brokers, agents, and direct marketing channels. The operating segments and their respective activities are as follows:

Non-Life Segment

The Non-Life segment comprises general insurance operations covering the protection of customers' assets and liabilities against various insurable risks. These include, but are not limited to, fire and special perils, motor, marine, aviation, oil and gas, engineering, bonds, and other general accident risks for both individual and corporate customers.

Insurance contracts under this segment are predominantly short-term in nature, typically with coverage periods of twelve months or less. Revenue in this segment is derived primarily from insurance service revenue recognised in accordance with IFRS 17, investment income on assets backing insurance liabilities, net realised gains on financial assets, and fair value gains or losses on financial instruments measured at fair value through profit or loss.

Life Segment

The Life segment comprises life assurance and related long-term insurance products designed to provide financial protection against risks such as premature death, disability, critical illness, and longevity. Products under this segment include individual life policies, group life assurance, annuities, and other long-term savings and protection plans.

Insurance contracts in this segment are generally long-term in nature and are measured in accordance with IFRS 17 using appropriate actuarial techniques. Revenue is generated primarily from insurance service revenue, investment income on policyholder and shareholder funds, as well as net realised and fair value gains or losses on financial assets held to support life insurance obligations.

ASSETS	LIFE'2025 N'000	NON- LIFE'2025 N'000	Composite 2025 N'000
Cash and cash equivalents	669,681	10,829,408	11,499,089
Financial Assets:			
- At fair value through profit or loss	151,681	43,621	195,303
- At amortised cost	614,063	1,190	615,254
- At fair value through other comprehensive income	-	228,756	228,756
Reinsurance Contract Asset	-	7,370	7,370
Trade receivables	-	-	-
Other receivables and prepayments	-	-	-
Investment properties	10,437,281	1,232,718	11,670,000
Intangible assets	-	10,510	10,510
Property, plant and equipment	5,547	233,055	238,602

Statutory deposit	200,000	335,000	535,000
TOTAL ASSETS	11,085,581	14,068,007	25,153,588
LIABILITIES AND SHAREHOLDERS' EQUITY			
Insurance contract liabilities	3,395,740	1,660,294	5,056,035
Investment contract liabilities	2,614,386	-	2,614,386
Trade payables	-	-	-
Other payables and accruals	108,658	2,014,117	2,122,773
Borrowings	-	5,973,587	5,973,587
Income tax liabilities	6,138	274,633	280,772
Deferred tax liabilities	(319,277)	387,455	68,178
TOTAL LIABILITIES	5,805,646	10,310,087	16,115,733
SHAREHOLDERS' EQUITY			
Share capital	2,700,000	3,755,515	6,455,515
Treasury shares		(1,145)	(1,145)
Share premium	1,171,656	6,313,299	7,484,955
Irredeemable convertible debt		12,000,000	12,000,000
Statutory Contingency reserves	296,902	1,496,793	1,793,695
Accumulated loss	1,111,377	(19,501,941)	(18,394,575.06)
Fair value reserves	-	232,101	232,101
Total equity	5,279,935	4,294,622	9,037,855
	11,085,581	14,068,007	25,153,588

OTHER NATIONAL DISCLOSURES

OTHER NATIONAL DISCLOSURE

FIVE-YEAR FINANCIAL SUMMARY

STATEMENTS OF FINANCIAL POSITION

Assets	2025	2024	2023	2022	2021
Cash and cash equivalents	11,499,089	540,667	644,272	695,776	1,945,557
Financial assets – at fair value through profit or loss	195,303	125,539	102,411	40,502	36,461
Financial assets – amortised cost	615,254	603,061	603,061	603,061	404,841
Financial assets – at fair value through OCI	228,756	223,615	1,532,639	200,080	175,291
Reinsurance assets	7,370	–	–	–	–
Trade receivables	143,840	(0)	(0)	8,849	8,074
Other receivables and prepayments	153,704	40,655	40,656	41,065	144,570
Deferred acquisition costs	–	–	–	–	–
Investment property	11,670,000	11,670,000	4,030,067	4,030,067	4,030,067
Intangible assets	10,510	–	–	–	–
Property, plant and equipment	238,602	21,148	24,246	35,663	50,233
Statutory deposit	535,000	535,000	535,000	535,000	535,000
TOTAL ASSETS	25,153,588	13,759,685	7,512,352	6,190,063	7,330,095
LIABILITIES AND SHAREHOLDERS' EQUITY					
Liabilities					
Insurance contract liabilities	5,012,459	4,855,759	5,062,390	5,226,948	5,318,297
Investment contract liabilities	2,589,673	2,898,330	2,667,359	2,571,151	2,448,716
Trade payables	–	66,000	7,948	7,948	7,948

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Other payables and accruals	2,122,774	495,197	503,320	502,513	850,919
Borrowings	5,973,587	6,172,982	3,841,795	1,976,233	1,994,015
Income tax liabilities	280,772	278,091	276,023	273,736	273,735
Deferred tax liabilities	68,179	68,179	67,127	61,909	61,909
TOTAL LIABILITIES	16,115,733	14,834,538	12,425,963	10,620,438	10,955,538
SHAREHOLDERS' EQUITY					
Share capital	6,455,515	6,455,515	6,455,515	6,455,515	6,455,515
Treasury shares	(1,145)	(1,145)	(1,145)	(1,145)	(1,145)
Share premium	7,484,955	7,484,955	7,484,955	7,484,955	7,484,955
Contingency reserves	1,793,695	1,784,139	1,780,003	1,775,727	1,768,801
Accumulated loss	(18,927,266)	(17,025,277)	(22,011,532)	(20,191,461)	(19,354,813)
Fair value reserves	232,101	226,960	1,378,593	46,034	21,245
Total equity attributable to owners	9,037,855	(1,074,853)	(4,913,611)	(4,430,375)	(3,625,442)
	25,153,588	13,759,685	7,512,352	6,190,063	7,330,095

OTHER NATIONAL DISCLOSURE

FIVE-YEAR FINANCIAL SUMMARY

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Description	2025	2024	2023	Restated 2022	Restated 2021
	₦'000	₦'000	₦'000	₦'000	₦'000
Insurance revenue	535,952	413,635	418,062	523,845	453,038
Insurance service expenses	(1,105,346)	(347,586)	(323,532)	(676,263)	(945,872)
Net Expenses on reinsurance Contracts	(9,253)	-	-	-	-
Insurance service results	(578,647)	66,050	94,529	(152,418)	(492,834)
Investment income	229,920				
Net finance expenses from insurance contracts	(405,319)				
Other revenue	1,179,960	7,788,576	179,526	125,341	30,485
Other expenses	(2,325,732)	(2,861,114)	(2,082,344)	(802,641)	(1,264,069)
Profit before tax	(1,889,753)	4,993,511	(1,808,290)	(829,719)	(1,726,418)
Income tax	(2,680)	(3,120)	(7,505)	(1)	1,915
Profit/(loss) for the year	(1,892,433)	4,990,391	(1,815,795)	(829,720)	(1,724,503)
Other comprehensive (loss)/income for the year	5,141	46,266	1,332,559	24,789	15,935
Total comprehensive income/(loss) for the year	(1,887,292)	5,036,658	(483,236)	(804,931)	(1,708,568)
Earnings per share – Basic (naira)	(0.29)	38.65	(14.25)	(6.43)	(13.36)

OTHER NATIONAL DISCLOSURE

VALUE ADDED STATEMENT

	2025 (N'000)	2024%	2024 (N'000)	2023%
Premium, Investment and Other Income	1,945,776	(501)	8,202,211	
Brought in service	(1,967,196)	601	(3,035,421)	
VALUE ADDED	(21,420)	100	5,166,790	100
DISTRIBUTED AS FOLLOWS:				
Employees – Staff costs	193,780	(59)	5,241	–
Providers of Funds – Finance charges	1,625,659	(494)	156,620	3
Government – Taxation	-	-	3,120	–
Depreciation and amortisation	51,574.37	(16)	11,418	–
(Profit)/(Loss) for the year	(1,892,433)	669	4,990,391	97
TOTAL VALUE ADDED	(21,420)	100	5,166,790	100