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Corporate Information

Chairman

Mr. Richard Asabia - Chairman

Directors

Mr. Larry Ademeso - Chief Executive Officer/ Managing Director (retired 31 December 2023)

Mr. Anthony Tippa - Executive Director (appointed 18 October 2023)

Mr. Ngozi Nlebemuo - Executive Director

Mr. Kofoworola Majekodunmi - Non Executive Director

Mrs. Mimi Ade-Odiachi - Non Executive Director

Mrs. Titilayo Olujobi - Non Executive Director

Dr. Olusegun Oso - Non Executive Director

Registered Office

Custodian House 16A Commercial Avenue Sabo, Yaba, Lagos www.custodianplc.com.ng

Auditors

Deloitte & Touché Civic Towers, Plot GA1, Ozumba Mbadiwe Avenue Victoria Island, Lagos Tel: +234 (01) 9041700 www.deloitte.com.ng

Company Secretary

Custodian Trustees Limited

Bankers

Guaranty Trust Bank Limited
First Bank of Nigeria Limited
Union Bank of Nigeria Limited
First City Monument Bank Limited
Ecobank Nigeria Limited
Standard Chartered Bank Limited
United Bank for Africa (UBA) Plc.
Stanbic IBTC Bank Limited
Access Bank Limited
Polaris Bank Limited
Keystone Bank Limited
Providus Bank Limited

Re-insurers

African Reinsurance Corporation Continental Reinsurance Plc. FBS Reinsurance Limited WAICA RE

Actuaries

Ernst & Young

RC No. 682763

FRC Registration

No. FRC/2013/000000000578

Branch Directory

Custodian Life Assurance Limited

Head Office

Custodian House

16A, Commercial Avenue
Sabo, Yaba, Lagos
Tel: [+234] 1 2707206-7
2793740, 27937401
0700-CUSTODIAN
[+234] 1 2774000-9
P. O. Box 2101, Lagos, State, Nigeria
Email: carecentre@custodianinsurance.com
Website: www.custodianplc.com.ng

Branch Offices

Owerri

No 37 Ekwema Crescent, Ikenegbu Layout Road, Owerri, Imo State

Abuja

Oakland Center, Plot 2940 Cadastral Zone, Maitama District, Abuja

Kano

15, Bank Road, Kano, Kano State

Sabo

27, Commercial Avenue, Sabo, Yaba, Lagos State

Port Harcourt

180 Aba Road, Port Harcourt, Rivers State

Benin

4th Floor, West Wing, 34, Akpakpava Road By Igbesamwan Road Junction, Benin City, Edo state

Ibadan

9, Onireke Residential Layout, Ibadan, Oyo State.

Akure

2nd and 3rd Floor (left wing), Bank of Industry (BOI) Building, Alagbaka, Akure,Ondo State

Kaduna

3 Turaki Ali House, Kanta Road, Kaduna, Kaduna State

Onitsha

20, Awka Road, Onitsha, Anambra State

Osogbo

37b Gbongan/Ibadan Road, Osogbo, Osun state

Calabar

45 Murtala Muhammed Way, Calabar, Cross River State

Abeokuta

36 Totoro road, Abeokuta, Ogun state

Apapa

27, Wharf Road, Atlantic House Apapa, Lagos

Ikeja

8, Obafemi Awolowo way, Central Business District, Alausa, Ikeja, Lagos State

Asaba

Suite 3 & 7, Empire House 339, Nnebisi Road, Asaba, Delta state.

Festac

Plot 129, Block 10, Festac Link Road, Amuwo Odofin, Lagos State

Ikorodu

60 Lagos road, Ikorodu, Lagos state.

Tejuosho

H4016, Tejuosho Ultramodern Shopping Complex, Yaba, Lagos State.

Warri

6, Airport Road, Effurun, Delta State

Lekki

Golden Crest Plaza, Lekki-Epe Expressway, By Mega Chicken, Ikota, Lagos State

Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of Custodian Life Assurance Limited (the Company) will hold via virtual means on Wednesday, June 19, 2024, at 11:00am, to transact the following:

Ordinary business

- 1. To lay before the members, the audited financial statements for the year ended December 31, 2023, together with the auditors report.
- 2. To re-elect directors.
- 3. To consider and if thought fit, pass the following resolutions which shall be proposed as ordinary resolution:
- a. Following the completion of the tenure of the external auditors [Deloitte & Touche] in line with the company's governance policy, the directors are hereby authorised to appoint a new external audit firm.
- b. To authorise the directors to fix the remuneration of the auditors.
- 4. To note the remuneration of managers in the employment of the company.

Special business

- 5. To approve/fix the remuneration of the directors
- 6. To appoint a board evaluation consultant.

By order of the Board

ADEYINKA JAFOJO

FRC/2013/PRO/NBA/002/00000002403

Custodian Trustees Limited

Company Secretary

- Chairman's Statement
- Board of Directors
- Executive Management Team
- Directors'Report
- Statement Of Directors' Responsibilities
- Certification Pursuant to Section 405 of CAMA, 2020
- **©** Corporate Governance Report
- Board Evaluation Report

Chairman's Statement

My fellow shareholders, members of the Board of Directors, distinguished ladies and gentlemen. I am delighted to welcome you to the Annual General Meeting of our Company, Custodian Life Assurance Limited and to present to you the Annual Reports and Accounts for the year ended 31 December 2023.

Mr. Richard Asabia (Chairman)

Distinguished shareholders, fellow members of the Board of Directors, ladies, and gentlemen. It is my pleasure to welcome you to this Annual General Meeting of our company, Custodian Life Assurance Limited and to present to you the Annual Reports and Accounts for the year ended 31 December 2023.

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

Global Economy

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

2023, which is 50 basis points lower than the 3.7% growth recorded in 2022.

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

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

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

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

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

Domestic Economy

Following a change in administration in May 2023, Nigeria stands at a pivotal moment with a unique opportunity to return to a sustainable and inclusive growth path. The new administration led by President Bola Ahmed Tinubu, GCFR has recognized the need for a change in course

and has undertaken key reforms to restore macroeconomic stability. These reforms include the removal of the gasoline subsidy and the unification and significant liberalization of the exchange rate.

The year 2023 for Nigeria's finance and economy was marked by a series of major events that shaped the nation's financial landscape. Against a backdrop of global economic uncertainties, geopolitical tensions, and the aftermath of the COVID-19 pandemic, Nigeria has faced challenges while also seizing opportunities for growth and resilience. The Nigerian economy was anticipated to continue its recovery path in 2023. However, domestic constraints linked to the political economic changes and global impact of the Russia-Ukraine conflict increased the economic pressure that already existed. The price of agricultural commodities rose sharply thereby increasing the cost of inputs and food prices. Also impacted were energy products with higher prices of diesel and aviation fuel having detrimental impact on businesses across different sectors. This was exacerbated by lack of stable power supply from the national grid.

Despite these challenges, the Nigerian economy recorded year on year GDP growth of 3.46% in real terms in the fourth quarter of 2023. This growth rate is lower than the 3.52% recorded in the fourth quarter of 2022 and higher than the third quarter of 2023 growth of 2.54%.

The year 2023 for Nigeria's finance and economy was marked by a series of major events that shaped the nation's financial landscape.

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

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

In December 2023, Nigeria's headline inflation rate increased to 28.92% relative to the November 2023 headline inflation rate which was 28.20%. Looking at

the movement, the December 2023 headline inflation rate showed an increase of 0.72% points when compared to the November 2023 headline inflation rate. On a year-on-year basis, the headline inflation rate was 7.58% points higher than the rate recorded in December 2022, which was 21.34%.

The rise in inflation reflected the impact of fuel subsidy removal which caused food inflation to rise faster. Food and non-alcoholic beverages (14.98%) contributed the most to the inflationary pressure, followed by housing water, electricity, gas and other fuel (4.84%), and clothing and footwear (2.21%). Core inflation, which excludes the prices of volatile agricultural produce stood at 23.06% in December 2023 on a year-on-year basis; up by 4.85% when compared to the 18.21% recorded in December 2022. The highest increases were recorded in prices of Passenger Transport by Road, Medical Services, Actual and Imputed Rentals for Housing, Passenger Transport by Air, Pharmaceutical products, Accommodation services, etc.

Q2 2023 saw the unification of various exchange rates by the government. This meant that exchange



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

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

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

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

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

Financial Result

The Company performed extremely well in the financial year despite significant inflationary and other macro-economic headwinds. It reported insurance revenue of N24.8 billion representing 19% growth over prior year. Profit before tax for the year was N4.7 billion an increase of 142% when compared with N1.9 billion achieved in 2022. Profit after tax more than doubled to N4.4 billion while equity attributable to owners, that is, shareholders' funds also appreciated by 25% to N11.2 billion.

It is worthy of note that the Company transited to the IFRS 17 reporting standard as directed by extant authorities. The transition required that we restate the prior year accounts to comply with the new financial reporting standard. The impact of IFRS 17 transition on the Company's retained

The NGX ASI has sustained a positive trajectory since gaining 10.54% in Q3 2023 with a corresponding value e index at 67,395.74 as of 30 September 2023.

earnings and other balances have been reported in the accompanying audited financial statements.

Be assured that the Board will continue to work with management to deploy the Company's assets professionally, prudently and profitably within the dictates of the evolving local and global economy.

Dividend

The Board is committed to delivering strong and sustainable returns to our shareholders, however, during the year under review, the Company did not declare any dividend.

Board Developments and Corporate Governance

Since the last Annual General Meeting, there have been a retirement from, and an appointment to the Board.

Mr. Larry Ademeso retired as the Managing Director on 31 December 2023, after completing the maximum tenure limit for Executive Directors in compliance with NAICOM regulation. Please join in expressing our sincere appreciation to him for his commitment and contributions to the Company's growth and progress, as we wish him the very best in his future endeavours.

Mr. Anthony Tippa was appointed as an Executive Director by the Board during the year. His appointment as a Director has been issued a "No objection" by NAICOM and final approval from NAICOM is in view. He became the Acting Managing Director effective 1 January 2024.

Corporate Social Responsibility

In continuing our resolve to positively impact the society, the Company continued to contribute financially to the group's Foundation, Custodian Social Responsibility Foundation, engaged in a number of highly impactful projects during the year, 2023. Noteworthy among the projects executed by the Foundation during the year are the Annual Custodian Mentors Program and ground-breaking for the state-of-the-art Custodian Accident and Emergency Center Project in Epe, Lagos State.



Custodian Social Responsibility Foundation, engaged in a number of highly impactful projects during the year, 2023.

Outlook

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

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

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

Conclusion

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

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

God bless you and God bless Nigeria.

nound.

Mr. Richard G. Asabia Chairman

The superior performance recorded in the year was made possible by the collective efforts, unwavering support, and commitment of all our stakeholders.

Board of Directors



Mr. Richard Asabia (Chairman)



Mr. Larry Ademeso



Dr. Olusegun Oso



Mrs. Titilayo Olujobi



Mr. Ngozi Nlebemuo



Mr. Kofoworola Majekodunmi



Mrs. Mimi Ade-Odiachi

Executive Management Team



Larry AdemesoManaging Director



Ngozi Nlebemuo Executive Director



Anthony Tippa Chief Risk Officer/Actuary



Desmond ItamanChief Financial Officer



Adesegun Salami Head, Marketing



Daniel Koshoedo Head, Corporate

Kehinde Ariyibi Head, Retail Enterprise



Bolatito Oni Head, Human Resources



Oladele Akinsanya Head, Products (Performance, Improvement & Development)

Directors' Report

For the year ended December 31, 2023

The Directors have the pleasure of presenting their report on the affairs of Custodian Life Assurance Limited ("the Company") together with the audited financial statements and the auditors' report for the year ended 31 December 2023.

Legal form and principal activity

The Company was incorporated on the 26 February 2007 as a private limited liability company called "Crusader Life Assurance Limited". The Company's name was changed to Custodian Life Assurance Limited in March 2013 following the successful scheme of merger between Crusader Nigeria Plc and Custodian Investment Plc. (formerly known as Custodian and Allied Plc).

The Company is a wholly owned subsidiary of Custodian Investment Plc.

The principal activity of Custodian Life Assurance Limited is the provision of individual and group life insurance with investment contracts services to corporate and retail customers in Nigeria in line with applicable laws and regulations from the National Insurance Commission (NAICOM).

Dividend

During the year under review, the Company did not declare interim dividend. In 2022, the interim dividend declared was 3 kobo per ordinary share on the issued and paid-up capital of 16,000,000,000 ordinary shares of 50 kobo each, subject to the appropriate withholding tax deduction.

During the year under review, the Company did not declare final dividend. In 2022, the final dividend declared was 12 kobo per ordinary share on the issued and paid-up capital of 16,000,000,000 ordinary shares of 50 kobo each, subject to the appropriate withholding tax deduction.

Operating results

The following is a summary of the Company's operating results:

	31-Dec-2023 N ′000	Restated 31-Dec-2022 N ′000
Profit before tax	4,690,217	1,938,992
Taxation	(247,432)	(292,332)
Profit after tax	4,442,785	1,646,660
Transfer to contingency reserve	(463,009)	(377,698)
Dividend paid	(1,898,226)	(1,520,000)
Earnings per share - Basic (in kobo)	27	10
Dividend per share - Interim (in kobo)	-	3
Dividend per share - Final (in kobo)		12

Directors and their interests

The Directors who held office during the year, together with their direct and indirect interests in the issued share capital of the Company as recorded in the register of Directors shareholding and/or as notified by the Directors for the purposes of sections 301 and 302 of the Companies and Allied Matters Act, 2020 are as follows:

		31-Dec-2023	31-Dec-2022
Mr. Richard Asabia	Chairman	Nil	Nil
Mr. Larry Ademeso	Chief Executive Officer/ Managing Director	Nil	Nil
Mr. Anthony Tippa	Executive Director	Nil	Nil
Mr. Ngozi Nlebemuo	Executive Director	Nil	Nil
Mr. Kofoworola Majekodunmi	Non Executive Director	Nil	Nil
Mrs. Mimi Ade-Odiachi	Non Executive Director	Nil	Nil
Mrs. Titilayo Olujobi	Non Executive Director	Nil	Nil
Dr. Olusegun Oso	Non Executive Director	Nil	Nil

Resignation/Retirement of Directors

Mr. Larry Ademeso retired as the Managing Director on 31 December 2023, after completing the maximum tenure limit for Executive Directors in compliance with NAICOM regulation.

Appointment of Directors

Mr Anthony Tippa was appointed as an Executive Director by the Board on 13 October 2023. His appointment as a Director has been issued a "No objection" by NAICOM and final approval from NAICOM is in view. He became the Acting Managing Director effective 1 January 2024. His appointment in the capacity of a Managing Director is also awaiting NAICOM approval.

Directors' interests in contracts

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

Major shareholding

According to the Register of Members, no shareholder, other than the undermentioned, held more than 5% of the issued share capital of the Company as at 31 December 2023:

No. of shareholding	% shareholding
---------------------	----------------

Custodian Investment Plc 15,999,999,987 99.99%

Property and equipment

Information relating to changes in property, plant and equipment during the year is given in Note 12 to the financial statements.

Donations and charitable gifts

In order to identify with the aspirations of the community and the environment within which the Company operates, a total sum of N6,543,725 (2022: N500,000) was given out as donations and charitable contributions during the year. Details of the donations and charitable contributions are as follows:

	2023 N	2022 N
West African Insurance Institute (WAII)	3,813,550	-
International Insurance Society (IIS) sponsorship (Partner-level support)	1,730,175	-
Chartered Insurance Institute of Nigeria (CIIN)	250,000	-
National Association of Insurance & Pension Correspondents (NAIPCO) annual conference sponsorship	250,000	-
The Nigerian Golf Cup 2023 Tournament sponsorship	250,000	-
Daniel Ogechi Akujobi Memorial (DOAM) Foundation Fundraising	250,000	-
The Nigerian Council of Registered Insurance Brokers (NCRIB) investiture	-	500,000
	6,543,725	500,000

Human resources

Employment of disabled persons

The Company operates a non-discriminatory policy in the consideration of applications for employment, including those received from disabled persons. The Company's policy is that the most qualified and experienced persons are recruited for appropriate job levels, irrespective of an applicant's state of origin, ethnicity, religion or physical condition. In the event of members of staff becoming disabled, efforts will be made to ensure that, as far as possible, their employment with the Company continues and appropriate training is arranged to ensure that they fit into the Company's working environment.

Health, safety and welfare of employees

The Company enforces strict health and safety rules and practices at the work environment which are reviewed and tested regularly. Fire prevention and firefighting equipment are installed in strategic locations within the Company's premises.

The Company has both Group Personal Accident and Group Life Assurance cover for the benefit of its employees. It also operates a contributory pension plan in line with the Pension Reform Act 2014.

Employee involvement and training

The Company encourages participation of employees in arriving at decisions in respect of matters affecting their well being. Formal and informal channels are employed for communication with employees with an appropriate two – way feedback mechanism. The Company places a high premium on the development of its manpower. The Company sponsors its employees for various training courses both in Nigeria and abroad. The Company also provides its employees with on-the- job training.

Gender analysis

The number and percentage of women employed as at the end of the year under review vis-a-vis total workforce is as follows:

	Male %	Female %
	 60% 55%	40% 45%

Events after the reporting date

Mr. Larry Ademeso's retirement was effective 31 December 2023, after fulfilling the tenure limit according to the NAICOM regulation. Mr. Anthony Tippa became the Acting Managing Director effective 1 January 2024. His appointment is awaiting NAICOM approval.

There were no other events after the reporting date which could have a material effect on the financial position of the Company as at 31 December 2023 or the financial performance for the year then ended that have not been adequately provided for or disclosed.

Auditors

Due to the National Insurance Commission directive on mandatory audit firm rotation after a period of 8 years, Messrs. Deloitte & Touché will not continue in office as auditors of the Company.

BY ORDER OF THE BOARD

CUSTODIAN PROSTEES LID

Mr. Adeyinka Jafojo

FRC/2013/PRO/NBA/002/00000002403

For: Custodian Trustees Limited [Company Secretarial Services]

16A Commercial Avenue,

Sabo, Yaba, Lagos.

19 April 2024

Statement Of Directors' Responsibilities

In Relation To The Financial Statements For The Year Ended 31st December, 2023

The Directors accept responsibility for the preparation of the financial statements that give a true and fair view of the statement of financial position of the Company at the reporting date and of its profit or loss and other comprehensive income in the manner required by the Companies and Allied Matters Act, 2020 and the Insurance Act CAP 117 LFN 2004. The responsibilities include ensuring that the Company:

- i. keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the Company and comply with the requirements of the Companies and Allied Matters Act and the Insurance Act;
- ii. establishes adequate internal controls to safeguard its assets and to prevent and detect fraud and other irregularities; and
- iii. prepares its financial statements using suitable accounting policies supported by reasonable and prudent judgments and estimates, that are consistently applied.

The Directors accept responsibility for the financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in compliance with:

- International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB)
- the requirements of the Insurance Act CAP 117 LFN 2004;
- relevant guidelines and circulars issued by the National Insurance Commission (NAICOM);
- the requirements of the Companies and Allied Matters Act,2020; and
- Financial Reporting Council of Nigeria Act

The Directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

Statement Of Directors' Responsibilities Contd

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

SIGNED ON BEHALF OF THE BOARD OF DIRECTORS BY:

Noumand.

Mr. Richard Asabia

FRC/2013/PRO/DIR/003/00000004762

Chairman

19 April 2024

###mmr

Mr. Anthony Tippa

FRC/2017/PRO/NAS/002/00000017581

Director

19 April 2024

Certification Pursuant to Section 405 of the Companies and Allied Matters Act, 2020

For the year ended 31 December 2023

We the undersigned hereby certify the following, with regards to our audited financial statements for the year ended 31 December 2023, that: We have reviewed the audited financial statements and based on our knowledge:

- i. the audited financial statements do not contain any untrue statement of material fact or omit to state a material fact, which would make the statements misleading, in the light of the circumstances under which such statement was made, and
- ii. the audited financial statements and all other financial information included in the statements fairly present, in all material respects, the financial condition and results of operation of the Company as of and for, the periods covered by the audited financial statements;

We: We:

- i. are responsible for establishing and maintaining internal controls
- ii. have designed such internal controls to ensure that material information relating to the Company is made known to us by other officers of the Companies, particularly during the period in which the audited financial statement report is being prepared,
- iii. have evaluated the effectiveness of the Company's internal controls within 90 days prior to the date of the audited financial statements, and
- iv. certify that the Company's internal controls are effective as of that date;

We have disclosed the following to the Company's auditors and Board audit committee:

- i. all significant deficiencies in the design or operation of internal controls which could adversely affect the Company's ability to record, process, summarise and report financial data, and has identified for the Company's auditors any material weaknesses in internal controls, and
- ii. any fraud, whether material or not, that involved management or other employees who have a significant role in the Company's internal control; and

Certification Pursuant to Section 405 of the Companies and Allied Matters Act, 2020 Contd

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

Mr. Anthony Tippa

FRC/2017/PRO/NAS/002/00000017581

Acting, Managing Director

19 April 2024

1 col vices

Mr. Desmond Itaman FRC/2013/PRO/ICAN/00000000792

Chief Financial Officer

19 April 2024

Corporate Governance Report

Custodian Life Assurance Limited ("the Company") has consistently developed corporate policies and standards to encourage good and transparent corporate governance framework to avoid potential conflicts of interest between all stakeholders whilst promoting ethical business practices. This is the foundation of our history, values and culture as a Company for building and sustaining an endurable institution that guarantees profitability and professionalism.

As a limited liability, the Company strives to carry out its business operations on the principles of integrity and professionalism whilst enhancing shareholders value through transparent conduct at all times with the adoption and application of local regulatory standards as well as international best practices in corporate governance, service delivery and value creation for all. For the Company, good corporate governance goes beyond just adhering to rules and policies of the regulators; it is about consistently creating value through going the extra mile within a sustainable and enduring system.

In order to ensure consistency in its practice of good corporate governance, the Company continuously reviews its practice to align with the various applicable Codes of Corporate Governance such as the National Insurance Commission (NAICOM) and the Financial Reporting Council of Nigeria (FRC) Codes with particular reference to compliance, disclosures and structure. Furthermore, an annual Board appraisal is also conducted by an Independent Consultant appointed by the Company whose report is submitted to NAICOM and presented to shareholders at the Annual General Meeting of the Company in compliance with the recommendation of the NAICOM corporate governance guidelines.

Governance structure

The Board

The governance of the Company resides with the Board of Directors which is accountable to shareholders for creating and delivering sustainable value through the management of the Company's business. The Board of Directors is responsible for the efficient operation of the Company and to ensure the Company fully discharges its legal, financial and regulatory responsibilities.

The Board also reviews corporate performance, monitors the implementation of corporate strategy and sets the Company's performance objectives. The Board monitors the effectiveness of its governance practices, manages potential conflict and provides general direction to management. These oversight functions of the Board of Directors are exercised through its various Committees. In the course of the year under review, the Board has three (3) Committees to ensure the proper management and direction of the Company via interactive dialogue on a regular basis.

The Board membership comprises eight (8) members, including the Chairman, four (4) Non-Executive Directors and three (3) Executive Directors. The effectiveness of the Board derives from the appropriate balance and mix of skills and experience of Directors, both Executive and Non-Executive. The Company's Board is made up of seasoned professionals, who have excelled in their various professions and possess the requisite integrity, skills and experience to bring to bear independent judgment on the deliberations of the Board.

The Board meets quarterly and additional meetings are convened as needed. Material decisions may be taken between meetings by way of written resolutions, as provided for in the Articles of Association of the Company. The Directors are provided with comprehensive group information at each of the quarterly Board meetings and are also briefed on business developments between Board meetings. The Board met four (4) times during the year ended December 31, 2023.

Responsibilities of the Board

The Board determines the strategic objectives of the Company in delivering long-term growth and short-term goals. In fulfilling its primary responsibility, the Board is aware of the importance of achieving a balance between conformance to governance principles and economic performance.

The powers reserved for the Board include the following;

- a) determination of Board structure, size and composition, including appointment and removal of Directors, succession planning for the Board and senior management and Board Committee membership;
- b) approval of mergers and acquisitions, branch expansion and establishment of subsidiaries; approval of remuneration policy and packages of the Board members;

- c) approval of policy documents on significant issues including Enterprise-wide Risk Management, Human Resources, Corporate governance and Anti money laundering;
- d) approval of resolutions and corresponding documentation for shareholders in general meeting(s), shareholders circulars, prospectus and principal regulatory filings with the regulators;
- e) approval of major change to the Company's corporate structure (excluding internal reorganizations) and changes relating to the Company's capital structure or its status as a limited liability Company;
- f) approval of quarterly, half-yearly and full year financial statements (whether audited or unaudited) and any significant change in accounting policies and/or practices;
- g) approval of the Company's strategy, medium and short term plan and its annual operating and capital expenditure budget;
- h) recommendation to shareholders of the appointment or removal of auditors and the remuneration of auditors;

Roles of key members of the Board

The positions of the Chairman of the Board and the Managing Director are separate and held by different persons. The Chairman and the Managing Director are not members of the same extended family.

The Chairman

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 contribution of Non-executive Directors to promote effective relationships and open communications, both inside and outside the Boardroom, between Executive and Non-executive Directors. The Chairman strives to ensure that any disagreements on the Board are resolved amicably.

Managing Director/ Chief Executive Officer

The Board has delegated the responsibility for the day-to-day management of the Company to the Managing Director (MD), who is responsible for leading management and for making and implementing operational decisions. The MD is responsible to the Board of Directors and ensures that the Company complies strictly with regulations and policies of both the Board and Regulatory Authorities. The MD ensures that optimization of the Company's resources is achieved at all times and has the overall responsibility for the Company's financial performance.

Company Secretary

The Company Secretary is a point of reference and support for all Directors. It is her responsibility to update the Directors with all requisite information promptly and regularly. The Board may obtain information from external sources, such as consultants and other advisers, if there is a need for outside expertise, via the Company Secretary or directly.

The Company Secretary has a further responsibility to assist the Chairman and Chief Executive Officer to formulate an annual Board Plan and with the administration of other strategic issues at the Board level; organize Board meetings and ensure that the minutes of Board meetings clearly and properly capture Board's discussions and decisions.

Director nomination process

The Board agrees upon the criteria for the desired experience and competencies of new Directors. The Board has power under the Articles of Association to appoint a Director to fill a casual vacancy or as an additional Director. The criteria for the desired experience and competencies of new Non-executive Directors are agreed upon by the Board.

The balance and mix of appropriate skills and experience of Non-executive Directors is taken into account when considering a proposed appointment. In reviewing the Board composition, the Board ensures a mix with representatives from different industry sectors.

The shareholding of an individual in the Company is not considered a criterion for the nomination or appointment of a Director. The appointment of Directors is subject to the approval of NAICOM.

The following core values are considered critical in nominating a new Director;

- (I) Integrity
- (ii) Professionalism
- (iii) Career success
- (iv) Recognition
- (v) Ability to add value to the Organization

Induction and continuous training of Board members

On appointment to the Board and to Board Committees, all Directors receive a formal induction tailored to meet their individual requirements. The new Directors are oriented about the Company and its operations through the Company Secretary via the provision of the Company's Articles of Association, relevant statutory books and regulations and adequate information on the operations.

The Directors are also given a mandate and terms of reference to aid in performance of their functions the Management further strives to acquaint the new Directors with the operations of the Company via trainings and seminars to the extent desired by new Directors to enable them function in their position.

The training and education of Directors on issues pertaining to their oversight functions is a continuous process, in order to update their knowledge and skills and keep them informed of new developments in the insurance industry and operating environment.

Change in the Board of Directors

Mr Anthony Tippa was appointed as an Executive Director by the Board on 13 October 2023. His appointment as a Director has been issued a "No objection" by NAICOM and final approval from NAICOM is in view. He became the Acting Managing Director effective 1 January 2024. His appointment in the capacity of a Managing Director is also awaiting NAICOM approval.

Mr. Larry Ademeso retired as the Managing Director on 31 December 2023, after completing the maximum tenure limit for Executive Directors in compliance with NAICOM regulation.

Remuneration of Non-executive Directors

The Company's policy on remuneration of Non-executive Directors is guided by the provisions of the NAICOM corporate governance guidelines, which stipulates that Directors' remuneration should be limited to the normal entitlement for such appointment. Director's fees and sitting allowances were paid to only Non-executive Directors as recommended by the Board Governance, Remuneration, and Establishment & General Purpose Committee.

Committees

The Board carries out its responsibilities through its Committees, which have clearly defined terms of reference, setting out their roles, responsibilities, functions and scope of authority. The Board has three (3) Committees, namely: Board Audit & Compliance Committee, Board Finance, Investment & General Purpose Committee, and Board Enterprise Risk Management and Governance Committee.

Through these committees, the Board is able to more effectively deal with complex and specialized issues and to fully utilize its expertise to formulate strategies for the Company. The committees make recommendations to the Board, which retains responsibility for final decision making.

All Committees in the exercise of their powers as delegated conform to the regulations laid down by the Board, with well-defined terms of reference contained in the charter of each Committee. The Committees render reports to the Board at the Board's quarterly meetings.

A summary of the roles, responsibilities, composition and frequency of meetings of each of the Committees are as stated hereunder:

(i) Board Audit and Compliance Committee

Auditing is vital to ensuring that accounting norms for insurance businesses are effectively applied and maintained, monitor the quality of internal control procedures and ensure compliance with all regulatory directives. The Committee shall be responsible for the review of the integrity of the data and information provided in the audit and/or financial reports.

The Committee shall provide oversight functions with regard to the Company's internal control functions. The Committee shall ensure compliance with legal and other regulatory requirements, assessment of qualifications and independence of external auditor; and performance of the Company's internal audit function as well as that of external auditors.

The Committee Chairman shall report formally to the Board on its proceedings after each meeting on all matters within its functions and responsibilities. The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.

The Board Audit and Compliance Committee comprised the following members during the year under review;

1. Mrs. Titilayo Olujobi	Non-Executive Director	Chairman
2. Mrs. Mimi Ade-Odiachi	Non-Executive Director	Member
3. Mr. Kofoworola Majekodunmi	Non-Executive Director	Member
4. Dr. Olusegun Oso	Non-Executive Director	Member

The Committee met four (4) times during the year under review:

Name	Composition	Meeting attended	13 February 2023	17 July 2023	16 October 2023
Mrs. Titilayo Olujobi	Chairman	4	✓	✓	✓
Mrs. Mimi Ade-Odiachi	Member	4	\checkmark	√	√
Mr. Kofoworola Majekodunmi	Member	4	✓	\checkmark	√
Dr. Olusegun Oso	Member	4	\checkmark	√	✓

(ii) Board Finance, Investment and General Purpose Committee

The Board Finance, Investment and General Purpose Committee is responsible for the approval of investment decisions and portfolio limits by Management of the Company. This Committee shall have supervisory functions over investment and other finance-related issues such as capital & funding requirements.

The main functions of the Committee shall be to approve all investment above the limit of the management. Where it is not expedient for the members of the committee to meet, an investment approval can be obtained through circularization. The Committee is also responsible for the review and approval of the investment manual on a periodic basis and to further identify specific areas for review as approved by the Board, in particular the financial implications of new and major investment strategies/initiatives.

The Committee shall make recommendations of investment policies for consideration and adoption by the Board, including proposed ethical positions with respect to appropriate investments and shall conduct a review of the performance of the major assets in the Company's investment portfolios on a quarterly basis.

The Board Finance, Investment and General Purpose Committee comprised the following members during the year under review;

1. Mr. Kofoworola Majekodunmi	Non-Executive Director	Chairman
2. Mr. Larry Ademeso*	Managing Director	Member
3. Mrs. Mimi Ade-Odiachi	Non-Executive Director	Member
4. Dr. Olusegun Oso	Non-Executive Director	Member
5. Mrs. Titilayo Olujobi	Non-Executive Director	Member

The Committee met four (4) times during the year under review:

Name	Composition	Meeting attended	14 February 2023	18 July 2023	17 October 2023
Mr. Kofoworola Majekodunmi	Chairman	4	✓	\checkmark	\checkmark
Mr. Larry Ademeso*	Member	4	✓	√	✓
Mrs Mimi Ade-Odiachi	Member	4	✓	✓	✓
Dr. Olusegun Oso	Member	4	√	√	✓
Mrs. Titilayo Olujobi	Member	4	√	√	✓

^{*}Retired on 31 December 2023

(iii) Board Enterprise Risk Management and Governance Committee

The Committee shall have supervisory functions over the Company's recruitment and ensuring corporate governance compliance. The main functions of the Committee shall be to establish the criteria for Board and Board committee memberships, review candidates qualifications and any potential conflict of interest, assess the contribution of current Directors in connection with their re-nomination and make recommendations to the Board. The Committee also ensures compliance with the Code of Corporate Governance adopted by the Company. The Committee shall further ensure that a succession planning policy exists for the positions of Chairman, Chief Executive Officer / Managing Director and Executive Director.

This Committee has supervisory functions over risk management, the risk profile, the enterprise-wide risk management framework, underwriting functions of the Company and the risk-reward strategy determined by the Board. The Committee is also charged with the review of large underwritten risks for adequacy of reinsurance and other risk management techniques including environmental & social management system.

The Committee performs oversight on the review and approval of the Company's risk management policy including risk appetite and risk strategy; to oversee management's process for the identification of significant risks across the Company and the adequacy of prevention, detection and reporting mechanisms.

The Board Enterprise Risk Management and Governance Committee comprised the following members during the year under review;

1. Mrs. Mimi Ade-Odiachi	Non-Executive Director	Chairman
2. Mr. Kofoworola Majekodunmi	Non-Executive Director	Member
3. Mrs. Titilayo Olujobi	Non-Executive Director	Member
4. Dr. Olusegun Oso	Non-Executive Director	Member

The Committee met four (4) times during the year under review:

Name	Composition	Meeting attended	13 February 2023	17July 2023	16 October 2023
Mrs. Mimi Ade-Odiachi	Chairman	4	✓	\checkmark	√
Mr. Kofoworola Majekodunmi	Member	4	✓	√	√
Mrs. Titilayo Olujobi	Member	4	✓	✓	✓
Dr. Olusegun Oso	Member	4	✓	✓	√

Attendance at Board meetings

The table below shows the frequency of meetings of the Board of Directors for the year ended 31 December 2023. The Board met four (4) times during the year under review:

Name	Composition	Meeting attended	15 February 2023	19 July 2023	18 October 2023
Mr. Richard Asabia	Chairman	4	✓	\checkmark	√
Mr. Larry Ademeso*	Member	4	$\overline{}$	\checkmark	\checkmark
Mr. Ngozi Nlebemuo	Member	4	✓	\checkmark	✓
Mr. Kofoworola Majekodunmi	Member	4	✓	✓	✓
Mrs. Mimi Ade-Odiachi	Member	4	✓	\checkmark	✓
Mrs. Titilayo Olujobi	Member	4	✓	√	√
Dr. Olusegun Oso	Member	4	✓	✓	√

^{*} Retired on 31 December 2023

Annual Board Appraisal

The Code of Corporate Governance for the Insurance Industry recognizes the fact that the good corporate governance framework must be anchored on an effective and accountable Board of Directors whose performance is assessed periodically. The annual appraisal would be conducted at the end of the financial year, as well as the Company's compliance status with the provisions of NAICOM corporate governance guidelines.

Shareholders

The General Meeting of the Company is the highest decision making body of the Company. The Company is driven by its desire to deliver significant returns on its shareholders' investment. The shareholders have an opportunity to express their concerns (if any) and opinions on the Company's financial

results and all other issues at the Annual General Meeting of the Company. The Meetings are conducted in a fair and transparent manner where the regulators are invited such as The National Insurance Commission, Corporate Affairs Commission as well as the auditors. The Company also dispatches its annual reports, providing highlights of all the Company's activities to its shareholders.

Protection of Shareholders' Rights

The Board ensures the protection of the statutory and general rights of shareholders at all times, particularly their right to attend and vote at general meetings. All shareholders are treated equally, regardless of volume of shareholding or social status.

Communication policy

It is the responsibility of Executive Management under the direction of the Board, to ensure that the Board receives adequate information on a timely basis, about the Company's businesses and operations at appropriate intervals and in an appropriate manner, to enable the Board to carry out its responsibilities. Furthermore, the Board and Management of the Company ensures that communication and dissemination of information regarding the operations and management of the Company to shareholders, stakeholders and the general public is timely, accurate and continuous, to give a balanced and fair view of the Company's financial and non-financial matters. Such information, which is in plain language, readable and understandable, is available on the Company's website, www.custodianplc.com.ng

In order to reach its overall goal on information dissemination, the Company is guided by the principles, legislation and codes of corporate governance of the jurisdictions within which it operates. These include the Insurance Act, the NAICOM Operational Guidelines, the Companies and Allied Matters Act (CAMA) and the Codes of Corporate Governance issued by the Financial Reporting Council of Nigeria (FRC).

The principles that guide the Company's information dissemination include the following;

- Efficiency: The Company uses modern communication technologies in a timely manner to convey its messages to its target groups. The Company responds without unnecessary delay to information requests by the media and the public.
- Transparency: The Company strives in its communication to be as transparent and open as possible while taking into account the concept of confidentiality between the Company, its customers and Company secretary. This contributes to maintaining a high level of accountability.
- · Clarity: The Company aims at clarity, i.e. to send uniform and clear messages on key issues.
- · Cultural awareness: The Company operates in a multicultural environment and accordingly recognizes the need to be sensitive to the cultural peculiarities of its operating environment.
- · Feedback: The Company actively and regularly seeks feedback on its image and communication activities both from the media as well as from its key target groups. This feedback is used in future activities.

Independent advice

The Board of Directors are at their own discretion and at the Company's expense required to seek Independent professional advice when required to enable a Member of the Board effectively perform certain responsibilities.

Management committees

The Company has a Committee which comprises management staff.

The Management Committee (MC) is the Committee set up to identify and make recommendations on strategies that will aid the long term objectives of the Company.

The MC also ensures that risk investment limits as contained in the Board Investment manual are complied with at all times. They provide inputs from the Board Committee and also ensure that recommendations of the Board Committees are effectively and efficiently implemented.

Monitoring compliance with corporate governance

i) Chief Compliance Officer

The Chief Compliance Officer monitors compliance with money laundering requirements and the implementation of the corporate governance code of the Company. The Chief Compliance Officer together with the Managing Director/Chief Executive Officer certifies each year to NAICOM that they are not aware of any other violation of the corporate governance code, other than as disclosed during the year.

ii) Whistle blowing procedures

In line with the Company's commitment to instil the best corporate governance practices, a whistle blowing procedure was established that ensures anonymity on any reported incidence(s).

Code of professional conduct for employees

The Company had an internal Code of Professional Conduct, which all members of staff are expected to subscribe to upon assumption of duties. Staff is also required to reaffirm their commitment to the Code annually. All members of staff are expected to strive to maintain the highest standards of ethical conduct and integrity in all aspects of their professional life as contained in the Code of Professional Conduct which prescribes the common ethical standards, culture and policies of the Company relating to employee values.

Internal management structure

The Company operates an internal management structure where all officers are accountable for duties and responsibilities attached to their respective offices and there are clearly defined and acceptable lines of authority and responsibility.

An appraisal of the duties assigned and dedicated to each person is done bi-annually.

Share capital history

As at 31 December 2023, the Company's authorized, issued and fully paid-up share capital was N8,000,000,000 divided into 16,000,000,000 ordinary shares of 50 kobo each. The initial share capital upon incorporation and subsequent changes therein are as follows:

Date Issued	Authorized increase '000	Cumulative ′000	Cumulative N '000
2007	2,000,000	2,000,000	2,000,000
2008	-	2,000,000	2,000,000
2009	-	2,000,000	2,000,000
2010	-	2,000,000	2,000,000
2011	-	2,000,000	2,000,000
2012	-	2,000,000	2,000,000
2013	-	2,000,000	2,000,000
2014	-	2,000,000	2,000,000
2015	-	2,000,000	2,000,000
2016	2,000,000	4,000,000	2,000,000
2017	-	4,000,000	2,000,000
2018	4,000,000	8,000,000	2,500,000
2019	8,000,000	16,000,000	2,500,000
2020	-	16,000,000	8,000,000
2021	-	16,000,000	8,000,000
2022	-	16,000,000	8,000,000
2023	-	16,000,000	8,000,000

Board Evaluation Report

For the Board of Custodian Life Assurance Limited



Executive Summary

The Society for Corporate Governance Nigeria was engaged to conduct an independent evaluation/assessment of the performance of the Board of Custodian Life Assurance Ltd for 2023 as part of stipulated regulatory requirement.

SCOPE

The scope of the evaluation covered the following areas:

- Composition, commitment, and alignment of the skills/qualifications of directors to business requirement and performance
- Composition/effectiveness of the committees
- Compliance with existing regulatory requirement
- Effectiveness of directors in delivery of their fiduciary responsibilities
- Effective transparency and disclosure channels

Below is a summary of our findings:

Leadership: The Board Chairman exhibits a leadership style that promotes an environment that encourages and supports the active participation and contribution of Board members at meetings. The position of the Chairman and Managing Director are held by separate individuals which shows clear separation of powers between both offices. The Chairman is a Non-Executive Director and not a member of any board committee in line with regulatory requirements.

Board Evaluation Report Contd

Board Meetings: The Board met four (4) times with an aggregate attendance of 100% in the period under review. Meetings held were constructive, aligned to the agenda and directors gave meaningful contributions. Board packs were circulated to directors to better prepare for meetings. The Board adequately performed its oversight and other functions on the company.

Board Composition & Capacity: The Board comprises of a total of eight (8) directors: Two (2) Female and Five (5) Male. The board composition is as follows- Three (3) Executive Directors, two (2) Non-Executive Directors and Three (3) Independent Non-Executive Directors. The Board is diverse in skill and experience.

Board Committees: The Board has three (3) committees namely: Board Audit and Compliance Committee; Finance, Investment and General-Purpose Committee and Enterprise Risk Management and Governance Committee. These committees met regularly as required by regulators, with members in attendance. All committees have a charter / articulate Terms of Reference. The Chairman of the Board is not a member of any Board Committee.

Board Oversight Functions

All policy documents were sighted and assessed for content and relevance and were found to be detailed, comprehensive, and articulate in efficiently guiding business processes and mitigating risk exposures. Strategy & Planning: The Board takes its strategic oversight seriously, setting strategic initiatives and direction for the Company.

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

Director Appointment & Development: Directors have shown commitment to regular trainings to update their knowledge and skill. Board members participated in relevant trainings beneficial to the quality of contributions during board meeting discussions.

Board Evaluation Report Contd

Risk Management & Compliance: The Board has established an adequate Risk Management framework for managing risk exposures and ensuring effective internal control systems. The Board has established processes and systems for assessing, monitoring, managing, and reporting regulatory compliance. The Board ensures an annual risk assessment duly evaluating all risk exposures of the Company's business. The risk management function is headed by a qualified management team that periodically reports to the risk management committee of the Board.

Based on the analysis of the result, the Board of Directors have demonstrated its dedication and commitment to the growth and success of the Company. This is demonstrated by their contributions, individual performance, attendance at Board and Committee meetings and the depth of discussions and resolutions arrived at during these meetings. There is also an alignment between the competencies of directors and the requirements / needs of the Company.

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

In all, we are happy to state that the Board of Custodian Life Assurance Limited conducted its affairs in an acceptable and satisfactory manner in 2023.

SOCIETY FOR CORPORATE GOVERNANCE NIGERIA

Chioma Mordi (Mrs.)

Chief Executive Officer

FRC/2014/NIM/0000007899



Risk Management

Our Guiding Principles

We have incorporated an approach aimed at creating and maximizing sustainable / superior value to our stakeholders that strategically balances the risk and reward in our business.

Custodian Life Assurance Limited's risk philosophy is guided by the following principles:

- The Company will not take any action that will compromise its integrity. It shall identify, measure, manage, control and report, as practical as possible, all risks.
- The Company will, at all times, comply with all government regulations and uphold corporate standards in accordance with international best practice.
- The Company will institute a sustainable risk culture enterprise-wide.
- The Company will only accept risks within its risk acceptance criteria and have commensurate returns and continually review its activities to determine inherent risks level and adopt appropriate risk response to residual risk levels at all times.
- The Company continually reviews its activities to determine inherent risk levels and adopt appropriate risk response at all times.
- The Company will make decisions based on resilient analysis of the implications of such risk to its strategic goals and operating environment.

Risk management framework

Our risk management framework was fashioned to uphold a resilient risk management culture and integrate risk considerations into management and decision-making processes, through a risk governance structure across the entire enterprise.

We operate and maintain the 'three lines of defence model' for the oversight and management of risk to create and promote a culture that emphasizes effective management and adherence to operating controls as illustrated below:

1st line - Risk owners

The Board, management and line managers: It involves broad setting of strategy, risk appetite, performance measurement, establishment and maintenance of internal control and risk management in the business. In addition, business units have the primary responsibility for managing risks

and are required to take responsibility for the identification, assessment, management, monitoring and reporting of risks arising within their respective businesses, thereby ensuring an informed risk and reward balance.

2nd line - Risk control

The Company's risk management function provides oversight and independent reporting to executive management, implements the Company's risks management policy in the business units, approves risk specific mandates and provides an independent overview of the effectiveness of risk management by the first line of defence. Other internal stakeholders in the role include our legal services, Compliance and Quality Assurance and Internal Control.

3rd line - Risk assurance

The last line of defence comprises the internal audit function that provides independent and objective assurance of the effectiveness of the Company's systems of internal control established by the first and second lines of defence in management of enterprise risks across the organization.

The remit of the setting the organization's risk appetite and approving the strategy for managing risk and organization's system of internal control in the overall directly lies with the Board of Directors. The implementation of this principal function is carried out via its Board Committees as enumerated below:

Committees	Functions
(i) Board Audit and Compliance Committee	 Oversight of financial reporting and accounting Oversight of the external auditors Oversight of regulatory compliance Monitoring the internal control process Review of the Company's compliance level with applicable laws and regulatory requirements that may impact the Company's risk profile
(ii) Board Finance, Investment and General Purpose Committee	 Reviews and approves the company's investment policy Approves investments over and above managements' approval limit Ensures that optimum asset allocation is achieved
(iii) Board Enterprise Risk Management and Governance Committee	 Review changes in the economic and business environment, including emerging trends and other factors relevant to the company's risk profile Oversight of compliance with code of corporate governance Assist in the oversight of the review and approval of the companies risk management policy including ris appetite and risk strategy. Review the adequacy and effectiveness of risk management and controls Oversee management's process for the identification of significant risks across the company and the adequacy of prevention, detection and reporting mechanisms Review large underwritten risks for adequacy of reinsurance and other risk management techniques including environmental & social management system Review and recommend for approval of the Board risk management procedures and controls for new products and services

Integration of risk management functions: our approach

The risk management function of the Company is primarily responsible for coordinating the Company's cross-functional response to risks. Other functions include:

- a) Drive an enterprise-wide process to aggregate risk exposures, produce risk reports and institute mitigation strategies;
- b) Utilize risk control to ensure risk guidelines and policies approved by the Board are adhered to;
- c) Champion the growth of risk culture and awareness; and
- d) Lead an enterprise-wide risk dialogue by instigating risk discussions in a variety of fora.

The Risk Management Committee (RMC) of the Company provides recommendation to the Board Enterprise Risk Management and Governance Committee on risk issues for the latter to assess and possibly approve in accordance with the Company's objectives of aligning risk appetite and strategy.

The Board Enterprise Risk Management and Governance Committee approves the Company's risk appetite annually on the basis of robust assessment of risks that incorporates the prudent decision making of risk and reward trade-offs. The Board is also responsible for evaluating strategic alternatives, setting related objectives, and developing mechanisms to manage related risks establishing, documenting, and enforcing all policies that involve risk. The Chief Risk Officer (a member of this Committee) is responsible for implementing these strategies.

The role of the Chief Risk Officer (CRO) includes informing the Board as well as the Management Committee about the risk profile of the Company and also communicates the views of the Board and Senior Management to the entire Company.

Risk appetite

The Company recognizes that its continual sustainability initiative is largely contingent upon brand protection and enhancement of stakeholder value. Our ethos therefore mandates that the Company is averse to risks that essentially erode corporate value.

The Company's risk appetite is primarily characterized by a clear risk strategy, monitoring and reporting procedure that provides the foundation to identify potential deviations from our risk tolerance in a timely manner across the enterprise, which is underpinned by our top-down risk management approach.

The risk management policies and procedures instituted are strategically aimed at managing potential, inherent and residual risk categories inherent in our operations.

The Board recognizes that the practice of risk management is critical to the achievement of corporate objectives and has actively encouraged a risk culture that embraces innovation and opportunity, primed risk-taking and acceptance of risk as inherent in all our activities, whilst reducing barriers to successful implementation.

We constantly bear in mind that the nature of risk is dynamic and pervasive in our business and the responsibility is that of all, hence we have created a structured approach across all functions of the organization flowing from strategic planning to the service level in order to identify, mitigate and report these risks.

Our structured approach to managing risks is evident in the integration of the risk management function; which is charged with the responsibility of undertaking risk-based audit on all business units using outputs of the annual company-wide risk assessment to guide its annual audit program. A quarterly assessment exercise is conducted by this unit and a rated score expressed in percentage is applied to measure the level of compliance.

Risk categorization

"The Company is exposed to a myriad of risks in the conduct of its business some of which are insurance risk, financial (market, credit, liquidity) risk, operational risk, reputational risk, emerging risk, environmental & social risk amongst others including business continuity and crisis management.

Insurance risk

The risk in any insurance contract is the possibility that the event insured against occurs, resulting in a claim. This risk is quite random and unforeseeable.

The fundamental risk the Company faces under its insurance contracts is that the actual claims and benefit payments exceed the provision (reserves) for insurance liabilities. This could occur if the frequency or severity of claims and benefits are greater than estimated. Insurance events are random, hence the actual number and amount of claims and benefits will vary from year to year from the level established using statistical techniques.

Our insurance underwriting strategy has been improved in such a way that it diversifies the various types of insurance risks that might affect a sufficiently large population of risks to significantly reduce the chances of having inconsistent expected outcome.

Lack of risk diversification, for instance, in terms of type and amount of risk, geographical location and type of industry covered increases the probability of insurance risks.

Life and savings

This includes the Group Life, Annuities and other conventional products.

(a) Frequency and severity of claims

For contracts where death is the insured risk, the most significant factors that could increase the overall frequency of claims are terminal diseases or widespread changes in lifestyle, such as eating, smoking and exercise habits as well as adverse changes in the socio-political climate resulting in earlier or more claims than ideally expected. For contracts where survival is the insured risk, the most significant factor is continued improvement in medical science, human behaviour and social conditions that would increase longevity.

(b) Sources of uncertainty in the estimation of future benefits payments and premium receipts

Uncertainty in the estimation of future benefit payments and premium receipts for life insurance contracts arises from the unpredictability of long-term changes in overall levels of mortality and the variability in contract-holder behaviour. The Company uses appropriate and acceptable base tables of standard mortality according to the type of contract being written. There is also a plan to develop a Nigerian mortality table in the short to medium term.

(c) Valuation methods

Annuities will be reserved for using a discounted cash flow approach. Here, reserves are set equal to the present value of future annuity payments plus expenses, with allowance being made for any guaranteed periods as required.

Reinsurance agreements

Reinsurance is allowed for in the valuation by having gross and reinsurance ceded records in the policy files. For IFRS compliance purposes, all reserves were reported gross of reinsurance, with the value of the reinsurance asset calculated and reported separately.

At Custodian Life Assurance Limited, risk management is performed at all levels and at various stages within business processes and over the technology environment. It forms an integral part of the Company's daily operations through established policies and procedures to help ensure that management's directives to mitigate risks to the achievement of strategic objectives are carried out. Our risk activities are structured to mitigate risk exposures from identified broad risk categories as illustrated below:

Broad Risk Category	Risk Controls Measures
Insurance risk Mortality/longevity risks Pricing risk Underwriting risk Catastrophe risk Reinsurers treaty agreement	 Improvement factors on mortality table consistent with portfolio experience Segmented tariff Policy and underwriting governance and guidelines/underwriting Follow up on excess and inadequate reserves Follow up on catastrophe events Regular review of reinsurance treaty agreement
Market risk	 Investment approval limits Policy on volume and quality of investment assets Counter party placement limits. Asset allocation limits etc.
Operational risk	 Clear policy on recruitment Tolerance limits for errors and breaches and operational Business Continuity Policy Service level consultations Loss event reporting Information security policy etc.
Credit risk	. Counter party financial analysis - Credit rating
Liquidity risk	. Policy on quality of liquid assets . Minimum operating liquid level etc.

In a bid to ensure that the Company is not negatively impacted by inherent risks in its business activity, we continually identify, monitor and review our portfolios/business operations on a regular basis. Some of the internal reports of the Risk Management team are listed below:

Internal Reports	Objectives
Quarterly Board Investment / Insurance Report	Shows the performance of the Company and reviews the profitability of all aspects of the Company's operation.
Monthly Investment Risk Report	Informs management on Company's exposure to market, credit and liquidity risks.
Weekly Investment Risk Report	Monitors and informs management on Company's asset allocation, exposure to sectors of the economy, market/investment, credit and liquidity risks, breaches in regulatory limits
Quarterly Gap Analysis Report	Analyse the gap duration and sensitivity testing for our assets & liabilities
Key Risk Indicator Report	Monitors the effectiveness of existing operational controls and the Company's operational risk profile.
Loss Data Report	To quantify operational risk and to identify sensitive areas of activity in order to put in place appropriate controls

Market risk

This is the risk that the value of financial instrument in general will change due to moves in the market factors. Such movements may be occasioned market factors (volatilities) that directly relate to an individual investment and/or systemic risks.

The four (4) exposures to market risks arise through the following:

- Interest rate risk: the potential risk that the value of fixed income assets will plummet owing to movements in market interest rates.
- Equity price risk: represents the potential risk of loss in our investment in stocks, occasioned by volatility in the stock market
- Foreign exchange risk: potential risk of loss of an asset value held in foreign currency due to changes in currency exchange rates.
- Property price risk: The Company's portfolio is subject to property price risk arising from changes in the valuation of properties.

Credit risk

This risk arises from the default of a counterparty to fulfil its contractual obligation. Being an insurance company, this risk arises from non-remittance of premium after the required thirty - day period available to insurance brokers as stipulated by NAICOM's premium collection and remittance guidelines. The possibility of default by counterparties on investments, placed with corporate and government entities, could result in cash flow shortages.

Three (3) notable areas of exposure to credit risks include:

- Direct default risk: is the risk of exposure a company may experience due to non-payment of investment receipts or cash flow on assets at an agreed time by an obligor following a contractual agreement to do so. This type of risk could also arise from failure of registered insurance brokers to remit premiums to the Company after the permissible thirty days (30) grace period, as mandated by NAICOM.
- 2) Downgrade risk: risk that changes in the possibility of a future default by an obligor will adversely affect the present value of the contract with the obligor today.

3) Settlement risk: risk arising from the lag between the value and settlement dates of securities transactions.

Management of credit risk

The Board of Directors has delegated responsibility for the oversight of credit risk to the management committee. The Company's Technical and Finance departments, which report to the committee, are responsible for managing the Company's credit risk, including the following:

- . Formulating credit policies in consultation with business units, covering collateral requirements, credit assessment, risk grading and reporting, documentary and legal procedures and compliance with regulatory and statutory requirements.
- Establishing the authorization structure for the approval and renewal of credit facilities, intermediaries and reinsurers in line with credit policies.

 Authorization limits are allocated to business units. Larger exposures require approval by the management committee or the Board of Directors, as appropriate.
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 Authorization limits are allocated to business units. Larger exposures require approval by ALCO or the board of directors, as appropriate.
- . Reviewing and assessing credit risk. The management committee reviews all credit exposures in excess of designated limits, before further exposures are committed to by the business unit concerned.
- Limiting concentrations of exposure to counterparties, geographies and industries, and by issuer, credit rating band and market liquidity. Reinsurers and intermediaries are assessed based on external credit ratings and internal reviews. For debt securities, the Company has a policy to invest only in high-quality corporate and government debt and does not invest in speculative- grade assets i.e. those below BBB- based on Moody's ratings.

Developing and maintaining the Company's risk grading to categorize exposures according to the degree of risk of default when external credit ratings are not available. The current risk grading framework consists of eight grades reflecting varying degrees of risk of default. The responsibility for setting risk grades lies with company credit. Risk grades are subject to regular review by the Risk committee. Specifically as part of this, the impact of a reinsurer default is monitored and managed accordingly. The internal risk grades correspond to [Rating Agency] ratings are as follows:

	Grade 1	AAA
Low Risk	Grade 2	AA- TO AA+
	Grade 3	A- to A+
	Grade 4	BBB- to BBB+
Fair risk	Grade 5	BB- to BB+
Substandard	Grade 6	B- to B+
Doubtful	Grade 7	C to CCC+
Loss	Grade 8	D

- Developing and maintaining the processes for measuring Expected Credit Losses (ECL). This includes processes for:
- Initial approval, regular validation and back-testing of the models used; and
- Incorporation of forward-looking information.
- Reviewing compliance of business units with agreed exposure limits, including those for selected industries, country risk and product types. Regular reports on the credit quality of local portfolios are provided, which may require appropriate corrective action to be taken. These include reports containing estimates of loss allowances.
- Providing advice, guidance and specialist skills to business units to promote best practice in the management of credit risk.

Amounts arising from expected credit loss (ECL)

Significant increase in credit risk

When determining whether the credit risk (i.e. risk of default) on a financial instrument has increased significantly since initial recognition, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both qualitative and quantitative information and analysis based on the Company's experience, expert credit assessment and forward-looking information.

The Company primarily identifies whether a significant increase in credit risk has occurred for an exposure by comparing:

- the remaining lifetime probability of default (PD) as at the reporting date; with
- the remaining lifetime PD for this point in time that was estimated on initial recognition of the exposure.

Whenever available, the Company monitors changes in credit risk by tracking published external credit ratings. To determine whether published ratings remain up to date and to assess whether there has been a significant increase in credit risk at the reporting date that has not been reflected in published ratings, the Company also reviews changes in bond yields and, where available, credit default swap (CDS) prices together with available press and regulatory information about issuers.

Where external credit ratings are not available, the Company allocates each exposure to a credit risk grade based on data that is determined to be predictive of the risk of default (including but not limited to audited financial statements, management accounts and cash flow projections and available regulatory and press information about borrowers) and applying experienced credit judgement.

The Company has assumed that the credit risk of a financial asset has not increased significantly since initial recognition if the financial asset has low credit risk at the reporting date. The Company considers a financial asset to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment-grade'. The Company considers this to be BBB- or higher based on Moody's ratings, which is equivalent to an internal risk grade.

As a backstop, the Company considers that a significant increase in credit risk occurs no later than when an asset is more than 30 days past due. Days past due are determined by counting the number of days since the earliest elapsed due date in respect of which full payment has not been received. Due dates are determined without considering any grace period that might be available to the borrower.

The Company monitors the effectiveness of the criteria used to identify significant increases in credit risk by regular reviews to confirm that:

- the criteria are capable of identifying significant increases in credit risk before an exposure is in default;
- the criteria do not align with the point in time when an asset becomes 30 days past due;
- the average time between the identification of a significant increase in credit risk and default appears reasonable;
- exposures are not generally transferred from 12-month ECL measurement to credit-impaired; and
- there is no unwarranted volatility in loss allowance from transfers between 12-month and lifetime ECL measurements.

Modified financial assets

The contractual terms of a financial asset may be modified for a number of reasons, including changing market conditions and other factors not related to a current or potential credit deterioration of the borrower. An existing financial asset whose terms have been modified may be derecognized and the renegotiated asset recognized as a new financial asset at fair value in accordance with the accounting policies.

When the terms of a financial asset are modified and the modification does not result in derecognition, the determination of whether the asset's credit risk has increased significantly reflects a comparison of:

- its remaining lifetime PD as at the reporting date based on the modified terms; with the remaining lifetime PD estimated based on data on initial recognition and the original contractual terms.

Definition of default

The Company considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realizing security (if any is held)
 - In assessing whether a borrower is in default, the Company considers indicators that are:
- qualitative: e.g. breaches of covenant and other indicators of financial distress;
- quantitative: e.g. overdue status and non-payment of another obligation of the same issuer to the Company; and
- based on data developed internally and obtained from external sources.

Inputs into the assessment of whether a financial instrument is in default and their significance may vary over time to reflect changes in circumstances.

Incorporation of forward-looking information

The Company incorporates forward-looking information into both its assessment of whether the credit risk of an instrument has increased significantly since initial recognition and its measurement of ECL. It formulates a 'base case' view of the future direction of relevant economic variables and a representative range of other possible forecast scenarios based on advice from the Company risk committee and economic experts and consideration of a variety of external actual and forecast information. This process involves developing two or more additional economic scenarios and considering

the relative probabilities of each outcome. External information includes economic data and forecasts published by governmental bodies and monetary authorities in the countries where the Company operates, supranational organizations such as the Organization for Economic Cooperation and Development (OECD), the International Monetary Fund(IMF) and selected private-sector and academic forecasters.

The base case represents the best estimate and is aligned with information used by the Company for other purposes, such as strategic planning and budgeting. The other scenarios represent more optimistic and more pessimistic outcomes. The Company also periodically carries out stress-testing of more extreme shocks to calibrate its determination of these other representative scenarios.

Measurement of Expected Credit Loss (ECL)

The key inputs into the measurement of ECL are the term structures of the following variables:

- Probability of default (PD)
- Loss Given Default (LGD), and
- Exposure At Default (EAD).

To determine lifetime and 12-month PDs, the Company uses the PD tables based on the default history of obligors with the same credit rating. The Company adopts the same approach for unrated investments by mapping its internal risk grades to the equivalent external credit ratings. The PDs are recalibrated based on current bond yields and CDS prices, and adjusted to reflect forward-looking information as described above. Changes in the rating for a counterparty or exposure lead to a change in the estimate of the associated PD.

LGD is the magnitude of the likely loss if there is a default. The Company estimates LGD parameters based on the history of recovery rates of claims against defaulted counterparties. The LGD models consider the structure, collateral, seniority of the claim, counterparty industry and recovery costs of any collateral that is integral to the financial asset. For loans secured by retail property, loan-to-value ratios are a key parameter in determining LGD. LGD estimates are recalibrated for different economic scenarios. They are calculated on a discounted cash flow basis using the effective interest rate as the discounting factor.

EAD represents the expected exposure in the event of a default. The Company derives the EAD from the current exposure to the counterparty and potential changes to the current amount allowed under the contract, including amortization, and prepayments. The EAD of a financial asset is its gross carrying amount.

As described in the accounting policy and subject to using a maximum of a 12-month PD for financial assets for which credit risk has not significantly increased, the Company measures ECL considering the risk of default over the maximum contractual period (including any borrower's extension options) over which it is exposed to credit risk, even if, for risk management purposes, the Company considers a longer period. The modelling of a parameter is carried out on an individual basis.

To ensure completeness and accuracy, the Company obtains the data used from third party sources (Moody's, Standard and Poor etc). Where modelling of a parameter is carried out on a collective basis, the financial instruments are accompanied on the basis of shared risk characteristics, which include:

- instrument type;
- credit risk grading;
- collateral type;
- date of initial recognition;
- remaining term to maturity;
- industry; and
- geographic location of the borrower.

The groupings are subject to regular review to ensure that exposures within a particular Company remain appropriately homogeneous.

When ECLs are measured using parameters based on collective modelling, a significant input into the measurement of ECL is the external benchmark information that the Company uses to derive the default rates of its portfolios. This includes the PDs provided in the Moody's default study and the LGDs provided in Moody's recovery studies.

Liquidity risk

The characteristic nature of our business requires adequate cash flow to meet our contractual obligations in the event of claims settlement. This is the risk of loss arising due to insufficient liquid assets to meet cash flow requirements or to fulfil its financial obligation once claims crystallize. Our exposure to liquidity risk comprises:

- 1) Funding (cash-flow) liquidity risk: These risks arise from investment-linked products especially in circumstances where there are liquidity constraints to meet financial obligations to customers.
- 2) Market (asset) liquidity risk: risk of loss which is occasioned by the incapacity to sell assets at or near their carrying value at the time needed.

Cash and cash equivalents

Cash and cash equivalents include cash balances and call deposits with original maturities of three months or less from the date of acquisition that are subject to an insignificant risk of changes in their fair values and are used by the Company in the management of its short-term commitments.

Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purposes of the statement of cash flows.

Operational risk

This is risk of loss resulting from inadequate or failed processes, people (human factors) and systems or from external events.

Operational risk management

Operational risks represents risks of loss arising from inadequate or failed internal processes, or from personnel and systems, or from external events. In line with best practices, a number of tools employed in managing these risks are enumerated as follows:

Risk identification: The Risk Identification is a critical tool applied to identify, assess, quantify and mitigate operational risks across the enterprise. The exercise constitutes a fundamental element of the overall operational risk framework, to assess risks using a pre-defined measurement grid for the frequency assessment and severity assessment of each risk identified. The profile of risks across the organization is an integral input for the Company's internal audit whilst preparing for audit plans.

Risk maps: Risk maps typically are graphs on which impact of each risk is plotted against probability of occurrence. Risk maps are designed either to show inherent or residual risk categories by line of business. High-frequency/high-severity risks need to be monitored closely to reduce the Company's exposure to losses.

Key risk indicators: Key risk indicators are defined to provide early warnings indicators, data is collected in an easy and meaningful way that allows preventive actions to be taken. It may also measure the accumulation of conditions that may favour emergence of potential risks thus the Key Risk Indicator (KRI) provides a veritable tool for early identification of increasing risk exposure and /or deviations concerning inherent risk of business units. The KRI dashboard represents a snap-shot of risk events essential for effective monitoring and control of risks, in conformity with the Enterprise's risk appetite.

Loss data collection: This tool represents a primary resource for risk reporting and data collection. We have leveraged on our technological infrastructure to develop an application for the collection of potential/actual risk events. Events (inclusive of near-misses) up to a predetermined threshold are analysed for cause, category, impact and correlation effect across the business.

Health and safety management

A Health and Safety Management system has been institutionalized to provide and maintain safe and healthy working environment and conditions for all staff. This responsibility also extends to visitors, contractors and others who may potentially be affected by our activities or present within our business premises. The Health and Safety Policy framework underpins the policy statements, roles and responsibilities of HSE officer, First Aid services, Safety Marshalls/Deputies and emergency procedures, etc.

Reputational risk

The risk that an event will negatively influence stakeholders' perception or threaten to violate public trust in our brand. We firmly appreciate that Stakeholders are crucial to the success of our business and we are committed to continually conduct our business in an affirmative manner that facilitates building sustainable relationships with our stakeholders.

Underwriting risk

Underwriting risks relates to risks that premiums charged are inadequate to cover the claims the Company is legally obliged to pay. Furthermore, it is essential that those premiums match to the return on the Company's capital. Underwriting risk may either arise from an inaccurate assessment of the risks entailed in writing an insurance policy, or from factors wholly out of the underwriter's control.

Underwriting risks form an integral part of our business. While we recognize that it is not practicable to eliminate all risks underwritten completely, we continually strive to leverage on managing this type of risks as a mitigation strategy because we believe that the continual profitability of our underwriting competencies, is a reflection of strategies employed in risk decision making which is in conformity with our risk appetite.

Underwriting risks may arise through the following ways:

- Inadequate premium pricing vis a vis the risk insured against;
- Inappropriate reinsurance arrangements;
- Inadequate claims reserves- the number of claims that occur may be higher than expected claims.
- Moral hazard of policyholders which may result in adverse claims experience.

Reputational risk management

The Company recognizes that in extreme cases, black swan events could result in significant reputational damage. It is to this end, that the Company maintains a top-down approach to managing its potential and actual corporate culture and values against untoward events that may erode its brand value. Our reputation management objectives are two-fold; to proactively manage and reactively protect and leverages on a strong internal stakeholders collaboration between Legal, Compliance and Quality Assurance, Risk Management and Brand Management & Corporate Communications.

Business continuity & crisis management (CMBC)

The Business Continuity Framework has been designed to ensure continuous availability of processes and delivery of products and services at acceptable predefined levels in the event of a disaster or disruption to critical operations.

The Crisis Management Plan (CMP) ensures that Custodian Life Assurance Limited has the capacity to prepare for, anticipate, respond to and recover from crisis as a result of a serious incident that immediately prevents, or threatens the continuity of business operations and the delivery of our key products and services.

The CMBC policy reinforces the unequivocal commitment of all internal stakeholders of Custodian Life Assurance Limited towards CM & BC processes.

Legal risks include, but are not limited to, exposure to fines, penalties or punitive damages resulting from supervisory actions, as well as private settlements.

Health, Safety And Environment Report

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

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

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

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

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

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

The focus areas are as described below:

Creation of a Health and Safety Policy

The health and safety management of the organization is guided by its policy. The policy is reviewed continuously to accommodate current realities for the benefit of the employee, organization, and all other stakeholders.

Creation of a Safety Team

A safety committee has been set up within the organization. The committee members are all volunteers.

Identification of Risk

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

Health, Safety And Environment Report Contd

Creation of Awareness

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

Provision of Appropriate Training

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

Monitoring of Safety Management

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

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

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

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



Management Discussion and Analysis

This "management discussion and analysis" (MD&A) has been prepared as at 31 December 2023 and should be read in conjunction with the audited financial statements of Custodian Life Assurance Limited.

Forward looking statements

Custodian Life Assurance Limited is a wholly owned subsidiary of Custodian Investment Plc., whose vision is to be Africa's Insurer of choice with a mission to develop, package and deliver innovative insurance products that best satisfy customer needs whilst operating a highly profitable, efficient, resourceful and ethical organization that will survive well into the future and be a valuable asset to its shareholders.

Custodian Life Assurance Limited is licensed to carry out life assurance business.

The products and services are essentially market-driven with emphasis on providing a wide menu of options on policies, paying due regard to production processes employed in various industries. Consequently our product ranges have been developed to meet and address the needs of our clients, buoyed by the Company's commitment to delivering exemplary service to its client and outperforming its peers.

Business strategy of the Company and overall performance

The Company is registered and incorporated in Nigeria and is engaged in providing insurance and investment solutions to both the corporate and retail sectors of Nigeria. It also aims to establish itself as the apex insurance company in Nigeria and Africa at large.

The Company's strategy is to use technology and international best practice to provide its customers with tailor made solutions, superior services and specially designed programs to assist its patrons through a network of regional and agency offices spread over Nigeria.

Management Discussion and Analysis Contd

Operating results

Gross premium written	31-Dec-2023 N '000	31-Dec-2022 N '000
Gross premium written-Group life	8,421,985	7,612,217
Gross premium written-Individual life traditional	8,519,543	7,446,049
Gross premium written-Annuity	29,359,437	22,711,566
Gross written premium	46,300,965	37,769,832

Highlights of financial performance	31-Dec-2023 N ′000	31-Dec-2022 ₩′000	% Change
Insurance contract revenue	24,812,728	20,787,503	19%
Insurance service result	(868,698)	(54,489)	1494%
Net insurance finance expense	(4,784,175)	(2,579,440)	85%
Total investment and related income	11,955,351	6,078,958	97%
Profit before income tax expense	4,690,217	1,938,992	142%
Profit for the year	4,442,785	1,646,660	170%
Total comprehensive income	4,137,040	1,566,768	164%
Earnings per share (kobo)	27	10	170%

Deloitte.

Independent Auditors' Report To The Shareholders of Custodian Life Assurance Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Custodian Life Assurance Limited set out on pages 80 to 406, which comprise the statement of financial position as at 31 December 2023, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, the notes to the financial statements, including material accounting policy information.

In our opinion, the financial statements give a true and fair view of the financial position of Custodian Life Assurance Limited as at 31 December 2023, and its financial performance and statement of cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by International Accounting Standards Board, Companies and Allied Matters Act, 2020, the Insurance Act 2003 and relevant policy guidelines issued by the National Insurance Commission (NAICOM) and the Financial Reporting Council of Nigeria (Amendment) Act 2023.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the requirements of the International Ethics Standards Board for Accountants' (IESBA), International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA code) and other independence requirements applicable to performing audits of financial statements in Nigeria. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and other ethical requirements that are relevant to our audit of the financial statements in Nigeria.

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

Key Audit Matter

Key Audit Matter

Key audit matter is the matter that, in our professional judgement, was of most significance in our audit of the financial statements of the current year. This matter was addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Valuation of Insurance and Investment Contracts

IFRS 17 requires insurance liabilities to be measured at a current fulfillment value and provides a more uniform measurement and presentation approach for all insurance contracts. In line with the standard, the Company has adjusted the carrying amount of the liability for the remaining coverage to reflect the time value of money and the effect of financial risk using discount rates that reflect the characteristics of the cash flows of the group of insurance contracts at initial recognition. While for other business lines, the company has elected not to discount the liability for the remaining coverage. In estimating the claims payment pattern for liability for incurred claims, the Company sets assumptions regarding the future timing of the claims settlement and determine the best estimate for claims development or payment.

How the matter was addressed in the audit

Our procedures included the following among others:

- Reviewed IFRS 17 Transition balance sheet with the transition calculation models and assumptions for opening balances.
- Reviewed the product classification, IFRS17 policy and methodology papers.
- Reviewed the Actuarial models and IFRS17 Subledgers for completeness and accuracy.
- Considered the validity of management's onerous assessment testing which is a key test performed to check that the liabilities are adequate in the context of expected experience. Our work on the onerous assessment test included assessing the reasonableness of the projected cashflows and challenging the assumptions adopted in the context of company and industry norms and specific product features.

Key Audit Matter

As disclosed in notes 15 & 16 to the financial statements, the investment and insurance contract liabilities for the company amounted to N124.3billion. This represents about 97% of the Company's total liabilities as at 31 December 2023.

Estimating insurance contract liabilities under IFRS 17 involves high estimation uncertainties and requires management to apply significant judgment and assumptions over uncertain future outcomes. Provisions for insurance contracts primarily comprise unexpired coverage provision (liability for remaining coverage, LRC) and claims provisions (liability for incurred clams, LIC). The Company applied the IFRS 17 General Measurement Model (GMM) and Premium Allocation Approach (PAA) for measurement of groups of insurance contracts for its individual life and group life businesses respectively.

How the matter was addressed in the audit

- •Involved our internal actuarial specialist in the review of the key assumptions and judgements in line with general actuarial methods and industry standards and assessment of the adequacy of the insurance liabilities in line with the requirement of IFRS 17.
- Ensured the appropriateness of the journals posted, footed, and agreed the figures disclosed in the financial statements to the figures stated in the actuarial valuation after thorough review of the basis and assumptions.
- •We reviewed the methodology and processes adopted by management for making reserves in the books of the company.
- •We tested entity's control around reserving process and maintenance of data for valuation of insurance contract liabilities.
- We validated the data used in the valuation of the insurance and investment contract liabilities.

Key Audit Matter

Accounting estimates in respect of provisions for insurance contracts is an experience-based estimate involving use of historic claims data and complex actuarial methods and models, which involve significant assumptions on the frequency and extent of insurance events relating to the insurance contracts. The level of complexity, the significant judgments and assumptions applied by management in estimating these insurance contract liabilities is of significance to our audit.

The Company has an in-house actuary who assesses, on periodic basis, an estimate of the insurance liabilities for the various portfolio managed by the company and the premium element of the individual deposit administration portion of the company's investment contract liabilities. At the end of each financial year, management employ the services of an external actuary in the determination of its insurance and investment contract liabilities after considering the accuracy and integrity of data used in the valuation.

How the matter was addressed in the audit

We found that the assumptions used by management were comparable with the market, accord with best practices, the key input data used in estimating the fair value of the insurance and investment contracts liabilities were reasonable in the circumstances. We consider the disclosure of the liabilities to be adequate, relevant, and useful.

Other Information

The directors are responsible for the other information. The other information comprises the Directors' Report, Corporate Governance Report, Risk Management Report and the Management Discussion and Analysis, and Other National Disclosures as required by the Companies and Allied Matters Act, 2020, which we obtained prior to the date of this report. The other information does not include the financial statements and our auditor's report thereon.

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

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

Responsibilities of the Directors for the Financial Statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards as issued by International Accounting Standards Board, the requirements of the Companies and Allied Matters Act, 2020, the Insurance Act 2003 and relevant policy guidelines issued by the National Insurance Commission (NAICOM), the Financial Reporting Council of Nigeria (Amendment) Act 2023 and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with ISAs, we exercise professional judgement 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 the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Report on Other Legal and Regulatory Requirements

In accordance with the Fifth Schedule of the Companies and Allied Matters Act, 2020 we expressly state that:

- i) We have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purpose of our audit.
- ii) The Company has kept proper books of account, so far as appears from our examination of those books.
- iii) The Company's financial position and its statement of profit or loss and other comprehensive income are in agreement with the books of account and returns.

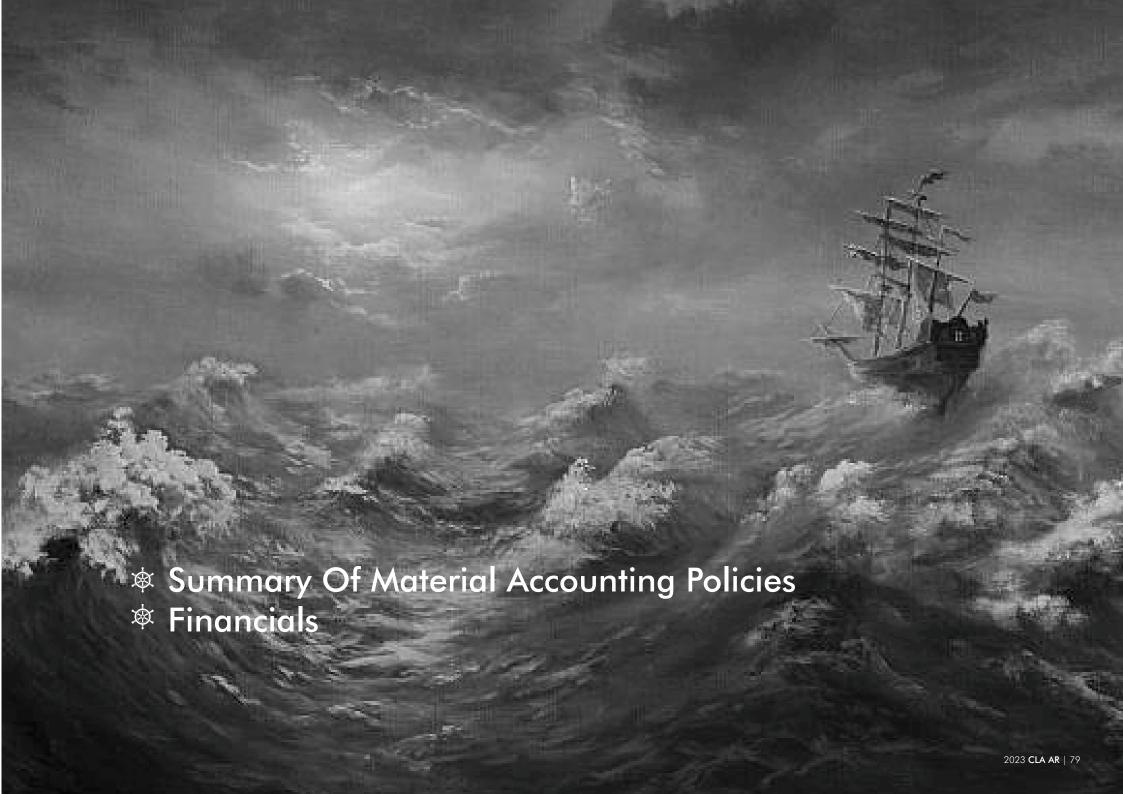
For: Deloitte & Touche

Chartered Accountants

Lagos, Nigeria

Engagement partner: Micheal Osinloye FRC/2013/ICAN/0000000819





General information

For the year ended 31 December 2023

Reporting entity

Custodian Life Assurance Limited ("the Company"; formerly known as Crusader Life Insurance Limited) is a wholly owned subsidiary of Custodian Investment Plc (formerly Custodian and Allied Plc). Crusader Life Insurance was incorporated as a private limited liability company on 26 February 2007. The Company underwrites life insurance risks, such as those associated with death, disability and health liability. The Company also issues a diversified portfolio of investment contracts to provide its customers with fund management solutions for their savings and other long-term needs. Arising from a scheme of merger between Crusader (Nigeria) Plc, the erstwhile holding company of Crusader Life Insurance Limited and Custodian and Allied Plc on 7 March 2013, Crusader Life Insurance Limited changed its name to Custodian Life Assurance Limited.

Custodian Life Assurance Limited is a limited liability company and is regulated by the National Insurance Commission (NAICOM). The address of its registered office is 16A Commercial Avenue, Sabo, Yaba, Lagos, Nigeria. The financial statements were authorised for issue by the Board of Directors on 19 April 2024.

2 Summary of material accounting policies

2.1 Basis of presentation and compliance with IFRS

These financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Boards (IASB) and IFRS Interpretations Committee (IFRIC) interpretations applicable to companies reporting under IFRS and in the manner required by Companies and Allied Matters Act of Nigeria, the Insurance Act of Nigeria, the Financial Reporting Council of Nigeria (FRC Act) and Nigerian Insurance Commission (NAICOM).

Additional information required by national regulations have been included where appropriate. The financial statements are presented in Naira, which is the Company's presentation and functional currency.

The financial statements comprise the statement of profit or loss and other comprehensive income, the statement of financial position, the statement of changes in equity, the statement of cash flows and the accompanying notes.

(a) Basis of measurement

These financial statements have been prepared in accordance with the going concern principle and on a historical cost basis except for the following:

- non-derivative financial instruments designated at fair value through profit or loss.
- financial assets that are measured at fair value through other comprehensive income.
- investment property is measured at fair value.
- insurance liabilities measured at present value of future cash flows.
- investment contract liabilities at fair value.

(b) Use of estimates and judgements

The preparation of the financial statements which is in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

Information about significant areas of estimation uncertainties and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are described in note 2.4.

2.2 Changes in accounting policy and new standards

With the exception of the changes below, the Company has consistently applied its accounting policies to all the periods presented in the financial statements.

2.2.1 New and amended standards and interpretations effective for periods beginning on or after January 2023

The Company applied for the first time, certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2023. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements:

(a) Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2 Key requirements

In February 2021, the Board issued amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements (the PS), in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures.

The amendments aim to help entities provide accounting policy disclosures that are more useful by:

• Replacing the requirement for entities to disclose their 'significant accounting policies' with a requirement to disclose 'material accounting policy information'

And

Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures

Replacement of the term 'significant' with 'material'

In the absence of a definition of the term 'significant' in IFRS, the Board decided to replace it with 'material' in the context of disclosing accounting policy information. 'Material' is a defined term in IFRS and is widely understood by the users of financial statements, according to the Board.

In assessing the materiality of accounting policy information, entities need to consider both the size of the transactions, other events or conditions and their nature.

Examples of circumstances in which an entity is likely to consider accounting policy information to be material have also been added.

Disclosure of standardised information

Although standardised information is less useful to users than entity-specific accounting policy information, the Board agreed that, in some circumstances, standardised accounting policy information may be needed for users to understand other material information in the financial statements. In those situations, standardised accounting policy information is material, and should be disclosed.

The amendments to the practice statement (PS) also provide examples of situations when generic or standardised information summarising or duplicating the requirements of IFRS may be considered material accounting policy information.

Disclosure of immaterial information

The amendments to IAS 1 require that if an entity decides to disclose accounting policy information that is not material, it needs to ensure that this immaterial information does not obscure material information.

Transition

Earlier application of the amendments to IAS 1 is permitted as long as this fact is disclosed.

Since the amendments to the PS provide non-mandatory guidance on the application of the definition of material to accounting policy information, the Board concluded that transition requirements and an effective date for these amendments were not necessary.

Impact

The amendments may impact the accounting policy disclosures of the Company. Determining whether accounting policies are material or not requires use of judgement; therefore the Company has revisited its accounting policy information disclosures to ensure consistency with the amended standard.

The Company has carefully considered whether 'standardised information, or information that only duplicates or summarises the requirements of the IFRSs' is material information and, if not, whether it should be removed from the accounting policy disclosures to enhance the usefulness of the financial statements.

(b) Definition of Accounting Estimates - Amendments to IAS 8

Key requirements

In February 2021, the Board issued amendments to IAS 8, in which it introduces a new definition of 'accounting estimates'.

The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

Changes in accounting estimates

The amended standard clarifies that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors.

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

Transition

The amendments apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of the effective date. Earlier application is permitted.

Impact

The amendments are intended to provide preparers of financial statements with greater clarity as to the definition of accounting estimates, particularly in terms of the difference between accounting estimates and accounting policies.

Although the amendments are not expected to have a material impact on its financial statements, the Company shall continue to refer to it for helpful guidance in determining whether changes are to be treated as changes in estimates, changes in policies, or errors."

(c) Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12 Key requirements

In May 2021, the Board issued amendments to IAS 12 Income Taxes, which narrow the scope of the initial recognition exception under IAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

Determining the tax base of assets and liabilities

The amendments clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognised in the financial statements (and interest expense) or to the related asset component (and interest expense). This judgement is important in determining whether any temporary differences exist on initial recognition of the asset and liability.

Changes to the initial recognition exception

Under the amendments, the initial recognition exception does not apply to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. It only applies if the recognition of a lease asset and lease liability (or decommissioning liability and decommissioning asset component) give rise to taxable and deductible temporary differences that are not equal.

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

Transition

An entity should apply the amendments to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period presented, it should also recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for all deductible and taxable temporary differences associated with leases and decommissioning obligations.

This amendment had no impact on the Company's financial statements.

(d) International Tax Reform – Pillar Two Model Rules - Amendments to IAS 12

The amendments are effective immediately upon issuance, but certain disclosure requirements are effective later.

Key requirements

In May 2023, the Board issued amendments to IAS 12, which introduce a mandatory exception in IAS 12 from recognising and disclosing deferred tax assets and liabilities related to Pillar Two income taxes.

The amendments clarify that IAS 12 applies to income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two Model Rules published by the Organization for Economic Cooperation and Development (OECD), including tax law that implements qualified domestic minimum top-up taxes. Such tax legislation, and the income taxes arising from it, are referred to as 'Pillar Two legislation' and 'Pillar Two income taxes', respectively.

Disclosures

The amendments require an entity to disclose that it has applied the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes.

An entity is required to separately disclose its current tax expense (income) related to Pillar Two income taxes, in the periods when the legislation is effective.

The amendments require, for periods in which Pillar Two legislation is (substantively) enacted but not yet effective, disclosure of known or reasonably estimable information that helps users of financial statements understand the entity's exposure arising from Pillar Two income taxes. To comply with these requirements, an entity is required to disclose qualitative and quantitative information about its exposure to Pillar Two income taxes at the end of the reporting period.

Transition

The temporary exception from recognition and disclosure of information about deferred taxes and the requirement to disclose the application of the exception, apply immediately and retrospectively upon issue of the amendments.

The disclosure of the current tax expense related to Pillar Two income taxes and the disclosures in relation to periods before the legislation is effective are required for annual reporting periods beginning on or after 1 January 2023, but are not required for any interim period ending on or before 31 December 2023.

This amendment does not have a material impact on the Company's financial statements.

(e) IFRS 17 Insurance Contracts

IFRS 17 replaces IFRS 4 Insurance Contracts and is effective for annual periods beginning on or after 1 January 2023, with early adoption permitted.

Background

In May 2017, the IASB issued IFRS 17 Insurance Contracts, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 Insurance Contracts.

In June 2020, the IASB issued amendments to IFRS 17. These amendments included changing the effective date to 2023. The IASB also tentatively decided on a consequential amendment to IFRS 4 Insurance Contracts to defer the fixed expiry date for the temporary exemption from applying IFRS 9 Financial Instruments, so that entities would be required to apply IFRS 9 for annual periods beginning on or after January 1, 2023. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17.

In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies for measurement purposes, IFRS 17 provides a comprehensive model (the general model) for insurance contracts, supplemented by the variable fee approach for contracts with direct participation features that are substantially investment-related service contracts, and the premium allocation approach mainly for short-duration which typically applies to certain life and non-life insurance contracts.

IFRS 17 replaces IFRS 4 Insurance Contracts for annual periods on or after 1 January 2023. The Company has restated comparative information for 2022 applying the transitional provisions in Note 2.5.

Changes to classification and measurement

The adoption of IFRS 17 changed the classification of the Company's insurance contracts. The standard establishes specific principles for the recognition and measurement of insurance contracts issued and reinsurance contracts held by the Company. Under IFRS 17, the Company's insurance contracts issued and reinsurance contracts held under Group Life portfolio are eligible to be measured by applying the Premium Allocation Approach(PAA). Other portfolios, such as Annuities and Individual Life, which are further grouped into Endowment, Savings and Risk portfolios, are to be measured using the Fair Value Approach.

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

Having done an assessment of its insurance contracts, the Company will apply the following transition approaches for its various classes of business thus:

Class of business	Transition approach
Annuity	Fair Value Approach
Individual Life	Fair Value Approach
Group Life	Full Retrospective Approach

The Company's classification and measurement of insurance and reinsurance contracts is explained in Note 2.3(m).

Changes to presentation and disclosure

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

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

The portfolios referred to above are those established at initial recognition in accordance with the IFRS 17 requirements. Portfolios of insurance contracts issued include any assets for insurance acquisition cash flows.

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

The Company provides disaggregated qualitative and quantitative information about:

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

On transition date, 1 January 2022, the Company:

- Has identified, recognised and measured each group of insurance contracts as if IFRS 17 had always applied
- Has identified, recognised and measured assets for insurance acquisition cash flows as if IFRS 17 has always applied. However no recoverability assessment was performed before the transition date. At transition date, a recoverability assessment was performed and no impairment loss was identified

- Derecognised any existing balances that would not exist had IFRS 17 always applied
- Recognised any resulting net difference in equity

Changes to comparative amounts on transition to IFRS 17

The Company has adopted IFRS 17 Insurance Contracts from 1 January 2023 and comparatives have been retrospectively restated from the transition date of 1 January 2022. A restated opening statement of financial position has been produced as at that date.

IFRS 17 Insurance Contracts provides a comprehensive and consistent approach to accounting for insurance contracts. It replaces IFRS 4, which was issued in 2005 and was largely based on grandfathering of previous local accounting policies.

Accounting policies that have been revised as a result of adoption of IFRS 17 are presented in note 2.3(m). Critical accounting estimates and judgements applied in measurement of insurance contracts are set out in note 2.4. This note focuses on the changes made on transition to IFRS 17.

2.2.3 Standards issued but not yet effective

The following standards and interpretations had been issued but were not mandatory for the reporting year ended 31 December 2023, up to the date of issuance of the Company's financial statements.

The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

(a) Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants - Amendments to IAS 1 Effective for annual periods beginning on or after 1 January 2024.

Key requirements

In January 2020 and October 2022, the Board issued amendments to IAS 1 to specify the requirements for classifying liabilities as current or non-current.

The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer settlement must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification
- Disclosures

Right to defer settlement

The Board decided that if an entity's right to defer settlement of a liability is subject to the entity complying with the required covenants only at a date subsequent to the reporting period ("future covenants"), the entity has a right to defer settlement of the liability even if it does not comply with those covenants at the end of the reporting period. Furthermore, the Board specified that the requirements in paragraph 72B apply only to liabilities arising from loan arrangements.

Existence at the end of the reporting period

The amendments also clarify that the requirement for the right to exist at the end of the reporting period applies to covenants which the entity is required to comply with on or before the reporting date regardless of whether the lender tests for compliance at that date or at a later date.

Management expectations

IAS 1.75A has been added to clarify that the 'classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement of the liability for at least twelve months after the reporting period'. That is, management's intention to settle in the short run does not impact the classification.

This applies even if settlement has occurred when the financial statements are authorised for issuance. However, in these circumstances an entity may need to disclose information about the timing of settlement to enable users to understand the impact on its financial position.

Disclosures

IAS 1.76ZA has been added to require an entity to provide disclosure when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months. This disclosure must include information about the covenants and the related liabilities as well as any facts and circumstances that indicate the entity may have difficulty complying with the covenants.

Meaning of the term 'settlement'

The Board added paragraphs 76A and 76B to IAS 1 to clarify what is meant by 'settlement' of a liability. The Board concluded that it was important to link the settlement of the liability with the outflow of resources of the entity.

Settlement by way of an entity's own equity instruments is considered settlement for the purpose of classification of liabilities as current or non-current, with one exception.

In cases where a conversion option is classified as a liability or part of a liability, the transfer of equity instruments would constitute settlement of the liability for the purpose of classifying it as current or non-current. Only if the conversion option itself is classified as an equity instrument would settlement by way of own equity instruments be disregarded when determining whether the liability is current or non-current.

Unchanged from the current standard, a rollover of a borrowing is considered the extension of an existing liability and is therefore not considered to represent 'settlement'.

Transition

The amendments must be applied retrospectively. Early application is permitted and must be disclosed. However, an entity that applies the 2020 amendments early is also required to apply the 2022 amendments, and vice versa.

Impact

The amendments are not expected to have any significant impact on the Company.

(b) Lease Liability in a Sale and Leaseback – Amendments to IFRS 16

Effective for annual periods beginning on or after 1 January 2024.

Key requirements

In September 2022, the Board issued Lease Liability in a Sale and Leaseback (Amendments to IFRS 16).

The amendment to IFRS 16 Leases specifies the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains.

After the commencement date in a sale and leaseback transaction, the seller-lessee applies paragraphs 29 to 35 of IFRS 16 to the right-of-use asset arising from the leaseback and paragraphs 36 to 46 of IFRS 16 to the lease liability arising from the leaseback. In applying paragraphs 36 to 46, the seller-lessee determines 'lease payments' or 'revised lease payments' in such a way that the seller-lessee would not recognise any amount of the gain or loss that relates to the right of use retained by the seller-lessee. Applying these requirements does not prevent the seller-lessee from recognising, in profit or loss, any gain or loss relating to the partial or full termination of a lease, as required by paragraph 46(a) of IFRS 16.

The amendment does not prescribe specific measurement requirements for lease liabilities arising from a leaseback. The initial measurement of the lease liability arising from a leaseback may result in a seller-lessee determining 'lease payments' that are different from the general definition of lease payments in Appendix A of IFRS 16. The seller-lessee will need to develop and apply an accounting policy in accordance with IAS 8 that results in information that is relevant and reliable.

Transition

A seller-lessee applies the amendment to annual reporting periods beginning on or after 1 January 2024. Earlier application is permitted and that fact must be disclosed.

A seller-lessee applies the amendment retrospectively in accordance with IAS 8 to sale and leaseback transactions entered into after the date of initial application (i.e., the amendment does not apply to sale and leaseback transactions entered into prior to the date of initial application). The date of initial application is the beginning of the annual reporting period in which an entity first applied IFRS 16.

This amendment is not expected to have a material impact on the Company's financial statements

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

Effective for annual periods beginning on or after 1 January 2024.

Key requirements

In May 2023, the Board issued amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures.

The amendments specify disclosure requirements to enhance the current requirements, which are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

Characteristics

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

Disclosure requirements

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

Transition

The amendments will be effective for annual reporting periods beginning on or after 1 January 2024. Early adoption is permitted, but will need to be disclosed.

The amendments provide some transition reliefs regarding comparative and quantitative information as at the beginning of the annual reporting period and interim disclosures.

This amendment is not expected to have a material impact on the Company's financial statements.

(d) Lack of exchangeability – Amendments to IAS 21

Effective for annual periods beginning on or after 1 January 2025.

Key requirements

In August 2023, the Board issued Lack of Exchangeability (Amendments to IAS 21).

The amendment to IAS 21 specifies how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking.

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

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

Disclosure requirements

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

Transition

The amendments will be effective for annual reporting periods beginning on or after 1 January 2025. Early adoption is permitted, but will need to be disclosed.

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

This amendment is not expected to have a material impact on the Company's financial statements.

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

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

Key requirements

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

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

Transition

The amendments must be applied prospectively. Early application is permitted and must be disclosed.

Impact

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

The amendments are not expected to have any impact on the Company's financial statements.

Except where otherwise stated, the Directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Company in future periods.

f) IFRS 18 - Presentation and Disclosure in Financial Statements

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

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

The structure of the statement of profit or loss

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

- operating,
- investing,
- financing,
- income taxes and discontinued operations

Aggregation and disaggregation of information

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

Disclosure requirement related to management defined performance measures

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

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

2.3 Significant accounting policies

The Company has consistently applied the following accounting policies to all periods presented in these financial statements.

(a) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates (the 'functional currency'). Except where otherwise indicated, the financial statements are presented in thousands of Naire (N'000) which is the Company's presentation currency.

(ii) Transactions and balances

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

Monetary items denominated in foreign currency are translated using the closing rate as at the reporting date. Non-monetary items measured at historical cost denominated in a foreign currency are translated with the exchange rate as at the date of initial recognition; non monetary items (investment property) in a foreign currency that are measured at fair value are translated using the closing rate as at the date when the fair value was determined.

Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of comprehensive income.

Foreign exchange gains and losses are presented in the income statement within 'other operating income'.

In the case of changes in the fair value of monetary assets denominated in foreign currency classified as available-for-sale, a distinction is made between translation differences resulting from changes in amortised cost of the security and other changes in the carrying amount of the security. Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in the income statement as part of net gain/loss on financial assets. Translation differences on non-monetary financial assets are included in other comprehensive income.

(b) Financial assets

Financial assets are classified into the following categories: fair value through profit or loss, fair value through other comprehensive income and amortised cost. The classification by the Company is determined by management at initial recognition and depends on the purpose for which the investments were acquired.

- (i) Classification of financial assets
- (1) Financial assets at fair value through profit or loss (FVTPL)

Financial assets designated at fair value through profit or loss upon initial recognition

Financial assets designated at fair value through profit or loss (FVTPL) are: Financial assets at FVTPL are:

- assets with contractual cash flows that are not SPPI; or/and
- assets that are held in a business model other than held to collect contractual cash flows or held to collect and sell; or
- assets designated at FVTPL using the fair value option.

These assets are measured at fair value, with any gains/losses arising on remeasurement recognised in profit or loss.

Other financial assets designated as at fair value through profit or loss at initial recognition are those that are:

- Separate assets held to match insurance and investment contract liabilities that are linked to the changes in fair value of these assets. The designation of these assets to be at fair value through profit or loss eliminates or significantly reduces a measurement or recognition inconsistency (sometimes referred to as 'an accounting mismatch') that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases; and
- Managed and whose performance is evaluated on a fair value basis. Information about these financial assets is provided internally on a fair value basis to the Company's key management personnel. The Company's investment strategy is to invest in equity and debt securities and to evaluate them with reference to their fair values. Assets that are part of these portfolios are designated upon initial recognition at fair value through profit or loss.

(2) Debt instruments at amortised cost or at fair value through other comprehensive income (FVTOCI)

The Company assesses the classification and measurement of a financial asset based on the contractual cash flow characteristics of the asset and the Company's business model for managing the asset.

For an asset to be classified and measured at amortised cost or at FVTOCI, its contractual terms should give rise to cash flows that are solely payments of principal and interest on the principal outstanding (SPPI).

For the purpose of SPPI test, principal is the fair value of the financial asset at initial recognition. That principal amount may change over the life of the financial asset (e.g. if there are repayments of principal). Interest consists of consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin. The SPPI assessment is made in the currency in which the financial asset is denominated.

Contractual cash flows that are SPPI are consistent with a basic lending arrangement. Contractual terms that introduce exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement, such as exposure to changes in equity prices or commodity prices, do not give rise to contractual cash flows that are SPPI. An originated or an acquired financial asset can be a basic lending arrangement irrespective of whether it is a loan in its legal form.

An assessment of business models for managing financial assets is fundamental to the classification of a financial asset. The Company determines the business models at a level that reflects how Company of financial assets are managed together to achieve a particular business objective. The Company's business model does not depend on management's intentions for an individual instrument, therefore the business model assessment is performed at a higher level of aggregation rather than on an instrument-by-instrument basis.

The Company has more than one business model for managing its financial instruments which reflect how the Company manages its financial assets in order to generate cash flows. The Company's business models determine whether cash flows will result from collecting contractual cash flows, selling financial assets or both.

The Company considers all relevant information available when making the business model assessment. However this assessment is not performed on the basis of scenarios that the Company does not reasonably expect to occur, such as so-called 'worst case' or 'stress case' scenarios. The

Company takes into account all relevant evidence available such as:

- how the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way in which those risks are managed; and
- how managers of the business are compensated (e.g. whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected).

At initial recognition of a financial asset, the Company determines whether newly recognised financial assets are part of an existing business model or whether they reflect the commencement of a new business model. The Company reassess its business models each reporting period to determine whether the business models have changed since the preceding period. For the current and prior reporting period the Company has not identified a change in its business models.

When a debt instrument measured at FVTOCI is derecognised, the cumulative gain/loss previously recognised in OCI is reclassified from equity to profit or loss. In contrast, for an equity investment designated as measured at FVTOCI, the cumulative gain/loss previously recognised in OCI is not subsequently reclassified to profit or loss but transferred within equity.

Debt instruments that are subsequently measured at amortised cost are subject to impairment. See note 6c(vi).

In the current and prior reporting period, the Company has applied the fair value option and so has designated debt instruments that meet the amortised cost or FVTOCI criteria as measured at FVTPL.

Interest on investments carried at amortised cost are included in the income statement and are reported as interest income. In the case of an impairment, it is reported as a deduction from the carrying value of the investment and recognised in the statement of profit or loss and other comprehensive income as 'net gains / (losses) on financial assets'.

(ii) Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the closing rate at the end of each reporting period. Specifically:

- for financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the 'other income' line item;
- for debt instruments measured at FVTOCI that are not part of a designated hedging relationship, exchange differences on the amortised cost of the debt instrument are recognised in profit or loss in the 'other income' line item. Other exchange differences are recognised in other comprehensive income (OCI);
- for financial assets measured at FVTPL that are not part of a designated hedge accounting relationship, exchange differences are recognised in profit or loss either in 'net trading income', if the asset is held for trading, or in 'net income from other financial instruments at FVTPL' if otherwise held at FVTPL; and
- for equity instruments measured at FVTOCI, exchange differences are recognised in other comprehensive income (OCI).

(iii) Determination of fair value of financial assets

For financial instruments traded in active markets, the determination of fair values of financial assets and financial liabilities is based on the market approach (transaction price paid for an identical or a similar instrument). This includes listed equity securities and quoted debt instruments on major exchanges.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry Company, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. If the above criteria are not met, the market is regarded as being inactive. For example, a market is inactive when there is a wide bid-offer spread or significant increase in the bid-offer spread or there are few recent transactions.

For all other financial instruments, fair value is determined using valuation techniques. In these techniques, fair values are estimated from observable data in respect of similar financial instruments, using models to estimate the present value of expected future cash flows or other valuation techniques, using inputs (for example, NIBOR yield curve, foreign exchange rates, volatilities and counterparty spreads) existing at the reporting date.

For more complex instruments the Company uses internally developed models which are usually based on valuation models and techniques generally recognised as standard within the industry. Valuation models are used primarily to value unlisted debt securities for which markets were or have become illiquid. Some of the inputs to these models may not be market observable and therefore estimated based on assumptions. The impact of financial instruments valuation reflecting non-market observable inputs (Level 3 valuations) is disclosed in the notes to the financial statements.

(iv) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

(v) Impairment

The Company recognises loss allowances for expected credit losses (ECLs) on the following financial instruments that are not measured at FVTPL:

- cash and cash equivalents
- debt investment securities;
- right-of-use assets;

No impairment loss is recognised on equity investments.

ECLs are required to be measured through a loss allowance at an amount equal to:

- 12-month ECL, i.e. lifetime ECL that result from those default events on the financial instrument that are possible within 12 months after the reporting date, (referred to as Stage 1); or
- full lifetime ECL, i.e. lifetime ECL that result from all possible default events over the life of the financial instrument, (referred to as Stage 2 and Stage 3).

A loss allowance for full lifetime ECL is required for a financial instrument if the credit risk on that financial instrument has increased significantly since initial recognition. For all other financial instruments, ECLs are measured at an amount equal to the 12-month ECL.

ECLs are a probability-weighted estimate of the present value of credit losses. These are measured as the present value of the difference between the cash flows due to the Company under the contract and the cash flows that the Company expects to receive arising from the weighting of multiple future economic scenarios, discounted at the asset's EIR.

The Company measures ECL on an individual basis, or on a collective basis for debt instruments that share similar economic risk characteristics. The measurement of the loss allowance is based on the present value of the asset's expected cash flows using the asset's original EIR, regardless of whether it is measured on an individual basis or a collective basis.

(vi) Credit-impaired financial assets

A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Credit-impaired financial assets are referred to as Stage 3 assets. Evidence of credit-impairment includes observable data about the following events:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event;
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- the disappearance of an active market for a security because of financial difficulties; or
- the purchase of a financial asset at a deep discount that reflects the incurred credit losses.

It may not be possible to identify a single discrete event—instead, the combined effect of several events may have caused financial assets to become credit-impaired. The Company assesses whether debt instruments that are financial assets measured at amortised cost or FVTOCI are credit-

impaired at each reporting date. To assess if sovereign and corporate debt instruments are credit impaired, the Company considers factors such as bond yields, credit ratings and the ability of the borrower to raise funding.

A loan is considered credit-impaired when a concession is granted to the borrower due to a deterioration in the borrower's financial condition, unless there is evidence that as a result of granting the concession the risk of not receiving the contractual cash flows has reduced significantly and there are no other indicators of impairment. For financial assets where concessions are contemplated but not granted the asset is deemed credit impaired when there is observable evidence of credit-impairment including meeting the definition of default. The definition of default (see below) includes unlikeliness to pay indicators and a back-stop if amounts are overdue for 90 days or more.

(vii) Definition of default

Critical to the determination of ECL is the definition of default. The definition of default is used in measuring the amount of ECL and in the determination of whether the loss allowance is based on 12-month or lifetime ECL, as default is a component of the probability of default (PD) which affects both the measurement of ECLs and the identification of a significant increase in credit risk.

The Company considers the following as constituting an event of default:

- the borrower is past due more than 90 days on any material credit obligation to the Company; or
- the borrower is unlikely to pay its credit obligations to the Company in full.

The definition of default is appropriately tailored to reflect different characteristics of different types of assets. Overdrafts are considered as being past due once the customer has breached an advised limit or has been advised of a limit smaller than the current amount outstanding.

When assessing if the borrower is unlikely to pay its credit obligation, the Company takes into account both qualitative and quantitative indicators. The information assessed depends on the type of the asset. The Company uses a variety of sources of information to assess default which are either developed internally or obtained from external sources.

(viii) Significant increase in credit risk

The Company monitors all financial assets, issued loan commitments and financial guarantee contracts that are subject to the impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk the Company will measure the loss allowance based on lifetime rather than 12-month ECL. The Company's accounting policy is not to use the practical expedient that financial assets with 'low' credit risk at the reporting date are deemed not to have had a significant increase in credit risk. As a result the Company monitors all financial assets, issued loan commitments and financial guarantee contracts that are subject to impairment for significant increase in credit risk.

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument at the reporting date based on the remaining maturity of the instrument with the risk of a default occurring that was anticipated for the remaining maturity at the current reporting date when the financial instrument was first recognised. In making this assessment, the Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort, based on the Company's historical experience and expert credit assessment including forward-looking multiple economic scenarios form the basis of determining the probability of default at initial recognition and at subsequent reporting dates.

Different economic scenarios will lead to a different probability of default. It is the weighting of these different scenarios that forms the basis of a weighted average probability of default that is used to determine whether credit risk has significantly increased.

As a back-stop when an asset becomes 30 days past due, the Company considers that a significant increase in credit risk has occurred and the asset is in stage 2 of the impairment model, i.e. the loss allowance is measured as the lifetime ECL.

(ix) Modification and derecognition of financial assets

A modification of a financial asset occurs when the contractual terms governing the cash flows of a financial asset are renegotiated or otherwise modified between initial recognition and maturity of the financial asset. A modification affects the amount and/or timing of the contractual cash flows either immediately or at a future date. In addition, the introduction or adjustment of existing covenants of an existing loan would constitute a modification even if these new or adjusted covenants do not yet affect the cash flows immediately but may affect the cash flows depending on whether the covenant is or is not met (e.g. a change to the increase in the interest rate that arises when covenants are breached).

When a financial asset is modified the Company assesses whether this modification results in derecognition. In accordance with the Company's policy a modification results in derecognition when it gives rise to substantially different terms. To determine if the modified terms are substantially different from the original contractual terms the Company considers the following qualitative factors, such as contractual cash flows after modification are no longer SPPI, change in currency or change of counterparty, the extent of change in interest rates, maturity, covenants. If these do not clearly indicate a substantial modification, then a quantitative assessment is performed to compare the present value of the remaining contractual cash flows under the original terms with the contractual cash flows under the revised terms, both amounts discounted at the original effective interest.

In the case where the financial asset is derecognised the loss allowance for ECL is remeasured at the date of derecognition to determine the net carrying amount of the asset at that date. The difference between this revised carrying amount and the fair value of the new financial asset with the new terms will lead to a gain or loss on derecognition. The new financial asset will have a loss allowance measured based on 12-month ECL except in the rare occasions where the new loan is considered to be originated-credit impaired. This applies only in the case where the fair value of the new

loan is recognised at a significant discount to its revised par amount because there remains a high risk of default which has not been reduced by the modification. The Company monitors credit risk of modified financial assets by evaluating qualitative and quantitative information, such as if the borrower is in past due status under the new terms.

When the contractual terms of a financial asset are modified and the modification does not result in derecognition, the Company determines if the financial asset's credit risk has increased significantly since initial recognition by comparing the remaining lifetime PD estimated based on data at initial recognition and the original contractual terms with the remaining lifetime PD at the reporting date based on the modified terms.

The Company derecognises a financial asset only when the contractual rights to the asset's cash flows expire (including expiry arising from a modification with substantially different terms), or when the financial asset and substantially all the risks and rewards of ownership of the asset are transferred to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain/loss that had been recognised in OCI and accumulated in equity is recognised in profit or loss, with the exception of equity investment designated as measured at FVTOCI, where the cumulative gain/loss previously recognised in OCI is not subsequently reclassified to profit or loss.

On derecognition of a financial asset other than in its entirety (e.g. when the Company retains an option to repurchase part of a transferred asset), the Company allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement,

and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain/loss allocated to it that had been recognised in OCI is recognised in profit or loss. A cumulative gain/loss that had been recognised in OCI is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts. This does not apply for equity investments designated as measured at FVTOCI, as the cumulative gain/loss previously recognised in OCI is not subsequently reclassified to profit or loss.

(x) Write-off

Loans and debt securities are written off when the Company has no reasonable expectations of recovering the financial asset (either in its entirety or a portion of it). This is the case when the Company determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. A write-off constitutes a derecognition event. The Company may apply enforcement activities to financial assets written off. Recoveries resulting from the Company's enforcement activities will result in impairment gains.

(xi) Presentation of allowance for ECL in the statement of financial position

Loss allowances for ECL are presented in the statement of financial position as follows:

- for financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets;
- for debt instruments measured at FVTOCI: no loss allowance is recognised in the statement of financial position as the carrying amount is at fair value. However, the loss allowance is included as part of the revaluation amount in the investments revaluation reserve;
- for loan commitments and financial guarantee contracts: as a provision.

(xii) Financial liabilities and equity

Debt and equity instruments that are issued are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

A financial liability is a contractual obligation to deliver cash or another financial asset or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the Company or a contract that will or may be settled in the Company's own equity instruments and is a non-derivative contract for which the Company is or may be obliged to deliver a variable number of its own equity instruments, or a derivative contract over own equity that will or may be settled other than by the exchange of a fixed amount of cash (or another financial asset) for a fixed number of the Company's own equity instruments.

(xiii) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain/loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

(c) Other financial assets

(i) Trade receivables

These are non-derivative financial assets with fixed determinable payments that are not quoted in an active market. After initial recognition, they are measured at amortised cost using the effective interest method less impairment. Discounting is omitted where the effect of discounting is immaterial. Trade receivables are made up of premium receivables and coinsurance receivables.

- Premium receivables relate to receivables from agents, brokers and insurance companies in respect of premium income.
- Coinsurance recoverable relate to only claims recoverable from coinsurers for claims settled to policy holders on behalf of coinsurers based on agreed terms.

ii) Other receivables

Other receivables are made up of other amounts due from parties which are not directly linked to insurance or investment contracts. These are measured at amortised costs. Discounting is omitted where the effect of discounting is immaterial.

A financial asset shall be measured at amortised cost if both of the following conditions are met:

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

(d) Financial liabilities

Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities'.

(i) Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is (i) held for trading, or (ii) it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading or contingent consideration that may be paid by an acquirer as part of a business combination may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a Company of financial assets or financial liabilities or both, which is managed and its performance is evaluated

on a fair value basis, in accordance with the Company's documented risk management or investment strategy, and information about the Companying is provided internally on that basis; or

- it forms part of a contract containing one or more embedded derivatives, and IFRS 9 permits the entire hybrid (combined) contract to be designated as at FVTPL.

Financial liabilities at FVTPL are stated at fair value, with any gains/losses arising on remeasurement recognised in profit or loss to the extent that they are not part of a designated hedging relationship. The net gain/loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'net income from other financial instruments at FVTPL' line item in the profit or loss account.

The Company does not have any financial liabilities at fair value through profit or loss at the reporting date.

(ii) Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss. When the Company exchanges with the existing lender one debt instrument into another one with substantially different terms, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, the Company accounts for substantial modification of terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new liability. It is assumed that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective rate is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability.

Interest rate benchmark reform

When the basis for determining the contractual cash flows of a financial asset or financial liability measured at amortised cost changed as a result of interest rate benchmark reform, the Company updated the effective interest rate of the financial asset or financial liability to reflect the change that is

required by the reform. A change in the basis for determining the contractual cash flows is required by interest rate benchmark reform if the following conditions are met:

- the change is necessary as a direct consequence of the reform; and
- the new basis for determining the contractual cash flows is economically equivalent to the previous basis i.e. the basis immediately before the change.

When changes were made to a financial asset or financial liability in addition to changes to the basis for determining the contractual cash flows required by interest rate benchmark reform, the Company first updated the effective interest rate of the financial asset or financial liability to reflect the change that is required by interest rate benchmark reform. After that, the Company applied the policies on accounting for modifications to the additional changes.

(e) Other financial liabilities

Other financial liabilities are initially recognised at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The EIR is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

(i) Trade and other payables

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

(ii) Financial guarantee contracts

Financial guarantees are contracts that require the Company to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in compliance with the original or modified terms of a debt instrument.

Financial guarantee liabilities are initially recognised at their fair value, which is the premium received, and then amortised over the life of the financial guarantee. Subsequent to initial recognition, the financial guarantee liability is measured at the higher of the present value of any expected payment and the unamortised premium when a payment under the guarantee has become probable. Financial guarantees are included within other liabilities.

(f) Investment property

Property held for long-term rental yields that is not occupied by the Company is classified as investment property.

Investment property comprises freehold land and buildings. It is carried at fair value, adjusted if necessary, for any difference in the nature, location or condition of the species asset. If this information is not available, the Company uses alternative valuation methods such as discounted cash flow projections or recent prices in less active markets. These valuations are reviewed annually by independent valuation experts.

Changes in fair values are recorded in the income statement. Property located on land that is held under an operating lease is classified as investment property as long as it is held for long-term rental yields and is not occupied by the Company. The initial cost of the property shall be the fair value (where available). When not available the initial cost shall be used. The property is carried at fair value after initial recognition. Investment property denominated in foreign currencies are translated to the reporting currency using the closing exchange rate at the reporting date.

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment, and its fair value at the date of reclassification becomes its cost for subsequent accounting purposes.

If an item of property, plant and equipment becomes an investment property because its use has changed, any difference arising between the carrying amount and the fair value of this item at the date of transfer is recognised in other comprehensive income as a revaluation of property, plant and equipment. However, if a fair value gain reverses a previous impairment loss, the gain is recognised in the income statement. Upon the disposal of such investment property any surplus previously recorded in equity is transferred to retained earnings net of associated tax; the transfer is not made through profit or loss.

Properties could have dual purposes whereby part of the property is used for own use activities. The portion of a dual use property is classified as an investment property only if it could be sold or leased out separately under a finance lease or if the portion occupied by the owner is immaterial to the total lettable space.

(g) Intangible assets

Intangible assets represents cost associated with the acquisition of software.

Costs associated with maintaining computer software programmes are recognised as an expense when incurred.

Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Company are recognised as intangible assets when the following criteria are met:

- It is technically feasible to complete the software product so that it will be available for use;
- Management intends to complete the software product and use or sell it;
- There is an ability to use or sell the software product;
- It can be demonstrated how the software product will generate probable future economic benefits;

- Adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- The expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of directly attributable overheads.

Other development expenditures that do not meet these criteria are recognised as an expense when incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Computer software development costs recognised as assets are amortised over their useful lives, which does not exceed four years.

(h) Property, plant and equipment

Land and buildings comprise mainly outlets and offices occupied by the Company.

All property, plant and equipment is initially recorded at cost. Except for land and buildings, all property and equipment are stated at historical cost less depreciation and accumulated impairment charges. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Freehold property (land and buildings) are measured at fair value less accumulated depreciation on buildings and impairment losses recognised at the date of revaluation. Valuations are performed with sufficient frequency to ensure that the carrying amount of a revalued asset does not differ materially from its fair value. Revaluation surplus if recorded in OCI and credited to the asset revaluation surplus in equity. However, to the extent that it reverses a revaluation deficit of the same asset previously recognised in profit or loss, the increase is recognised in profit or loss account. A revaluation deficit is recognised in the statement of profit or loss, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation reserve. Accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and

the net amount is restated to the revalued amount of the asset. Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings. Depreciation on property and equipment is calculated using the straight-line method to allocate the cost to the residual values over the estimated useful lives as follows:

Building
Vehicles
Furniture and fittings
Computer and office equipment
4 years
4 years

Leasehold improvements are depreciated over the lower of the useful life of the asset and the lease term.

The assets' residual values and useful lives are reviewed at the end of each reporting period and adjusted if appropriate.

An asset's carrying amount is written down immediately to its recoverable amount, if the asset's carrying amount is greater than its estimated recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use. No property, plant and equipment were impaired as at 31 December 2023 (2022: Nil).

Property and equipment are derecognised at the disposal date or at the date when it is permanently withdrawn from use without the ability to be disposed of. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount. These are included within other income in the statement of profit or loss and other comprehensive income.

(I) Leases

1) Company as a lessee

Initial recognition and measurement

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

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

a) Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). The cost of a right-of-use asset at inception of the lease includes an estimate of costs to be incurred by the Company in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease. The Company incurs the obligation for those costs at the commencement date or as a consequence of having used the underlying asset during a particular period.

Right-of-use assets are subsequently measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

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

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also

include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

The Company's current depreciation rate for its right-of-use assets is 50% per annum with an average lease rental of 2 years. In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made.

In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset. When measuring lease liabilities, the Company discounted lease payments using its incremental borrowing rate. The weighted-average rate applied is 11.93%.

From 1 January 2022, where the basis for determining future lease payments changes as required by interest rate benchmark reform, the Company remeasures the lease liability by discounting the revised lease payments using the revised discount rate that reflects the change to an alternative benchmark interest rate. In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

c) Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

2) Company as a lessor

Leases in which the Company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease term and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

The Company enters into lease agreements as a lessor with respect to some of its investment properties. Leases for which the Company is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases. When the Company is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease. if the head lease is a short-term lease that the entity, as a lessee, has accounted for, the sublease shall be classified as an operating lease.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term. Amounts due from lessees under finance leases are recognised as receivables at the amount of the Company's net investment in the leases. Finance lease income is allocated to reporting periods so as to reflect a constant periodic rate of return on the Company's net investment

outstanding in respect of the leases. When a contract includes lease and non-lease components, the Company applies IFRS 15 to allocate the consideration under the contract to each component.

a) Rent receivables

Rent receivables are recognised at their original invoiced value except where the time value of money is material, in which case rent receivables are recognised at fair value and subsequently measured at amortised cost. Refer to accounting policies on financial assets.

b) Tenant deposits

Tenant deposits are initially recognised at fair value and subsequently measured at amortised cost. Any difference between the initial fair value and the nominal amount is included as a component of operating lease income and recognised on a straight-line basis over the lease term. Refer also to accounting policies on financial liabilities.

(i) Investment contracts

Investment contracts are those contracts that transfer financial risk with no significant insurance risk. These are in the form of Interest linked investment contracts which are measured at amortised cost.

Investment contracts with guaranteed returns (interest linked) and other business of a savings nature are recognised as liabilities. Interest accruing to the life assured from investment of the savings is recognised in the profit and loss account in the year it is earned while interest paid and due to depositors is recognised as an expense. The net result of the deposit administration revenue account is transferred to the income statement of the Company.

(k) Equity accounted investees

The Company's interest in equity accounted investees comprise of interests in associates and joint ventures.

Associates are all entities over which the Company has significant influence but not control or joint control, over the financial and operating

policies. This is generally the case where the Company holds between 20% and 50% of the voting rights. A joint venture is an arrangement in which the Company has joint control, whereby the Company has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Interest in associates and joint ventures are accounted for using the equity method. They are initially recognised at cost, which includes transaction costs.

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Company's share of the post-acquisition profits or losses of the investee in profit or loss, and the Company's share of movements in other comprehensive income. Dividends received or receivable from associated and joint ventures are recognised as a reduction in the carrying amount of the investment.

Where the Company's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivable, the Company does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Company and its associates and joint ventures are eliminated to the extent of the Company's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

The carrying amount of equity-accounted investments is tested for impairment in accordance with the accounting policy on impairment

(I) 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, 2003. Statutory deposit is measured at cost.

m) Insurance contracts issued and reinsurance contracts held

Insurance and reinsurance contracts

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

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

The Company underwrites life insurance risks, such as those associated with death, disability and health liability to individuals and businesses. The Company also issues a diversified portfolio of investment contracts to provide its customers with fund management solutions for their savings and other long-term needs. The Company's Insurance contracts, which are classified into various portfolios like Group Life, Annuities, Risk, Savings and Endowments, are accounted for in accordance with IFRS 17 Insurance Contracts. These products offer benefits associated with death, disabilities and health liabilities. Products sold by the Company are classified as insurance contracts when the Company accepts significant insurance risk from a policyholder by agreeing to compensate the policyholder if a specified uncertain future event adversely affects the policyholder.

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

The products offered and portfolio classification are tabulated below:

Class of products	Portfolio classification	Products
Annuity	Annuities	Immediate Annuities
		Deferred Annuities
		Retiree Life Annuities
Individual Life	Savings	Esusu Shield
		Wealth Plus Plan
		Capital Builder Plan
		Investment Plus Plan
		Personal Provident Plan
	Risk	Dignity Plan
		Funeral Plan
		Term Assurance
		Whole Life Policy
		Tuition Protection Plan
		Mortgage Protection Plan
		Credit Life
	Endowment	Lifetime Harvest
		Ordinary Endowment
		Education Endowment
Group Life	Group Life	Group Life

Recognition, measurement and presentation of insurance contracts

i) Separating components from insurance and reinsurance contracts

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

Therefore, the Company:

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

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

- The economic characteristics and risks of the embedded derivatives are not closely related to the economic characteristics and risks of the host;
- A separate instrument with the same terms as embedded derivative would meet the definition of a derivative; and
- The hybrid contract is not measured at fair value with changes in fair value recognized in profit or loss.
 - An investment component is distinct if and only if, both of the following conditions are met;

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

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

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

ii) Combining a set or series of contracts

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

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

iii) Level of aggregation

IFRS 17 defines the level of aggregation to be used for measuring insurance contracts and their related profitability. This is a key issue in identifying onerous contracts and in determining the recognition of profit or loss and presentation in the financial statements. The starting point for aggregating contracts is to identify portfolios of insurance contracts. A portfolio comprises contracts that are subject to similar risks and managed together.

Each portfolio is subdivided into groups of contracts to which the recognition and measurement requirements of IFRS 17 are applied. At initial recognition, the Company segregates contracts based on when they were issued. A cohort contains all contracts that were issued within a 12-month period. Each cohort is then further disaggregated into three groups of contracts based on the initial assessment of the contracts and the expectations as at the date of initial recognition, with fulfilment cash flow expectations determined on a probability-weighted basis and management judgment of whether the contracts are onerous on initial recognition, have no significant possibility of becoming onerous subsequently and remaining contracts

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

The Company determines the level of aggregation for applying its requirements. The level of aggregation for the Company is determined firstly by dividing the business written into portfolios using the current lines of business framework with consideration for the reserving segmentation and product types within each line of business to support the definition of similar risk. These lines of business are grouped into the following portfolios: Group Life, Savings, Risk, Endowments and Annuities. Portfolios are further divided based on expected profitability at inception into three categories: onerous contracts, contracts with no significant risk of becoming onerous, and the remaining contracts. This means that, for determining the level of aggregation, the Company identifies a contract as the smallest 'unit', i.e., the lowest common denominator. However, the Company makes an evaluation of whether a series of contracts need to be treated together as one unit based on reasonable and supportable information, or whether a single contract contains components that need to be separated and treated as if they were stand-alone contracts. As such,

what is treated as a contract for accounting purposes may differ from what is considered as a contract for other purposes (i.e., legal or management). IFRS 17 also requires that no group for level of aggregation purposes may contain contracts issued more than one year apart.

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

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

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

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

The profitability of groups of contracts is assessed by actuarial valuation models that take into consideration existing and new business. For contracts that are not onerous, the Company assesses, at initial recognition, that there is no significant possibility of becoming onerous subsequently by assessing the likelihood of changes in applicable facts and circumstances. The Company considers facts and circumstances to identify whether a group of contracts are onerous based on:

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

The Company divides portfolios of reinsurance contracts held applying the same principles set out above, except that the references to onerous contracts refer to contracts on which there is a net gain on initial recognition.

iv) Contract boundary

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

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

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

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

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

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

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

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

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

The Company has set contract boundaries for its portfolio of insurance contracts based on the duration of coverage and the policy term as stated in the policy document for each class of business.

v) Recognition

Initial recognition of insurance contracts

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

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

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

Initial recognition of reinsurance contracts held

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

- The beginning of the coverage period of the group of reinsurance contracts held. (However, the Company delays the recognition of a group of reinsurance contracts held that provide proportionate coverage until the date any underlying insurance contract is initially recognised, if that date is later than the beginning of the coverage period of the group of reinsurance contracts held.
- The date the Company recognises an onerous group of underlying insurance contracts if the Company entered into the related reinsurance contract held in the group of reinsurance contracts held at or before that date.

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

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

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

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

Initial recognition of insurance acquisition cash flows

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

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

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

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

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

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

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

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

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

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

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

vi) Measurement

- General Measurement Model (GMM)
- Insurance contract Initial measurement

The general model measures a group of insurance contracts as the total of:

- Fulfilment cash flows
- A contractual service margin (CSM) representing the unearned profit the Company will recognise as it provides insurance contract services under the insurance contracts in the group.

Fulfilment cash flows comprise unbiased and probability-weighted estimates of future cash flows, discounted to present value to reflect the time value of money and financial risks, plus a risk adjustment for non-financial risk.

The Company's objective in estimating future cash flows is to determine the expected value, or the probability-weighted mean, of the full range of possible outcomes, considering all reasonable and supportable information available at the reporting date without undue cost or effort. The Company estimates future cash flows considering a range of scenarios which have commercial substance and give a good representation of possible outcomes. The cash flows from each scenario are probability-weighted and discounted using current assumptions.

When estimating future cash flows, the Company includes all cash flows that are within the contract boundary including:

- Premiums and related cash flows

- Claims and benefits, including reported claims not yet paid, incurred claims not yet reported and expected future claims
- Payments to policyholders resulting from embedded surrender value options
- An allocation of insurance acquisition cash flows attributable to the portfolio to which the contract belongs
- Claims handling costs
- Policy administration and maintenance costs, including recurring commissions that are expected to be paid to intermediaries
- An allocation of fixed and variable overheads directly attributable to fulfilling insurance contracts
- Transaction-based taxes

The Company's Annuity products as well as individual life products are to be measured using the GMM approach, because the coverage period of each contract it issues is usually between 5 years to 20 years, with the exception of the Esusu Shield plan, an individual life product, which has a minimum tenor of one year and maximum tenor of 20 years.

The Company provides investment-return services in respect of contracts that it issues and it performs investment activities for the benefit of policyholders.

The Company incorporates, in an unbiased way, all reasonable and supportable information available without undue cost or effort about the amount, timing and uncertainty of those future cash flows. The Company estimates the probabilities and amounts of future payments under existing contracts based on information obtained, including:

- Information about claims already reported by policyholders
- Other information about the known or estimated characteristics of the insurance contracts
- Historical data about the Company's own experience, supplemented when necessary with data from other sources. Historical data is adjusted to reflect current conditions
- Current pricing information, when available

The measurement of fulfilment cash flows includes insurance acquisition cash flows which are allocated as a portion of premium to profit or loss (through insurance revenue) over the period of the contract in a systematic and rational way on the basis of the passage of time. The Company does not elect to accrete interest on insurance acquisition cash flows to be allocated to profit or loss.

- Reinsurance contracts held – initial measurement.

The measurement of reinsurance contracts held follows the same principles as those for insurance contracts issued, with the exception of the following:

- Measurement of the cash flows include an allowance on a probability-weighted basis for the effect of any non-performance by the reinsurers, including the effects of collateral and losses from disputes
- The Company determines the risk adjustment for non-financial risk so that it represents the amount of risk being transferred to the reinsurer
- The Company recognises both day 1 gains and day 1 losses at initial recognition in the statement of financial position as a CSM and releases this to profit or loss as the reinsurer renders services, except for any portion of a day 1 loss that relates to events before initial recognition

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

The Company calculates the loss-recovery component by multiplying the loss recognised on the underlying insurance contracts and the percentage of claims on the underlying insurance contracts the Company expects to recover from the group of reinsurance contracts held. Where only some contracts in the onerous underlying group are covered by the group of reinsurance contracts held, the Company uses a systematic and rational method to determine the portion of losses recognised on the underlying group of insurance contracts to insurance contracts covered by the group of reinsurance contracts held.

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

Where the Company enters into reinsurance contracts held which provide coverage relating to events that occurred before the purchase of the reinsurance, such cost of reinsurance is recognised in profit or loss on initial recognition.

Insurance contracts – subsequent measurement

The CSM at the end of the reporting period represents the profit in the group of insurance contracts that has not yet been recognised in profit or loss, because it relates to future service to be provided.

For a group of insurance contracts the carrying amount of the CSM of the group at the end of the reporting period equals the carrying amount at the beginning of the reporting period adjusted, as follows:

- The effect of any new contracts added to the group
- Interest accreted on the carrying amount of the CSM during the reporting period, measured at the discount rates at initial recognition
- The changes in fulfilment cash flows relating to future service, except to the extent that:
- Such increases in the fulfilment cash flows exceed the carrying amount of the CSM, giving rise to a loss; or
- Such decreases in the fulfilment cash flows are allocated to the loss component of the liability for remaining coverage
- The effect of any currency exchange differences on the CSM

The amount recognised as insurance revenue because of the transfer of insurance contract services in the period, determined by the allocation of the CSM remaining at the end of the reporting period (before any allocation) over the current and remaining coverage period.

The locked-in discount rate is the weighted average of the rates applicable at the date of initial recognition of contracts that joined a group over a 12-month period. The discount rate used for accretion of interest on the CSM is determined using the bottom-up approach at inception.

The changes in fulfilment cash flows relating to future service that adjust the CSM comprise of:

- Experience adjustments that arise from the difference between the premium receipts (and any related cash flows such as insurance acquisition cash flows and insurance premium taxes) and the estimate, at the beginning of the period, of the amounts expected. Differences related to premiums received (or due) related to current or past services are recognised immediately in profit or loss while differences related to premiums received (or due) for future services are adjusted against the CSM.
- Changes in estimates of the present value of future cash flows in the liability for remaining coverage, except those relating to the time value of money and changes in financial risk (recognised in the statement of profit or loss and other comprehensive income rather than adjusting the CSM)
- Differences between any investment component expected to become payable in the period and the actual investment component that becomes payable in the period. Those differences are determined by comparing (i) the actual investment component that becomes payable in the period with (ii) the payment in the period that was expected at the start of the period plus any insurance finance income or expenses related to that expected payment before it becomes payable. The same applies to a policyholder loan that becomes repayable.
- Changes in the risk adjustment for non-financial risk that relate to future service.

Except for changes in the risk adjustment, adjustments to the CSM noted above are measured at discount rates that reflect the characteristics of the cash flows of the group of insurance contracts at initial recognition.

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

The Company measures the carrying amount of a group of insurance contracts at the end of each reporting period as the sum of: (i) the liability for remaining coverage comprising fulfilment cash flows related to future service allocated to the group at that date and the CSM of the group at that date; and (ii) the liability for incurred claims for the Company comprising the fulfilment cash flows related to past service allocated to the group at that date.

- Reinsurance contracts held - subsequent measurement

The measurement of reinsurance contracts held follows the same principles as those for insurance contracts issued, with the exception of the following:

- Changes in the fulfilment cash flows are recognised in profit or loss if the related changes arising from the underlying ceded contracts have been recognised in profit or loss. Alternatively, changes in the fulfilment cash flows adjust the CSM.
- Changes in the fulfilment cash flows that result from changes in the risk of non-performance by the issuer of a reinsurance contract held do not adjust the contractual service margin as they do not relate to future service.

Any change in the fulfilment cash flows of a retroactive reinsurance contract held due to the changes of the liability for incurred claims of the underlying contracts is taken to profit and loss and not the contractual service margin of the reinsurance contract held.

Where a loss component has been set up subsequent to initial recognition of a group of underlying insurance contracts, the portion of income that has been recognised from related reinsurance contracts held is disclosed as a loss-recovery component.

Where the Company has established a loss-recovery component, the Company adjusts the loss-recovery component to reflect changes in the loss component of an onerous group of underlying insurance contracts.

A loss-recovery component reverses consistent with reversal of the loss component of underlying groups of contracts issued, even when a reversal of the loss-recovery component is not a change in the fulfilment cash flows of the group of reinsurance contracts held. Reversals of the loss-recovery component that are not changes in the fulfilment cashflows of the group of reinsurance contracts held adjust the CSM.

• Premium Allocation Approach (PAA)

Insurance contract – Initial measurement

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

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

- The premium allocation approach does not require separate identification of the elements (i.e., the four building blocks) of the general model until a claim is incurred. Only a total amount for a liability for remaining coverage on initial recognition is determined
- Subsequently, the liability for remaining coverage is recognised by the Company over the coverage period on a pro-rata basis (the basis of passage of time) unless the expected pattern of release from risk differs significantly from the passage of time, in which case, it is recognised based on the expected timing of incurred claims and benefits
- The Company need only assess whether a group of insurance contracts is onerous if facts and circumstances indicate that the group is onerous. The general model effectively requires an assessment of whether a group of contracts is onerous at each reporting date after the initial recognition of a group
- The Company also has certain elections available once it applies the premium allocation approach for a group of insurance contracts. This includes:
- The Company applies the premium allocation approach (PAA) to all the Group Life insurance contracts that it issues and reinsurance contracts that it holds, as:
 - The coverage period of each contract in the group is one year or less, including insurance contract services arising from all premiums within the contract boundary, or
- For contracts longer than one year, the Company has modelled possible future scenarios and reasonably expects that the measurement of the liability for remaining coverage for the group containing those contracts under the PAA does not differ materially from the measurement that would be produced applying the general model. In assessing materiality, the Company has also considered qualitative factors such as the nature of the risk and types of its lines of business.

The Company's Group Life products are to be measured using the PAA approach, because the coverage period of each contract it issues is usually for a period of One (1) year.

The Company interprets "reasonably expects" to means the liability for remaining coverage under the premium allocation approach (PAA) and general measurement model (GMM) under all probable scenarios is immaterial. Hence the Company has defined probable scenario for both economic and non-economic assumptions which includes expenses of $\pm 10\%$, lapse of $\pm 10\%$, longevity at $\pm 10\%$ and mortality of $\pm 10\%$.

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

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

For a group of contracts that is not onerous at initial recognition, the Company measures the liability for remaining coverage as:

- The premiums, if any, received at initial recognition
- Minus any insurance acquisition cash flows at that date, with the exception of contracts which are one year or less where this is expensed,
- Plus, or minus any amount arising from the derecognition at that date of the asset recognised for insurance acquisition cash flows and
- Any other asset or liability previously recognised for cash flows related to the group of contracts that the Company pays or receives before the group of insurance contracts is recognised.

For Group Life, the liability for remaining coverage (LFRC) is not discounted to reflect the time value of money and the effect of financial risk as the premiums are received for one year and the liability is limited to one year coverage period.

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

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

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

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

Reinsurance contracts held – initial measurement

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

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

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

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

Insurance contracts – subsequent measurement

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

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

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

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

Subsequent measurement – liability for incurred claims

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

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

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

- Reinsurance contracts held – subsequent measurement

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

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

vii) Modification and derecognition

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

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

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

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

The Company derecognises insurance contracts when:

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

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

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

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

- Insurance contract -Derecognition resulting from extinguishment

The Company derecognises an insurance contract from within a group of insurance contracts by applying the following requirements:

- The fulfilment cash flows allocated to the group for both the liability for remaining coverage and the liability for incurred claims are adjusted to eliminate the present value of the future cash flows and risk adjustment for non-financial risk relating to the rights and obligations that have been derecognised from the group
- The contractual service margin of the group is adjusted for the change in fulfilment cash flows described above, to the extent required by the general model
- The number of coverage units for expected remaining insurance contract services is adjusted to reflect the coverage units derecognised from the group, and the amount of the contractual service margin recognised in profit or loss in the period is based on that adjusted number to reflect services provided in the period.

- Derecognition resulting from transfer

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

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

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

- Derecognition resulting from modification

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

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

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

viii) Presentation

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

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

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

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

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

Insurance contract revenue

For insurance contracts measured under the general measurement model (GMM), insurance revenue includes claims and other directly attributable expenses as expected at the beginning of the reporting period and does not include experience adjustments relating to these amounts (insurance service expenses) that arise during the reporting period. However, experience adjustments arising from premium receipts that do not relate to future services and related cash flows are included in insurance revenue.

For insurance contracts measured under the premium allocation approach (PAA), expected premium receipts are allocated toinsurance revenue based on the passage of time, unless the expected pattern of incurring the insurance service expenses differs significantly from the passage of time,

in which case the allocation is made on the basis of the expected timing of incurred insurance service expenses. The Company changes the basis of allocation between the two methods above as necessary, if facts and circumstances change. The change is accounted for prospectively as a change in accounting estimate.

Loss components

The Company has grouped contracts that are onerous at initial recognition separately from contracts in the same portfolio that are not onerous at initial recognition. Groups that were not onerous at initial recognition can also subsequently become onerous if assumptions and experience changes. The Company has established a loss component of the liability for remaining coverage for any onerous group depicting the future losses recognised.

A loss component represents a notional record of the losses attributable to each group of onerous insurance contracts (or contracts profitable at inception that have become onerous). The loss component is released based on a systematic allocation of the subsequent changes relating to future service in the fulfilment cash flows to:

- (i) the loss component; and
- (ii) the liability for remaining coverage excluding the loss component.

The loss component is also updated for subsequent changes relating to future service in estimates of the fulfilment cash flows and the risk adjustment for non-financial risk. The systematic allocation of subsequent changes to the loss component results in the total amounts allocated to the loss component being equal to zero by the end of the coverage period of a group of contracts (since the loss component will have been materialised in the form of incurred claims). The Company uses the proportion on initial recognition to determine the systematic allocation of subsequent changes in future cash flows between the loss component and the liability for remaining coverage excluding the loss component.

The Company assumes that no Group Life contracts are onerous at initial recognition unless facts and circumstances indicate otherwise.

Loss-recovery components

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

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

Insurance service expense

Only items that reflect insurance service expenses (that is, incurred claims and other insurance service expenses arising from insurance contracts that the Group issues) are reported as insurance expenses. As a result, when applying IFRS 17, repayment of non-distinct investment components is not presented as an insurance expense but rather as a settlement of an insurance liability.

Insurance finance income and expense

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

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

Net income or expense from reinsurance contracts held

The Company presents separately on the face of the statement of profit or loss and other comprehensive income, the amounts expected to be recovered from reinsurers, and an allocation of the reinsurance premiums paid. The Company treats reinsurance cash flows that are contingent on

claims on the underlying contracts as part of the claims that are expected to be reimbursed under the reinsurance contract held, and excludes investment components and commissions from an allocation of reinsurance premiums presented on the face of the statement of profit or loss and other comprehensive income.

• Transition accounting - changes to presentation and disclosure

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

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

The line-item descriptions in the statement of profit or loss and other comprehensive income have been changed significantly compared with last year. Previously the Company reported the following line items: premium income, reinsurance expenses, fees and commission income, net insurance benefits and claims, changes in annuity / life fund estimate and underwriting expenses. IFRS 17 requires separate presentation of:

- Insurance contract revenue
- Insurance service expense
- Insurance finance income or expense
- Net income or expense from reinsurance contracts held

Provisions

Provisions are recognised when: the Company has a present legal or constructive obligation as a result of past events; it is more likely that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate.

Current tax assets and liabilities are offset only if certain criteria are met.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, if the deferred income tax arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realisable or the deferred income tax liability is payable.

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

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

The tax effects of carry-forwards of unused losses or unused tax credits are recognised as an asset when it is probable that future taxable pro ts will be available against which these losses can be utilised.

Equity

Share capital

Shares are classified as equity when there is no obligation to transfer cash or other assets. Incremental costs directly attributable to the issue of equity instruments are shown in equity as a deduction from the proceeds, net of tax.

Repurchase and re-issue of ordinary shares (treasury shares)

When shares recognised as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs, net of tax effects, is recognised as a deduction from equity. Repurchased shares are classified as treasury shares and are presented in the treasury shares reserve. When treasury shares are sold or reissued subsequently, the amount received is recognised as an increase in equity and the resulting surplus or deficit on the transaction is presented within share premium.

Contingency reserves

In compliance with Section 22(1)(b) of Insurance Act 2003, the contingency reserve is credited with the higher of 1% of gross premiums or 10% of net profit.

Dividends

Dividend on the Company's ordinary shares are recognised in equity in the period in which they are approved by the Company's shareholders. Dividend distribution to the Company's shareholders is recognised as equity in the financial statements in the period in which the dividend is paid to the Company's shareholders.

Earnings per share

The Company presents basic earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period excluding treasury shares held by the Company.

Revenue recognition

Revenue comprises insurance contract revenue, insurance finance revenue, income from reinsurance contracts held, value for services rendered, net of value-added tax, which have b detailed earlier. Other revenue classes are recognised as follows:

(i) Dividend income

Dividend income for investment in equities is recognised when the right to receive payment is established, this is the ex-dividend date for equity securities. They are reported within investment income.

(ii) Net gains/(losses) on financial assets

Net realised gains/(losses) on financial assets comprises gains less losses related to investments held for trading and includes all realised and unrealised fair value changes and foreign exchange differences and realised gain or loss.

(iii) Net fair value gain on non-financial assets

Net fair value gain on non financial assets at fair value represents fair value gains on the Company's non financial instruments such as investment property.

(iv) Other operating income

Other operating income comprises interest on loans to staff, agents and policyholders.

Investment income

Interest income for all interest-bearing financial instruments including financial instruments measured at fair value through profit or loss, are recognised within investment income in the income statement using the effective interest rate method. When a receivable is impaired, the Company reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income.

Other investment income comprises rental income as well as net exchange gain on foreign denominated financial instruments and domicilliary account bank balances.

Operating expenditure

Expenses comprises insurance service expense, insurance finance expense, expenses from reinsurance contracts held, which have been detailed earlier. Other expense classes are recognised as follows:

(i) Other operating expenses

Other operating expenses are presented as the portion of management expenses which are not directly attributable to underwriting. The portion of management expenses which is directly attributable to underwriting has been reported as part of insurance service expense

Management expenses are further subdivided into:

- employee bnenfit expenses (see note (ii) below)
- marketing and administrative expenses
- other operating expenses

Other operating expenses are accounted for on accrual basis and recognised in the income statement upon utilization of the service."

(ii) Employee benefits

(a) Defined contribution plans

The Company operates a defined contributory pension scheme for eligible employees. Employees and the Company contribute 8% and 10% respectively of each qualifying staff's salary in line with the provisions of the Pension Reform Act 2014. The Company pays contributions to pension fund administrator on a mandatory basis. The Company has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefits expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(b) Short-term benefits

Wages, salaries, paid annual leave and sick leave, bonuses and non-monetary benefits are recognised as employee benefit expense and accrued when the associated services are rendered by the employees of the Company.

A provision is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(c) Termination benefits

Termination benefits are expensed at the earlier of when the Company can no longer withdraw the offer of those benefits and when the Company recognises costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the reporting date, then they are discounted.

2.4 Critical accounting estimates and judgments

The Company makes estimates and assumptions that affect the reported amounts of assets and liabilities within the nancial year. Estimates and judgments are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

(a) Expected credit loss on financial assets

(i) Probability of default (PD)

PD constitutes a key input in measuring ECL. PD is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

(ii) Loss Given Default (LGD)

LGD is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements. See note 4.3 for more details, including analysis of the sensitivity of the reported ECL to changes in LGD resulting from changes in economic drivers.

(iii) Fair value of unquoted equity financial instruments

The fair value of financial instruments where no active market exists or where quoted prices are not otherwise available are determined by using the income approach. In these cases the fair values are estimated from observable data using valuation models. The models used to determine fair values are validated and periodically reviewed by qualified personnel independent of those that sourced them. All models are certified before they are used, and models are calibrated to ensure that outputs reflect actual data and comparative market prices. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

(b) Impairment for receivables

The Company tests periodically whether premium receivables have suffered any impairment. With this policy, all premium transactions are paid for immediately except in the case of brokered transactions. For brokered transactions, the period is extended for 30 days if credit notes have been received from the broker. If all insurance receivables within 30 days and reinsurance receivables within 90 days were deemed as impaired, a total impairment of N 55.5 million (2022: N40.8 million) would have been recognised in the income statement. See note 7 for details.

(c) Insurance and reinsurance contracts

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur. The Company disaggregates information to disclose life insurance contracts issued and reinsurance contracts issued separately. This disaggregation has been determined based on how the company is managed.

(i) Measurement method for long-term insurance contracts

The Company primarily uses deterministic projections to estimate the present value of future cash flows and for some groups it uses stochastic modelling techniques. A stochastic model is a tool for estimating probability distributions of potential outcomes by allowing for random variation in

one or more inputs over time. The random variation is usually based on fluctuations observed in historical data for a selected period using standard time-series techniques.

The following assumptions were used when estimating future cash flows:

Mortality and morbidity rates

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

An increase in expected mortality and morbidity rates will increase the expected claim cost which will reduce future expected profits of the Company.

Longevity (immediate annuity business)

Assumptions are based on standard industry and national tables, adjusted when appropriate to reflect the Company's own risk experience. An appropriate, but not excessive, allowance is made for expected future improvements. Assumptions are differentiated by a number of factors including (but not limited to) policyholder gender, underwriting class and contract type.

An increase in expected longevity rates will lead to an increase in expected cost of immediate annuity payments which will reduce future expected profits of the Company.

- Expenses

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

An increase in the expected level of expenses will reduce future expected profits of the Company.

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

Lapse and surrender rates

Lapses relate to the termination of policies due to non-payment of premiums. Surrenders relate to the voluntary termination of policies by policyholders. Policy termination assumptions are determined using statistical measures based on the Company's experience and vary by product type, policy duration and sales trends.

An increase in lapse rates early in the life of the policy would tend to reduce profits of the Company, but later increases are broadly neutral in effect.

(ii) Measurement method for long-term insurance contracts

The Company applies the premium allocation approach (PAA) to its Group Life contracts to simplify the measurement of insurance contracts. When measuring liabilities for remaining coverage, the PAA is broadly similar to the Company's previous accounting treatment under IFRS 4. However, when measuring liabilities for incurred claims, the Company now discounts cash flows that are expected to occur more than one year after the date on which the claims are incurred and includes an explicit risk adjustment for non-financial risk. For cashflows that are not expected to be settled more than one year after the claims is incurred, the Company has elected not to discount such cashflows.

(iii) Liability for remaining coverage

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

- Pro rata temporis (passage of time)

Risk based curve

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

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

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

(iv) Claims payment pattern for liability for incurred claims

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

An assumption regarding the future timing of claim settlement is required as the IFRS 17 requires the determination of probability weighted future cash flows. Weighted future cash flows will include expected claim payment, expected cost of settling the claims, unallocated claim expenses that are integral to the claim cost but due to system limitations they cannot be allocated to individual claims, legal costs incurred or expected to be incurred for litigated claims and directly attributable maintenance expenses. For reinsurers' LIC, same cashflows shall apply as described above but the cashflows are apportioned according to reinsurance arrangement.

- Run-off triangles are used to project future claims payment generated by direct insurance contracts and claim recovered from reinsurance contracts. Actual claims paid and outstanding claim reserves are grouped by claim year cohorts.
- Methodology used for claims reserving is defined by the Company's Reserving Policy and Reserving Guidance, and it relies on the Basic Chain Ladder as well as the Bornhuetter-Ferguson method. Same methodology is applied to claims generated by direct contracts and claim recovered from reinsurance contracts.
- The best estimate for claims development or payment to ultimate is determined by the link ratio estimator for each period of development. This is achieved by selecting the weighted averages or simple averages of link ratios for each period of claims development until the ultimate period when the claims development is deemed to be fully run off. For each reserving class that best estimate claim payment pattern is derived separately on a gross basis Insurance contracts and reinsurers' share (claim recovered from reinsurance contracts). The process of selecting link ratios often involves identifying outliers and excluding them. Analysis of Actual versus Expected claim reserves is carried out to assess adequacy of best estimate payment pattern estimated in prior year/period. Where significant deviations are noted, further investigations are carried out to ascertain whether this is indicative of a new trend in the underlying claim development process or whether this is caused by the occurrence of abnormally large claims that tend to distort the latest link ratios or whether it was caused by certain specific events impacting the claims process that are not expected to recur in the future (e.g. restructuring of claims department, or installing a new admin system or claim backlog). If the cause of the deviation is driven by changes in the claims development process which is expected to be recurring or be permanent in the future (e.g. application of new case reserving practice), then judgement is applied in choosing the link ratio for the most recent claims year cohort.
- Consideration is also given on the need to allow for a tail factor for projecting claims payment beyond the available data horizon.
- Claim payment pattern will be derived for each reserving class or portfolio (portfolio if there is only one reserving class).
- Basically, the payment pattern provides probabilities to project the settlement of claims in future time periods
- For a given portfolio or reserving class, same payment pattern will be applied to project the payment of OCR (outstanding claim reserve), IBNR reserve and Risk Adjustment estimates over future time periods.

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

(iv) Insurance acquisition cash flows

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

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

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

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

(v) Onerous groups

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

(vi) Discount rates

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

For the short term contracts valued under PAA, the discount rates only apply in valuing the fulfilment cashflows in respect of incurred claims. Cashflows arising from incurred claims may be viewed as fairly illiquid as the contracts cannot be surrendered or cancelled after the coverage period. However, the variability in the claim settlement pattern limits the predictability of the cashflows and hence the ability to find a perfectly matching portfolio which can be held to maturity. The Company uses the simple average discount rate when determining the discount rates at the date of initial recognition of a group of insurance contracts.

For long term contracts, the Company's individual life product's claims experience has shown that policyholders do not always stay with the contracts until expiry. The annuity contracts are long term and do not allow for lapses. This therefore implies that the cashflows arising from the contracts are illiquid as the contracts cannot be surrendered over the policy term. For these types of contracts, the Company applies the bottoms -up approach (yield curve).

The illiquidity premium may be determined by considering the yield curve of corporate bonds and determining the portion of the risk premium in the yields attributable to illiquidity risk However, the market for corporate bonds is limited in Nigeria and information on the yields of corporate bonds is not readily available. The Standard in paragraph B86 recommends the use of credit derivatives as a reference point in determining the credit risk premium. However, there is no active or liquid market for credit derivatives in Nigeria. Therefore, the following methodology has been adopted:

- Reliance on the information published by the European Insurance and Occupational Pensions Authority (EOIPA) on the risk-free rate and illiquidity risk premium loading. The risk-free rate and illiquidity rate relating to the South African market will be applied as it is similar to the Nigerian market.

- Load the risk-free rate in the Nigerian market with the proportion of the illiquidity risk premium to the risk-free rate for the Southern African market as published by the EOIPA

However, should there be any local market study that avails the information required to correctly determine the illiquidity premium to be added to the risk-free rate, the Company will make the illiquidity premium adjustments to the risk-free yields on the local corporate bonds. In presenting insurance finance income, the Company's accounting policy will be to disaggregate the same into amounts included in the profit or loss and amounts included in other comprehensive income. This option provides more detail and makes apparent any changes in liabilities from changes in discount rate assumptions.

(vii) Amortisation of the Contractual Service Margin

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

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

The number of coverage units in a group is the quantity of insurance contract services provided by the contracts in the group, determined by considering the quantity of the benefits provided and the expected coverage period. For groups of life insurance contracts, the quantity of benefits is the contractually agreed sum insured over the period of the contracts. The total coverage units of each group of insurance contracts are reassessed at the end of each reporting period to adjust for the reduction of remaining coverage for claims paid, expectations of lapses and cancellation of

contracts in the period. They are then allocated based on probability-weighted average duration of each coverage unit provided in the current period and expected to be provided in the future.

For reinsurance contracts issued, the number of coverage units in a group reflects the expected pattern of underwriting of the underlying contracts because the level of service provided depends on the number of underlying contracts in force. The quantity of benefit is the maximum probable loss. The remaining coverage units are reassessed at the end of each reporting period to reflect the expected pattern of service and the expectations of lapses and cancellations of contracts. The remaining coverage is allocated based on probability-weighted average duration of each coverage unit provided in the current period and expected to be provided in the future.

For reinsurance contracts held, the CSM amortisation is similar to the reinsurance contracts issued and reflects the expected pattern of underwriting of the underlying contracts because the level of service provided depends on the number of underlying contracts in-force

(viii) Risk adjustment for non-financial risk

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

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

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

2.5 Transition to IFRS 17

The Company used a combination of two of the three transition methods, namely, full retrospective and fair value, depending on the historical data that was available per the IFRS 17 defined groups. A fully retrospective application of IFRS 17 prior to the transition date (for the Company), is required, unless it is impracticable to do so. If it is impracticable, an entity can choose between the modified retrospective approach or fair value approach to measure the take-on IFRS 17 balances.

A summary of the main product lines, transition approaches and measurement models is as follows:

Product name	Portfolio	Measurement model	Transition approach	
Immediate Annuities	Annuities	General measurement model	Fair value approach	
Deferred Annuities				
Retiree Life Annuities				
Esusu Shield				
Wealth Plus Plan				
Capital Builder Plan	Savings	General measurement model	Fair value approach	
Investment Plus Plan				
Personal Provident Plan				
Dignity Plan				
Funeral Plan				
Term Assurance	Risk General measurement model		Fair value approach	
Tuition Protection Plan				
Mortgage Protection Plan				
Credit Life				
Lifetime Harvest				
Ordinary Endowment	Endowment	General measurement model	Fair value approach	
Education Endowment				
Group Life	Group Life	Premium allocation approach Full retrospective approach		

Contracts measured applying the full retrospective approach

The full retrospective approach has been applied for all Group life insurance contracts in force as at 1 January 2021 onwards on the grounds that these insurance contract are short contract boundary nature contracts measured under the PAA approach. Given the availability of information, including assumptions, methodologies and the availability of risk adjustment data, management's view was that it was practicable to perform the full retrospective calculations.

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

The Premium Allocation Approach (PAA) does not require the calculation of the Contractual Service Margin (CSM) which represents unearned profits under the GMM and VFA measurement methods. The liability for remaining coverage is instead based on the earning pattern of the premium received. The insurer is not required to create a view of all future cash flows, instead the initial insurance liability on initial recognition is simply estimated as the premium payable for the insurance cover to be provided. This liability can be reduced by acquisition costs paid whose recognition will also be in line with the recognition of the premiums as they are earned. Under PAA, Liability for Remaining Coverage is the Unearned Premium Reserve, which is Premium income

less acquisition costs and prorated for the unexpired coverage period. The liability for Incurred Claims introduces a discounting element, the effect of which would be significant for group life businesses where claims payments could span an extended period. The liability for incurred claims comprises the discounted present value of future incurred claims which forms the Best Estimate Liability (BEL) and the Risk Adjustment (RA) for incurred claims.

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

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

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

Reinsurance contracts were valued independently of their underlying insurance contracts as required under the IFRS 17 standard. All reinsurance contracts with contract boundaries not exceeding one year are automatically considered to meet PAA eligibility. Contracts with coverage period above one year which

are not immediately eligible for the PAA, will be subjected to a PAA eligibility by assessing the expected LRC cashflows under both the PAA and GMM approaches. Measurement of LRC for reinsurance under the PAA approach is similar to insurance contracts. Additional Unexpired Risk Reserve, AURR for onerous products were considered in this exercise. The premium and claim liabilities were valued per underwriting year as required. UPR and DAC calculations are similar to the corresponding calculations under IFRS 4.

Contracts measured applying the fair value approach

The Company assessed historical information available on transition date and determined that all reasonable and supportable information necessary for applying the full retrospective approach and modified retrospective approach was not available for groups of long termed insurance contracts inforce as at the transition date. The Company elected to apply the fair value approach, which was intended to achieve the closest possible outcome to the full retrospective application maximising the use of available information. Fair value is an approach to determine the transition CSM through an IFRS 13 Fair Value Measurement assessment of the probable trading price for a similar group of insurance contracts in a simulated deep and liquid market. For purposes of calculating the Contractual Service Margin at transition, the fair value or each product group was set equal to the restated reserve values for the product group at the end of 2021. The Fair Value should represent the price that the Company will pay to a market participant to accept or assume the insurance contract liabilities. The Fair Value of the liabilities should ideally include over and above the best estimate of liabilities an allowance for risk margin and profits. The Statutory reserves contain risk margins arising from prudent valuation interest rate assumptions as well as zeroization of negative reserves. As such, the Statutory reserve is usually considered in transactions involving the transfer of insurance liabilities. The risk margins in the Statutory reserves are regarded as locked in profits to be released in future. Accordingly, the Statutory reserving basis, restated to include additional risk margins for a transfer of liabilities, was considered as the Fair Value basis for purposes of IFRS 17.

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

RA using 75% percentile and a higher percentile at say 99.5% for the fair value. The difference in the provisions at these two confidence levels became the opening CSM.

Risk adjustment was calibrated for the following assumptions:

- Mortality/longevity
- Expenses
- Lapses/surrenders

Below is the summary of the fair valuation breakdown as at transition date:

Portfolio	Contractual service margin (CSM) N '000	Best estimate liability (BEL) N '000	Risk adjustment (RA) N '000	Total N ′000
Endowment	5,721,267	372,729	821,343	6,915,339
Risk	-145,152	15,228	165,903	35,979
Savings	4,135,007	29,701	170,602	4,335,310
Annuity	61,780,713	526,603	3,129,063	65,436,379
Total	71,491,835	944,261	4,286,911	76,723,007

The Company used reasonable and supportable information available at the transition date to:

- Identify groups of insurance contracts
- Determine whether an insurance contract meets the definition of an insurance contract with direct participation features
- Identify discretionary cash flows for insurance contracts without direct participation features
- Determine whether an investment contract meets the definition of an investment contract with discretionary participation features within the scope of IFRS 17.

Level of aggregation

The Company classified its contracts into groups of contracts issued not more than one year apart as IFRS 17 prescribes that no group for level of aggregation purposes may contain contracts issued more than one year apart.

Measurement at the transition date

In applying the fair value approach at the transition date, the CSM or loss component of the LRC was estimated as the difference between the fair value and the fulfilment cash flows of the group of contracts as of that date. In determining fair value, the Company followed the requirements of IFRS 13 Fair Value Measurement, except for that standard's requirement in relation to demand features (that fair value cannot be less than the amount repayable on demand), This is because it would contradict the IFRS 17 requirement to incorporate cash flows on a probability-weighted basis.

Discount rates

The Company used discount rates as at the date of transition, instead of discount rates as at the date of initial recognition.

Insurance acquisition cash flows

The Company does not have any acquired insurance contracts as at the transition date.

The Company determined the asset for insurance acquisition cash flows at the transition date at an amount equal to the amount the Company would have incurred at the transition date to obtain rights to:

- Recover insurance acquisition cash flows from premiums of insurance contracts before the transition date but not yet recognised at the transition date
- Obtain future insurance contracts after the transition date without having to pay again for those costs already paid
- Obtain future renewals of insurance contracts recognised at transition date.

Insurance finance income or expenses

The Company did not chose to disaggregate the presentation of insurance finance income or expenses. The determined cumulative amount of Insurance finance income or expenses are recognised in profit of loss.

Reinsurance contracts held

For a group of reinsurance contracts held, the Company determines the loss-recovery component of the asset for remaining coverage at transition by multiplying the loss component of the liability for remaining coverage for the underlying insurance contracts at the transition date with the percentage of claims for the group of underlying onerous insurance contracts that the Company expects to recover from the group of reinsurance contracts held.

Acquired insurance contracts

The Company does not have any acquired insurance contracts as at the transition date.

The Company did not use the modified retrospective approach for any of her insurance contract transition process, based on the details provided

2.5 Transition to IFRS 17 - continued

above. The modified retrospective approach requires maximised use of information required to apply the full retrospective approach. The approach valued liabilities back to inception, replacing expected values with actual values where known. This enabled an approximate value to be calculated for the probability-weighted estimate of future cash flows and risk adjustment (RA) at inception, so that a CSM could be calculated.

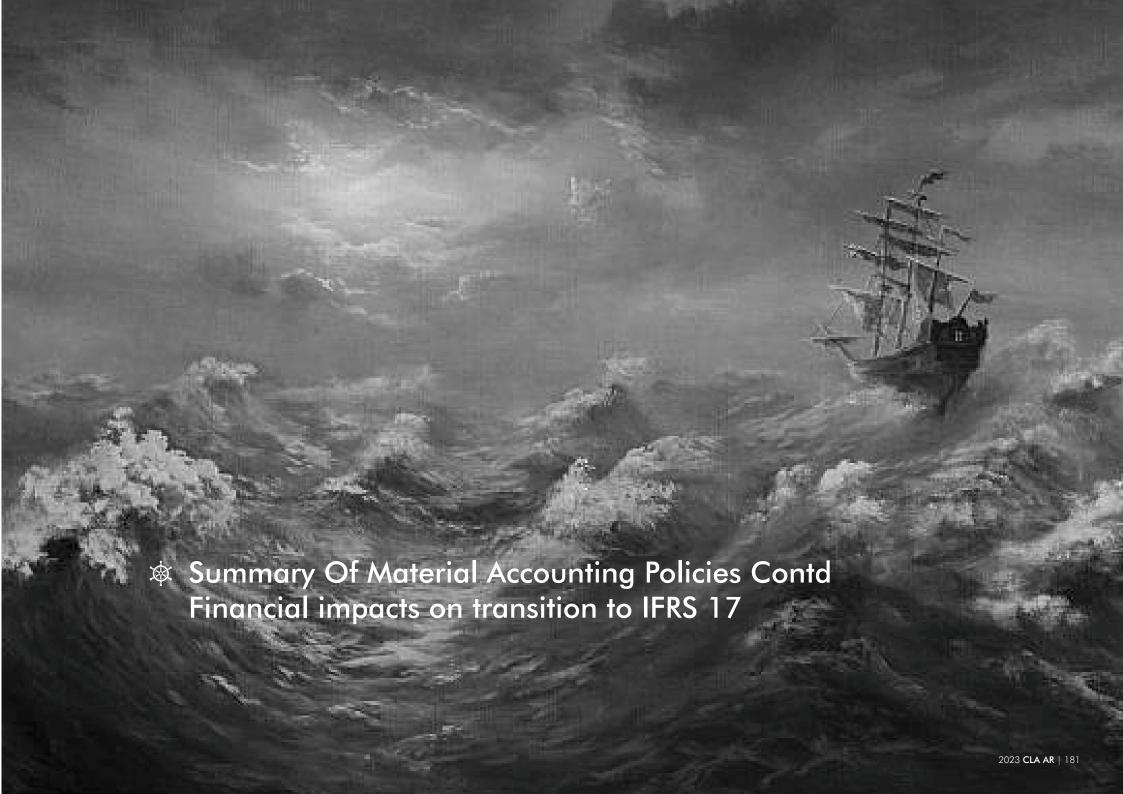
The following set out the impact of adopting IFRS 17 on the statement of financial position, and retained earnings including the effect of replacing the IFRS 4 insurance and reinsurance contract balances with those of IFRS 17.

The key impact to the Company's equity on transition to IFRS 17 relates to the adoption of the new measurement models for defined insurance contracts issued and reinsurance contracts.

A Reconciliation of Statement of financial position on transition as at 1 January 2022 and as at 31 December 2022

Total equity attributable to shareholders of the Company, as restated for the adoption of IFRS 17 is N8.88 billion at the transition date of 1 January 2022. The total equity attributable to shareholders of the Company reported on an IFRS 4 basis at 31 December 2021—was N14.12 billion.

The financial impacts on transition to IFRS 17 are summarised in the table in the next section, which sets out the restated statement of financial position on the transition date:



2.5 Transition to IFRS 17 - continued

		Transition adjustment as at 31 December 2022					
Assets	Note	31 Dec. 2022 IFRS 4 N'000	Reclassification and derecognition N'000	IFRS 17 re- measurement N '000	Total changes N ′000	31 Dec. 2022 IFRS 17 N '000	
Cash and cash equivalents		5,922,756	-	-	-	5,922,756	
Financial assets:			-	-			
Fair value through profit or loss		81,178,946	-	-	-	81,178,946	
Fair value through other comprehensive income		93,812	-	-	-	93,812	
Financial assets held at amortised cost		20,103,809	-	-	-	20,103,809	
Trade receivables		40,750	-	-	-	40,750	
Insurance contract assets		-	-	-	-	-	
Reinsurance contract assets	B(v)	-	588,946	274,330	863,276	863,276	
Reinsurance assets	B(I)	630,036	(630,036)	-	(630,036)	-	
Deferred acquisition cost	B(vi)	110,772	(110,772)	-	(110,772)	-	
Other receivables and prepayments		1,786,464	-	-	-	1,786,464	
Current tax assets		-	-	-	-	-	
Right-of-use assets		1,078	-	-	-	1,078	
Investment in equity accounted investee		-	-	-	-	-	
Investment properties		1,143,299	-	-	-	1,143,299	
Property, plant and equipment		2,951,203	-	-	-	2,951,203	
Intangible assets		73,218	-	-	-	73,218	
Statutory deposit		260,000		_	-	260,000	
Total assets		114,296,143	(151,862)	274,330	122,468	114,418,611	

Transition adjustment as at 1 January 2022										
31 Dec. 2021 IFRS 4 N'000	Reclassification and derecognition N'000	IFRS 17 re- measurement N '000	Total changes N '000	1 Jan. 2022 IFRS 17 N ′000						
4,433,390	-	-	-	4,433,390						
	-	-								
65,928,268	-	-	-	65,928,268						
115,119	-	-	-	115,119						
18,139,990	-	-	-	18,139,990						
19,019	-	-	-	19,019						
-	-	-	-	-						
-	388,136	291,365	679,501	679,501						
425,811	(425,811)	-	(425,811)	-						
111,589	(111,589)	-	(111,589)	-						
593,355	-	-	-	593,355						
119,159	-	-	-	119,159						
25,938	-	-	-	25,938						
4,117,991	-	-	-	4,117,991						
1,002,819	-	-	-	1,002,819						
3,106,145	-	-	-	3,106,145						
82,766	-	-	-	82,766						
260,000	-	-	-	260,000						
98,481,359	(149,264)	291,365	142,101	98,623,460						

2.5 Transition to IFRS 17 - continued

		Transition adjustment as at 31 December 2022					
Liabilities and equity Liabilities	Note	31 Dec. 2022 IFRS 4 N '000	Reclassification and derecognition N'000	IFRS 17 re- measurement N '000	Total changes N '000	31 Dec. 2022 IFRS 17 N'000	
Insurance contract liabilities	B(viii)	85,100,948	5,273,390	7,827,970	13,101,360	98,202,308	
Reinsurance contract liabilities	B(iv)	-	31,094	-	31,094	31,094	
Investment contract liabilities	B(vii)	9,070,212	(5,384,162)	-	(5,384,162)	3,686,050	
Trade payables	B(iii)	1,487,182	(31,094)	-	(31,094)	1,456,088	
Other payables	B(ii)	1,577,178	(41,090)	-	(41,090)	1,536,088	
Current tax liabilities		53,845	-	-	-	53,845	
Deferred tax liabilities		522,335	-	-	-	522,335	
Total liabilities		97,811,700	(151,862)	7,827,970	7,676,108	105,487,808	
Equity							
Issued share capital		8,000,000	-	-	-	8,000,000	
Contingency reserve		2,094,469	-	(18,673)	(18,673)	2,075,796	
Asset revaluation reserve		605,349	-	-	-	605,349	
Fair value reserve	B(ix)	66,381	-	-	-	66,381	
Retained earnings		5,718,244	-	(7,534,967)	(7,534,967)	(1,816,723)	
Total equity		16,484,443	-	(7,553,640)	(7,553,640)	8,930,803	
Total liabilities and equity		114,296,143	(151,862)	274,330	122,468	114,418,611	

	Transition adjustment as at 1 January 2022										
31 Dec. 2021 IFRS 4 N'000	Reclassification and derecognition N'000	IFRS 17 re- measurement N'000	Total changes N '000	1 Jan. 2022 IFRS 17 N '000							
71,875,856	4,738,041	5,527,955	10,265,996	82,141,852							
-	21,204	-	21,204	21,204							
8,616,191	(4,849,630)	-	(4,849,630)	3,766,561							
1,685,441	(21,204)	-	(21,204)	1,664,237							
1,637,518	(37,675)	-	(37,675)	1,599,843							
-	-	-	-	-							
545,728	-	-	-	545,728							
84,360,734	(149,264)	5,527,955	5,378,691	89,739,425							
8,000,000	-	-	-	8,000,000							
1,698,098	-	-	-	1,698,098							
659,931	-	-	-	659,931							
91,691	-	-	-	91,691							
3,670,905	-	(5,236,590)	(5,236,590)	(1,565,685)							
14,120,625	-	(5,236,590)	(5,236,590)	8,884,035							
98,481,359	(149,264)	291,365	142,101	98,623,460							

B Explanatory notes to the reconciliation of the Statement of financial position

Reinsurance contract assets

All elements of reinsurance assets, comprising prepaid reinsurance, reinsurers' share of Incurred but not Reported (IBNR) claims as well as reinsurers' share of oustanding claims have been reclassified to reinsurance contract assets.

Reinsurers'/ co-assurers' share of claims paid oN131 million had already been fully impared as at the respective reporting dates, hence do not impact the total balance on reclassification.

Deferred commission income which was initially reported as part of Other Payables under IFRS 4 was also reclassified to Reinsurance contract assets as part of Asset for remaining coverage (ARC) under IFRS 17. The balance reclassified who 37.7 million as at 1 January 2022 and 141 million as at 31 December 2022.

Reinsurance premium payable has also been reclassified from "trade payables" to "reinsurance contract liabilities" and forms part of net insurance contract assets/(liabilities).

The Reinsurance contract asset has two components - Asset for Remaining coverage (ARC) and the Asset for incurred claims(AIC). The ARC comprises of the payment obligations for reinsured events that have not yet occurred and for other reinsurance contract services that have not yet been received (i.e., unearned reinsurance premium reserve and deferred commission income). A remeasurement adjustment was made against payment obligations for reinsured events that have not yet occurred.

The AIC comprises the outstanding recoverable for incurred claims that have not been settled, and for other reinsurance contract services already received. It is measured by calculating the present value of the risk-adjusted future cash flows. Outstanding claims recoverable plus Incurred But Not Reported (IBNR) was remeasured to derive the future cashflows for the total incurred claims. The adjusted future cashflows for total outstanding claims recoverable was discounted to present value (i.e. Best estimate liability- BEL).

A risk adjustment for non financial risk was added to the present value of future cashflows to account for any remaining uncertainty as to the ultimate amount of claims or their payout dates.

Outstanding claims recoverable plus Incurred But Not Reported (IBNR) claims was reclassified to derive the future cashflows for the total incurred claims.. The adjusted future cashflows for total outstanding claims recoverable was discounted to present value (i.e. Best estimate liability - BEL).

On the next page is the analysis of the changes in reinsurance contract asssets:

B Explanatory notes to the reconciliation of the statement of financial position - continued

	Transition adjustment as at 31 December 2022					
i Reinsurance assets	31 Note	I Dec. 2022 IFRS 4 N '000	Reclassification and derecognition N'000	IFRS 17 re- measurement N '000	Total changes N '000	31 Dec. 2022 IFRS 17 N'000
Opening balance	(v)	630,036	(630,036)	_	(630,036)	_
Remeasurement	(*)	-	(000,000)	_	(000,000)	_
Closing balance		630,036	(630,036)	-	(630,036)	_
ii Other payables/Deferred commission income	•					
Opening balance		1,577,178	-	-	-	1,577,178
Deferred commission income reclassified to						
reinsurance contract assets	(v)	-	(41,090)		(41,090)	(41,090)
Closing balance		1,577,178	(41,090)	-	(41,090)	1,536,088
iii Trade payables/Reinsurance premium payabl	е					
Opening balance Reinsurance premium payable reclassified to		1,487,182	-	-	-	1,487,182
reinsurance contract liabilities	(iv)	-	(31,094)	-	(31,094)	(31,094)
Closing balance	:	1,487,182	(31,094)	-	(31,094)	1,456,088
iv Reinsurance contract liabilities						
Opening balance Reinsurance premium payable reclassified from		-	-	-	-	-
Trade payabales	(iii)	-	31,094		31,094	31,094
Closing balance	• • •	-	31,094	_	31,094	31,094

		Transition adjustmen	t as at 1 January	2022	
3	1 Dec. 2021 IFRS 4 N '000	Reclassification and derecognition N'000	IFRS 17 re- measurement N '000	Total changes N ′000	1 Jan. 2022 IFRS 17 N ′000
	425,811	(425,811)	-	(425,811)	-
	425,811	(425,811)	-	(425,811)	
		-	-	-	1,637,518
	1,637,518	(37,675)		(37,675)	(37,675)
	1,637,518	(37,675)	-	(37,675)	1,599,843
	1,685,441	-	-	-	1,685,441
	-	(21,204)	-	(21,204)	(21,204)
	1,685,441	(21,204)	-	(21,204)	1,664,237
		-	-	-	-
	-	21,204		21,204	21,204
	-	21,204	-	21,204	21,204

B Explanatory notes to the reconciliation of the statement of financial position - continued

		Transition adjustment as at 31 December 2022					
٧	Reinsurance contract assets	31 Note	Dec. 2022 IFRS 4 a N'000	Reclassification nd derecognition N'000	IFRS 17 re- measurement N '000	Total changes N '000	31 Dec. 2022 IFRS 17 N'000
	Opening balance		-	-	-	-	-
	ARC reclassified prepaid premium (IFRS 4)	(1)	-	153,872	-	153,872	153,872
	ARC - PAA premium reserve (IFRS 17)				155,366	155,366	155,366
	ARC - Deferred commission income in force (IFRS 17)		-	-	-	-	-
	Deferred commission income (DCI) - reclassified	(ii)	-	(41,090)	-	(41,090)	(41,090)
	Assets for remaining coverage (ARC)	-	-	112,782	155,366	268,148	268,148
	AIC - reclassified from RA claims recovery under IFRS 4	1 (I)	-	476,164	20,659	496,823	496,823
	AIC - impact of claims discounting		-	-	(21,481)	(21,481)	(21,481)
	AIC - risk adjustment recognised		-	-	119,786	119,786	119,786
	Assets for incurred claims (AIC)	-	-	476,164	118,964	595,128	595,128
	Closing balance	-	-	588,946	274,330	863,276	863,276

Transition adjustment as at 1 January 2022									
31 Dec. 2021 IFRS 4 N '000	Reclassification and derecognition N′000	IFRS 17 re- measurement N '000	Total changes ₦′000	1 Jan. 2022 IFRS 17 N '000					
-	-	-	-	-					
	41,392	-	41,392	41,392					
		208,342	208,342	208,342					
-	-	-	-	-					
-	(37,675)	-	(37,675)	(37,675)					
-	3,717	208,342	212,059	212,059					
-	384,419	142	384,561	384,561					
		(11,205)	(11,205)	(11,205)					
		94,086	94,086	94,086					
-	384,419	83,023	467,442	467,442					
-	388,136	291,365	679,501	679,501					

Insurance contract liabilities

Insurance contract liabilities has two components - Liability for Remaining coverage (LRC) and the Liability for incurred claims(LIC).

The LRC comprises the payment obligations for insured events that have not yet occurred and for other insurance contract services that have not yet been provided (i.e. unearned premium reserve and deferred acquisition/commission cost). On transition, the sum of N4.7 billion as at 1 January 2022 and N5.27 billion as at 31 December 2022 were reclassified into LRC from insurance contract liabilities and deferred acquisition cost erstwhile measured under IFRS 4. A remeasurement adjustment of N4.29 billion and N7.3 billion were made on 1 January 2022 and 31 December 2022 respectively. These adjustments were made against the payment obligations for insured events that have not yet occurred.

The LIC comprises the payment obligations for incurred claims that have not yet been settled, and for other insurance contract services already provided. It is measured by calculating the present value of the risk-adjusted future cash flows. Outstanding claims plus IBNR was remeasured to derive the future cashflows for incurred claims, the adjusted future cashflows for total incurred claims was discounted to the present value (i.e. Best Estimate Liability (BEL), while also considering the time value of money. A risk adjustment for non-financial risk was added to the remeasured present value of the cash outflows to account for any remaining uncertainty as to the ultimate amount of claims or their payout dates. On transition, outstanding claims & 4.27 billion and N4.36 billion were derecognised as at 1 January 2022 and 31 December 2022 respectively. Additionally, a remeasurement adjustmen on 1 January 2022 and N7.8 billion on 31 December 2022 was made against the payment obligations for insured events that have not yet occurred.

Deferred acquisition cost (DAC) which was previously reported as a separate line in the statement of financial position under IFRS 4 now reports in Insurance contract liabilities as part of liability for remaining coverage (LRC).

Individual DA amounting to N4.8 billion as at 1 January 2022 and N5.3 billion as at 31 December 2022 was reclassified from Investment contract liabilities into insurance contract liabilities, while N821 million and N336million were reclassified within investment contract liabilities, from individual DA to welfare scheme as at 1 January 2022 and 31 December 2022 respectively.

Total changes to insurance contract liabilities on transition wall 10.3 billion as at 1 January 2022 and 13.1 billion as at 31 December 2022.

The next page is the analysis of the changes in insurance contract liabilities:

B Explanatory notes to the reconciliation of the Statement of financial position

		Transition adjustment as at 31 December 2022						
vi	Deferred acquisition cost	31 Note	I Dec. 2022 IFRS 4 N '000	Reclassification and derecognition N'000	IFRS 17 re- measurement N '000	Total changes N ′000	31 Dec. 2022 IFRS 17 N '000	
	Opening balance	(viii)	110,772	(110,772)	-	(110,772)	-	
	Closing balance		110,772	(110,772)	-	(110,772)	-	
vii	Investment contract liabilities							
	Opening balance, welfare scheme		3,350,018	-	-	-	3,350,018	
	Reclassified from individual DA	(vii)	-	336,032	-	336,032	336,032	
	Welfare scheme	:	3,350,018	336,032	-	336,032	3,686,050	
	Opening balance, Individual DA		5,720,194			-	5,720,194	
	Reclassified to insurance contracts liabilities	(viii)	-	(5,384,162)	-	(5,384,162)	(5,384,162)	
	Reclassified to welfare scheme	(vii)		(336,032)		(336,032)	(336,032)	
	Individual DA		5,720,194	(5,720,194)	-	(5,720,194)	-	
	Closing balance		9,070,212	(5,384,162)	-	(5,384,162)	3,686,050	

	Transition adjustment as at 1 January 2022									
31	I Dec. 2021 IFRS 4 N '000	Reclassification and derecognition N'000	IFRS 17 re- measurement N '000	Total changes N '000	1 Jan. 2022 IFRS 17 N ′000					
	111,589	(111,589)	-	(111,589)	-					
•	111,589	(111,589)	-	(111,589)	-					
;										
	2,945,906	-	-	-	2,945,906					
	-	820,655		820,655	820,655					
:	2,945,906	820,655	-	820,655	3,766,561					
	5,670,285	-	-	-	5,670,285					
	-	(4,849,630)	-	(4,849,630)	(4,849,630)					
	-	(820,655)		(820,655)	(820,655)					
-	5,670,285	(5,670,285)	-	(5,670,285)	-					
	8,616,191	(4,849,630)	-	(4,849,630)	3,766,561					

B Explanatory notes to the reconciliation of the statement of financial position - continued

	Transition adjustment as at 31 December 2022					
viii Insurance contract liabilities	3° Note	I Dec. 2022 IFRS 4 N'000	Reclassification and derecognition N'000	IFRS 17 re- measurement N'000	Total changes N '000	31 Dec. 2022 IFRS 17 N'000
Opening balance		80,738,548	(80,738,548)		(80,738,548)	-
Amounts remeasured under LRC:						
-Claims and risk components reclassified from insurance						
contract liabilities		-	80,738,548	(86,011,938)	(5,273,390)	(5,273,390)
-Claims and risk components reclassified from investmen	t					
contract liabilities (individual DA)	(vii)	-	5,384,162	-	5,384,162	5,384,162
Deferred acquisition cost reclassified to LRC	(vi)	-	(110,772)	-	(110,772)	(110,772)
Amount reported under LRC:		-			-	-
Contracts excluding loss components				89,255,915	89,255,915	89,255,915
Contracts with loss components				4,071,491	4,071,491	4,071,491
Liabiltiies for remaining coverage (LRC)		80,738,548	5,273,390	7,315,468	12,588,858	93,327,406
Opening balance, IFRS 4		4,362,400	(4,362,400)		(4,362,400)	_
Amount remeasured under LRC		, ,	4,362,400	(4,362,400)	-	-
LIC for contracts under GMM				456,777	456,777	456,777
Present value of future cash flows for contracts under PAA	\			3,763,309	3,763,309	3,763,309
Risk adjustment for contracts under PAA				654,816	654,816	654,816
Liabilties for incurred claims (LIC)		4,362,400	-	512,502	512,502	4,874,902
Closing balance		85,100,948	5,273,390	7,827,970	13,101,360	98,202,308

	Transition adjus	tment as at 1 Janu	Jary 2022	
31 Dec. 2021 IFRS 4 N '000	Reclassification and derecognition N'000	IFRS 17 re- measurement N'000	Total changes N '000	1 Jan. 2022 IFRS 17 N ′000
67,602,902	(67,602,902)		(67,602,902)	-
-	67,602,902	(72,340,943)	(4,738,041)	(4,738,041)
-	4,849,630 (111,589)	-	4,849,630 (111,589)	4,849,630 (111,589)
-			-	-
-		76,632,506	76,632,506	76,632,506
67,602,902	4,738,041	4,291,563	9,029,604	76,632,506
4,272,954	(4,272,954) 4,272,954	(4,272,954)	(4,272,954)	-
-	4,272,754	1,074,695	1,074,695	1,074,695
		4,020,536	4,020,536	4,020,536
		414,115	414,115	414,115
4,272,954	-	1,236,392	1,236,392	5,509,346
71,875,856	4,738,041	5,527,955	10,265,996	82,141,852

B Explanatory notes to the reconciliation of the statement of financial position - continued

		Transition adjustment as at 31 December 2022							
	Retained earnings The changes in retained earnings are shown in the table	3° Note	1 Dec. 2022 IFRS 4 N '000	Reclassification and derecognition N'000	IFRS 17 re- measurement N '000	Total changes N ′000	31 Dec. 2022 IFRS 17 N '000		
	Opening balance		3,670,905	-	-	-	3,670,905		
	Profit for the year		3,963,710	-	-	-	3,963,710		
	Transfer to contingency reserves	(x)	(396,371)	-	18,673	18,673	(377,698)		
	Dividend declared and paid		(1,520,000)	-	-	-	(1,520,000)		
	IFRS 17 impact - reinsurance contract assets	(v)	-	-	274,330	274,330	274,330		
	IFRS 17 iimpact - insurance contract liabilities	(viii)	-	-	(7,827,970)	(7,827,970)	(7,827,970)		
	Balance, end of year		5,718,244	-	(7,534,967)	(7,534,967)	(1,816,723)		
Х	Contingency reserve	(ix)	2,094,469		(18,673)	(18,673)	2,075,796		

Contingency reserve is made on a percentage of gross written premium or net profit, whichever is higher. As a result of IFRS 17 adoption, there was an impact on net profit which subsequently impacted on the contingency reserve balance.

Transition adjustment as at 1 January 2022								
31 Dec. 2021 IFRS 4 N'000	Reclassification and derecognition N'000	IFRS 17 re- measurement N '000	Total changes N '000	1 Jan. 2022 IFRS 17 N ′000				
1,680,438	-	-	-	1,680,438				
3,433,853	-	-	-	3,433,853				
(343,386)	-	-	-	(343,386)				
(1,100,000)	-	-	-	(1,100,000)				
-	-	291,365	291,365	291,365				
-	-	(5,527,955)	(5,527,955)	(5,527,955)				
3,670,905	-	(5,236,590)	(5,236,590)	(1,565,685)				
1,698,098	-	-	-	1,698,098				

C Reconciliation of Statement of profit or loss and other comprehensive income for the year ended 31 December 2022

other comprehensive income for the year ended						
31 December 2022	3 Note		Reclassification and derecognition N'000	IFRS 17 re- measurement N '000	Total changes N '000	31 Dec. 2022 IFRS 17 N '000
Insurance revenue	D(vii)	-	24,584,278	(3,796,775)	20,787,503	20,787,503
Gross premium income	D(I)	37,607,534	(37,607,534)		(37,607,534)	-
Reinsurance expenses	D(ii)	(1,769,635)	1,769,635		1,769,635	-
Net premium income		35,837,899	_			
Insurance service expenses	D(viii)	-	(23,544,701)	3,781,065	(19,763,636)	(19,763,636)
Net expense from reinsurance contracts held	D(ix)	-	(1,057,378)	(20,978)	(1,078,356)	(1,078,356)
Fees and commission income	D(iii)	283,439	(283,439)	-	(283,439)	-
Net insurance benefits and claims	D(iv)	(18,487,890)	18,487,890	-	18,487,890	-
Changes in life/ annuity fund estimate	D(v)	(13,023,256)	13,023,256	-	13,023,256	-
Underwriting expenses	D(vi)	(3,539,125)	3,539,125	-	3,539,125	-
Insurance service result		1,071,067	(1,088,868)	(36,688)	(1,125,556)	(54,489)
Investment income		11,645,002	-	-	-	11,645,002
Profit on investment contracts		43,773	-	-	-	43,773
Net fair value loss		(6,028,408)	-	-	-	(6,028,408)
Impairment (charge)/write-back		4,385	-	-	-	4,385
Net realised gain/(loss)		(109,633)	-	-	-	(109,633)
Share of profit of equity accounted investee		208,804	-	-	-	208,804
Net foreign exchange gain	D(xiii)	-	205,360			205,360
Other investment income	D(xiv)	-	109,675	-	109,675	109,675
Other operating income	D(xii)	375,460	(315,035)	299,078	(15,957)	359,503
	•	6,139,383	-	299,078	93,718	6,438,461
Insurance finance income/(expense)	D(x)	-	-	(2,583,386)	(2,583,386)	(2,583,386)
Reinsurance finance income/(expense)	D(xi)	-	-	3,946	3,946	3,946
Net insurance finance expense		-	-	(2,579,440)	(2,579,440)	(2,579,440)
Net insurance and investment result	•	7,210,450	(1,088,868)	(2,317,050)	(3,611,278)	3,804,532
Management expenses	D(xv)	(2,954,408)	2,954,408	-	2,954,408	-
Other operating expenses	D(xvi)	-	(1,865,540)	-	(1,865,540)	(1,865,540)
Profit before taxation		4,256,042	-	(2,317,050)	(2,522,410)	1,938,992
Income tax expense		(292,332)				(292,332)
Profit for the year		3,963,710	-	(2,317,050)	(2,522,410)	1,646,660

Transition adjustment as at 31 December 2022

Other comprehensive income, net of tax Items that will not be reclassified subsequently to profit or loss:

Asset revaluation on property, plant and equipment, net of tax Net change on equities classified at fair value through other comprehensive income, net of tax

Other comprehensive income, net of tax

Total comprehensive income

Tro	Transition adjustment as at 31 December 2022								
31 Dec. 2022 IFRS 4 N'000	Reclassification and derecognition N'000	IFRS 17 re- measurement N '000	Total changes N '000	31 Dec. 2022 IFRS 17 N '000					
(54,582)	-	-	-	(54,582)					
(25,310)	-	-	-	(25,310)					
(79,892)	-	-	-	(79,892)					
3,883,818	-	(2,317,050)	(2,522,410)	1,566,768					

D Explanatory notes to the reconciliation of the Statement of profit or loss and other comprehensive income

IFRS 17 also introduces significant changes in the presentation of the income statement:

- Insurance related income statement lines under IFRS 4, such as Gross premium income, reinsurance expenses, changes in life/annuity fund estimate, reinsurance expenses have been derecognised under IFRS 17.
- The insurance service result separately presents the result, before the effects of financial risks, for insurance and investment contracts, and comprises insurance revenue and insurance service expenses.
- Insurance revenue, the composition of which is set out in the revised accounting policies in note 2.3(m), represents the allocation over the life of the insurance contract of premiums received (excluding investment components as set out in note 2.3(n)). Insurance revenue replaces net premium income.
- Insurance service expense separately presents the claims and expenses incurred in fulfilling insurance and participating investment contracts. Costs incurred in relation to other types of business, including non-participating investment contracts, continue to be presented within other operating expenses.

- D Explanatory notes to the reconciliation of the Statement of profit or loss and other comprehensive income continued
- The net insurance and investment result comprises investment return, the finance income/expense on insurance contract liabilities that arises from discounting, changes in financial risk and changes in the fair value of underlying items, and the previously presented movement in investment contract liabilities.
- Rental income which was formerly included as part of "Other operating income" has been separately classified under "Other investment income" under "Investment and other income
- Foreign exchange gain, which was formerly included as part of "Other operating income" have been separately shown as a line item in the statement of profit or loss.
- The remaining items in Other operating income" such as "Other income" and "Profit on disposal of fixed assets" have been presented separately, right after net insurance and investment result, along with "Other operating expenses". The remeasurement in "Other income" is as a result of the impact of IFRS 17 adoption.
- Management expenses has been classified into two categories: "expenses directly attributable to underwriting" and "expenses not directly attributable to underwriting". The former has been reclassified as part of insurance contract liabilities while the latter is separately classified as a line item in the statement of profit or loss.

Next page is a detailed breakdown of the changes in the statement of profit or loss:

D Explanatory notes to the reconciliation of the Statement of profit or loss and other comprehensive income - continued

	Transition adjustment as at 31 December 2022					
	3 Note	1 Dec. 2022 IFRS 4 N '000	Reclassification and derecognition N'000	IFRS 17 re- measurement N '000	Total changes N '000	31 Dec. 2022 IFRS 17 N'000
i Gross premium income						
As per IFRS 4		37,607,534	(37,607,534)	-	(37,607,534)	-
Closing balance, IFRS 17		37,607,534	(37,607,534)	-	(37,607,534)	-
	(x)					
ii Reinsurance expenses						
As per IFRS 4	(v)	(1,769,635)	1,769,635	-	1,769,635	_
Closing balance, IFRS 17	(viii)	(1,769,635)	1,769,635	-	1,769,635	
iii Fee and commission income						
As per IFRS 4	(ix)	283,439	(283,439)	-	(283,439)	-
Closing balance, IFRS 17		283,439	(283,439)	-	(283,439)	-
iv Net insurance benefits and claims						
As per IFRS 4		(18,487,890)			-	(18,487,890)
Gross claims incurred reclassified to insurance service						
expenses			18,916,708		18,916,708	18,916,708
Recoveries on coinsurance and reinsurance reclassified						
to net expenses on reinsurance contracts			(428,818)		(428,818)	(428,818)
Closing balance, IFRS 17		(18,487,890)	18,487,890	-	18,487,890	

Explanatory notes to the reconciliation of the Statement of profit or loss and other comprehensive income - continued

	Transition adjustment as at 31 December 2022					
v Changes in life / annuity fund estimate	3 Note	1 Dec. 2022 IFRS 4 (N '000	Reclassification and derecognition N′000	IFRS 17 re- measurement N '000	Total changes N ′000	31 Dec. 2022 IFRS 17 N '000
As per IFRS 4	(::\	(13,023,256)	13,023,256		13,023,256	
Closing balance, IFRS 17	(vii)	(13,023,256)	13,023,256		13,023,256	
vi Underwriting expenses						
As per IFRS 4	(viii)	(3,539,125)	3,539,125	-	3,539,125	-
Closing balance, IFRS 17		(3,539,125)	3,539,125	-	3,539,125	_
vii Insurance revenue						
Premium reclassified from Gross premium income	(i)	-	37,607,534	(3,796,775)	33,810,759	33,810,759
Reclassified from changes in life/annuity estimate	(v)		(13,023,256)		(13,023,256)	(13,023,256)
Closing balance, IFRS 17			24,584,278	(3,796,775)	20,787,503	20,787,503
viii Insurance service expenses						
Gross claims incurred reclassified to insurance service)					
expenses	(iv)	-	(18,916,708)	(3,408,931)	(22,325,639)	(22,325,639)
Underwriting expenses	(vi)	-	(3,539,125)	2,566,520	(972,605)	(972,605)
IFRS 17 impact : Losses on onerous contracts		-	-	3,534,608	3,534,608	3,534,608
Reclassified from other operating expenses	(xv)		(1,088,868)	1,088,868	-	
Closing balance, IFRS 17		-	(23,544,701)	3,781,065	(19,763,636)	(19,763,636)

Explanatory notes to the reconciliation of the Statement of profit or loss and other comprehensive income - continued

		Transition adjustment as at 31 December 2022					
ix	Net expense from reinsurance contracts	31 Note	Dec. 2022 IFR\$ 4 c ₩'000	Reclassification and derecognition N'000	IFRS 17 re- measurement N '000	Total changes N '000	31 Dec. 2022 IFRS 17 N '000
	Reinsurance premium expenses reclassified under IFRS 4	4 (vii)	-	(1,769,635)	(112,480)	(1,882,115)	(1,882,115)
	Fees and commision income reclassified under IFRS 4			283,439	59,507	342,946	342,946
	Recoveries on coinsurance and reinsurance reclassified under IFRS 4			428,818	38,526	467,344	467,344
	IFRS 17 impact: Losses on onerous contracts	(viii)	-	-	(6,531)	(6,531)	(6,531)
	Closing balance, IFRS 17	` ′ -		(1,057,378)	(20,978)	(1,078,356)	(1,078,356)
х	Insurance finance income/(expense)						
	Insurance finance income/(expenses)	(i)	-	-	(2,583,386)	(2,583,386)	(2,583,386)
хi	Reinsurance finance income/(expense)	(v)					
	Reinsurance finance income/(expenses)	=	-	-	3,946	3,946	3,946
xii	Other operating income						
	Rental Income	(iv)	109,675	(109,675)	-	(109,675)	-
	Net foreign exchange gain	(vi)	205,360	(205,360)	-	(205,360)	-
	Other income		56,978	-	299,078	299,078	356,056
	Profit on disposal of fixed assets	(xv)	3,447	-	-	-	3,447
	Closing balance, IFRS 17	-	375,460	(315,035)	299,078	(15,957)	359,503

D Explanatory notes to the reconciliation of the Statement of profit or loss and other comprehensive income - continued

	Transition adjustment as at 31 December 2022					
xiii Net foreign exchange gain	3 Note	1 Dec. 2022 IFRS 4 (N '000	Reclassification and derecognition N′000	IFRS 17 re- measurement N'000	Total changes N '000	31 Dec. 2022 IFRS 17 N'000
Net foreign exchange gain		-	205,360	-	205,360	205,360
Closing balance, IFRS 17	(xii)		205,360	-	205,360	205,360
xiv Other investment income						
Rental Income		-	109,675	-	109,675	109,675
Closing balance, IFRS 17	(xii)	-	109,675	-	109,675	109,675
xv Management expenses						
Total operating expenses, IFRS 4		(2,954,408)	-	-	-	(2,954,408)
Attributable expenses reclassified to insurance service						
expenses	(viii)	-	1,088,868	-	1,088,868	1,088,868
Non directly attributable expenses/ other operating						
expenses - IFRS 17	(xvi)		1,865,540		1,865,540	1,865,540
		(2,954,408)	2,954,408	-	2,954,408	_
xvi Other operating expenses						
Attributable expenses reclassified to insurance service	(xv)		(1,865,540)		(1,865,540)	(1,865,540)
expenses		-	(1,865,540)	-	(1,865,540)	(1,865,540)

E Amounts determined on transition to IFRS 17

For all insurance contracts, an analysis of insurance revenue for insurance contracts issued and the CSM transition method is included in the table below:

31 December 2023 Insurance contracts issued	Annuity	Savings	Risk	Endowment	Group Life	Total
Insurance contract revenue	₩′000	N'000	N ′000	N ′000	₩′000	N ′000
New contracts and contracts measured under the full						
retrospective approach at transition	-	-	-	-	7,651,148	7,651,148
Contracts measured under the fair value approach at transition _	15,192,007	943,817	502,500	523,256	-	17,161,580
	15,192,007	943,817	502,500	523,256	7,651,148	24,812,728
CSM as at 31 December						
Contracts measured under the fair value approach at transition	6,462,658	492,817	159,592	31,892	-	7,146,958
	6,462,658	492,817	159,592	31,892	-	7,146,958
31 December 2022						
Insurance contracts issued						
Insurance contract revenue						
New contracts and contracts measured under the full						
retrospective approach at transition	-	-	-	-	7,383,962	7,383,962
Contracts measured under the fair value approach at transition	11,993,901	529,861	367,229	512,551	-	13,403,541
	11,993,901	529,861	367,229	512,551	7,383,962	20,787,503
CSM as at 31 December						
Contracts measured under the fair value approach at transition	5,610,526	730,387	214,145	168,244	-	6,723,301
	5,610,526	730,387	214,145	168,244	-	6,723,301

F Expected recognition of the contractual service margin

An analysis of the expected recognition of the CSM remaining at the end of the reporting period inprofit or loss is provided n the following table:

	•	•			
31 December 2023	Annuity N ′000	Savings N ′000	Risk ₩′000	Endowment N '000	Total N ′000
1	857,310	196,985	80,481	9,348	1,144,124
2	753,143	136,031	31,000	5,561	925,735
3	660,696	81,537	13,733	3,655	759,621
4	578,723	38,197	9,228	2,978	629,126
5	506,103	14,480	6,834	2,489	529,906
6	441,835	6,834	5,517	507	454,693
7	385,016	5,071	4,599	333	395,019
8	334,839	3,686	3,840	233	342,598
9	290,583	2,784	2,487	164	296,018
10	251,600	2,119	1,873	101	255,693
>10	1,402,810	5,093	-	6,523	1,414,426
-	6,462,658	492,817	159,592	31,892	7,146,958
31 December 2022					
1	729,972	412,867	90,136	37,721	1,270,696
2	642,966	138,795	44,384	30,639	856,784
3	565,576	90,802	20,466	23,645	700,489
4	496,791	37,552	15,593	15,671	565,607
5	435,706	15,406	11,389	5,835	468,336
6	381,507	9,006	9,259	1,659	401,431
7	333,466	6,782	7,621	994	348,863
8	290,929	5,155	6,332	633	303,049
9	253,307	3,911	5,255	258	262,731
10	220,074	2,932	3,710	88	226,804
>10	1,260,232	7,179		51,101	1,318,512
	5,610,526	730,387	214,145	168,244	6,723,301



Statement Of Financial Position

As at 31 December, 2023

Assets	Notes	31 Dec. 2023 ₩'000	Restated 31 Dec. 2022 ₩′000	Restated 1 Jan 2022 N '000
Cash and cash equivalents Financial assets:	5	4,644,404	5,922,756	4,433,390
-Fair value through profit or loss -Fair value through other comprehensive income -Amortised cost Trade receivables Insurance contract assets	6(a) 6(b) 6(d) 7	73,773,658 30,110,334 23,236,285 55,507	81,178,946 93,812 20,103,809 40,750	65,928,268 115,119 18,139,990 19,019
Reinsurance contract assets	15(a) 15(b)	- 858,658	- 863,276	679,501
Other receivables and prepayments	13(b) 8	1,436,963	1,786,464	593,355
Current tax assets	19	1,430,703	1,700,404	119,159
Right-of-use assets	9.1(a)	_	1,078	25,938
Investment in equity accounted investee	10	<u>-</u>	-	4,117,991
Investment properties	11	1,288,000	1,143,299	1,002,819
Property, plant and equipment	12	3,554,627	2,951,203	3,106,145
Intangible assets	13	95,013	73,218	82,766
Statutory deposit	14	260,000	260,000	260,000
Total assets		139,313,449	114,418,611	98,623,460
Liabilities and equity Liabilities				
Insurance contract liabilities	15(a)	120,428,017	98,202,308	82,141,852
Reinsurance contract liabilities	15(b)	45,340	31,094	21,204
Investment contract liabilities	16	3,861,086	3,686,050	3,766,561
Trade payables	17	523,926	1,456,088	1,664,237
Other payables	18	2,376,189	1,536,088	1,599,843
Current tax liabilities	19	166,569	53,845	-
Deferred tax liabilities	20	742,705	522,335	545,728
		128,143,832	105,487,808	89,739,425
Equity	21			
Issued share capital	22	8,000,000	8,000,000	8,000,000
Contingency reserve	23	2,538,805	2,075,796	1,698,098
Asset revaluation reserve	24	1,088,448	605,349	659,931
Fair value reserve	25	(722,463)	66,381	91,691
Retained earnings		264,827	(1,816,723)	(1,565,685)
Total equity		11,169,617	8,930,803	8,884,035
Total equity and liabilities		139,313,449	114,418,611	98,623,460

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

Chief Financial Officer

Mr. Richard Asabia

FRC/2013/PRO/DIR/003/0000004762

Chairman

Mr. Desmond Itaman FRC/2013/PRO/ICAN/007/00000000792

Mr. Anthony Tippa

FRC/2017/PRO/NAS/002/00000017581

Director

Statement Of Profit Or Loss And Other Comprehensive Income

For the year ended 31 December, 2023

	Notes	31 Dec. 2023 N '000	Restated 31 Dec. 2022 N '000
Insurance contract revenue Insurance service expenses Net expense from reinsurance contracts held Insurance service result	27 27(b) 27c)	24,812,728 (24,463,658) (1,217,768) (868,698)	20,787,503 (19,763,636) (1,078,356) (54,489)
Insurance finance income/(expenses) Reinsurance finance income Net insurance finance expense	27(d) 27(e)	(4,800,734) 16,559 (4,784,175)	(2,583,386) 3,946 (2,579,440)
Investment income Profit on investment contracts Net fair value loss Impairment (charge)/write-back Net realised gain/(loss) Share of profit of equity accounted investee Net foreign exchange gain Other investment income Total investment and related income	28 29 30 31 32 33 34 35	15,985,291 31,172 (7,422,573) (242,276) 635,767 - 2,851,503 116,467 11,955,351	11,645,002 43,773 (6,028,408) 4,385 (109,633) 208,804 205,360 109,675 6,078,958
Net insurance and investment result		6,302,478	3,445,029
Other operating income Other operating expenses Profit before income tax expense	36 37(d)	179,947 (1,792,208) 4,690,217	359,503 (1,865,540) 1,938,992
Income tax expense Profit for the year	38	(247,432) 4,442,785	(292,332) 1,646,660
Other comprehensive income: Items that will not be reclassified subsequently to profit or loss: Asset revaluation on property, plant and equipment, net of tax Net change on equities classified at fair value through other comprehensive income, net of tax Items that may be reclassified subsequently to profit or loss Net gain/(losses) on debt instruments at fair value through other comprehensive income Other comprehensive income, net of tax	24	483,099 (788,844) - - (305,745)	(54,582) (25,310) - (79,892)
Total comprehensive income		4,137,040	1,566,768
Earnings per share (kobo) - Basic	40	27	10

Statement Of Changes In Equity For the year ended 31 December, 2023

Attributable to equ	itv holders
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	Share Capital N '000	Retained Earnings N'000	Contingency Reserve N'000	Fair Value Reserve N'000	Asset Revaluation Reserve N'000	Total Equity N ′000
For the year ended 31 December 2023						
Balance, beginning of year	8,000,000	(1,816,723)	2,075,796	66,381	605,349	8,930,803
Profit for the year	-	4,442,785	-	-	-	4,442,785
Transfer to contingency reserves	-	(463,009)	463,009	-	-	-
Other comprehensive income	-	-	-	(788,844)	483,099	(305,745)
Dividend declared and paid		(1,898,226)	-	-	-	(1,898,226)
Balance, end of year	8,000,000	264,827	2,538,805	(722,463)	1,088,448	11,169,617
For the year ended 31 December 2022 (restated)						
Balance, beginning of year	8,000,000	3,670,905	1,698,098	91,691	659,931	14,120,625
Impact of initial application of IFRS 17		(5,236,590)				(5,236,590)
Adjusted balance, 1 January 2022	8,000,000	(1,565,685)	1,698,098	91,691	659,931	8,884,035
Profit for the year	-	1,646,660	-	-	-	1,646,660
Transfer to contingency reserves	-	(377,698)	377,698	-	-	-
Other comprehensive income	-	-	-	(25,310)	(54,582)	(79,892)
Dividend declared and paid		(1,520,000)	-	-	-	(1,520,000)
Balance, end of year	8,000,000	(1,816,723)	2,075,796	66,381	605,349	8,930,803

Statement Of Cash Flows

For the year ended 31 December, 2023

Cash flows from operating activities	Notes	31 Dec. 2023 N′000	31 Dec. 2022 N '000
Premium received from insurance contracts	15(a)(l)	45,074,105	36,180,600
Claims and other expenses paid	15(a)(I)	(24,934,244)	(20,269,192)
Acquisition cash flows paid	15(a)(I)	(3,302,474)	(2,755,715)
Premiums paid on reinsurance contracts	15(b)(I)	(1,817,077)	(1,872,225)
Recoveries from reinsurance	15(b)(I)	367,088	337,073
Ceding commission received and other income	15(b)(l)	267,645	286,857
Cash received on investment contract liabilities	16	806,079	559,113
Cash paid to investment contract holders	16	(919,871)	(872,167)
Employee benefits paid		(1,007,978)	(664,946)
Rent received	18(a)	108,385	144,696
Deposit for premium	17	233,726	1,212,101
Net cash payments received /(paid) on behalf of Legacy Fund	42	-	250,000
Other operating expenses paid		(996,811)	(1,674,041)
Other operating income received		44,939	56,736
Cash flows generated from operating activities		13,923,512	10,918,890
Income tax paid	19	(117)	(45,559)
Net cash provided by operating activities		13,923,395	10,873,331
Cash flows from investing activities			
Purchase of property, plant and equipment	12	(154,852)	(128,992)
Purchase of intangible assets	13(b)	(33,220)	(33,280)
Proceeds from sale of property, plant and equipment		400	3,447
Proceeds from sale of investment in equity accounted investee		-	2,494,026
Purchase of investment securities		(52,744,072)	(35,445,783)
Proceeds on sale of investments/redemption		20,685,328	13,856,940
Deposit for shares	8	(290,127)	(923,000)
Advance payment to contractor	8	(278,626)	-
Purchase of investment properties	11(b)	(11,429)	-
Interest received		18,436,302	11,426,506
Dividend received from financial assets		827,171	560,200
Dividend received from investment in equity accounted investee	10		276,111
Net cash used in investing activities		_ (13,563,125)	(7,913,825)

Restated

Statement Of Cash Flows Contd

For the year ended 31 December, 2022

Cash flows from financing activities	Notes	31 Dec. 2023 ₩'000	Restated 31 Dec. 2022 N '000
Dividend paid to shareholders	41	(1,898,226)	(1,520,000)
Net cash used in financing activities		(1,898,226)	(1,520,000)
Net increase in cash and cash equivalents Cash and cash equivalents at 1 January		(1,537,956)	1,439,506
Effect of exchange rate changes on cash & cash equivalents		5,922,756	4,433,390
Cash and cash equivalents at 31 December		259,604	49,860
Cash and cash equivalents at 51 December	5	4,644,404	5,922,756

Notes to the Financial Statements

For the year ended 31 December 2023

3 Life actuarial valuation

3.1 Valuation methods

3.1.1 Measurement models

The IFRS 17 standard requires that either of the three measurement methods be adopted in estimating the insurance contract liabilities based on the classification of each product.

The Company has adopted the measurement method as follows:

Type of business	Measurement method
Annuities	General Measurement Model (GMM) *
Risk business	General Measurement Model (GMM) *
Endowment business	General Measurement Model (GMM) *
Savings business	General Measurement Model (GMM) *
Group life business	Premium Allocation Approach (PAA) **

^{*}The General Measurement Model (GMM) involves estimating the insurance contract liabilities for policies remaining coverage and incurred claims. The Liability for Remaining Coverage is the sum of the Best Estimate Liabilities (BEL), the Risk Adjustment (RA) for non-financial risk and the Contractual Service Margin (CSM) while the Liability for Incurred Claims (LIC) relates to Outstanding Claims Reserves (OCR) or unpaid exits.

^{**}The Premium Allocation Approach (PAA) is the applicable measurement for short-term contracts in which the liability comprises of those for remaining coverage and incurred claims. The Liability for Remaining Coverage (LFRC) is calculated as the Unearned Premium Reserve (UPR) while considering the Liability for Incurred Claims (LIC) as the Incurred but Not Reported (IBNR) Claims Reserves and the Outstanding Claims Reserves (OCR)

a) Components of the General Measurement Model

i) Best estimate liabilities

Although, the Insurance Act 2003 does not specify any approach that must be used in determining the statutory value of insurance liabilities, the IFRS 17 standard specifies three measurement methods to be adopted when estimating the insurance liabilities.

In the last few years of the IFRS 4 regime, the best estimate cashflow has been adopted for statutory purposes in estimating the technical reserves. This method will also be adopted in generating the Best Estimate Liabilities under IFRS 17.

The adopted best estimate cashflow method adopted by Custodian Life is as follows:

Type of business	Measurement method
Individual risk business	Gross premium*
Annuities	Discounted cashflow **

*A gross premium method is proposed for individual risk business. This is a monthly cashflow projection approach considering the incidence of all expected future cashflows including officepremiums, expenses and benefit payments satisfying the Liability Adequacy Test. This implies that no further testing is required as the liability adequacy test has been met implicitly and a separate liability calculation will not be required for accounting purposes.

Although, under IFRS 4 any negative cashflows will be zeroized at the valuation date to prevent policies being treated as assets, Custodian Life has not adopted this approach for the negative cashflows.

**The Annuities will be reserved for using a discounted cashflow approach. Here reserves are set equal to the present value of future annuity payments plus expenses, with allowance being made for any guaranteed and/or deferred periods as required.

As at 31 December 2023, the Company has underwritten 23,125 (2022: 18,778) annuity policies with annual annuity payment of \$\frac{1}{2}.86\$ billion (2022 \$\frac{1}{2}.312\$ billion).

The movement in the annuity portfolio is analysed below:

	Number of annuity policies	Annual Annuity (N '000)
At 31 December 2021	15,484	8,737,843
New entrants	3,481	2,676,712
Adjustments on opening annual annuity	-	905,390
Deaths / exits	(187)	(1,008,168)
At 31 December 2022	18,778	11,311,777
New entrants	4,534	3,803,986
Adjustments on opening annual annuity	-	(50)
Deaths / exits	(187)	(129,543)
At 31 December 2023	23,125	14,986,170

ii) Risk adjustment (RA)

The risk adjustment (RA) is estimated as the additional amount over the best estimate liability require to cover losses arising from extreme events. IFRS 17 specifies three approaches that can be adopted – Cost of Capital Approach and Value at Risk (VaR) Approach.

The approach adopted by Custodian Life is the Value at Risk (VaR) Approach. The approach entails stressing the various non-financial assumptions underlying the best estimate cashflows. These assumptions are stressed independently in accordance with the selected level of confidence. The difference between the estimated best estimate cashflow and the stressed cashflow will represent the Risk Adjustment.

iii) Contractual Service Margin (CSM)

The carrying amount of insurance liabilities/assets consists of the present value of cash flows, risk adjustment, and the Contractual Service Margin (CSM). CSM is the unearned profit margin arising from a group of insurance contracts for the future service to be provided. It is released to Profit or Loss (P&L) in each period to reflect the services provided in that period.

The CSM is a new concept under International Financial Reporting Standard (IFRS) 17 "Insurance Contracts" when compared to the existing IFRS 4 "Insurance Contracts" that IFRS 17 will replace. The objectives of this manual are to:

- a. Discuss the accounting treatments of CSM through the different reporting stages: initial recognition and subsequent measurement; and
- b. Provide details for the determination of the CSM discount rate and coverage units,

The process for determining the coverage unit is not an accounting policy choice. Rather it needs the exercise of judgment and the development of estimates to best apply the principle to the specific set of facts and circumstances. The judgments and estimates made should be applied systematically.

For interest accretion, the Company adopted the discount rate at the date of initial recognition.

The Company will amortize CSM in the same sequence. The cashflow of expected benefit payments have been used for the CSM on both annuities and endowment business.

b) Components of the Premium Allocation Approach (PAA)

i) Unearned Premium Reserves (UPR) and Additional Unexpired Risk Reserve (AURR)

The LFRC for the Group Life and Group Credit Life businesses will comprise an unexpired premium reserve (UPR) and Additional Unexpired Risk Reserve (AURR) to cover for the sufficiency of the UPR, using pooled industry claims data for the underlying assumptions. The UPR is estimated using the 365th method which assumes that the risk is spread evenly over the 365.

ii) Incurred But Not Reported (IBNR)

Where necessary, a reserve for Incurred But Not Reported Claims (IBNR) is held to make an allowance for the delay in reporting of claims. The falls under the Liability for Incurred claims under the PAA model.

A loss ratio approach was used for the IBNR reserving which is based on historical group life claims rates derived from an experience analysis."

iii) Outstanding Claims Reserves (OCR)

These are actual reserves relating to claims reported and yet to be settled as at the reporting date.

3.1.2 Grouping of Insurance Contracts

The insurance contract need be aggregated based on the similarity of risk, policy commencement and profitability level. The grouping based on the level of profitability should consists of Onerous, Profitable and Others as expected by the standard.

The Company has grouped the contracts under portfolios of similar risks while taking into consideration the profitability level per contract. The profitability levels were grouped into onerous and non-onerous.

3.1.3 Coverage unit

Coverage Units are applied in determining the amount of CSM allocated over a given reporting period.

The amount of CSM released over a period is proportional to the level of the coverage units allocated to the current period to the total number of coverage units at the beginning of the period.

Custodian Life has adopted the coverage unit to reflect the provision of insurance coverage as required by the insurance contract. The coverage units for each contract are estimated and aggregated at the group level for the purposes of allocating the CSM.

It is also used to measure the long-term contracts which is the discounted value of the future benefits (sum assured) while the discounted value of the annuity payouts represents the coverage units of the annuity contracts."

3.1.4 Reinsurance agreements

Reinsurance is allowed for in the valuation by having gross and reinsurance ceded records in the policy files. For IFRS compliance purposes all reserves will be reported gross of reinsurance, with the value of the reinsurance asset calculated and reported separately.

3.2 Economic and demographic assumptions

3.2.1 Economic assumptions

a) Valuation Interest Rate (VIR)

The Standard outlines two approaches in determining the discount rate. The approaches are Bottom-up and Top-Down Approach.

Bottom-up Approach: In the bottom-up approach, also known as the building block approach, the discount rate is derived by considering the cash flows associated with insurance liabilities at a more granular level.

Top-Down Approach: In the top-down approach, the discount rate is determined based on the entity's overall financial position and risk profile. This approach involves considering broader economic and financial factors, such as the entity's cost of capital, market risk premiums, and other relevant factors that affect the entity's overall risk profile.

Custodian Life adopted the Top-Down Approach in estimating the Transition Discount Rate. This discount rate will also be used as locked-in rates to unlock the CSM for historic non-financial assumption changes for general model products and accretion of interest.

Furthermore, the yield curve was estimated using the Smith-Wilson Yield-Curve extrapolation approach with the Ultimate Forward Rate (UFR) of 13.28% which is under the assumption that yields stay flat after the longest available tenor bond.

b) Expense analysis

A firm must make provisions for expenses in its mathematical reserves of an amount which is not less than the amount expected to be incurred in fulfilling its long-term insurance contracts.

The standard explicitly requires the consideration of expenses directly attributable to the insurance contracts and the expenses are not directly attributable which should be excluded from the expense analysis.

Custodian Life has allocated the direct and indirect costs by product excluding the acquisition and identified the group life costs.

The expense allocation approach splits expense line items into 3 categories as follows:

- Directly attributable expenses
- Non-directly attributable expenses
- Shareholder costs

For expense items that are split between 2 of the above categories, internal proxies are developed to split these items between these categories. Proxies include staff attribution, PPE classification etc. These are then allocated to the various product lines based on the company's expected long-term classification of the portfolio. The current in-force policy count is used to determine the unit costs and allocated between acquisition and maintenance costs.

The adopted expense per policy is provided in detail below:

Type of business	Initial expense	Renewal expense
Individual life	₦ 8,168.31 pp pa	₩ 6,214.45 pp pa
Annuity business	₩ 13,833.32 pp pa	₦ 4,469.37 pp pa
Group life schemes	₦ 555 pp pa	₩ 555 pp pa

^{*}pp pa = per policy per annum

c) Expense inflation & other inflation measures

We maintained an inflation assumption of 11% per annum based on the markert inflation rate.

The oversight for the expenses attributable to the various units sits with the Chief Actuary and the Chief Financial Officer with relevant inputs obtained from actuarial unit.

3.2.2 Demographic assumptions

a) Mortality

The adopted mortality table for the current valuation is the UK's Mortality of Assured Lives 1967-70 (A67-70) without adjustment for individual risk business. For annuity books, we use UK PA90 Ultimate Mortality Tables with an age rating of -3 for both males and females to strengthen the annuitant mortality due to the industry experience of annuitant living longer than expected which remains same as the last valuation.

Internal industry's analysis shows that the A67-70 table appears prudent based on recent experience, and on advice we continue to build-up of the actual experience before the tables are adjusted. Furthermore, the reserves are less sensitive to the mortality basis - with discount rate and expenses being more dominant assumptions.

b) Withdrawals

Withdrawals comprise both surrenders (voluntary) and lapses (involuntary). Surrenders are acceptable under the endowment portfolio, after policies have been in force for a pre-defined length of time (at which policies become eligible to receive a surrender value payout). We have made an allowance for withdrawal by surrender in the current valuation at a rate of 5% p.a. for eligible endowments and whole life policies, and 2.5% for the multi-Endowment.

We are adopting the rates in the table below for future lapse. We are mindful that the current economic situation may increase lapse/surrender rates but rather than speculate, we propose these be reflected in actuarial loss/gains until a new stable pattern is established.

	Lapse Rate
Year 1	10%
Year 2	7.50%
Year 3	5%
Year 4+	2.50%

Where surrenders are made under the deposit-based Plans, the account balance is payable, subject to any surrender penalties. Therefore, the reserves held at the valuation date are sufficient to meet payments on surrender.

The full account balance will be maintained for lapsed deposit-based policies at the valuation date, as the funds remain a policyholder entitlement. No reserve will be held for future guaranteed life insurance benefits.

3.3 Sensitivity analysis

The analysis which follows is performed for reasonably possible movements in key assumptions with all other assumptions held constant, and shows the impact on gross and net liabilities, profit before tax and equity. These variables are valuation interest rate, claims handling expenses, inflation, lapses and mortality rate. Movements in these assumptions are non–linear and sensitivity information vary according to the current economic assumptions, mainly due to the impact of changes to both the intrinsic cost and time value of options and guarantees. These variables have been tested by -/+5% and -/+10%.

The results of the changes in the variables have been summarised below:

The sensitivity analysis of the life business indicates that a +5% change in mortality will increase the Life fund liability 2% million, whilst a -5% change in mortality will result in a reduction of the Life fund liability by 4% million. A change in longevity by 4% million, whilst a -5% change in longevity will result in a reduction of the Life fund liability 4% million.

A movement of expenses by +10% will result in an increase the Life fund liability by 97 million whilst a -10% change will reduce the Life fund liability by 97 million. Lapse rate moving by +10% will increase the life fund +92% million whilst a -10% will reduce the Life fund liability by +92% million.

Sensitivity Of Liabilities To Changes In Long Term Valuation Assumptions For The 31 December 2023 Valuation

	Base N '000	Mortality +5%	Mortality -5%	Longevity -5%	Longevity +5%	Lapse +10%	Lapse -10%	Expense +10%	Expense
Endowment	10,934,003	8,532	(8,539)	-	-	81,490	(90,926)	11,628	(11,628
Annuity	98,031,037	(1)	1	(296,442)	302,659	-	-	78,594	(78,594
Risk	162,147	14,263	(14,292)	-	-	(3,301)	3,376	2,837	(2,837
Savings	5,872,579	3,112	(3,121)	-	-	4,105	(4,141)	4,283	(4,283
Group life	5,428,251	346,531	(346,531)	-	-	-	-	3,253	(3,253
Net reinsurance	(813,318)	48,974	(48,974)	-	-	-	-	-	
					000 / 50	00 000	(07 (07)	07.040	107 0 10
	119,614,699	25,906	(25,950)	(296,442)	302,659	82,293	(91,691)	97,343	(97,343
Net liability % Change in net liability Sensitivity Of Liabilities	, i	0.0%	0.0%	-0.2%	0.3%	0.1%	-0.1%	0.1%	-
Net liability % Change in net liability Sensitivity Of Liabilities ⁻	Го Changes In La	0.0% ong Term Vo	0.0% aluation Assu	-0.2%	0.3%	0.1% mber 2022	-0.1% Valuation	0.1%	-0.19
Net liability % Change in net liability Sensitivity Of Liabilities ^T Endowment	To Changes In Lo 7,881,887	0.0% ong Term Vo 6,634	0.0%	-0.2% umptions For	0.3% The 31 Dece	0.1%	-0.1%	0.1%	(97,343 -0.1% (11,256 (54,289
Net liability % Change in net liability Sensitivity Of Liabilities ⁻ Endowment Annuity	Го Changes In La	0.0% ong Term Vo	0.0% aluation Assu	-0.2%	0.3%	0.1% mber 2022	-0.1% Valuation	0.1%	-0.19
Net liability % Change in net liability	7,881,887 80,050,540	0.0% ong Term Vo 6,634 (1)	0.0% aluation Assu (6,640)	-0.2% umptions For	0.3% The 31 Decen	0.1% mber 2022 27,251	-0.1% Valuation (33,603)	0.1% 11,256 54,289	-0.19 (11,256 (54,289 (5,975
Net liability % Change in net liability Sensitivity Of Liabilities Endowment Annuity Risk	7,881,887 80,050,540 137,297	0.0% ong Term Vo 6,634 (1) 11,363	0.0% aluation Assu (6,640) 1 (11,386)	-0.2% umptions For	0.3% The 31 Dece	0.1% mber 2022 27,251 - (3,375)	-0.1% Valuation (33,603) - 3,474	0.1% 11,256 54,289 5,975	-0.19 (11,256 (54,289
Net liability % Change in net liability Sensitivity Of Liabilities Endowment Annuity Risk Savings	7,881,887 80,050,540 137,297 4,834,168	0.0% ong Term Vo 6,634 (1) 11,363 4,819	0.0% aluation Assu (6,640) 1 (11,386) (4,849)	-0.2% umptions For	0.3% The 31 Dece	0.1% mber 2022 27,251 - (3,375)	-0.1% Valuation (33,603) - 3,474	0.1% 11,256 54,289 5,975 4,440	-0.19 (11,256 (54,289 (5,975 (4,440
Net liability % Change in net liability Sensitivity Of Liabilities Endowment Annuity Risk Savings Group life	7,881,887 80,050,540 137,297 4,834,168 5,298,417	0.0% ong Term Vo 6,634 (1) 11,363 4,819 362,914	0.0% (6,640) (11,386) (4,849) (362,914)	-0.2% umptions For	0.3% The 31 Dece	0.1% mber 2022 27,251 - (3,375)	-0.1% Valuation (33,603) - 3,474	0.1% 11,256 54,289 5,975 4,440	-0.19 (11,256 (54,289 (5,975 (4,440

4 Financial Risk Management

(a) Introduction and overview

The Company is exposed to a range of financial risks through its financial instruments, insurance assets and insurance liabilities. The key financial risk is that, in the long term, its investments proceeds are not sufficient to fund the obligations arising from its insurance and investment contracts. The most important components of the financial risks are:

- Market risk
- Credit risk
- Liquidity risk

4.1 Market risk

The identification, management, control, measurement and reporting of market risk are aligned towards the sub-risk categories namely:

- Price risk
- Foreign exchange risk
- Interest-rate risk

4.1.1 Price risk

The Company's management of price risk is guided by the following limits:

- Investment quality and limit analysis
- Stop-loss limit analysis
- Stock to total loss limit analysis

Investment quality and limit analysis

Management Investment Committee establishes and approves a list of eligible listed and unlisted stocks aligned with investment approval/dealer limits as approved by the Board through its Board Finance, Investment and General Purpose Committee.

Price risk sensitivity

Below is the sensitivity analysis of the Company's investment position to fluctuations in price:

31 December 2023

Amounts in thousands of Naira	Gross Amount N '000	Increase by 10% N ′000	Increase by 20% N '000	Decrease by 10% N ′000	Decrease by 20% N ′000	
Investment securities:						
Government & corporate bonds	96,731,859	9,673,186	19,346,372	(9,673,186)	(19,346,372)	
Equity securities	4,705,806	470,581	941,161	(470,581)	(941,161)	
Other unquoted securities	2,446,327	244,633	489,265	(244,633)	(489,265)	
Impact on profit before tax		10,388,399	20,776,798	(10,388,399)	(20,776,798)	
31 December 2022						
Investment securities:						
Government & corporate bonds	76,396,865	7,639,687	15,279,373	(7,639,687)	(15,279,373)	
Equity securities	4,782,081	478,208	956,416	(478,208)	(956,416)	
Other unquoted securities	93,812	9,381	18,762	(9,381)	(18,762)	
Impact on profit before tax		8,127,276	16,254,552	(8,127,276)	(16,254,552)	

4.1.2 Foreign exchange risk

Custodian Life Assurance Limited is exposed to foreign exchange currency risk primarily through undertaking certain transactions denominated in foreign currency. The Company is exposed to foreign currency risk through its investment in bank balances, fixed deposits and bonds denominated in foreign currencies.

The carrying amounts of the Company's foreign currency denominated assets and liabilities at end of the year are as follows:

	31 Dec	31 December 2023			cember 2	022
	USD	EUR	GBP	USD	EUR	GBP
	N '000	N '000	N '000	N '000	N'000	N'000
Cash and cash equivalents	147	-	17	115,361	-	7,405
Investment securities	7,210,463	-	-	2,388,467	-	-

Foreign currency changes are monitored by the Investment Committee and holdings are adjusted when there is a deviation from the investment policy. The Company further manages its exposure to foreign exchange risk using sensitivity analysis to assess potential changes in the value of foreign exchange positions and impact of such changes on the Company's investment income. At the year end, the foreign currency investments held in the portfolio were on bonds, unquoted equities as well as cash and cash equivalents.

The following table details the effect of foreign exchange risk on the profit as at 31 December 2023:

Foreign exchange sensitivity

31 December 2023	Increase by 10% N '000	Increase by 20% N '000	Decrease by 10% N '000	Decrease by 15% N '000	
Investment securities exposed to foreign exchar	nge risk	Gains/(losses)			
Cash and cash equivalents	16	33	(344)	(353)	
Investment securities	721,046	1,442,093	(721,046)	(1,081,569)	
Effect on profit before tax	721,063	1,442,125	(721,391)	(1,081,922)	
Taxation @ 30%	216,319	432,638	(216,417)	(324,577)	
Effect on profit after tax	504,744	1,009,488	(504,973)	(757,345)	
31 December 2022	Increase by 10% N '000	Increase by 20% N '000	Decrease by 10% N '000	Decrease by 15% N '000	
31 December 2022 Investment securities exposed to foreign exchar	by 10% N '000	by 20%	by 10% N '000	by 15%	
	by 10% N '000	by 20% N '000	by 10% N '000	by 15%	
Investment securities exposed to foreign exchar	by 10% N '000 nge risk	by 20% N '000 Gains/	by 10% N'000 (losses)	by 15% N '000	
Investment securities exposed to foreign exchar Cash and cash equivalents	by 10% N'000 nge risk	by 20% N'000 Gains/ 24,553	by 10% N'000 (losses) (257,809)	by 15% N'000 (263,947)	
Investment securities exposed to foreign exchar Cash and cash equivalents Investment securities	by 10% N'000 nge risk 12,277 238,847	by 20% N'000 Gains/ 24,553 477,693	by 10% N'000 (losses) (257,809) (238,847)	by 15% N'000 (263,947) (358,270)	

The method used to arrive at the possible risk of foreign exchange rate was based on statistical analysis. The statistical analysis has been based on main currencies movement for the last five years. This information is then revised and adjusted for reasonableness under the current economic circumstances.

4.1.3 Interest rate risk

The Company is moderately exposed to interest rate risk due to its conservative investment approach with high investment in fixed income and money market instruments which have fixed interest rates rather than floating rates. Interest rate risk also exists in policies that carry investment guarantees on early surrender or at maturity, where claim values can become higher than the value of backing assets as a result of rises or falls in interest rates.

A significant portion of the Company's assets relate to its capital rather than liabilities, the value of its interest-rate based assets exceeds its interest-rate based liabilities. As a result, the Company's investment income will move with fixed interest rates over the medium to long-term with short-term interest rate fluctuations creating unrealized fair value gains or losses in income statement.

The Company's major exposure to interest-rate sensitive liabilities arises from investment-linked products which accounts for a small portion of its business. The fluctuations in interest rates cannot significantly impact our statement of financial position as interest-rate sensitive liabilities are quite small compared with assets.

Interest rate risk is managed principally through monitoring interest rate gaps and sensitivity analysis across all investment portfolios.

The table below details the maturity profile of the interest rate sensitivity analysis of Custodian Life Assurance Limited as at 31 December 2023, holding all other variables constant and assuming that all interest-rates are floating and move in line with prevailing interest rates. Based on historical data, 100 and 500 basis points changes are deemed to be reasonably possible and are used when reporting interest rate risk.

31 December 2023	Non interest bearing	1-3 months	3-6 months	>6 months	Total	
	J	Inte	nterest earning assets			
Cash and cash equivalents	6	4,644,398	-	-	4,644,404	
Bonds	-	-	-	118,812,332	118,812,332	
Loans and receivables	-	-	-	1,223,233	1,223,233	
Statutory deposit		-	-	260,000	260,000	
Total interest earning assets	6	4,644,398	-	120,295,565	124,939,969	
Interest bearing liabilities						
Investment contract liabilities		-	-	11,096,169	11,096,169	
		-	-	11,096,169	11,096,169	
Gap		4,644,398	-	109,199,396	113,843,800	
Cumulative gap		4,644,398	4,644,398	113,843,794	-	
Increase by 100bp		46,444	-	1,091,994	1,138,438	
Increase by 500bp		232,220	-	5,459,970	5,692,190	
Decrease by 100bp		(46,444)	-	(1,091,994)	(1,138,438)	
Decrease by 500bp		(232,220)	-	(5,459,970)	(5,692,190)	

31 December 2022	Non interest bearing	1-3 months	3-6 months	>6 months	Total
	3	Inte	erest earning asse	ts	
Cash and cash equivalents	16	5,922,740	-	-	5,922,756
Bonds	-	-	-	96,348,627	96,348,627
Loans and receivables	-	-	-	234,854	234,854
Statutory deposit		-	-	260,000	260,000
Total interest earning assets	16	5,922,740	-	96,843,481	102,766,237
Interest bearing liabilities					
Investment contract liabilities	-	-	-	9,070,212	9,070,212
Total interest bearing liabilities	-	-	-	9,070,212	9,070,212
					_
Gap		5,922,740	-	87,773,269	93,696,025
Cumulative gap		5,922,740	5,922,740	93,696,009	-
Increase by 100bp		59,227	-	877,733	936,960
Increase by 500bp		296,137	-	4,388,663	4,684,801
Decrease by 100bp		(59,227)	-	(877,733)	(936,960)
Decrease by 500bp		(296,137)	-	(4,388,663)	(4,684,801)

4.2 Non-financial asset exposed to price risk

The Company is exposed to property risk through its investment in property. Exposure to property risk accounted for 1% of the total investment portfolio. Custodian Life Assurance Limited manages such risk by monitoring the contribution of property to its portfolio.

Company's Exposure To Property Price Risk

Instrument	Amount N '000	% Exposure
Investment property	1,288,000	1%
Interest generating assets	124,939,969	99%
	126,227,969	

4.3 Credit risk

Custodian Life Assurance Limited is exposed to risk relating to its investment securities (bonds, treasury bills, fixed deposits and loan receivables). Its receivables comprise trade receivables from customers, reinsurers and coinsurers recoverable and other receivables.

Trade receivables

The Company has placed more responsiveness on effective management of credit risk exposure that relates to trade receivables. In general, the regulator has laid great emphasis on "No Premium, No Cover" and this has positively changed the phase of credit management within the industry. The Company defines credit risk as the risk of counterparty's failure to meet its contractual obligations. Credit risk arises from insurance cover granted to parties with payment instruments or payments plan issued by stating or implying the terms of contractual agreement.

The Company has placed stringent measures to guard against credit default. Credit risk exposure operates from the level of brokered transactions with little emphasis placed on direct business. The Company's credit risk exposure to brokered business is very low as the Company requires brokers to provide payment within 30 days after which impairment trigger is identified and the receivable is assessed for impairment.

Sources of credit risk

- Direct default risk: risk that the Company will not receive the cash flows or assets to which it is entitled because a party with which the Company has a bilateral contract defaults on one or more obligations.
- Downgrade risk: risk that changes in the possibility of a future default by an obligor will adversely affect the present value of the contract with the obligor today.
- Settlement risk: risk arising from the lag between the value and settlement dates of securities transactions.

Management of credit risk due to trade receivables

The Company constantly reviews brokers' contribution to ensure that adequate attention is paid to high premium contributing brokers.

The Company credit risk is constantly reviewed and approved during the Management Committee meetings. It also ensured that adequate provisions are taken in line with IFRS 9. Other credit risk management includes:

- Formulating credit policies with strategic business units, underwriters, brokers, covering brokers grading, reporting, assessment, legal procedures and compliance with regulatory and statutory bodies.
- Identification of credit risk drivers within the Company in order to coordinate and monitor the probability of default that could have an unfortunate impact.
- Developing and monitoring credit limits. The Company is responsible for setting credit limits through grading in order to categorize risk exposures according to the degree of financial loss and the level of priority expected from management.
- Assessment of credit risk. All first-hand assessment and review of credit exposures in excess of credit limits, prior to granting insurance cover are subject to review process and approval given during MC meetings.

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

Impairment model

Premium debtors are measured at amortized cost, less provision for impaired receivables. Under IFRS, an asset is impaired if the carrying amount is greater than the recoverable amount. The impairment is determined using the Expected Credit Loss (ECL) model in line with the requirement of IFRS 9.

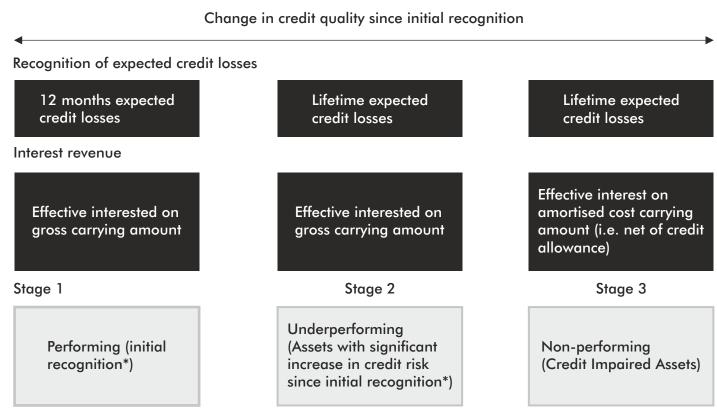
The Company uses the aging of receivables as the major parameter in calculating impairment. However, based on NAICOM's "No Premium No Cover" guidelines which state that "all insurance covers shall be provided on a strict 'no premium no cover' basis", only cover for which payment has been received shall be booked. However, brokers have a 30-day period to make payments from the date of the credit notes. The Company uses the aging of receivables as the major parameter in calculating impairment.

The impairment requirements of IFRS 9 apply to all debt instruments that are measured at amortised cost or FVOCI, and to off-balance sheet lending commitments such as loan commitments and financial guarantees (hereafter collectively referred to as financial assets).

The determination of impairment loss and allowance moves from the incurred credit loss model whereby credit losses are recognized when a defined loss event occurs under IAS 39, to expected credit loss model under IFRS 9, where provisions are recognised upon initial recognition of the financial asset based on expectation of potential credit losses at the time of initial recognition. Under IFRS 9, The Company first evaluates individually whether objective evidence of impairment exists for loans that are individually significant and then collectively assess the loan and other receivables that are not significant and those which are significant but for which there is no objective evidence of impairment available under the individual assessment.

Staged approach to the determination of expected credit losses (ECL)

IFRS 9 outlines a three-stage model for impairment based on changes in credit quality since initial recognition. These stages are as outlined below:



^{*}Except for purchased or originated credit impaired assets

Stage 1: The Company recognises a credit loss allowance at an amount equal to the 12 month expected credit losses. This represents the portion of lifetime expected credit losses from default events that are expected within 12 months of the reporting date, assuming that credit risk has not increased significantly after the initial recognition.

Stage 2: The Company recognises a credit loss allowance at an amount equal to the lifetime expected credit losses (LTECL) for those financial assets that are considered to have experienced a significant increase in credit risk since initial recognition. This requires the computation of ECL based on Lifetime probabilities of default that represents the probability of a default occurring over the remaining lifetime of the financial assets. Allowance for credit losses is higher in this stage because of an increase in credit risk and the impact of a longer time horizon being considered compared to 12 months in stage 1.

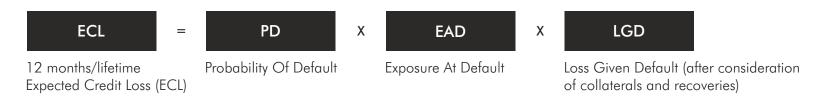
Stage 3: The Company recognises a loss allowance at an amount equal to life-time expected credit losses, reflecting a probability of default (PD) of 100% via the recoverable cash flows for the asset. For those financial assets that are credit impaired. The Company's definition of default is aligned with the regulatory definition. The treatment of the loans and other receivables in stage 3 remains substantially the same as the treatment of impaired financial assets under IAS 39 except for the portfolios of assets purchased or originated as credit impaired.

The Company does not originate or purchase credit impaired loans or receivables.

Impairment Methodology

Calculation of expected credit losses (ECL)

Calculation of the expected credit loss is based on the key risk parameters of PD, LGD and EAD according to the formula set below:



The calculation of ECL incorporates forward-looking information in all the ECL components. This forward-looking information will impact the various ECL components as follows:

- Probability of default The PDs will vary during various stages of an economic cycle. It is based on the likelihood that a borrower will default within one year (PD), assessment of the credit-worthiness of the counterparty and transformation of 1-Year horizon into lifetime of the asset.
- Loss Given Default Collateral values will vary based on the stage of an economic cycle.
- Exposure at default Change in interest rates may affect the EAD e.g. higher interest rates may result in longer terms for loans causing a change in the EAD.

Loss Given Default (LGD)

The Company applies historical experience to determine the expected loss given default ratios for each class of financial instruments. Where internal historical experience is not available, other sources, e.g. data available from rating companies as well as professional judgments are used to determine the LGD ratios that will apply. Collateral that is held against the financial assets is also considered in determining the LGD.

The Company management has resolved to use the recovery rates as published by Moody's credit analytics for all credit exposures to sovereign denominated in foreign currencies and all corporate exposures.

For sovereign exposures denominated in Naira which are assessed as low credit risk exposures, we have resolved to use LGDs within the rage of 5-10% based on the Central Bank of Nigeria's Revised Guidance Notes on Credit Risk. Section 3.1 of the document addresses exposure to sovereigns and central banks and states that financial institutions should assign a risk weight of 0% to the following:

- Exposures to Federal Government of Nigeria (FGN) and Central Bank of Nigeria (CBN);
- Instruments issued by other entities backed by express guarantee of the FGN;
- Inter-bank transactions guaranteed by the FGN or CBN; and
- Inter-bank transactions among supervised institutions collateralized by FGN Bonds,
- Treasury Bills or other similar sovereign bills.

Treatment of loans and other receivables

All loans issued fall within the scope of debt instruments as financial assets. This covers e.g. Inter-company loans, staff loans and mortgages etc. Estimation of impairment on the loans based on expected loss is done in the three-stage approach with specific consideration for change in credit risk and forward-looking assumptions.

Intercompany loans are considered low credit risk if it meets the required conditions. Estimation and provision for impairment is based on simplified one stage approach. Loans are put in one bucket e.g. stage 1 and assess the 12 month ECL as long as there are no assets assessed to have had significant increase in credit risk or the initial criteria for categorizing the asset as low risk has changed.

Significant increase in credit risk, default and cure

The Company continuously monitors all assets subject to ECLs. In order to determine whether an instrument or a portfolio of instruments is subject to 12mECL or LTECL, the Company assesses whether there has been a significant increase in credit risk since initial recognition. The Company considers that there has been a significant increase in credit risk when any contractual payments are more than 30 days past due, In addition, the Company also considers a variety of instances that may indicate unlikeliness to pay by assessing whether there has been a significant increase in credit risk. Such events include:

- Internal rating of the counterparty indicating default or near-default
- The counterparty having past due liabilities to public creditors or employees
- The counterparty (or any legal entity within the debtor's group) filing for bankruptcy application/protection
- Counterparty's listed debt or equity suspended at the primary exchange because of rumours or facts about financial difficulties.

The Company considers a financial instrument defaulted and, therefore, credit-impaired for ECL calculations in all cases when the counterparty becomes 90 days past due on its contractual payments. The Company may also consider an instrument to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full. In such cases, the Company recognises a lifetime ECL. In rare cases when an instrument identified as defaulted, it is the Company's policy to consider a financial instrument as 'cured' and therefore re-classified out of credit-impaired when none of the default criteria have been present for at least twelve consecutive months.

There has been no significant increase in credit risk or default for financial assets during the year.

Expected credit loss

The Company assesses the possible default events within 12 months for the calculation of the 12mECL. Given the investment policy, the probability of default for new instruments acquired is generally determined to be minimal and the expected loss given default ratio assumed to be 100%. In rare cases where a lifetime ECL is required to be calculated, the probability of default is estimated based on economic scenarios.

Impairment losses on financial investments subject to impairment assessment

Debt instruments measured at amortised cost

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

Internal ration areas	Moody's rating		2023			2022	
Internal rating grade Performing Cash and cash equivalents	,	12mECL ₩'000	LTECL N'000	Total ₩′000	12mECL ₩′000	LTECL N'000	Total N ′000
High grade	AAA-A+	-	-	-	-	-	-
Standard grade	BBB-B+	4,790,344	-	4,790,344	6,010,827	-	6,010,827
Past due but not impaired	C-CCC	-	-	-	-	-	-
Default	D		-	-	-	-	
Total gross amount		4,790,344	-	4,790,344	6,010,827	-	6,010,827
ECL		(145,946)	-	(145,946)	(88,087)	-	(88,087)
Total net amount		4,644,398	-	4,644,398	5,922,740	-	5,922,740
Financial assets							
(a) - amortised cost							
High grade	AAA-A+	-	-	-	-	-	-
Standard grade	BBB-B+	23,446,232	-	23,446,232	20,161,706	-	20,161,706
Past due but not impaired	C-CCC	-	-	-	-	-	-
Default	D		-	-	-	-	
Total gross amount		23,446,232	-	23,446,232	20,161,706	-	20,161,706
ECL		(209,947)		(209,947)	- (57,897)		- (57,897)
Total net amount		23,236,285	-	23,236,285	20,103,809	-	20,103,809

Internal rating grade Performing

(b) - fair value through other comprehensive income

		2023		2022			
	Moody's rating	12mECL ₩'000	LTECL N'000	Total ₩′000	12mECL ₩′000	LTECL N'000	Total N ′000
High grade	AAA-A+	-	-	-	-	-	-
Standard grade	BBB-B+	30,142,701	-	30,142,701	93,812	-	93,812
Past due but not impaired	C-CCC	-	-	-	-	-	-
Default	D		-	-	-	-	_
Total gross amount		30,142,701	-	30,142,701	93,812	-	93,812
					-		-
ECL		(32,367)	-	(32,367)	-	-	-
Total net amount		30,110,334	-	30,110,334	93,812	-	93,812

Collateral for other receivables

Some of the Company's receivables (e.g. mortgage loans and car loans) are collaterised with assets ranging from properties and vehicles. As at 31 December 2023, the fair value of assets accepted as collateral that the Company is permitted to repossess or sell in the occurrence of default in respect of the staff loans was N72 million (2022: N69 million).

As at 31 December 2023, the Company had no asset reposed as security against asset. The Company policy is to pursue timely realisation of collateral in an orderly manner in the case of default. The Company does not generally use the non-cash collateral for its own operations.

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

Amounts arising from ECL

Inputs, assumptions and techniques used for estimating impairment

When determining whether the credit risk (i.e. Risk of default) on a financial instrument has increased significantly since initial recognition, the Company considers reasonable and supportable information that is relevant and available without undue cost of effort, This includes both qualitative and quantitative information analysis based on the Company's experience, expert credit assessment and forward looking information. The Company primarily identifies whether a significant increase in credit risk has occurred for an exposure by comparing the remaining life time probability of default (PD) as at reporting date with the remaining Life time PD for this point in time that was estimated on initial recognition of the exposure.

Whenever available, the Company monitors changes in credit risk by tracking published external credit ratings. To determine whether published ratings remain up to date and to assess whether there has been a significant increase in credit risk at the reporting date that has not been reflected in the published rating, the Company also reviews changes in Bond yields together with available press and regulatory information about issuers.

Where external credit ratings are not available, the Company allocates each exposure to a credit risk grade based on data that is determined to be predictive of the risk of default (including but not limited to the audited financial statement, management accounts and cash flow projections, available regulatory and press information about the borrowers and apply experienced credit judgement. Credit risk grades are defined by using qualitative and quantitative factors that are indicative of the risk of default and are aligned with the external credit rating definition from Moody's as well as Standard and Poor.

The Company has assumed that the credit risk of a financial asset has not increased significantly since the initial recognition if the financial asset has low credit risk at reporting date. The Company considers a financial asset to have low credit risk when its credit risk rating is equivalent to the globally understood definition of "investment grade". The Company considers this to be B- or higher based on the Moody rating which is equivalent to an internal risk grade of standard grade or higher.

As a back stop, the Company considers that a significant increase in credit risk occurs no later than when the asset is more than 30 days past due. Days past due are determined by counting the numbers of days since the earliest elapsed due date in respect of which full payments has not been received. Due dates are determined without considering any grace period that might be available to the borrower. The Company monitors the effectiveness of the criteria used to identify significant increase in credit risk by regular reviews to confirm that:

- The criteria are capable of identifying significant increase in credit risk before an exposure is in default;
- The criteria do no align with the point in time when the asset becomes 30 days past due;
- The average time between the identification of a significant increase in credit risk and default appears reasonable
- Exposures are not generally transferred from 12- month ECL measurement to credit impaired and
- There is no unwarranted volatility in loss allowance from transfers between 12-month ECL and Lifetime ECL measurement.

Definition of default

The Company considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realizing security (if any is held); or the financial asset Is more than 90 days past due.

In assessing whether a borrower is in default, the Company considers indicators that are:

- qualitative: e.g. breaches of covenant and the other indicators of financial distress;
- quantitative: e.g. overdue status and non-payment of another obligation of the same issuer to the Group; and
- based on data developed internally and obtained from external sources.

Inputs into the assessment of whether a financial instrument is in default and their significance may vary over time to reflect changes in circumstances.

Incorporation of forward looking information

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

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

Measurement of ECL

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

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

Loss Given Default is the magnitude of the likely loss if there is a default. The Company estimates LGD parameters based on the history of recovery rates of claims against the defaulted counterparties. The LGD for sovereign fixed income exposures are based on publications by Moody's and the models consider the structure, collateral, seniority of claims and recovery cot of any collateral that is integral to the financial asset. For loans secured with properties or asset, loan to value ratios are key parameter in determining LGD. LGDs are calculated one discounted cash flow basis using effective interest rate as the discounting factor.

EAD represents the expected exposure in the event of a default. The Company deprives the EAD from the current exposure to the counterparty and potential changes to the current amount allowed under the contract, including amortisation, and prepayments. The EAD of a financial asset is its gross carrying amount. As described in the accounting policy, and subject to using a maximum of a 12-month PD for financial assets for which credit risk has not significantly increased, the Company measures ECL considering the risk of default over the maximum contractual period (including any borrower's extension options over which it is exposed to credit risk, even if, for risk management purposes, the Company considers a longer period. The modelling of parameter is carried out on an individual basis or collective basis where the assets share same risk characteristics like instrument type, credit risk rating and gradings, collateral type, date of initial recognition or remaining term to maturity or industry. The groupings are subject to regular review to ensure that exposures within a particular group remain appropriately homogeneous.

When ECL are measured using parameters based on collective modelling, a significant input into the measurement of ECL is the external benchmark information that the Company uses to derive the default rates of its portfolios. This includes the PDs provided in the Moody's or Standards and Poor default study and the LGDs provided in the recovery studies reports provided by the same rating agencies.

An overview of the approach to estimating ECLs is set out in Note 2.3 - Summary of significant accounting policies and in Note 2.4 - Critical accounting estimates and judgements. To ensure completeness and accuracy, the Company obtains the data used from third party sources (Moody's, Standards and Poor, Economist associate etc.) and its investment team verifies the accuracy of inputs to the Company's ECL models including determining the weights attributable to the multiple scenarios. The following tables set out the key drivers of expected loss and the assumptions used for the Company's base case estimate, ECLs based on the base case, plus the effect of the use of multiple economic scenarios for Nigeria, as at 31 December 2023.

The Company has identified and documented key divers of credit risk and ECL for each portfolio of financial instruments and, using an analysis of historical data, has estimated relationships between macro economic variables and credit risk and credit losses. The tables show the values of the key forward looking economic variables/assumptions used in each of the economic scenarios for the ECL calculations. The figures for "subsequent years" represent a long-term average and so are the same for each scenario.

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

Key drivers	ECL Scenario	Assigned Probabilities	2023	2024	2025	2026	2027
Macroeconomic variable GDP Growth rate (%)							
, ,	Upside	13%	2.64	3.14	3.44	3.54	3.74
	Base case	79%	2.60	3.10	3.40	3.50	3.70
	Downside	8%	2.56	3.06	3.36	3.46	3.66
Inflation rates (%)							
	Upside	13%	27.28	29.95	20.95	16.95	18.95
	Base case	79%	27.33	30.00	21.00	17.00	19.00
	Downside	8%	27.41	30.08	21.08	17.08	19.08
Oil Prices "USD"(price per barrel)							
	Upside	13%	121.02	130.75	139.12	129.39	121.02
	Base case	79%	79.90	89.63	98.00	88.27	79.90
	Downside	8%	50.74	60.47	68.84	59.11	50.74
Unemployment rates (%)							
	Upside	13%	34.91	35.61	29.32	28.63	34.91
	Base case	79%	37.00	37.70	31.42	30.72	37.00
	Downside	8%	41.81	42.51	36.22	35.53	41.81

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

Kay drivers	501.0	Assigned	0000	0000	0004	0005	000/
Key drivers	ECL Scenario	Probabilities	2022	2023	2024	2025	2026
Macroeconomic variable							
GDP Growth rate (%)							
	Upside	13%	2.29	3.24	3.54	3.74	3.94
	Base case	79%	2.25	3.20	3.50	3.70	3.90
	Downside	8%	2.21	3.16	3.46	3.66	3.86
Inflation rates (%)							
	Upside	13%	15.04	13.10	11.64	11.54	11.54
	Base case	79%	0.21	15.00	13.06	11.60	11.50
	Downside	8%	14.96	13.02	11.56	11.46	11.46
Oil Prices "USD"(price per barrel)							
	Upside	13%	120.20	105.33	102.79	98.24	97.15
	Base case	79%	79.35	64.48	61.94	57.39	56.30
	Downside	8%	54.42	39.55	37.01	32.46	31.37
Unemployment rates (%)							
	Upside	13%	25.66	30.66	34.66	29.66	25.66
	Base case	79%	35.00	40.00	44.00	39.00	35.00
	Downside	8%	51.10	56.10	60.10	55.10	51.10

All political and economic indicators remain the same. Hence, our ECL models factored in the impact those indicators are likely to have on our businesses and assets under management. The GDP growth rate expectation over the next few years remains low, although improving, given the weak public finances, dearth of infrastructure, high dependence on oil revenue, rising public debts and unemployment as well as political and security challenges. From the monetary angle, during the year, the Central Bank of Nigeria (CBN) implemented the unification of the multiple foreign exchange rates with the Investors and Exporters (I&E) window. This decision is aimed at unifying the forex exchange rates by operating a free-floating exchange determined by the market forces. This was done in order to reduce the disparity between the official and alternative foreign exchange markets. On the long term, expectations range from mild to moderate optimism.

The following table outlines the impact of multiple scenarios on the allowance

Amounts are in thousands of Naira			Financial assets - fair value		
	Cash and cash equivalents	Financial assets - amortised cost N'000	through other comprehensive	Other receivables N '000	Total N ′000
31 December 2023					
Upside 30%	43,784	62,984	9,710	-	116,478
Base case 40%	58,378	83,979	12,947	-	155,304
Downside 30%	43,784	62,984	9,710	-	116,478
	145,946	209,947	32,367	-	388,260
31 December 202 2					
Upside 30%	26,426	17,369	-	-	43,795
Base case 40%	35,235	23,159	-	-	58,394
Downside 30%	26,426	17,369	-	-	43,795
	88,087	57,897	-	-	145,984

Exposures to credit risks is managed through counterparty risks using instituted limits as approved the MC. These limits are based on counterparty credit ratings amongst other factors.

Disclosure of treasury bills of less than 90 days maturity

For the purpose of IFRS 7 disclosures, treasury bills with maturity tenor of less than 90 days have been classified as cash and cash equivalents in the statement of financial position.

4.3.1 Credit quality

Except for staff loans included in loans and receivables, other receivables and trade receivables, fimbancial assets are neither past due nor impaired. The credit quality of the assets are as analysed below:

Trade receivable and reinsurance contract assets subject to credit risk are further assessed below:

Amounts in thousands of Naira	31 Dec. 2023 N ′000	31 Dec. 2022 N '000
Trade receivables	55,507	40,750
Reinsurance contract assets	858,658	863,276
Total	914,165	904,026
Neither due nor impaired	914,165	904,026
Individually impaired		<u>-</u>
Carrying amount	914,165	904,026

Other assets at amortised cost and other receivables subject to credit risk are further assessed below:

Neither due nor impaired		
Amounts in thousands of Naira		
Other receivables (less prepayment)	666,617	666,617
Other assets carried at amortised cost	1,223,233	209,944
Total receivables neither due nor impaired	1,889,850	876,561
Gross total	1,889,850	876,561
Impairment allowance	(35,054)	(684)
Carrying amount	1,854,796	875,877

Credit quality

The Company's categorization of trade receivable and reinsurance contract assets as at 31 December 2023 is as follows:

Total	914,165	904,026
Reinsurance contract assets	858,658	863,276
Trade receivables	55,507	40,750

31 December 2023 Category	Α	В	С	D	Total
Insurance brokers	55,507	-	-	-	55,507
Insurance companies	-	-	-	-	-
Reinsurance companies	858,658	-	-	-	858,658
Policy holders		-	-	-	
Gross amount	914,165	-	-	-	914,165
Impairment allowance		-	-	-	
Net carrying amount	914,165	-	-	-	914,165
31 December 2022					
Category					
Insurance brokers	40,750	-	-	-	40,750
Insurance companies	-	-	-	-	-
Reinsurance companies	863,276	-	-	-	863,276
Policy holders		-	-	-	
Gross amount	904,026	-	-	-	904,026
Impairment allowance		-	-	-	
Net carrying amount	904,026	-	-	-	904,026

4.3.2 Concentration of credit risk

The Company monitors concentration of credit risk by sector.

Concentration of credit risk	Financial institutions	Manufacturing/ telecom	Real estate	Public sector	Wholesale & retail trade	Individuals	Total
31 December 2023	N ′000	N ′000	N ′000	₩′000	N ′000	N ′000	N ′000
Cash and cash equivalents	4,790,344	-	-	-	-	-	4,790,344
Financial assets:							
- fair value through profit or loss	6,856,655	-	-	66,917,003	-	-	73,773,658
- fair value through other comprehenisive	9						
income	-	-	-	27,696,374	-	183,787	27,696,374
- amortised cost	5,592,539	-	-	17,669,906	-	-	23,446,232
Trade receivables	55,507	-	-	-	-	-	55,507
Reinsurance contract assets	858,658	-	-	-	-	-	858,658
Other receivables (less prepayment)	1,244,179	-	-	-	-	-	1,244,179
Statutory deposit	-	-	-	260,000	-		260,000
Total	19,397,882	-		112,543,283		183,787	132,124,952
Concentration of credit risk 31 December 2022							
Cash and cash equivalents	5,922,740	-	-	_	-	_	5,922,740
Financial assets:	3,, ==,,						3,, ==,,
- fair value through profit or loss	2,333,831	-	-	74,063,034		-	76,396,865
- fair value through other comprehenisive	e			-	-		-
income	-						
- amortised cost	2,649,731	-	-	17,341,364	-	170,611	20,161,706
Trade receivables	40,750	-	-	-	-	-	40,750
Reinsurance assets	863,276	-	-	-	-	-	863,276
Other receivables	666,617	-	-	-	-	-	666,617
Statutory deposit				260,000	_		260,000
Total	12,476,945	-	-	91,664,398	-	170,611	104,311,954

4.3.3 Offsetting financial assets and financial liabilities

The disclosures set out in the tables below include financial assets and financial liabilities that are subject to an enforceable master netting arrangement or similar agreement that covers similar financial instruments, irrespective of whether they are offset in the statement of financial position.

Similar financial assets and liabilities include trade receivables and payables.

None of these agreements met the criteria for offsetting in the statement of financial position. Reinsurance payable and receivables create for the parties to the agreement a right of set-off of recognised amounts that is enforceable only following predetermined events as stipulated within the treaty agreements.

IFRS 17 requires all rights and obligations from a portfolio of insurance contracts, such as insurance liabilities, policyholder loans, insurance premium receivables and insurance intangible assets (for example, value of in-force business), to be presented net in one line on the balance sheet, unless the components of the insurance contract are separated.

Portfolios of insurance contracts in an asset position are presented separately from those in a liability position (no offsetting). Portfolios of insurance contracts issued are presented separately from portfolios of reinsurance contracts held. For the reporting period, the Company does not have any portfolios of insurance contracts issued in a net asset position and, similarly, no portfolios of reinsurance contracts held are in a net liability position. Insurance contract assets and reinsurance contract liabilities, if present, would require separate line items on the face of the balance sheet.

Financial assets subject to offsetting, enforceable master netting arrangements and similar agreements (not offset in the financial statements)

31 December 2023		Gross amount of financial liabilities offset in the	Net amounts of financial assets presented in the	Financia instrument not offset in	S	
In thousands of Nigerian Naira	Gross amount of recognised financial asset	statement of financial position	statement financial of position	the statemen of financia position	l collateral	Net amount
Trade receivables	55,507	-	55,507		- <u>-</u>	55,507
Reinsurance contract assets	858,658	-	858,658			858,658
Total	914,165	-	914,165			914,165

Financial liabilities subject to offsetting, enforceable master netting arrangements and similar agreements

Related amounts not offset in the statement of financial position

		Net amounts of financial liabilities presented in the statement financial of position	Financial instruments not offset in the statement of financial position	Cash collateral received	Net amount
523,926	-	523,926	-	-	523,926
523,926	-	523,926	-	-	523,926
	Gross amount of recognised financial liability 523,926	Gross amount of recognised financial liability statement of financial position	Gross amount of financial assets offset in the statement of recognised financial liability position Gross amount of financial position 523,926 Gross amount of liabilities presented in the statement financial of position 523,926 523,926	Gross amount of financial assets offset in the of recognised financial liability position financial of financial financial liability position financial financial of financial of financial position financial financial of financial financial of financial instruments not offset in the statement of financial financial instruments not offset in the statement of financial financi	Gross amount of financial assets offset in the of financial of recognised financial liability position of financial of fin

Financial assets subject to offsetting, enforceable master netting arrangements and similar agreements (not offset in the financial statements)

31 December 2022		Gross amount of financial liabilities offset in the	Net amounts of financial assets presented in the	Financia instruments not offset ir	S	
In thousands of Nigerian Naira	Gross amount of recognised financial asset	statement of financial position	statement financial of position	the statemen of financia position	l collateral	Net amount
Trade receivables	40,750	-	40,750	-	-	40,750
Reinsurance contract assets	863,276	-	863,276	-	-	863,276
Total	904,026	-	904,026	-	-	904,026

Financial liabilities subject to offsetting, enforceable master netting arrangements and similar agreements

Related amounts not offset in the statement of financial position

		Net amounts of financial liabilities presented in the statement financial of position	Financial instruments not offset in the statement of financial position	Cash collateral received	Net amount
1,456,088	-	1,456,088	-	-	1,456,088
1,456,088	-	1,456,088	-	-	1,456,088
	Gross amount of recognised financial liability	Gross amount of recognised financial liability statement of financial position 1,456,088 -	Gross amount of financial assets offset in the Gross amount of recognised financial liability position 1,456,088 Gross amount of financial liabilities presented in the statement financial of position 1,456,088 of financial liabilities presented in the statement financial of position	Gross amount of financial assets offset in the Gross amount statement of recognised of financial financial liability position 1,456,088 Gross amount of financial liabilities of financial financial of financial o	Gross amount of financial assets offset in the Gross amount of recognised financial liability position financial of financial of financial financial liability position financial of financ

The gross amount of financial assets and financial liabilities and their net amounts disclosed in the above tables have been measured in the statement of financial position on the following bases:

Trade receivables and payables Amortised cost
Reinsurance contract assets Amortised cost

4.3 Liquidity risk

Liquidity risk is the risk that financial resources may not be available to meet maturing obligations at a reasonable cost. The Company mitigates this risk by monitoring liquidity and expected outflows. The Company's current liabilities arise as claims are made and/or clients request for termination of their investment-linked products. The Company has no material commitments for capital expenditures and there is no need for such expenditures in the normal course of business. Claims payments are funded by current operating cash flow including investment income.

The limits are monitored and reported on a weekly and monthly basis to ensure that exposure of the Company's investment portfolio to this risk is properly managed.

Below is a summary of undiscounted contractual cash flows of financial assets matched with financial liabilities.

31 December 2023	Carrying amounts N'000	Gross total N′000	1-3 months N'000	3-6 months N'000	6-12 months N′000	1-5 years ₩′000	> 5years N ′000
Cash and cash equivalents	4,644,398	4,790,344	4,790,344	-	-	-	-
Investment securities:							-
- at fair value through profit or loss	73,773,658	73,773,658	116,697	-	109,339	1,357,834	72,189,788
- at fair value through other comprehensiv	/e						
income	30,110,334	30,142,701	-	-	-	-	30,142,701
- amortised cost	23,236,285	23,446,232	504,013	429,742	1,471,738	8,202,180	12,838,559
Trade receivables	55,507	55,507	55,507	-	-	-	-
Other receivables (less prepayment)	1,213,127	1,213,127	1,213,127	-	-	-	-
Total financial assets	133,033,309	133,421,569	6,679,688	429,742	1 ,581,07 7	9,560,014	115,171,048
Investment contract liabilities	3,861,086	11,761,939	-	-	3,861,086	7,900,853	-
Trade payables	523,926	523,926	523,926	-	-	-	-
Other liabilities (less deferred income)	2,271,676	2,271,676	1,734,068	537,608		-	-
Total financial liabilities	6,656,688	14,557,541	2,257,994	537,608	3,861,086	7,900,853	_
Net financial assets/(liabilities)	126,376,621	118,864,028	4,421,694	(107,866)	(2,280,009)	1,659,161	115,171,048
Insurance contract balances							
Reinsurance contract assets	858,658	858,658	257,597	283,357	317,703	-	-
Insurance contract liabilities	120,428,017	120,428,017	990,299	242,669	143,687	1,385,989	118,869,654
Net policyholders' assets/(liabilities)	5,948,604	(1,563,989)	3,431,395	(350,535)	(2,423,696)	273,172	(3,698,606)

31 December 2022	Carrying amounts	Gross total	1-3 months N '000	3-6 months N ′000	6-12 months	1-5 years N ′000	> 5years
0. 20002012		. (000		. (000	. (333		. (000
Cash and cash equivalents	5,922,740	6,010,827	6,010,827	-	-	-	-
Investment securities:							
- at fair value through profit or loss	76,396,865	76,396,865	138,384	207,375	530,354	1,503,953	74,016,799
- at fair value through other							
comprehensive income	93,812	93,812	-	-	-	-	93,812
- at amortised cost	20,103,809	20,161,706	-	39,333	-	169,927	19,952,446
Trade receivables	40,750	40,750	40,750	-	-	-	-
Other receivables (less prepayment)	1,594,340	1,594,340	1,594,340	-	-	-	<u>-</u>
Total financial assets	104,152,316	104,298,300	7,784,301	246,708	530,354	1,673,880	94,063,057
Investment contract liabilities	3,686,050	9,614,425	-	-	3,686,050	5,928,375	-
Trade payables	1,456,088	1,456,088	1,456,088	-	-	-	-
Other liabilities (less deferred income)	1,439,657	1,439,657	1,267,183	172,474	-	-	-
Total financial liabilities	6,581,795	12,510,170	2,723,271	172,474	3,686,050	5,928,375	_
Net financial assets	97,570,521	91,788,130	5,061,030	74,234	(3,155,696)	(4,254,495)	94,063,057
Insurance contract balances							
Reinsurance contract assets	863,276	863,276	258,983	284,881	319,412	-	-
Insurance contract liabilities	85,100,948	85,100,948	216,392	116,728	67,879	947,516	83,752,433
Net policyholders' (liabilities)/assets	12,469,573	6,687,182	4,844,638	(42,494)	(3,223,575)	(5,202,011)	10,310,624

Capital management 4.5

The National Insurance Commission (NAICOM) sets and monitors capital requirements for insurance companies.

The Company's policy is to maintain a strong capital base to maintain investor, creditor and market confidence and to sustain the future development of the business. The impact of the level of capital on shareholders' return is also recognised and the Company recognises the need to maintain a balance between the higher returns that might be possible with greater gearing and the advantages and security afforded by a sound capital position. The Company has complied with all externally imposed capital requirements.

Management uses regulatory capital ratios to monitor its capital base. The allocation of capital between specific operations and activities is, to a large extent, driven by optimisation of the return achieved on the capital allocated. The amount of capital allocated to each operation or activity is based primarily on the regulatory capital, but in some cases the regulatory requirements do not fully reflect the varying degree of risk associated with different activities. In such cases, the capital requirements may be flexed to reflect differing risk profiles, subject to the overall level of capital to support a particular operation or activity not falling below the minimum required for regulatory purposes. The Company ensures it maintains the minimum required solvency capital at all times throughout the year.

The regulatory capital for the Life business is as specified in the Finance Act 2022. The Federal Government of Nigeria, by Federal Republic of Nigeria Official Gazette, dated 18th January, 2023, amended the Finance Act, 2022. The Finance Act 2022 (Part IX – Insurance Act) in Sections 33, 34, and 35 contains provisions which amended Sections 9, 10 and 102 of Insurance Act, 2003, as previously related to paid-up share capital. The Sections of the Act amended the Insurance Act by substituting the words "paid-up share capital", with the words "Capital requirement" and wherever they appear in Insurance Act 2003. The words "Capital requirement" was introduced and inserted in Section 102 of the Insurance Act. By the provision of section 35, "Capital Requirement" means -

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

For this purpose, Admissible Assets are defined as:

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

- (b) in the case of a new company -
- (I) Government bonds and treasury bills,
- (ii) Cash and bank balances, and
- (iii) Cash and cash equivalent.

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

31 Dec. 20223 ₩'000	31 Dec. 2022 ₩'000
8,000,000	8,000,000
264,827	(1,816,723)
2,538,805	2,075,796
10,803,632	8,259,073
	<u>-</u>
10,803,632	8,259,073
-	-
-	-
10,803,632	8,259,073
	N'000 8,000,000 264,827 2,538,805 10,803,632 - 10,803,632

Insurance industry regulator measures the financial strength of insurance companies using the capital adequacy requirements for companies. This test compares insurers' capital against the risk profile. The regulator indicated that insurers should produce a minimum solvency capital margin of 100%. The regulator has the authority to request more extensive reporting and can place restrictions on the Company's operations if the Company falls below this minimum requirement if deemed necessary.

4.5 Capital management - continued

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

	To	otal	Admissible		
Assets	31 Dec. 2023 N ′000	31 Dec. 2022 N ′000	31 Dec. 2023 N '000	31 Dec. 2022 N '000	
Cash and cash equivalents	4,644,404	5,922,756	4,644,404	5,922,756	
Financial assets:	-	-			
Fair value through profit or loss	73,773,658	81,178,946	73,773,658	81,178,946	
Fair value through other comprehensive income	30,110,334	93,812	30,110,334	93,812	
Financial assets held at amortised cost	23,236,285	20,103,809	23,236,285	20,103,809	
Other receivables	1,436,963	1,786,464	-	-	
Statutory deposit	260,000	260,000	260,000	260,000	
Land and building	3,179,000	2,576,036	666,667	666,667	
Furniture and fittings	34,536	34,386	34,536	34,386	
Office equipment	46,385	42,109	46,385	42,109	
Computer equipment	35,147	26,193	35,147	26,193	
Motor vehicles	159,559	196,479	159,559	196,479	
Work-in-progress	100,000	76,000	-	-	
Intangible assets	95,013	73,218	95,013	73,218	
Investment property	1,288,000	1,143,299	1,152,000	1,043,374	
Right-of-use assets	-	1,078	-	-	
Reinsurance contract assets	858,658	863,276	858,658	863,276	
Trade receivables	55,507	40,750	55,507	40,750	
Total assets	139,313,449	114,418,611	135,128,153	110,545,775	

The Solvency Margin for the Company as at 31 December 2023- continued

	To	otal	Admissible		
Liabilities	31 Dec. 2023 N′000	31 Dec. 2022 N'000	31 Dec. 2023 N '000	31 Dec. 2022 N '000	
Insurance contract liabilities	120,428,017	98,202,308	120,428,017	98,202,308	
Reinsurance contract liabilities	45,340	31,094	45,340	31,094	
Investment contract liabilities	3,861,086	3,686,050	3,861,086	3,686,050	
Deferred tax liabilities	742,705	522,335	-	-	
Funds to meet other liabilities	3,066,684	3,046,021	3,066,684	3,046,021	
Total liabilities	128,143,83 2	105,487,808	127,401,127	104,965,473	
Solvency margin			7,727,026	5,580,302	
Minimum solvency requirement			2,000,000	2,000,000	
Solvency ratio			386%	279%	

4.6 Fair value hierarchy

The Company's accounting policy on fair value measurements is discussed in note 2.3 b(iii).

The fair values of financial assets and liabilities that are traded in active markets are based on quoted market prices or dealer price quotations. For all other financial instruments, the Company determines fair values using other valuation techniques.

For financial instruments that trade infrequently, and had little price transparency, fair value is less objective, and requires varying degrees of judgement depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risk affecting the specific instrument.

Valuation models

The Company measures fair values using the following fair value hierarchy, which reflects the significance of the inputs used in making the measurements.

Financial instruments in level 1

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the group is the current bid price. These instruments are included in Level 1. Instruments included in Level 1 comprise primarily Nigerian Stock Exchange equity investments classified as assets held at fair value through profit or loss or at fair value through other comprehensive income.

Financial instruments in level 2

Inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.

Financial instruments in level 3

Level 3: inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

The table below analyses financial instruments measured at fair value at the end of the reporting period, by the level in the fair value hierarchy into which the fair value measurement is categorized. The amounts are based on the values recognised in the statement of financial position.

Financial instruments not measured at fair value

The following table sets out the carrying amount of financial instruments not measured at fair value and the analysis per level in the fair value hierarchy into which each fair value measurement is categorised.

31 December 2023	Level 1 N ′000	Level 2 N '000	Level 3 ₩′000	Total N ′000
Cash and cash equivalents	-	4,644,404	-	4,644,404
Trade receivables	-	55,507	-	55,507
Assets held at amortised cost	22,048,106	1,188,179	-	23,236,285
Reinsurance contract assets	-	858,658	-	858,658
Other receivables (less prepayment)	-	1,244,179	-	1,244,179
Statutory deposit		260,000	-	260,000
Total	22,048,106	8,250,927	-	30,299,033
Investment contract liabilities	-	3,861,086	-	3,861,086
Trade payables	-	523,926	-	523,926
Other liabilities		2,376,189	-	2,376,189
Total		6,761,201	-	6,761,201

31 December 2022	Level 1 N ′000	Level 2 N ′000	Level 3 N '000	Total N ′000
Cash and cash equivalents	-	5,922,756	-	5,922,756
Trade receivables	-	40,750	-	40,750
Assets held at amortised cost	19,894,549	209,260	-	20,103,809
Reinsurance contract assets	-	863,276	-	863,276
Other receivables (less prepayment)	-	1,594,340	-	1,594,340
Statutory deposit		260,000	-	260,000
Total	19,894,549	8,890,382	-	28,784,931
Investment contract liabilities	-	3,686,050	-	3,686,050
Trade payables	-	1,456,088	-	1,456,088
Other liabilities		1,536,088	-	1,536,088
Total	-	6,678,226	-	6,678,226

Non-financial assets measured at fair value

Investment properties are a recurring fair value measurement valued using the income approach. The rental income/prices of comparable buildings in close proximity are adjusted for differences in key attributes such as property size, beta, growth rates, discount rate, inflation rate, holding period and capitalisation rate. The valuation of the investment properties has been determined within level 3 of the fair value hierarchy.

Investment Property	Valuation Technique	Fair value as 31 Dec. 2023
Leasehold property at 23/25 Martins Street, Lagos	Market Value method	750,000
Leasehold property at Plot 5, Block E, CBD, Alausa, Ikeja	Market Value method	402,000
Landed property at Ogombo, Ajah/Epe Expressway, Lekki	Market Value method	32,000
Landed property at 10, Aje Road Sabo Yaba, Lagos	Market Value method	104,000

Property, plant and equipment	Valuation Technique	Fair value as 31 Dec. 2023
16A, Commercial Avenue, Sabo, Yaba, Lagos State	Market Value method	2,620,000
27, Commercial Avenue, Sabo, Yaba, Lagos State	Market Value method	400,000
No. 9, Onireke Residential layout, Ibadan, Oyo State	Market Value method	150,000
Shop H4016, Tejuosho Shopping Modern Market, Yaba, Lagos State	Market Value method	9,000
Work in progress: 29, Commercial Avenue, Sabo, Yaba, Lagos State	Market Value method	100,000

Determination of fair value

The determination of fair value for each class of financial instruments was based on the particular characteristic of the instruments. The method and assumptions applied are enumerated below:

Cash and cash equivalent and borrowings

The estimated fair value of fixed interest placement with banks, bonds and borrowings is based on the discounted cash flow techniques using prevailing money market interest rates for debts and similar credit risk and remaining maturity.

Quoted securities

The fair value for treasury bills and bonds assets is based on market prices or brokers/dealers price quotations. Where this information is not available, fair valuation is estimated using quoted market prices for securities with similar credit, maturity and yield characteristics.

Unquoted equity securities available for sale

The fair value of assets held at fair value through other comprehensive income is based on the market approach which considers similar/ identical transactions.

Trade receivables and payables, reinsurance receivables and other liabilities

The estimated fair value of receivables and payables with no stated maturity which includes no interest payables and receivables is the amount repayable or to be received on demand.

The carrying amounts of other liabilities are reasonable approximation of their fair values which are payable on demand.

4.7 Asset and Liability Management (ALM)

The Company is exposed to a range of financial risks through its financial assets, financial liabilities (investment contracts), reinsurance assets and insurance liabilities. In particular, the key financial risk is that in the long-term its investment proceeds are not sufficient to fund the obligations arising from its insurance and investment contracts. The most important components of this financial risk are interest rate risk, equity price risk, foreign currency risk and credit risk.

These risks arise from open positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements. The risks that the Company primarily faces due to the nature of its investments and liabilities are interest rate risk and equity price risk.

The Company manages these positions within an ALM framework that has been developed to achieve long-term investment returns in excess of its obligations under insurance and investment contracts. Within the ALM framework, the Company periodically produces reports at portfolio, legal entity and asset and liability class level that are circulated to the Company's key management personnel. The principal technique of the Company's ALM is to match assets to the liabilities arising from insurance and investment contracts by reference to the type of benefits payable to contract holders. For each distinct class of liabilities, a separate portfolio of assets is maintained. The Company has not changed the processes used to manage its risks from previous periods.

The Company's ALM is integrated with the management of the financial risks associated with the Company's other classes of financial assets and liabilities not directly associated with insurance and investment liabilities (in particular, borrowings and investments in foreign operations). The notes below explain how financial risks are managed using the categories utilized in the Company's ALM framework. In particular, the ALM Framework requires the management of interest rate risk, equity price risk and liquidity risk at the portfolio level. Foreign currency and credit risk are managed on a company-wide basis.

4.7 Asset and Liability Management (ALM) - continued

The table below hypothecates the total assets of the Company into assets that represents insurance funds, shareholders' funds and other funds such as investment contracts:

(a) 31 December 2023	Shareholders' Fund N '000	Policy-holders' Fund N '000	Investment Contract N '000	Annuity Funds N '000	Total N ′000
Investment property	-	1,288,000		-	1,288,000
Property, plant and equipment:					
- Real estate	3,179,000	-	-	-	3,179,000
- Equipment	81,532	-	-	-	81,532
- Motor vehicles	159,559	-	-	-	159,559
- Furniture	34,536	-	-	-	34,536
- Work-in-progress	100,000				100,000
Trade receivables	55,507				55,507
Reinsurance contract assets	-	858,658	-	-	858,658
Other receivables and prepayments	1,436,963	-	-	-	1,436,963
Intangible assets	95,013	-	-	-	95,013
Statutory deposit	260,000	-	-	-	260,000
Financial assets:					
- Government and corporate bonds		9,741,742	10,216,626	97,681,934	117,640,302
- Treasury bills		1,139,663		-	1,139,663
- Mutual funds				4,075,776	4,075,776
- Quoted securities	630,030	-	-	-	630,030
- Unquoted securities (FVOCI)	2,367,583		78,744	-	2,446,327
- Commercial paper	-	989,108	-	15,928	1,005,036
- Loan to policyholders	109,276	-	-	-	109,276
- Loan to staff	73,867	-	-	-	73,867
Cash and cash equivalents:					
- Bank placements	258,669	-	1,216,417	1,961,531	3,436,617
- Bank and cash balances	175,697	586,134	<u>-</u>	445,956	1,207,787
Total assets	9,017,232	14,603,305	11,511,787	104,181,125	139,313,449

4.7 Asset and Liability Management (ALM) - continued

The following tables reconcile the statement of financial position to the classes and portfolios used in the Company's ALM framework.

(b) 31 December 2022	Shareholders' Fund N '000	Policy-holders' Fund N '000	Investment Contract N '000	Annuity Funds N '000	Total N ′000
Investment property	-	1,143,299	-	-	1,143,299
Property, plant and equipment:					
- Real estate	2,576,036	-	-	-	2,576,036
- Equipment	68,302	-	-	-	68,302
- Motor vehicles	196,479	-	-	-	196,479
- Furniture	34,386	-	-	-	34,386
- Work-in-progress	76,000				76,000
Investment in equity accounted investee	-				-
Trade receivables	40,750				40,750
Reinsurance contract assets	-	863,276	-	-	863,276
Other receivables and prepayments	1,786,464	-	-	-	1,786,464
Right-of-use assets	1,078	-	-	-	1,078
Intangible assets	73,218	-	-	-	73,218
Statutory deposit	260,000	-	-	-	260,000
Financial assets:					
- Government and corporate bonds	1,052,107	9,921,216	7,973,458	77,344,633	96,291,414
- Mutual funds	-	-	-	4,012,291	4,012,291
- Quoted securities	769,790	-	-	-	769,790
- Unquoted securities (FVOCI)	-	-	93,812	-	93,812
- Treasury bills	-	-	-	-	
- Commercial paper	-	38,728	-	-	38,728
- Loan to policyholders	98,765	-	-	-	98,765
- Loan to staff	71,767	-	-	-	71,767
Cash and cash equivalents:					
- Bank placements	-	-	-	3,042,112	3,042,112
- Bank and cash balances	380,205	874,026	1,216,616	409,797	2,880,644
Total assets	7,485,347	12,840,545	9,283,886	84,808,833	114,418,611

4.7 Asset and Liability Management (ALM) - continued

The following tables reconcile the statement of financial position to the classes and portfolios used in the Company's ALM framework.

c) 31 December 2023	Shareholders' Fund N '000	Policy-holders' Fund N '000	Investment Contract N '000	Annuity Funds N '000	Total N ′000
ASSETS	14 000	14 000	11 000	14 000	14 000
Cash and cash equivalents	434,366	586,134	1,216,417	2,407,487	4,644,404
Financial assets	3,180,756	11,870,513	10,295,370	101,773,638	127,120,277
Trade receivables	55,507	-	-	-	55,507
Reinsurance contract assets	-	858,658	-	-	858,658
Other receivables	1,436,963	-	-	-	1,436,963
Intangible assets	95,013	-	-	-	95,013
Property and equipment	3,554,627	-	-	-	3,554,627
Investment property		1,288,000		-	1,288,000
Statutory deposit	260,000	-	-	-	260,000
Total assets	9,017,232	14,603,305	11,511,787	104,181,125	139,313,449
LIABILITIES					
Insurance contract liabilities	-	22,396,980	-	98,031,037	120,428,017
Reinsurance contract liabilities	-	45,340	-	-	45,340
Investment contract liabilities	-	-	3,861,086	-	3,861,086
Trade payables	523,926	-	-	-	523,926
Other liabilities	2,376,189	-	-	-	2,376,189
Current tax liabilities	166,569				166,569
Deferred income tax liabilities	742,705	-	-	-	742,705
Total liabilities	3,809,389	22,442,320	3,861,086	98,031,037	128,143,832
Surplus	5,207,843	(7,839,015)	7,650,701	6,150,088	11,169,617

4.7 Asset and Liability Management (ALM) - continued

(d) 31 December 2022	Shareholders' Fund N '000	Policy-holders' Fund N '000	Investment Contract N '000	Annuity Funds N '000	Total N ′000
ASSETS	11 000	11 000	14 000	14 000	14 000
Cash and cash equivalents	380,205	874,026	1,216,616	3,451,909	5,922,756
Financial assets	1,992,429	9,959,944	8,067,270	81,356,924	101,376,567
Trade receivables	40,750	-	-	-	40,750
Reinsurance contract assets	-	863,276	-	-	863,276
Other receivables	1,786,464	-	-	-	1,786,464
Right-of-use assets	1,078				1,078
Intangible assets	73,218	-	-	-	73,218
Property and equipment	2,951,203	-	-	-	2,951,203
Investment property	-	1,143,299	-	-	1,143,299
Statutory deposit	260,000	-	-	-	260,000
Total assets	7,485,347	12,840,545	9,283,886	84,808,833	114,418,611
LIABILITIES					
Insurance contract liabilities	-	18,151,768	-	80,050,540	98,202,308
Reinsurance contract liabilities	-	31,094	-	-	31,094
Investment contract liabilities	-	-	3,686,050	-	3,686,050
Trade payables	1,456,088	-	-	-	1,456,088
Other payables	1,536,088	-	-	-	1,536,088
Current tax liabilities	53,845				53,845
Deferred tax liabilities	522,335	-	-	-	522,335
Total liabilities	3,568,356	18,182,862	3,686,050	80,050,540	105,487,808
Surplus	3,916,991	(5,342,317)	5,597,836	4,758,293	8,930,803

5	Cash and cash equivalents	31 Dec. 2023 N '000	Restated 31 Dec. 2022 N '000
	Cash in hand	6	16
	Cash at bank (see note (a) below)	1,207,781	1,473,503
	Bank placements (see note (b) below)	3,436,617	4,449,237
		4,644,404	5,922,756
(a)	Cash at bank	1,239,997	1,492,953
()	Allowance for impairment	(32,216)	(19,450)
		1,207,781	1,473,503
(b)	Bank placements	3,550,347	4,517,874
(~)	Allowance for impairment	(113,730)	(68,637)
		3,436,617	4,449,237
(c)	Reconciliation of cash and cash equivalents		
(0)	Principal amount invested	4,506,902	5,937,140
	Interest accrued during the year	542,741	573,256
	Interest received during the year	(518,897)	(549,413)
	Allowance for impairment	(145,946)	(88,087)
	Foreign exchange (loss)/gain	259,604	49,860
		4,644,404	5,922,756
(d)	Movement in impairment allowance on cash and cash equivalents is detailed below:		
(i)	Cash at bank and in hand	32,216	19,450
()	Bank placements	113,730	68,637
	Total allowance for impairment	145,946	88,087
(ii)	Balance, beginning of year	88,087	83,608
` '	Movement for the year (see note 31)	57,859	4,479
	Balance, end of year	145,946	88,087
		<u></u>	

6	Financial assets	31 Dec. 2023 N'000	Restated 31 Dec. 2022 N '000
	Fair value through profit or loss (see note 6(a) below)	73,773,658	81,178,946
	Fair value through other comprehensive income (see note 6(b) below)	30,110,334	93,812
	Amortised cost (see note 6c below)	23,236,285	20,103,809
		127,120,277	101,376,567
		0 (01 500	015 444
	Current	2,631,529	915,446
	Non-current	124,488,748	100,461,121
6(a)	Fair value through profit or loss		
	Federal Government bonds - Nigeria (see note 6a(i))	66,077,054	73,106,135
	State Government bonds - Nigeria (see note 6a(ii))	839,949	956,899
	Corporate bonds (see note 6a(iii))	2,150,849	2,333,831
	Mutual funds (see note 6a(iv))	4,075,776	4,012,291
	Quoted equity securities (see note 6a(v))	630,030	769,790
	, , , , , , , , , , , , , , , , , , , ,	73,773,658	81,178,946
	Current	226,036	876,113
	Non-current	73,547,622	80,302,833
	Movement in financial instruments at fair value through profit or loss:		
I	Movement in Federal Government bonds - Nigeria		
·	Balance, beginning of year	73,106,135	58,030,009
	Addition during the year	10,984,395	30,738,261
	Interest accrued during the year	10,306,469	8,131,132
	Fair value loss during the year	(7,723,256)	(5,873,474)
	Coupon received during the year	(12,970,712)	(7,848,849)
	Maturities/liquidation	(8,011,038)	(11,514,542)
	Realised gain during the year	385,060	1,443,598
	Balance, end of year	66,077,054	73,106,135

		31 Dec. 2023	Restated 31 Dec. 2022
		N ′000	N ′000
ii	Movement in State Government bonds - Nigeria		
	Balance, beginning of year	956,899	1,009,679
	Additions during the year	-	-
	Interest accrued during the year	115,409	130,980
	Fair value loss during the year	(1,259)	(32,149)
	Coupon received during the year	(127,700)	(150,639)
	Realised gain during the year	-	-
	Redemption/maturity during the year	(103,400)	(972)
	Balance, end of year	839,949	956,899
iii	Movement in Corporate bonds		
	Balance, beginning of year	2,333,831	2,011,015
	Addition during the year	-	549,714
	Interest accrued during the year	313,003	287,263
	Fair value loss during the year	(91,650)	(228,978)
	Coupon received during the year	(189,705)	(304,894)
	Foreign exchange gain	503,524	31,422
	Redemption/maturity during the year	(718,154)	(11,711)
	Balance, end of year	2,150,849	2,333,831

	31 Dec. 2023	Restated 31 Dec. 2022
	N'000	₩′000
iv Movement in mutual funds		
Balance, beginning of year	4,012,291	4,029,947
Fair value gain/(loss) during the year	63,485	(17,656)
Balance, end of year	4,075,776	4,012,291
v Movement in quoted equity securities		
Balance, beginning of year	769,790	847,618
Addition during the year	79,054	131,014
Fair value gain/(loss) during the year	196,835	(16,631)
Redemption/disposal during the year	(440,243)	(195,638)
Realised gain during the year	24,594	3,427
Balance, end of year	630,030	769,790
vi Movement in treasury bills		
Balance, beginning of year	-	-
Addition during the year	1,449,639	-
Interest accrued during the year	22,955	-
Realised gain during the year	15,883	-
Maturity/liquidation during the year	(1,488,477)	<u>-</u>
Realised gain during the year		

vii Reconciliation of fair value through profit or loss

31 December 2023	Bonds FGN N '000	Bonds State N '000	Bonds Corporate N '000	Mutual funds N ′000	Treasury bills N ′000	Quoted Equities N '000	Total N ′000
Balance, beginning of year	73,106,135	956,899	2,333,831	4,012,291	-	769,790	81,178,946
Addition	10,984,395	-	-	-	1,449,639	79,054	12,513,088
Interest accrued	10,306,469	115,409	313,003	-	22,955	-	10,757,836
Fair value (loss)/gain	(7,723,256)	(1,259)	(91,650)	63,485		196,835	(7,555,845)
Coupon received	(12,970,712)	(127,700)	(189,705)	-		-	(13,288,117)
Maturities / liquidation	(8,011,038)	(103,400)	(718,154)	-	(1,488,477)	(440,243)	(10,761,312)
Foreign exchange gain	-	-	503,524	-		-	503,524
Realised gain	385,060	-	-	-	15,883	24,594	425,537
Balance, end of year	66,077,054	839,949	2,150,849	4,075,776	-	630,030	73,773,658
31 December 2022							
Balance, beginning of year	58,030,009	1,009,679	2,011,015	4,029,947	-	847,618	65,928,268
Addition	30,738,261	-	549,714	-	-	131,014	31,418,989
Interest accrued	8,131,132	130,980	287,263	-	-	-	8,549,375
Fair value loss	(5,873,474)	(32,149)	(228,978)	(17,656)	-	(16,631)	(6,168,888)
Coupon received	(7,848,849)	(150,639)	(304,894)	-	-	-	(8,304,382)
Maturities / liquidation	(11,514,542)	(972)	(11,711)	-	-	(195,638)	(11,722,863)
Foreign exchange gain	-	-	31,422	-	-	-	31,422
Realised gain	1,443,598	-	-	-	-	3,427	1,447,025
Balance, end of year	73,106,135	956,899	2,333,831	4,012,291	-	769,790	81,178,946

	31 Dec. 2023 N ′000	31 Dec. 2022 N '000
ll Government bonds - Nigeria (see note (ii))	27,696,374	-
investments at fair value through other comprehensive income (see note (iii))	2,446,327	93,812
	30,142,701	93,812
llowance for debt investments at fair value through OCI	(32,367)	<u>-</u>
	30,110,334	93,812
nt en	-	-
urrent	30,110,334	93,812
nent in financial assets held at fair value through other comprehensive income		
	93.812	115,119
	•	-
	•	3,895
		108
		(25,310)
on received during the year	(1,656,742)	-
ties/liquidation	(5,145,619)	-
ed gain/loss during the year	210,230	-
n exchange gain	891,220	-
lowance for debt instruments at fair value through OCI	(32,367)	-
ze, end of year	30,110,334	93,812
	Il Government bonds - Nigeria (see note (ii)) investments at fair value through other comprehensive income (see note (iii)) Illowance for debt investments at fair value through OCI Int turrent Inent in financial assets held at fair value through other comprehensive income tee, end of year sification from Other Assets tons during the period the accrued during the period thue gains ton received during the year ties/liquidation and gain/loss during the year in exchange gain lowance for debt instruments at fair value through OCI tee, end of year	Il Government bonds - Nigeria (see note (iii)) 27,696,374 investments at fair value through other comprehensive income (see note (iii)) 30,142,701 30,142,701 30,110,334 Int Internet in financial assets held at fair value through other comprehensive income see, end of year selfication from Other Assets 1923,000 193,812 194 at accrued during the period 194 at accrued during the period 195 at accrued during the year 196 at accrued during the year 197 at accrued during the year 198 at accrued during the year 198 at accrued during the year 199 at accrued through OCI

6(b)	Fair value through other comprehensive income contd	31 Dec. 2023 N '000	31 Dec. 2022 N '000
ii	Movement in FGN bonds held at fair value through other comprehensive income		
	Balance, beginning of year	-	-
	Additions during the period	34,382,655	-
	Interest accrued during the period	1,228,504	-
	Fair value gains	(1,322,654)	-
	Coupon received during the year	(1,656,742)	-
	Maturities/liquidation	(5,145,619)	-
	Realised gain/loss during the year	210,230	-
		27,696,374	-
	ECL allowance for debt instruments at fair value through OCI	(32,367)	-
	Balance, end of year	27,664,007	-
iii	Other investments at fair value through other comprehensive income comprise:		
	Investment in Healthcare International Limited	7,984	30,438
	Investment in Kakawa Guaranteed Fund	14,720	14,329
	Investment in Paramount Equity Fund	596	373
	Investment in Afrinvest Nigeria International Debt Fund	55,444	48,672
	Investment in MoniePoint SP	2,367,583	-
		2,446,327	93,812

		31 Dec. 2023 N '000	31 Dec. 2022 N '000
iv	Movement in other investments at fair value through other comprehensive income		
	Balance, beginning of year	93,812	115,119
	Additions during the year	4,094	3,895
	Reclassification from Other Assets	923,000	-
	Accrued interest	391	108
	Fair value gain/(loss)	533,810	(25,310)
	Foreign exchange gain	891,220	-
	Balance, end of year	2,446,327	93,812
iv-a	Movement in Healthcare International Limited		
	Balance, beginning of year	30,438	56,384
	Fair value loss	(22,454)	(25,946)
	Balance, end of year	7,984	30,438
iv-b	Movement in Kakawa Guaranteed Fund		
	Balance, beginning of year	14,329	14,221
	Accrued interest	391	108
	Balance, end of year	14,720	14,329
iv-c	Movement in investment in Paramount Equity Fund		
	Balance, beginning of year	373	339
	Additions during the year	22	14
	Fair value gain	201	20
	Balance, end of year	596	373

iv-d	May appear to investment in Africa and Niceria International Delet Fund	31 Dec. 2023 N ′000	31 Dec. 2022 N '000
iv-u	Movement in investment in Afrinvest Nigeria International Debt Fund		
	Balance, beginning of year	48,672	44,175
	Additions during the year	4,072	3,881
	Fair value gain	2,700	616
	Balance, end of year	55,444	48,672
v-a	Movement in MoniePoint SP		
	Balance, beginning of year	-	-
	Reclassification from Other Assets (see note (8c)	923,000	
	Fair value gain	553,363	-
	Foreign exchange gain	891,220	-
	Balance, end of year	2,367,583	
v-b	Reconciliation of allowance for impairment on financial		
	assets held at fair value through other compreensive income		
	Balance, end of year	_	-
	Movement during the year	32,367	-
	Balance, beginning of year	32,367	_

6c Financial assets held at amortised cost	31 Dec. 2023 N '000	31 Dec. 2022 N ′000
Federal Government bonds - Nigeria (see note 6c(l))	15,968,104	16,669,118
State Government bonds - Nigeria (see note 6c(ii))	560,794	672,246
Corporate bonds (see note 6c(iii))	4,553,093	2,610,398
Treasury bills (see note 6c(iv))	1,141,008	-
Other assets at amortised cost (see note 6c(v))	1,223,233	209,944
	23,446,232	20,161,706
Impairment allowance for financial assets held at amortised cost (see note 6c(vi))	(209,947)	(57,897)
	23,236,285	20,103,809
Current	2,405,493	39,333
Non current	20,830,792	20,064,476

Fair values for amortised cost assets are based on market prices or broker/dealer price quotations. At the reporting date, no held-to-maturity assets were past due or impaired.

i	Movement in Federal Government bonds - Nigeria		
	Balance, beginning of year	16,669,118	14,774,449
	Addition during the year	-	1,865,985
	Coupon received during the year	(2,049,011)	(1,816,493)
	Interest accrued during the year	2,037,997	1,845,177
	Maturity / liquidation during the year	(690,000)	-
	Realised gain during the year	· · · · · · · · · · · · · · · · · · ·	-
		15,968,104	16,669,118
	Allowance for impairment:		
	Balance, beginning of year	(17,575)	(16,710)
	Movement during the year	(96)	(865)
		(17,671)	(17,575)
	Balance, end of year	15,950,433	16,651,543

	31 Dec. 2023 N '000	31 Dec. 2022 N ′000
ii Movement in State Government bonds - Nigeria	14 000	14 000
Balance, beginning of year	672,246	771,429
Addition during the year	-	-
Coupon received during the year	(72,092)	(181,595)
Interest accrued during the year	70,143	82,412
Maturity / liquidation during the year	(109,503)	-
	560,794	672,246
Allowance for impairment:		
Balance, beginning of year	(1,266)	(1,523)
Movement during the year	261	257
	(1,005)	(1,266)
Balance, end of year	559,789	670,980
iii Movement in Corporate bonds		
Balance, beginning of year	2,610,398	2,034,995
Addition during the year	-	444,915
Coupon received during the year	(312,446)	(192,665)
Interest accrued during the year	316,346	199,075
Foreign exchange gain	1,938,795	124,078
	4,553,093	2,610,398
Allowance for impairment:		
Balance, beginning of year	(38,372)	(37,395)
Movement during the year	(116,500)	(977)
	(154,872)	(38,372)
Balance, end of year	4,398,221	2,572,026

		31 Dec. 2023 N '000	31 Dec. 2022 N ′000
iv	Movement in Treasury Bill		
	Balance, beginning of year	-	-
	Addition during the year	2,551,552	-
	Interest accrued during the year	62,051	-
	Maturity / liquidation during the year	(1,472,595)	-
		1,141,008	-
	Allowance for impairment:		
	Balance, beginning of year	-	-
	Movement during the year	(1,345)	-
		(1,345)	-
	Balance, end of year	1,139,663	-
٧	Other assets at amortised cost		
	Loans to policy holders	109,276	98,765
	Commercial papers (see note 6c(v-a))	1,039,446	39,333
	Staff loans and advances	74,511	71,846
		1,223,233	209,944
	Impairment allowance on other assets at amortised cost	(35,054)	(684)
		1,188,179	209,260
	Current	1,148,551	39,333
	Non-current	39,628	169,927

		31 Dec. 2023 N '000	31 Dec. 2022 N '000
V-a	Movement in commercial papers	.,,	.,,
	Balance, beginning of year	39,333	499,323
	Addition	3,266,322	1,635,452
	Interest accrued during the year	407,134	96,826
	Interest received during the year	(196,372)	(94,488)
	Maturities/liquidation during the year	(2,476,971)	(2,097,780)
		1,039,446	39,333
	Allowance for impairment:		
	Balance, beginning of year	(605)	(10,907)
	Movement during the year	(33,805)	10,302
		(34,410)	(605)
	Balance, end of year	1,005,036	38,728
v-b	Movement in loans to policy holder and staff loan		
	Balance, beginning of year	170,611	126,555
	Addition during the year	26,361	80,442
	Interest accrued during the year	35,752	25,062
	Interest received during the year	(2,423)	(242)
	Fair value loss	(17,186)	(24,909)
	Maturities/liquidation	(29,328)	(36,297)
		183,787	170,611
	Allowance for impairment:		
	Balance, beginning of year	(79)	(226)
	Movement during the year	(565)	147
		(644)	(79)
	Balance, end of year	183,143	170,532

vi	Reconciliation of allowance for impairment on amortised cost	31 Dec. 2023 N ′000	31 Dec. 2022 N '000
	Balance, beginning of year	57,897	66,761
	Movement during the year (see note 31)	152,050	(8,864)
	Balance, end of year	209,947	57,897
vi-a	Allowance for impairment on amortised cost comprises the following:		
	Federal Government bonds - Nigeria	17,671	17,575
	State Government bonds - Nigeria	1,005	1,266
	Corporate bonds	154,872	38,372
	Treasury bills	1,345	-
	Other assets at amortised cost	35,054	684
		209,947	57,897

6(c)(vii) Reconciliation of Amortise	Bonds FGN ed Cost N'000	Bonds State N '000	Bonds Corporate N '000	Treasury Bill ₩′000	Commercial Papers N '000	Loan to policyholders and Staff Ioan N '000	Total N ′000
2023							
Opening balance	16,651,543	670,980	2,572,026	-	38,728	170,532	20,103,809
Addition	-	-	-	2,551,552	3,266,322	26,361	5,844,235
Interest accrued	2,037,997	70,143	316,346	62,051	407,134	35,752	2,929,423
Coupon / interest received	(2,049,011)	(72,092)	(312,446)	-	(196,372)	(2,423)	(2,632,344)
Maturities / liquidation	(690,000)	(109,503)	-	(1,472,595)	(2,476,971)	(29,328)	(4,778,397)
Realised (loss)/ gain during the year	-	-	-	-	-	-	-
Fair value loss	-	-	-	-	-	(17,186)	(17,186)
Impairment allowance for the year	(96)	261	(116,500)	(1,345)	(33,805)	(565)	(152,050)
Foreign exchange gain	-	-	1,938,795	-	-	-	1,938,795
Balance, end of year	15,950,433	559,789	4,398,221	1,139,663	1,005,036	183,143	23,236,285
2022							
Opening balance	14,757,739	769,906	1,997,600	-	488,416	126,329	18,139,990
Addition	1,865,985	-	444,915	-	1,635,452	80,442	4,026,794
Interest accrued	1,845,177	82,412	199,075	-	96,826	25,062	2,248,552
Coupon/interest received	(1,816,493)	(181,595)	(192,665)	-	(94,488)	(242)	(2,285,483)
Maturities / liquidation	-	-	-	-	(2,097,780)	(36,297)	(2,134,077)
Realised (loss)/gain during the year	-	-	-	-	-	-	-
Fair value loss	-	-	-	-	-	(24,909)	(24,909)
Impairment allowance for the year	(865)	257	(977)	-	10,302	147	8,864
Foreign exchange gain	-	-	124,078	-	-	-	124,078
Balance, end of year	16,651,543	670,980	2,572,026	-	38,728	170,532	20,103,809

Financial assets held at amortised cost	Fair value through other comprehensive income	Fair value through profit or loss	d) Summary of movement in classes of financial assets	6(d)
₩′000	N ′000	N'000	2023	
20,103,809	93,812	81,178,946	Balance, beginning of year	
5,844,235	34,386,749	12,513,088	Addition	
-	923,000	-	Reclassification from Other Assets	
2,929,423	1,228,895	10,757,836	Interest accrued	
(17,186)	(788,844)	(7,555,845)	Fair value loss	
(2,632,344)	(1,656,742)	(13,288,117)	Coupon/interest received	
(4,778,397)	(5,145,619)	(10,761,312)	Maturities / liquidation	
1,938,795	891,220	503,524	Foreign exchange gain	
-	210,230	425,537	Realised gain	
(152,050)	(32,367)		Impairment allowance for the year	
23,236,285	30,110,334	73,773,658	Balance, end of year	
			2022	
18,139,990	115,119	65,928,268	Balance, beginning of year	
4,026,794	3,895	31,418,989	Addition	
2,248,552	108	8,549,375	Interest accrued	
(24,909)	(25,310)	(6,168,888)	Fair value (loss)/gain	
(2,285,483)	-	(8,304,382)	Coupon/interest received	
(2,134,077)	-	(11,722,863)	Maturities / liquidation	
124,078	-	31,422	Foreign exchange gain	
-	-	1,447,025	Realised gain/(loss)	
8,864	-		Impairment allowance for the year	
20,103,809	93,812	81,178,946	Balance, end of year	
	held at amortised cost N'000 20,103,809 5,844,235 - 2,929,423 (17,186) (2,632,344) (4,778,397) 1,938,795 - (152,050) 23,236,285 18,139,990 4,026,794 2,248,552 (24,909) (2,285,483) (2,134,077) 124,078 - 8,864	through other comprehensive income N'000 93,812 34,386,749 34,386,749 323,000 1,228,895 (788,844) (17,186) (1,656,742) (5,145,619) 891,220 1,938,795 210,230 (32,367) 30,110,334 115,119 18,139,990 3,895 4,026,794 108 2,248,552 (25,310) (24,909) - (2,285,483) - (2,134,077) - 124,078	Fair value through profit or loss N'000 N'000 N'000 N'000 81,178,946 93,812 20,103,809 12,513,088 34,386,749 5,844,235 - 923,000 - 10,757,836 1,228,895 2,929,423 (7,555,845) (788,844) (17,186) (13,288,117) (1,656,742) (2,632,344) (10,761,312) (5,145,619) (4,778,397) 503,524 891,220 1,938,795 425,537 210,230 - 31,418,989 3,895 4,026,794 8,549,375 108 2,248,552 (6,168,888) (25,310) (24,909) (8,304,382) - (2,285,483) (11,722,863) - (2,134,077) 31,422 - 8,864	Summary of movement in classes of financial assets of financial assets of financial assets of financial assets approfit or loss N'000 through other comprehensive income amortised cost held at amortised cost N'000 Financial assets held at amortised cost amortised cost N'000 N'000

7.	Trade receivables	31 Dec. 2023 N '000	Restated 31 Dec. 2022 N '000
	Brokers	55,507	40,750
	Agents	-	-
	Insurance companies		-
		55,507	40,750
	Impairment on premium debtors		
		55,507	40,750
	Current	55,507	40,750
	Non current	, 	,
	The age analysis of gross premium receivable is as follows:		
	31 Dec. 2023 - Age of debt	Number of policies Number	Amount N '000
	Within 14 days	15	55,507
	Within 15 - 30 days	-	-
	Within 31 - 90 days	-	-
	Within 91 - 180 days	-	-
	Above 180 days	_	<u>-</u>
	Total	15	55,507
	31 Dec. 2022 - Age of debt		
	Within 14 days	7	3,560
	Within 15 - 30 days	17	37,190
	Within 31 - 90 days	-	-
	Within 91 - 180 days	-	-
	Above 180 days	_	<u> </u>
	Total	24	40,750

8	Other receivables and prepayments	31 Dec. 2023 N ′000	Restated 31 Dec. 2022 N '000
	Prepayments (see note (a) below)	157,438	153,428
	Prepaid withholding tax (see note (b) below)	35,346	38,696
	Deposit for shares (see note © below)	290,127	923,000
	Advance payment to contractor (see note (d) below)	278,626	-
	Other receivables	8,809	4,723
	Sundry debtors (see note (e) below)	666,617	666,617
		1,436,963	1,786,464

(a) Included in prepayments are rentals o№40.9 million(2022:№41.6 million), property and vehicle insurance of №26.5 million(2022: №10.3 million), building insurance of №23.2 million(2022: №9.3 million), prepaid staff group life insurance was NIL (2022: №12.7 million) and IT maintenance costs o№17.3 million (2022: №35.6 million).

Application software, amounting to a net book value oN11.2 million intiially classified as part of intangible assets have been reclassified to Prepayments as part of IT maintenance costs. Refer to Note 13.

(b) The movement in withholding tax receivable during the year is as follows:

	31 Dec. 2023 N ′000	Restated 31 Dec. 2022 N '000
Balance, beginning of year	38,696	27,438
Additions during the year	70,245	42,111
Withholding tax utilised	(73,595)	(30,853)
Balance, end of year	35,346	38,696

- (c) Deposit for shares of PS Reinsurance Limited, a company licenced by NAICOM to carry out reinsurance business in Nigeria.
 - Deposit for shares in the prior year, amounting to N923 million represents deposit for subscription to the shares of TeamApt Inc. (now MoniePoint Inc.) through a consortium of investors led by Lightrock Africa Holdinigs Limited. MoniePoint Inc. is the parent company of TeamApt Limited, a Central Bank of Nigeria (CBN)-licenced Switch and Processor, and MoniePoint Microfinance Bank, a CBN-licenced micorofinance bank. The sum has been reclassified to financial assets at fair value through other comprehensive income, following the conclusion of the investment process and the receipt of relevant regulatory approvals.
- (d) Advance payment of N278.6 million was made for a proposed building project that commenced subsequent to year end. The project is expected to be concluded in 18 months.
- (e) Sundry debtors comprises the sum of N666.6 million (2022: N666.6 million), which represents balance due from related party which relates to unreimbursed amount due to the Company from Crusader Sterling Pensions Limited, a Pension Fund Administrator (PFA), in respect of disbursements to legacy pension fund retirees whose accounts were transferred to the PFA. The balance has been assessed to be fully recoverable. Refer to note 49(i).

9 Leases

9.1 As a lessee

The Company leases buildings for its office branches in various locations within the country. The leases typically run for 2 years and include option to renew annually at the end of the initial contract term.

Some of these properties require the Company to make payments that relate to the taxes levied on the lessors as well as service charges, legal and agency fees; these amounts are generally determined annually.

9.1(a)	Right-of-use assets	31 Dec. 2023 N '000	Restated 31 Dec. 2022 N '000
	Right-of-use assets		1,078
	Current	-	1,078
	Non-current		<u>-</u>
	Movement during the year:		
	Balance, beginning of the year	1,078	25,938
	New rentals during the year	-	-
	Depreciation expense on right-of-use assets (see note 37c)	(1,078)	(24,860)
	Balance, end of year	-	1,078
	There were no new rentals qualifying as leases during the year.		
9.1(b)	Lease liabilities Lease liabilities Current Non-current		
	Movement in lease liabilities:		
	Balance, beginning of the year Interest expense on lease liabilities	-	-
	Reversal of interest expense on lease liabilities no longer require	ed -	-
	New rentals during the year	-	-
	Lease payments made during the year	-	-
	Balance, end of year		

During the year, the Company had no cash outflows for leases. There were no non-cash additions to right-of-use assets and lease liabilities.

9.2 As a lessor

The Company has entered into operating leases on its property, plant and equipment and investment property portfolios, consisting of certain office buildings. These leases have an average term of 2 years (see notes 11 and 12 for the details of the investment properties and freehold property). All leases include a clause to enable upward revision of the rental charge on an annual basis according to prevailing market conditions.

Rental income recognised by the Company during the year \$\frac{1}{8}\$116.5 million (2022:\frac{1}{8}\$109.7 million).

Future minimum rentals under its non-cancellable operating lease contracts as a lessor are as follows:

	2023 N ′000	2022 N ′000
Within one year	67,229	62,621
After one year but not more than five years	37,284	33,810
More than five years	-	-
	104,513	96,431

10	Investment in equity accounted investee	31 Dec. 2023 N′000	31 Dec. 2022 N '000
	Investment in equity accounted investee	-	-
	Movement in investment in equity accounted investee		
	Cost:		
	Balance, beginning of year	-	4,117,991
	Cost of acquisition during the year	-	-
	Share of:		
-	Profit from continuing operation	-	208,804
-	Dividend received	-	(276,111)
	Disposal of investment	-	(4,050,684)
	Balance, end of year		-
11	Investment properties		
i	Leasehold property at 23/25 Martins Street, Lagos	750,000	682,894
ii	Leasehold property - Plot 5, Block E, CBD, Alausa, Ikeja	402,000	360,480
iii	Landed property at Ogombo, Ajah/Epe Expressway	32,000	28,000
iv	Landed property at 10, Aje Road Sabo Yaba, Lagos	104,000	71,925
		1,288,000	1,143,299

Investment properties: status of title (a)

iii

Leasehold property at 23/25 Martins Street, Lagos Perfected Leasehold property - Plot 5, Block E, CBD, Alausa, Ikeja Perfected ii

Landed property at Ogombo, Ajah Expressway, Lekki Perfection in progress Perfection in progress

Landed property at 10 Aje Road, Sabo Yaba, Lagos

Investment property comprises a commercial property held for the purpose of capital appreciation and rental income. Investment properties are carried at fair value which has been determined by independent professional valuers, Messrs. Barin Epega & Co (FRC/2012/NIESV/000000597) as at 31 December 2023. The properties have been valued using the income approach. Valuations are performed on an annual basis and the fair value gains and losses are recognised in the profit or loss account. The valuations were based on market data such as discount rates, rental risk and reversionary rates. The Company enters into operating leases for its investment properties. Rental income on investment properties has been included in the "other operating income".

Title status

(b) Movement in the fair value of investment properties

	N ′000	N '000
Balance, beginning of year	1,143,299	1,002,819
Additions during the year	11,429	-
Fair value gain/(loss)	133,272	140,480
Balance, end of year	1,288,000	1,143,299

11(c) Description of properties and movement

Leasehold property at 23/25 Martins Street, Lagos
Leasehold property at Plot 5, Block E, CBD, Alausa, Ikeja
Landed property at Ogombo Along Ajah / Epe Expressway, Lekki
Landed property at 10, Aje Road Sabo Yaba, Lagos

1 Jan 2023 N ′000	Additions during the year N′000	Fair value adjustments N '000	31 Dec 2023 N '000
682,894	-	67,106	750,000
360,480	11,429	30,091	402,000
28,000	-	4,000	32,000
71,925		32,075	104,000
1,143,299	11,429	133,272	1,288,000

Valuation techniques used for fair valuation of investment properties

Location of Investment properties	Valuation technique	Significant unobservable inputs
Leasehold property at 23/25 Martins Street, Lagos	The investment approach was used based on the income derivable from the property in arriving at the market value of the property.	- Area of about 3,504.48 square meters - Rate of development in the area: the area is infrastructure with good access roads and drainage systems, the neighbourhood is the focal point of the Lagos Island core business district, it is high vehicular and pedestrian density. The Open Plan design office complex is on seven floors and erected on two wings the property appears structurally sound, wind and water tight, the depreciated replacement cost approach was adopted in arriving at the market value taking into account the quality, standard of constructional details and the present state of the economy at the time of inspection. Also investment approach based on the income derivable from the property in arriving at the market value of the property. - Title was perfected and obtained on May 8, 1960.

Location of Investment properties	Valuation technique	Significant unobservable inputs
Leasehold property at Plot 5, Block E, CBD, Alausa, Ikeja	Market value of the property was arrived at using value analysis, comparable of similar plots of land in the neighbourhood and cognizance has been taken of recent sales of similar parcels of land in the vicinity was adopted in arriving at the market value.	- Area of 3,353.29 square meters - Rate of development in the area: the area is infrastructure with good access roads and drainage systems. Notable developments within the neighbourhood include Reals Plaza, Beehive School, Ash-mart, Lagos state film and video censors board, Blessed Tansi Mass Centre. The landed property is in close proximity to Blessed Tansi Mass Centre (Catholic Church) - Quality: the landed property is currently being used by mechanics as workshop site. The site is relatively flat and appears well drained Title was perfected and obtained on 1991.
Landed property at Ogombo Along Ajah/Epe Expressway, Lekki	Market value of the property was arrived at using value analysis, comparable of similar plots of land in the neighbourhood and cognizance has been taken of recent sales of similar parcels of land in the vicinity was adopted in arriving at the market value.	 Area of 4,052.152 square meters. Rate of development in the area: the area is bordered on all sides by other underdeveloped parcels of land. Notable developments within the neighbourhood include Ogombo Primary Health Care Centre, Lagos State Central Sand Suppliers Association, Celestial Church of Christ (Zion Parish) and Nigeria Police Post. Quality: the landed property site terrain is flat and appears well drained. Perfection of title is in progress.
Landed property at 10, Aje Road Sabo Yaba, Lagos	Market value of the property was arrived at using value analysis, comparable of similar plots of land in the neighbourhood and cognizance has been taken of recent sales of similar parcels of land in the vicinity was adopted in arriving at the market value.	- Area of 647.05 square meters - Rate of development in the area: the neighbourhood is predominantly high class residential development, within the vicinity includes First Bank or Nigeria Plc, Nigerian Army Guest House and Mess, RCCG (Glory Worship Centre), Balux Event and Multipurpose Hall Quality: the land is fenced round with sandcrete block walls up to heigh of about 1.9 meters and provided with double leaf metal entrance gate. The site terrain is relatively flat and appears well drained Perfection of title is in progress.

Significant unobservable valuation input:

Range (weighted average)

2023	2022
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Leasehold property at 23/25 Martins Street, Lagos	Estimated rent per annum Rent growth p.a Long-term vacancy rate Discount rate	N40,301,520 - N71,841,840 5% 10% 10%	N35,044,800 - N63,080,640 5% 3% 10%
Leasehold property at Plot 5, Block E, CBD, Alausa, Ikeja	Estimated rent per annum Rent growth p.a Long-term vacancy rate Discount rate	Nil	Nil
Landed property at Ogombo Along Ajah/Epe Expressway, Lekki	Estimated rent per annum Rent growth p.a Long-term vacancy rate Discount rate	Nil	Nil
Landed property at 10, Aje Road Sabo Yaba, Lagos	Estimated rent per annum Rent growth p.a Long-term vacancy rate Discount rate	Nil	NIL

Significant increases (decreases) in estimated price per square metre in isolation would result in a significantly higher (lower) fair value.

Investment Properties	Level 1 N '000	Level 2 N '000	Level 3 N ′000	Total N ′000
31 December 2023	-	-	1,288,000	1,288,000
31 December 2022	-	-	1,143,299	1,143,299

"The duration of the cash flows and the specific timing of inflows and outflows are determined by events such as rent reviews, lease renewal and related re-letting, redevelopment, or refurbishment. The appropriate duration is typically driven by market behaviour that is a characteristic of the class of real property. Periodic cash flow is typically estimated as gross income less vacancy, non-recoverable expenses, collection losses, lease incentives, maintenance cost, agent and commission costs and other operating and management expenses. The series of periodic net operating income, along with an estimate of the terminal value anticipated at the end of the projection period, is then discounted. Significant increases (decreases) in estimated rental value and rent growth per annum in isolation would result in a significantly higher (lower) fair value of the properties. Significant increases (decreases) in the long-term vacancy rate and discount rate (and exit yield) in isolation would result in a significantly lower (higher) fair value. Generally, a change in the assumption made for the estimated rental value is accompanied by a directionally similar change in the rent growth per annum and discount rate (and exit yield), and an opposite change in the long term vacancy rate.

12. Property, plant and equipment	Freehold property	Office equipment	Computer equipment	Furniture and fittings	Motor vehicles	Work-In- Progress	Total
Cost/Valuation	₩′000	N ′000	₩′000	N ′000	₩′000	N ′000	N ′000
At 1 January 2022	2,576,036	357,039	66,025	183,995	340,268	228,175	3,751,538
Additions during the year	3,159	8,439	10,533	3,863	102,998		128,992
Revaluation during the year	74,200	-	-	-	-	(152,175)	(77,975)
Elimination on revaluation	(77,359)	-	-	-	-	-	(77,359)
Write-off during the year	-	-	-	-	(1,750)	-	(1,750)
Disposal during the year	-	-	-	-	(36,120)	-	(36,120)
At 31 December 2022	2,576,036	365,478	76,558	187,858	405,396	76,000	3,687,326
Additions during the year	-	25,841	23,761	15,686	75,345	14,219	154,852
Revaluation during the year	680,362	-	-	-	-	9,781	690,143
Elimination on revaluation	(77,398)	-	-	-	-	-	(77,398)
Write-off during the year	-	-	(752)	-	-	-	(752)
Disposal during the year	-	-	-	-	(80,980)	-	(80,980)
At 31 December 2023	3,179,000	391,319	99,567	203,544	399,761	100,000	4,373,191
Accumulated depreciation							
At 1 January 2022	_	301,185	38,506	138,285	167,417	_	645,393
Charge for the year	77,359	22,184	11,859	15,187	78,750	-	205,339
Elimination on revaluation	(77,359)	-	-	-	-	-	(77,359)
Write-off during the year	-	-	-	-	(1,130)		, , ,
Disposal during the year	-	-	-	-	(36,120)	-	(36,120)
At 31 December 2022	-	323,369	50,365	153,472	208,917	-	736,123
Charge for the year	77,398	21,565	14,760	15,536	89,597	-	218,856
Elimination on revaluation	(77,398)	-	-	-	-	-	(77,398)
Write-off during the year	-	-	(705)	-	-	-	(705)
Disposal during the year	-	-	-	-	(58,312)	-	(58,312)
At 31 December 2023	-	344,934	64,420	169,008	240,202	-	818,564
Net book value at 31 December 2023	3,179,000	46,385	35,147	34,536	159,559	100,000	3,554,627
Net book value at 31 December 2022	2,576,036	42,109	26,193	34,386	196,479	76,000	2,951,203
Net book value at 1 January 2022	2,576,036	55,854	27,519	45,710	172,851	228,175	3,106,145

(a) Title Status and Carrying Amount

	Location	Title status	N ′000	Type of Property
1	16A, Commercial Avenue, Sabo, Yaba, Lagos State	Perfected	2,620,000	Feehold property
2	27, Commercial Avenue, Sabo, Yaba, Lagos State	Perfected	400,000	Feehold property
3	No. 9, Onireke Residential layout, Ibadan, Oyo State	Perfected	150,000	Feehold property
4	Shop H4016, Tejuosho Shopping Modern Market, Yaba, Lagos State	Received letter of allocation	9,000	Feehold property
			3,179,000	

(b) Revaluation of land and building

The land and buildings listed above are revalued annually. Management determined that they constitute a single class of asset under IFRS 13, based on the nature, characteristics and risks of the properties. Fair value of the properties were determined using the market comparable method. This means that valuations performed by the valuer are based on active market prices, significantly adjusted for differences in the nature, location or condition of the specific properties. As at the date of revaluation on 31 December 2023, the fair values of the properties were based on valuations performed by Messrs. Barin Epega & Co., (FRC/2012/NIESV/0000000597, an accredited independent valuer who has experience in valuation of similar properties.

Impairment assessment was carried out during the year and there was no indication of impairment of any of the assets in use by the Company, hence no impairment test was performed during the year.

None of the property, plant and equipment of the Company has been pledged as security for borrowings or otherwise, as at the end of the year (2022: Nil).

			Re-			Write-off/		
(c)	Analysis of revaluation of freehold property	Jan 2023	Additions cla		Revaluation D			
		N ′000	₩′000	N ′000				
1	16A, Commercial Avenue, Sabo, Yaba, Lagos State	2,100,000	-	-	583,095	(63,095)	-	2,620,000
2	27, Commercial Avenue, Sabo, Yaba, Lagos State	336,196	-	-	73,905	(10,101)	-	400,000
3	No. 9, Onireke Residential layout, Ibadan, Oyo State	131,340	-	-	22,606	(3,946)	-	150,000
4	Shop H4016, Tejuosho Shopping Modern Market,	8,500	-	-	755	(255)	-	9,000
	Yaba, Lagos State							
		2,576,036	-	-	680,361	(77,397)	-	3,179,000

(d) Analysis of Work-In-Progress

Work-in-progress includes land and building located at 29, Commercial Road, Sabo, Yaba, Lagos State., which was being currently developed. During the year, the existing structure, which was recently acquired, was demolished for re-development. This has resulted in a fair value loss on the carrying amount of the property as shown in the movement below:

	I Jan 2023 N ′000	Additions N '000	Revaluation N ′000	31 December 2023 N '000
29, Commercial Avenue, Sabo, Yaba, Lagos State	76,000	14,219	9,781	100,000

13 Intangible assets	31 Dec. 2023 N '000	31 Dec. 2022 ₩′000
Computer software	10	11,435
Work in progress - computer software	95,003	61,783
	95,013	73,218
(a) Computer software		
Cost:		
Balance, beginning of year	329,981	316,610
Reclassification to Prepayments	(13,371)	-
Reclassification from work in progress	-	13,371
Balance, end of year	Proof software 10 progress - computer software 95,003 proof software 95,003 proof software 329,981 cation to Prepayments (13,371) cation from work in progress - and of year 316,610 proof software 318,546 control of intangible assets 211 control reclassification (2,157) cend of year 316,600	329,981
Accumulated amortisation and impairment:		
Balance, beginning of year	318,546	283,143
Amortisation of intangible assets	211	35,403
Elimination on reclassification	(2,157)	-
Balance, end of year	316,600	318,546
Carrying amount	10	11,435

Application software, amounting to a net book value $lambda{11.2}$ million initially classified as part of intangible assets have been reclassified to Prepayments as part of IT maintenance costs. Refer to Note 8(a).

(b) Work in progress - computer software

This represents the cost incurred on the Company's new application being developed as at year end. Computer software is accounted for using the cost model of IAS 38 (i.e. cost less accumulated amortisation and accumulated impairment). The amortisation is charged to the Income Statement in line with the Company policy. The movement in work in progress - computer software is as follows:

	31 Dec. 2023 N '000	31 Dec. 2022 N'000
Balance, beginning of year	61,783	49,299
Reclassification to Intangible Assets	-	(13,371)
Reclassification to IT Expenses (see note 44(a))	-	(6,511)
Additional payments during year	33,220	33,280
Write-off during the year	-	(914)
Balance, end of year	95,003	61,783

14 Statutory deposit

Statutory deposit with Central Bank of Nigeria	260,000	260,000
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This represents amounts deposited with the Central Bank of Nigeria (CBN) pursuant to Section 10(3) of the Insurance Act, CAP 117 LFN 2004. This amount is not available for day-to-day use in the working capital of the Company and so it is excluded from cash and cash equivalents. Interest earned on statutory deposits are included in interest income.

15 Insurance contracts

Portfolios of insurance and reinsurance contract assets and liabilities

31 December 2023	Group Life	Annuity	Savings	Risk	Endowment	Total
Insurance contract assets	-	-	-	-	-	-
Insurance contract liabilities	5,428,251	98,031,037	5,872,579	162,147	10,934,003	120,428,017
Reinsurance contract assets	858,658					858,658
Reinsurance contract liabilities	45,340					45,340
31 December 2022						
Insurance contracts assets	-	-	-	-	-	-
Insurance contracts liabilities	5,298,417	80,050,540	4,834,168	137,297	7,881,887	98,202,308
Reinsurance contracts assets	863,276					863,276
Reinsurance contracts Liabilities	31,094					31,094
31 December 2021						
Insurance contracts assets	-	-	-	-	-	-
Insurance contracts liabilities	5,418,844	65,436,379	4,335,310	35,979	6,915,340	82,141,852
Reinsurance contracts assets	679,501	-	-	-	-	679,501
Reinsurance contracts Liabilities	-	-	-	-	-	-

Notes To The Financial Statements Contd Insurance Contracts Issued

(a) Insurance contracts issued

(I) Analysis by remaining coverage and	General Model Measurement (GMM)					
incurred claims	Liabilities for remo	aining coverage				
Insurance contracts issued	Excluding loss components	Loss components	Liabilities for incurred claims	Total		
31 December 2023	N ′000	N ′000	N ′000	N ′000		
Opening insurance contract assets	-	-	-	-		
Opening insurance contract liabilities	88,375,623	4,071,491	456,777	92,903,891		
Net Opening balance	88,375,623	4,071,491	456,777	92,903,891		
Insurance revenue						
Insurance revenue	(17,161,577)	-	-	17,161,577		
	(17,161,577)	-	-	(17,161,577)		
Insurance service expenses						
Incurred claims and other directly attributable expenses	-	(902,397)	20,086,017	19,183,620		
Acquisition expenses	800,077	-	-	800,077		
Changes that relate to past services: changes to liabilities for incurred claims						
(including reinsurer's non-performance risk)	-	-	(4,154,229)	(4,154,229)		
Changes that relate to future services: losses on onerous contracts & reversals		3,453,835	-	3,453,835		
	800,077	2,551,438	15,931,788	19,283,303		
Insurance service result	(16,361,500)	2,551,438	15,931,788	2,121,726		
Investment components	/F 000 044\		E 000 044			
Investment components	(5,823,044)	-	5,823,044			
Insurance finance expenses	(5,823,044)	-	5,823,044			
Insurance finance expenses	4,720,210	469,801	(402,648)	4,787,363		
insurance infance expenses	4,720,210	469,801	(402,648)	4,787,363		
Total amounts recognised in comprehensive income	(17,464,334)	3,021,239	21,352,184	6,909,089		

Premium Allocation Approach (PAA)				Total insurance contracts			
	Liabilities for incurred claims						
Liabilities for remaining coverage	Present value of future cash flows	Risk adjustment	Total	Liabilities for remaining coverage	Liabilities for incurred claims	Total	
N ′000	N ′000	N ′000	N ′000	N ′000	N ′000	N ′000	
-	-	-	-	-	-	-	
880,292	3,763,309	654,816	5,298,417	93,327,406	4,874,902	98,202,308	
880,292	3,763,309	654,816	5,298,417	93,327,406	4,874,902	98,202,308	
(7,651,151)	-	-	7,651,151	(24,812,728)	-	(24,812,728)	
(7,651,151)	-	-	(7,651,151)	(24,812,728)	-	(24,812,728)	
-	2,059,143	(371,193)	1,687,950	(902,397)	21,773,967	20,871,570	
710,597	-	-	710,597	1,510,674	-	1,510,674	
-	2,626,685	155,123	2,781,808	-	(1,372,421)	(1,372,421)	
-	-	-	-	3,453,835	-	3,453,835	
710,597	4,685,828	(216,070)	5,180,355	4,062,112	20,401,546	24,463,658	
						_	
(6,940,554)	4,685,828	(216,070)	(2,470,796)	(20,750,616)	20,401,546	(349,070)	
-	-	-	-	(5,823,044)	5,823,044	-	
-	-	-	-	(5,823,044)	5,823,044	-	
-	32,111	(18,740)	13,371	5,190,011	(389,277)	4,800,734	
-	32,111	(18,740)	13,371	5,190,011	(389,277)	4,800,734	
(6,940,554)	4,717,939	(234,810)	(2,457,425)	(21,383,649)	25,835,313	4,451,664	

(a) Insurance contracts issued

(I)	Analysis	by	remaining	coverage	and
	incurred	cla	ims		

Closing insurance contract liabilities

Net closing balance

Insurance contracts issued

31 December 2023

31 December 2023	
Cash flows	
Premiums received	
Claims and other expenses paid	
Acquisition cash flows paid	
Total cash flows	_
	_
Non-cash flow items	
Movement in premium receivable - premium for insurance contracts	
Previous year's deposit for premium	
Acquisition cost payable - acquisition on insurance cost	
	_
	_
Closing insurance contract assets	

General Model Measurement (GMM)						
Liabilities for remo	iining coverage					
Excluding loss components	Loss components	Liabilities for incurred claims	Total			
N ′000	N ′000	N ′000	N ′000			
38,134,643	-	-	38,134,643			
-	-	(20,143,191)	(20,143,191)			
(2,804,666)	-	-	(2,804,666)			
35,329,977	-	(20,143,191)	15,186,786			
-	-	-	-			
-	-	-	-			
-	-	-	-			
-	-	-	-			
-	-	-	-			
106,241,266	7,092,730	1,665,770	114,999,766			
106,241,266	7,092,730	1,665,770	114,999,766			

Premium Allocation Approach (PAA)				Total insurance contracts			
	Liabilities for inc	urred claims					
Liabilities for remaining coverage	Present value of future cash flows	Risk adjustment	Total	Liabilities for remaining coverage	Liabilities for incurred claims	Total	
N ′000	N ′000	N ′000	N ′000	N ′000	N ′000	N ′000	
6,939,462	-	-	6,939,462	45,074,105	-	45,074,105	
-	(4,791,053)	-	(4,791,053)	-	(24,934,244)	(24,934,244)	
(497,808)	-	-	(497,808)	(3,302,474)	-	(3,302,474)	
6,441,654	(4,791,053)	-	1,650,601	41,771,631	(24,934,244)	16,837,387	
2.4.757			1.4.757			-	
14,757	-	-	14,757	14,757	-	14,757	
1,212,101	-	-	1,212,101	1,212,101	-	1,212,101	
(290,200)	-	-	(290,200)	(290,200)	-	(290,200)	
936,658	-	-	936,658	936,658	-	936,658	
-	-	-	-	-	-	-	
1,318,050	3,690,195	420,006	5,428,251	114,652,046	5,775,971	120,428,017	
1,318,050	3,690,195	420,006	5,428,251	114,652,046	5,775,971	120,428,017	

(a) Insurance contracts issued

(I)	Analysis by remaining coverage and	Ger	neral Model Med	asurement (GMM)	
()	incurred claims	Liabilities for remo	aining coverage		
	Insurance contracts issued	Excluding loss components	Loss components	Liabilities for incurred claims	Total
	31 December 2022	N ′000	N ′000	N ′000	N ′000
	Opening insurance contract assets	-	-	-	-
	Opening insurance contract liabilities	75,648,313	-	1,074,695	76,723,008
	Net Opening balance	75,648,313	-	1,074,695	76,723,008
	Insurance revenue				
	Insurance revenue	(13,403,541)	-	-	(13,403,541)
		(13,403,541)	-	-	(13,403,541)
	Insurance service expenses				
	Incurred claims and other directly attributable expenses	-	(317,773)	15,579,463	15,261,690
	Acquisition expenses	336,466	-	-	336,466
	Changes that relate to past services: changes to liabilities for incurred claims				
	(including reinsurer's non-performance risk)	-	-	(4,946,657)	(4,946,657)
	Changes that relate to future services: losses on onerous contracts & reversals		4,219,333	-	4,219,333
		336,466	3,901,560	10,632,806	14,870,832
	Insurance service result	(13,067,075)	3,901,560	10,632,806	1,467,291
	Investment components				
	Investment components	(4,777,033)	-	4,777,033	
		(4,777,033)	-	4,777,033	
	Insurance finance expenses				
	Insurance finance expenses	2,445,207	169,931	(60,109)	2,555,029
		2,445,207	169,931	(60,109)	2,555,029
	Total amounts recognised in comprehensive income	(15,398,901)	4,071,491	15,349,730	4,022,320

Premium Allocation Approach (PAA)			Total insurance contracts			
Liabilities for remaining coverage	Liabilities for inc Present value of future cash flows	curred claims Risk adjustment	Total	Liabilities for remaining coverage	Liabilities for incurred claims	Total
N ′000	₩′000	₩′000	N ′000	₩′000	N ′000	₩′000
984,193	- 4,020,536	- 414,115	- 5,418,844	- 76,632,506	5,509,346	- 82,141,852
984,193	4,020,536	414,115	5,418,844	76,632,506	5,509,346	82,141,852
(7,383,962)	-	-	(7,383,962)	(20,787,503)	-	(20,787,503)
(7,383,962)	-	-	(7,383,962)	(20,787,503)	-	(20,787,503)
636,139	2,775,747	68,865 -	2,844,612 636,139	(317,773) 972,605	18,424,075	18,106,302 972,605
- 4	1,222,052	189,997	1,412,049	4,219,337	(3,534,608)	(3,534,608) 4,219,337
636,143	3,997,799	258,862	4,892,804	4,874,169	14,889,467	19,763,636
(6,747,819)	3,997,799	258,862	(2,491,158)	(15,913,334)	14,889,467	(1,023,867)
-	-	-	-	(4,777,033)	4,777,033	-
-	-	-	-	(4,777,033)	4,777,033	-
	46,518	(18,161)	28,357	2,615,138	(31,752)	2,583,386
-	46,518	(18,161)	28,357	2,615,138	(31,752)	2,583,386
(6,747,819)	4,044,317	240,701	(2,462,801)	(18,075,229)	19,634,748	1,559,519

(a) Insurance contracts issued

(I)	Analysis by remaining coverage	and
	incurred claims	

Insurance contracts issued

31 December 2022	Excluding loss components	Loss components	Liabilities for incurred claims	Total
Cash flows	N ′000	N ′000	N ′000	N ′000
Premiums received	30,509,030	-	-	30,509,030
Claims and other expenses paid	-	-	(15,967,648)	(15,967,648)
Acquisition cash flows paid	(2,382,819)	-	-	(2,382,819)
Total cash flows	28,126,211	-	(15,967,648)	12,158,563
Non-cash flow items				
Movement in premium receivable - premium for insurance contracts	-	-	-	-
Previous year's deposit for premium	-	-	-	-
Acquisition cost payable - acquisition on insurance cost	-	-	-	-
	-	-	-	-
Closing insurance contract assets	-	-	-	-
Closing insurance contract liabilities	88,375,623	4,071,491	456,777	92,903,891
Net closing balance	88,375,623	4,071,491	456,777	92,903,891

General Model Measurement (GMM)

Liabilities for remaining coverage

Premium Allocation Approach (PAA)				Total insurance contracts			
	Liabilities for inc	urred claims					
Liabilities for remaining coverage	Present value of future cash flows	Risk adjustment	Total	Liabilities for remaining coverage	Liabilities for incurred claims	Total	
N ′000	N ′000	N ′000	N ′000	N ′000	N ′000	N ′000	
5,671,570	-	-	5,671,570	36,180,600	-	36,180,600	
-	(4,301,544)	-	(4,301,544)	-	(20,269,192)	(20,269,192)	
(372,896)	-	-	(372,896)	(2,755,715)	-	(2,755,715)	
5,298,674	(4,301,544)	-	997,130	33,424,885	(20,269,192)	13,155,693	
22,231	-	-	22,231	22,231	_	- 22,231	
1,567,000	-	-	1,567,000	1,567,000	-	1,567,000	
(243,987)	-	-	(243,987)	(243,987)	-	(243,987)	
1,345,244	-	-	1,345,244	1,345,244	-	1,345,244	
-	-	-	-	-	-	-	
880,292	3,763,309	654,816	5,298,417	93,327,406	4,874,902	98,202,308	
880,292	3,763,309	654,816	5,298,417	93,327,406	4,874,902	98,202,308	

15 Insurance contracts

(a)	Insurance contracts issued		202	3	
(ii)	Analysis by measurement component - Contracts measured under GMM	Estimates of the present value of	Risk	Contractual	
	Insurance contracts issued	future cash flows N'000	adjustment N '000	service margin ₩'000	Total N ′000
	Opening insurance contract assets	-	-	-	-
	Opening insurance contract liabilities	85,432,397	748,193	6,723,301	92,903,891
	Net Opening balance	85,432,397	748,193	6,723,301	92,903,891
	Changes that relate to current service				
	Contractual service margin	-	-	(2,063,854)	(2,063,854)
	Risk adjustments	-	(110,876)	-	(110,876)
	Experience adjustments	(769,020)	-	-	(769,020)
		(769,020)	(110,876)	(2,063,854)	(2,943,750)
	Changes that relate to future services: losses on onerous contracts and reversals				
	Contracts initially recognised in the period	(1,213,326)	276,546	3,526,983	2,590,203
	Experience adjustments	113,901	263,613	(1,773,641)	(1,396,127)
	Changes in estimates reflected in the CSM	239,230	(40,067)	(199,163)	-
	Changes in estimates that result in losses and reversal of losses				
	onerous contracts (incl reinsurer's non-performance risk)	3,867,421	(244,846)	-	3,622,575
		3,007,226	255,246	1,554,179	4,816,651
	Changes that relate to past service				
	Adjustments to liabilities for incurred claims	-	-	-	-
		-	-	-	-
	Insurance service result	2,238,206	144,370	(509,675)	1,872,901
	Insurance finance expenses				
	Net finance expenses	4,102,856		933,332	5,036,188
		4,102,856	-	933,332	5,036,188
	Total amounts recognised in comprehensive income	6,341,062	144,370	423,657	6,909,089

	2022					
Estimates of the present value of future cash flows	Risk adjustment N '000	Contractual service margin N '000	Total N ′000			
71 401 025	- 044941	4 204 011	74 702 007			
71,491,835 71,491,835	944,261 944,261	4,286,911 4,286,911	76,723,007			
	944,201	4,200,911	76,723,007			
-	-	(1,562,193)	(1,562,193)			
-	(198,266)	-	(198,266)			
(433,776)	-	-	(433,776)			
(433,776)	(198,266)	(1,562,193)	(2,194,235)			
2,175,077 (1,986,635) (72,825)	368,236 23,235 (353,480)	912,483 2,139,357 426,305	3,455,796 175,957 -			
(20,063)	(35,793)	-	(55,856)			
95,554	2,198	3,478,145	3,575,897			
-	-	-	-			
(338,222)	(196,068)	1,915,952	1,381,662			
2,120,221	-	520,438	2,640,659			
2,120,221	-	520,438	2,640,659			
1,781,999	(196,068)	2,436,390	4,022,321			

15 Insurance contracts

(a) Insurance contracts issued		202	3			
(ii) Analysis by measurement component - Contracts measured under GMM Cash flows	Estimates of the present value of future cash flows	Risk adjustment N ′000	Contractual service margin N '000	Total N ′000		
Cash flows	15,186,786	-	-	15,186,786		
	15,186,786	-	-	15,186,786		
Non-cash flow items						
Non-cash flow items	-	-	-	-		
		-	-	-		
Closing insurance contract assets	-	-	-	-		
Closing insurance contract liabilities	106,960,245	892,563	7,146,958	114,999,766		
Net closing balance	106,960,245	892,563	7,146,958	114,999,766		

2022						
Estimates of the present value of future cash flows	Risk adjustment N '000	Contractual service margin N'000	Total N ′000			
12,158,563	-	-	12,158,563			
12,158,563	-	-	12,158,563			
-	-	-	-			
-	-	-	-			
85,432,397	748,193	6,723,301	92,903,891			
85,432,397	748,193	6,723,301	92,903,891			

(a) Insurance contracts issued

(iii) Contracts initially recognised in the year	31 December 2023 31 December 2				22	
Insurance contracts issued	Profitable	Onerous		Profitable	Onerous	
Estimate of present value of future outflows	contracts issued N '000	contracts issued N '000	Total N ′000	contracts issued N '000	contracts issued N '000	Total N ′000
- Insurance acquisition cash flows	29,837,068	29,993,941	59,831,009	3,370,899	23,281,453	26,652,352
- Claims and other insurance service expenses	2,618,766	1,864,561	4,483,327	384,260	1,668,854	2,053,114
Estimate of present value of future outflows	32,455,834	31,858,502	64,314,336	3,755,159	24,950,307	28,705,466
Estimates of the present value of future cash inflows	(38,490,877)	(29,947,679)	(68,438,556)	(4,999,737)	(25,218,567)	(30,218,304)
Time value of money difference on current and						
locked-in rates	1,287,023	3,516,272	4,803,295	255,443	3,425,694	3,681,137
Risk adjustment for non-financial risk	308,552	336,229	644,781	76,653	291,584	368,327
Contractual service margin	4,439,465	-	4,439,465	912,483	-	912,483
Increase in insurance contract liabilities from contracts recognised in the year	(3)	5,763,324	5,763,321	(1)	3,449,018	3,449,019

(b) Reinsurance contracts held

(i) Analysis by remaning remaining coverage and incurred claims -		Assets for incurred claims			
Contracts measured under PAA		Contracts under PAA			
Reinsurance contracts held	Assets for remaining	Present value of future	Risk	Total assets for incurred	
31 December 2023	coverage	cash flows	adjustment	claims	Total
	N ′000	N ′000	N ′000	N ′000	N ′000
Opening reinsurance contract assets	268,148	596,588	(1,460)	595,128	863,276
Opening reinsurance contract liabilities	(31,094)	-	-	-	(31,094)
Opening net reinsurance contract assets/(liabiltiies)	237,054	596,588	(1,460)	595,128	832,182
Reinsurance premium expense					
Reinsurance premium expense	(1,831,323)	-	-	-	(1,831,323)
	(1,831,323)	-	-	-	(1,831,323)
Reinsurance service income					
Incurred claims recovery and other income	-	247,302	34,480	281,782	281,782
Acquisition income earned on reinsurance contracts held	129,126	-	-	-	129,126
Changes that relate to past services: changes to liabilities for incurred claims					
(incl. reinsurer's non-performance risk)	-	150,927	51,720	202,647	202,647
Changes that relate to future services: losses on onerous contracts and					
reversals (resulting from underlying GoC for reinsurance)		-	-	-	<u>-</u>
	129,126	398,229	86,200	484,429	613,555
Net reinsurance expense	(1,702,197)	398,229	86,200	484,429	(1,217,768)
Reinsurance finance income/(expense)					
Reinsurance finance income/(expense)	-	17,566	(1,006)	16,560	16,560
	-	17,566	(1,006)	16,560	16,560
Total amounts recognised in comprehensive income	(1,702,197)	415,795	85,194	500,989	(1,201,208)

(b) Reinsurance contracts held

(i) Analysis by remaining remaining coverage and incurred claims - Contracts measured under PAA

Reinsurance contracts held		Assets			
Remodratice community field		Contracts ur	nder PAA		
31 December 2023	Assets for remaining coverage	Present value of future cash flows	Risk adjustment	Total assets for incurred claims	Total
Cash flows	₩′000	N ′000	N ′000	N ′000	N ′000
Premiums paid on reinsurance contracts	1,817,077	-	-	-	1,817,077
Recoveries from reinsurance	-	(367,088)	-	(367,088)	(367,088)
Ceding commission received and other income	(267,645)	-	-	-	(267,645)
Total cash flows	1,549,432	(367,088)	-	(367,088)	1,182,344
Non-cash flow items					
Reinsurance premium payable - premium on reinsurance contracts	(14,246)	-	-	-	(14,246)
Commission receivable - commission on reinsurance contracts		-	-	-	
Total non-cash flow items	(14,246)	-	-	-	(14,246)
Closing net reinsurance contract assets/(liabiltiies)	84,289	645,295	83,734	729,029	813,318
Closing reinsurance contract assets	129,629	645,295	83,734	729,029	858,658
Closing reinsurance contract liabilities	(45,340)	-	-	-	(45,340)
Closing net reinsurance contract assets/(liabiltiies)	84,289	645,295	83,734	729,029	813,318

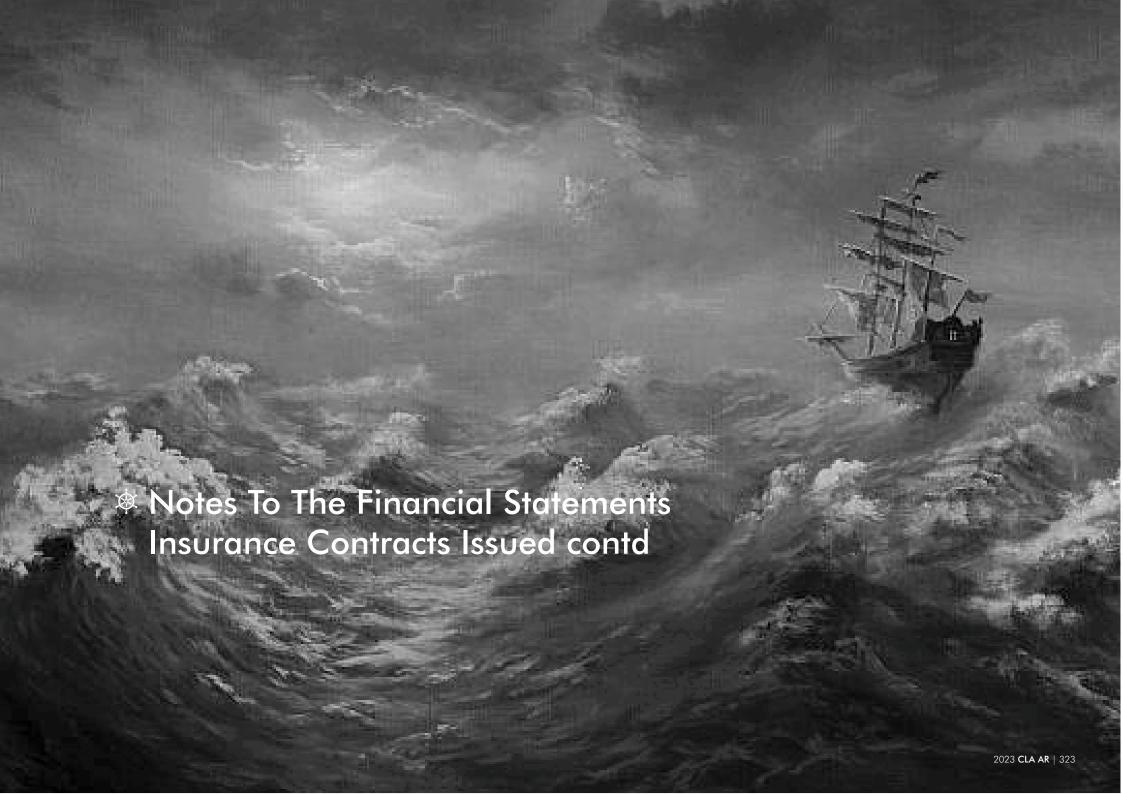
(I) Analysis by remaning remaining coverage and incurred claims - Contracts measured under PAA

Contracts measured under PAA		Assets for incurred claims			
Reinsurance contracts held		Contracts under PAA			
31 December 2022	Assets for remaining coverage	Present value of future cash flows	Risk adjustment	Total assets for incurred claims	Total
	N ′000	N ′000	N ′000	N ′000	N ′000
Opening insurance contract assets	212,059	373,356	94,086	467,442	679,501
Opening insurance contract liabilities	(21,204)	-	_	-	(21,204)
Opening net reinsurance contract assets/(liabiltiies)	190,855	373,356	94,086	467,442	658,297
Reinsurance premium expense					
Reinsurance premium expense	(1,882,115)	-	-	-	(1,882,115)
	(1,882,115)	-	-	-	(1,882,115)
Reinsurance service income					
Incurred claims recovery and other income	-	504,978	(37,634)	467,344	467,344
Acquisition income earned on reinsurance contracts held	342,946	-	-	-	342,946
Changes that relate to past services: changes to liabilities for incurred claims					
(incl. reinsurer's non-performance risk)	-	49,920	(56,451)	(6,531)	(6,531)
Changes that relate to future services: losses on onerous contracts and reversals (resulting from underlying GoC for reinsurance)	-	-	-	-	-
	342,946	554,898	(94,085)	460,813	803,759
Net reinsurance expense	(1,539,169)	554,898	(94,085)	460,813	(1,078,356)
Reinsurance finance income/(expense)					
Reinsurance finance income/(expense)	-	5,407	(1,461)	3,946	3,946
	-	5,407	(1,461)	3,946	3,946
Total amounts recognised in comprehensive income	(1,539,169)	560,305	(95,546)	464,759	(1,074,410)

(I) Analysis by remaning remaining coverage and incurred claims - Contracts measured under PAA

Reinsurance contracts held

	Assets	for incurred cla	ims	
	Contracts under PAA			
Assets for remaining coverage	Present value of future cash flows	Risk adjustment	Total assets for incurred claims	Total
₩′000	₩′000	N ′000	₩′000	₩′000
1,872,225	-	-	-	1,872,225
-	(337,073)	-	(337,073)	(337,073)
(286,857)	-	-	-	(286,857)
1,585,368	(337,073)	-	(337,073)	1,248,295
(9,890)	-	-	-	(9,890)
-	-	-	-	-
(9,890)	-	-	-	(9,890)
237,054	596,588	(1,460)	595,128	832,182
268,148	596,588	(1,460)	595,128	863,276
(31,094)	-	-	-	(31,094)
237,054	596,588	(1,460)	595,128	832,182
	remaining coverage N'000 1,872,225 (286,857) 1,585,368 (9,890) (9,890) 237,054 268,148 (31,094)	Assets for remaining coverage	Assets for remaining coverage	Assets for remaining coverage Present value of future cash flows Risk adjustment Total assets for incurred claims N'000 N'000 N'000 N'000 1,872,225 - - - - (337,073) - (337,073) (286,857) - - - 1,585,368 (337,073) - (337,073) (9,890) - - - (9,890) - - - 237,054 596,588 (1,460) 595,128 268,148 596,588 (1,460) 595,128 (31,094) - - -



15.1 Group Life

- (a) Group Life Insurance contracts issued
- (i) Analysis by remaining coverage and incurred claims Premium Allocation Approach (PAA)

	31 December 2023			
		Liability for	incurred claims	_
Group Life - Insurance contracts issued	Liabilities for Remaining Coverage N'000	Present value of future cash flows N'000	Risk adjustment N ′000	Total N ′000
Opening insurance contract assets				-
Opening insurance contract liabilities	880,292	3,763,309	654,816	5,298,417
Opening net insurance contract (assets)/liabilities	880,292	3,763,309	654,816	5,298,417
Insurance revenue				
Insurance revenue	(7,651,151)	-	-	(7,651,151)
	(7,651,151)	-	-	(7,651,151)
Insurance service expenses				
Incurred claims and other directly attributable expenses	-	2,059,143	(371,193)	1,687,950
Acquisition expenses	710,597	-	-	710,597
Changes that relate to past services: changes to liabilities for incurred c	laims			
(including reinsurer's non-performance risk)	-	2,626,685	155,123	2,781,808
Changes that relate to future services: losses on onerous contracts & rev	versals -	-	-	
	710,597	4,685,828	(216,070)	5,180,355
Insurance service result	(6,940,554)	4,685,828	(216,070)	(2,470,796)
Insurance finance expenses				
Insurance finance expenses	-	32,111	(18,740)	13,371
	-	32,111	(18,740)	13,371
Total amounts recognised in comprehensive income	(6,940,554)	4,717,939	(234,810)	(2,457,425)

	31 December 2022				
	Liability for	incurred claims			
Liabilities for Remaining Coverage N'000	Present value of future cash flows N '000	Risk adjustment N '000	Total N ′000		
984,193	4,020,536	414,115	5,418,844		
984,193	4,020,536	414,115	5,418,844		
(7,383,962)	-	-	(7,383,962)		
(7,383,962)	-	-	(7,383,962)		
- 636,139	2,775,747	68,865	2,844,612 636,139		
- 4	1,222,052	189,997	1,412,049		
636,143	3,997,799	258,862	4,892,804		
(6,747,819)	3,997,799	258,862	(2,491,158)		
	46,518	(18,161)	28,357		
	46,518	(18,161)	28,357		
(6,747,819)	4,044,317	240,701	(2,462,801)		

15.1 Group Life Contd

(a) Group Life - Insurance contracts issued contd Analysis by remaining coverage and incurred claims - Premium Allocation Approach (PAA)

Group Life - Insurance contracts issued		31 December 2023					
	Liability for incurred claims						
Cash Flow	Liabilities for Remaining Coverage N'000	Present value of future cash flows N'000	Risk adjustment N ′000	Total N ′000			
Premiums received	6,939,462	-	-	6,939,462			
Claims and other expenses paid	-	(4,791,053)	-	(4,791,053)			
Acquisition cash flows paid	(497,808)	-	-	(497,808)			
Total cash flows	6,441,654	(4,791,053)	-	1,650,601			
Non-cash flow items							
Movement in premium receivable - premium for insurance contracts	14,757	-	-	14,757			
Previous year's deposit for premium	1,212,101			1,212,101			
Acquisition cost payable - acquisition on insurance cost	(290,200)	-	-	(290,200)			
Total non-cash flow items	936,658	-	-	936,658			
Closing insurance contract assets	-	-	-	-			
Closing insurance contract liabilities	1,318,050	3,690,195	420,006	5,428,251			
Closing net insurance contract (assets)/liabiltiies	1,318,050	3,690,195	420,006	5,428,251			

		31 Decem	ber 2022	
		Liability for	incurred claims	
	abilities for g Coverage	Present value of future cash flows N'000	Risk adjustment	Total ₩′000
	5,671,570	-	-	5,671,570
	-	(4,301,544)	-	(4,301,544)
	(372,896)	-	-	(372,896)
	5,298,674	(4,301,544)	-	997,130
	22,231	-	-	22,231
	1,567,000			1,567,000
	(243,987)	-	-	(243,987)
_	1,345,244	-	-	1,345,244
	-	-	-	-
	880,292	3,763,309	654,816	5,298,417
	880,292	3,763,309	654,816	5,298,417

(b) Group Life - reinsurance contracts held

(i) Analysis by remaining coverage and incurred claims - Premium Allocation Approach (PAA)

Group Life - reinsurance contracts held		31 Decem	ber 2023				
	Assets for incurred claims						
	Assets for Remaining Coverage N'000	Present value of future cash flows N'000	Risk adjustment N ′000	Total N ′000			
Opening reinsurance contract assets	268,148	596,588	(1,460)	863,276			
Opening reinsurance contract liabilities	(31,094)	-	-	(31,094)			
Opening net reinsurance contract assets/(liabiltiies)	237,054	596,588	(1,460)	832,182			
Reinsurance premium expense							
Reinsurance premium expense	(1,831,323)	-	-	(1,831,323)			
	(1,831,323)	-	-	(1,831,323)			
Reinsurance service income							
Incurred claims recovery and other income	-	247,302	34,480	281,782			
Acquisition income earned on reinsurance contracts held	129,126	-	-	129,126			
Changes that relate to past services: changes to liabilities for incurred cla	ims						
(incl. reinsurer's non-performance risk)	-	150,927	51,720	202,647			
Changes that relate to future services: losses on onerous contracts and	-	-	-	-			
reversals (resulting from underlying GoC for reinsurance)	129,126	398,229	86,200	613,555			
Net reinsurance expense	(1,702,197)	398,229	86,200	(1,217,768)			
Reinsurance finance income/(expense)	-	17,566	(1,006)	16,560			
Reinsurance finance income/(expense)		17,566	(1,006)	16,560			
Total amounts recognised in comprehensive income	(1,702,197)	415,795	85,194	(1,201,208)			

	31 December 2022				
		Assets for	incurred claims		
Assets	for Remaining Coverage N '000	Present value of future cash flows N'000	Risk adjustment N'000	Total N ′000	
	212,059	373,356	94,086	679,501	
	(21,204)	-	-	(21,204)	
	190,855	373,356	94,086	658,297	
	(1,882,115)	-	-	(1,882,115)	
	(1,882,115)	-		(1,882,115)	
	- 342,946	504,978	(37,634)	467,344 342,946	
	-	49,920	(56,451)	(6,531)	
	-	-	-	-	
	342,946	554,898	(94,085)	803,759	
	(1,539,169)	554,898	(94,085)	(1,078,356)	
	-	5,407	(1,461)	3,946	
	_	5,407	(1,461)	3,946	
	(1,539,169)	560,305	(95,546)	(1,074,410)	

- (b) Group Life reinsurance contracts held contd
- (i) Analysis by remaining coverage and incurred claims Premium Allocation Approach (PAA) Contd

Group Life - reinsurance contracts held	31 December 2023				
		Assets for	incurred claims		
Cash Flow	Assets for Remaining Coverage N'000	Present value of future cash flows N'000	Risk adjustment N '000	Total N ′000	
Premiums paid on reinsurance contracts	1,817,077	-	-	1,817,077	
Recoveries from reinsurance	-	(367,088)	-	(367,088)	
Ceding commission received and other income	(267,645)	-	-	(267,645)	
Total cash flows	1,549,432	(367,088)	-	1,182,344	
Non-cash flow items					
Reinsurance premium payable - premium on reinsurance contracts	(14,246)	-	-	(14,246)	
Commission receivable - commission on reinsurance contracts		-	-	<u> </u>	
Total non-cash flow items	(14,246)	-	-	(14,246)	
Closing net reinsurance contract assets/(liabiltiies)	84,289	645,295	83,734	813,318	
Closing reinsurance contract assets	129,629	645,295	83,734	858,658	
Closing reinsurance contract liabilities	(45,340)		<u>-</u>	(45,340)	
Closing net reinsurance contract assets/(liabiltiies)	84,289	645,295	83,734	813,318	

For insurance contracts issued within the Group Life portfolio as well as reinsurance contracts held, the Company has not disclosed a reconciliation from the opening balance to the closing balance separately for the loss component of the liabilities for remaining coverage, or the loss recovery component of the assets for remaining coverage, respectively, or the additional liabilities or assets for contracts measured under PAA, because there are no onerous contracts.

31 December 2022				
	Assets for	incurred claims		
Assets for Remaining Coverage N'000	Present value of future cash flows N'000	Risk adjustment N '000	Total N ′000	
1,872,225	-	-	1,872,225	
-	(337,073)	-	(337,073)	
(286,857)	-	-	(286,857)	
1,585,368	(337,073)	-	1,248,295	
(9,890)	-	-	(9,890)	
(9,890)	-	-	(9,890)	
237,054	596,588	(1,460)	832,182	
268,148	596,588	(1,460)	863,276	
(31,094)	-	-	(31,094)	
237,054	596,588	(1,460)	832,182	

15.2 Annuity

(a)	Annuity	- insurance	contracts	issuea	

(a) / miony moralies communications				
		31 Decem	ber 2023	
(i) Analysis by remaining coverage and incurred claims -	Liabilities for Re	maining Coverage		_
General Measurement Model (GMM)	Excluding loss		Liability for	
Annuity - Insurance contracts issued	component	Loss component N'000	incurred claims N'000	Total N ′000
Opening insurance contract assets	-	-	-	-
Opening insurance contract liabilities	76,512,759	3,537,781	-	80,050,540
Net Opening balance	76,512,759	3,537,781	-	80,050,540
Insurance revenue				
Insurance revenue	(15,192,007)	-	-	(15,192,007)
	(15,192,007)	-	-	(15,192,007)
Insurance service expenses				
Incurred claims and other directly attributable expenses	-	(579,467)	13,996,165	13,416,698
Acquisition expenses	368,783	-	-	368,783
Changes that relate to past services: changes to liabilities for incurred claims (including reinsurer's non-performance risk)	_	_	(7,455)	(7,455)
Changes that relate to future services: losses on onerous contracts & reversals	_	1,744,529	-	1,744,529
	368,783	1,165,062	13,988,710	15,522,555
Insurance service result	(14,823,224)	1,165,062	13,988,710	330,548
Investment components	(,,	-77.	,
Investment components	(7,455)	-	7,455	-
	(7,455)		7,455	
Insurance finance expenses	3,540,949	311,472	-	3,852,421
Insurance finance expenses	3,540,949	311,472	-	3,852,421
Total amounts recognised in comprehensive income	(11,289,730)	1,476,534	13,996,165	4,182,969

	31 December 2022				
Liabilities for Re	maining Coverage		_		
Excluding loss component N'000	Loss component	Liability for incurred claims N'000	Total N ′000		
65,436,379	-	-	- 65,436,379		
65,436,379	-	-	65,436,379		
(11,993,905)	-	-	(11,993,905)		
(11,993,905)	-	-	(11,993,905)		
115,205	(121,711)	10,851,443	10,729,732 115,205		
-	- 3,569,934	-	- 3,569,934		
115,205	3,448,223	10,851,443	14,414,871		
(11,878,700)	3,448,223	10,851,443	2,420,966		
	-	-			
- 1 /07 700	-	-			
1,627,789	89,558	-	1,717,347		
1,627,789	89,558	10.051.440	1,717,347		
(10,250,911)	3,537,781	10,851,443	4,138,313		

15.2 Annuity

- (a) Annuity Insurance contracts issued
- (i) Analysis by remaining coverage and incurred claims General Measurement Model (GMM)

Cash Flow		
Premiums received		

Claims and other expenses paid

Acquisition cash flows paid

Total cash flows

Closing insurance contract assets

Closing insurance contract liabilities

Net closing balance

31 December 2023							
Liabilities for Remaining Coverage							
Excluding loss component N'000	Loss component	Liability for incurred claims	Total N ′000				
29,370,069	-	-	29,370,069				
-	-	(13,996,165)	(13,996,165)				
(1,576,376)	-	-	(1,576,376)				
27,793,693	-	(13,996,165)	13,797,528				
-	-	-	-				
93,016,722	5,014,315	-	98,031,037				
93,016,722	5,014,315	-	98,031,037				

Liabilities for Remaining Coverage							
Total N ′000	Liability for incurred claims N′000	Loss component	Excluding loss component N'000				
22,711,120	-	-	22,711,120				
(10,851,443)	(10,851,443)	-	-				
(1,383,829)	-	-	(1,383,829)				
10,475,848	(10,851,443)	-	21,327,291				
-	-	-	-				
80,050,540	-	3,537,781	76,512,759				
80,050,540	-	3,537,781	76,512,759				

(ii) Analysis by measurement component - General Measurement Model (GMM)

Annuity - Insurance contracts issued	31 December 2023			
	s of the present value of future cash flows N '000	Risk adjustment ₩′000	Contractual service margin N '000	Total N ′000
Opening insurance contract assets	-	-	-	-
Opening insurance contract liabilities	73,864,529	575,485	5,610,526	80,050,540
Net Opening balance	73,864,529	-	5,610,526	80,050,540
Changes that relate to current service				
Contractual service margin	-	-	(976,881)	(976,881)
Risk adjustments	-	(62,054)	-	(62,054)
Experience adjustments	(375,047)	-	-	(375,047)
	(375,047)	(62,054)	(976,881)	(1,413,982)
Changes that relate to future services: losses on onerous contracts and reversals	S			
Contracts initially recognised in the period	(2,422,931)	162,339	2,429,669	169,077
Experience adjustments	3,025,819	(175,293)	(1,296,934)	1,553,592
Changes in estimates reflected in the CSM	-	51,026	(51,026)	-
Changes in estimates that result in losses and reversal of losses onerous contracts (incl				
reinsurer's non-performance risk)		21,861	-	21,861
	602,888	59,933	1,081,709	1,744,530
Changes that relate to past service				
Adjustments to liabilities for incurred claims		-	-	
		-	-	
Insurance service result	227,841	(2,121)	104,828	330,548
Insurance finance expenses				
Net finance expenses	3,105,117	-	747,304	3,852,421
	3,105,117	-	747,304	3,852,421
Total amounts recognised in comprehensive income	3,332,958	(2,121)	852,132	4,182,969

31 December 2022				
Estimates of the present value of future cash flows	Risk adjustment N ′000	Contractual service margin N '000	Total N ′000	
61,780,713	526,603	3,129,063	65,436,379	
61,780,713	-	3,129,063	65,436,379	
		-, .,		
-	-	(954,439)	(954,439)	
-	(68,137)	-	(68,137)	
(126,392)	-	-	(126,392)	
(126,392)	(68,137)	(954,439)	(1,148,968)	
1,194,912	212,998	15,661	1,423,571	
(733,285)	(47,948)	2,960,216	2,178,983	
(78,383)	(36,606)	114,989	-	
(21,195)	(11,425)	-	(32,620)	
362,049	117,019	3,090,866	3,569,934	
235,657	48,882	2,136,427	2,420,966	
1,372,311	-	345,036	1,717,347	
1,372,311	-	345,036	1,717,347	
1,607,968	48,882	2,481,463	4,138,313	

(ii) Analysis by measurement component - General Measurement Model (GMM)

Annuity - Insurance contracts issued	31 December 2023			
Cash Flow	Estimates of the present value of future cash flows	Risk adjustment N ′000	Contractual service margin	Total N ′000
Cash flows	13,797,528	-	_	13,797,528
	13,797,528	-	-	13,797,528
Closing insurance contract assets	-	-	-	-
Closing insurance contract liabilities	90,995,015	573,364	6,462,658	98,031,037
Net closing balance	90,995,015	573,364	6,462,658	98,031,037

	31 December 2022					
Estimates of the present value of future cash flows	Risk adjustment N ′000	Contractual service margin N '000	Total N ′000			
10,475,848	-	-	10,475,848			
10,475,848	-	-	10,475,848			
- 73,864,529	- 575,485	- 5,610,526	- 80,050,540			
73,864,529	575,485	5,610,526	80,050,540			

(iii) Contracts initially recognised in the year

Annuity - Insurance contracts issued

Estimate of present value of future outflows	Profitable contracts issued N '000	Onerous contracts issued N '000	Total N ′000
- Insurance acquisition cash flows	24,277,863	18,231,397	42,509,260
- Claims and other insurance service expenses	1,940,761	1,409,688	3,350,449
Estimate of present value of future outflows	26,218,624	19,641,085	45,859,709
Estimates of the present value of future cash inflows	(30,005,550)	(21,743,568)	(51,749,118)
Time value of money difference on current and locked-in rates	1,173,056	3,488,334	4,661,390
Risk adjustment for non-financial risk	168,540	206,797	375,337
Contractual service margin	2,445,330	-	2,445,330
Increase in insurance contract liabilities from contracts recognised in the year	-	1,592,648	1,592,648

31 December 2023

	31 December 2022				
со	Profitable ntracts issued N'000	Onerous contracts issued N '000	Total N ′000		
	721,692	17,914,187	18,635,879		
	60,291	1,397,063	1,457,354		
	781,983	19,311,250	20,093,233		
	(945,304)	(21,567,091)	(22,512,395)		
	139,371	3,474,704	3,614,075		
	8,289	204,709	212,998		
	15,661	-	15,661		

1,423,572

1,423,572

15.3 Savings

- (a) Savings Insurance contracts issued
- (i) Analysis by remaining coverage and incurred claims General Measurement Model (GMM)

	31 December 2023			
· · · · · · · · · · · · · · · · · · ·	Lighilities for Re	emaining Coverage	Dei 2023	
Savings - Insurance contracts issued	Excluding loss component	Loss component	Liability for incurred claims N'000	Total N ′000
Opening insurance contract assets	-	-	-	-
Opening insurance contract liabilities	4,337,319	283,217	213,632	4,834,168
Net Opening balance	4,337,319	283,217	213,632	4,834,168
Insurance revenue				
Insurance revenue	(943,818)	-	-	(943,818)
	(943,818)	-	-	(943,818)
Insurance service expenses				
Incurred claims and other directly attributable expenses	-	(273,792)	4,787,413	4,513,621
Acquisition expenses	211,146	-	-	211,146
Changes that relate to past services: changes to liabilities for incurred claims				
(including reinsurer's non-performance risk)	-	-	(4,131,223)	(4,131,223)
Changes that relate to future services: losses on onerous contracts & reversals	-	741,157	-	741,157
	211,146	467,365	656,190	1,334,701
Investment components				
Investment components	(4,599,244)	-	4,599,244	-
	(4,599,244)	-	4,599,244	-
Insurance service result	(5,331,916)	467,365	5,255,434	390,883
Insurance finance expenses				
Insurance finance expenses	523,083	135,622	(211,866)	446,840
	523,083	135,622	(211,866)	446,840
Total amounts recognised in comprehensive income	(4,808,833)	602,987	5,043,569	837,723

31 December 2022				
Liabilities for Re	maining Coverage			
Excluding loss component N'000	Loss component N'000	Liability for incurred claims N′000	Total N ′000	
3,817,316	-	517,994	4,335,310	
3,817,316	-	517,994	4,335,310	
(529,862)	-	-	(529,862)	
(529,862)	-	-	(529,862)	
100,804	(95,455)	3,603,515	3,508,060 100,804	
-	- 312,524	(3,677,464)	(3,677,464) 312,524	
100,804	217,069	(73,950)	243,924	
(3,595,707)	-	3,595,707 3,595,707		
(4,024,765)	217,069	3,521,758	(285,938)	
381,404	66,148 66,148	(28,513) (28,513)	419,040	
(3,643,361)	283,217	3,493,245	133,102	

15.3 Savings

- (a) Savings Insurance contracts issued
- (I) Analysis by remaining coverage and incurred claims General Measurement Model (GMM)

		31 December 2023 Liabilities for Remaining Coverage			
	Liabilities for Re				
Savings - Insurance contracts issued	Excluding loss		Liability for	+	
Cash Flow	component N′000	Loss component N'000	incurred claims N '000	Total N ′000	
Premiums received	5,650,403	-	-	5,650,403	
Claims and other expenses paid	-	-	(4,816,000)	(4,816,000)	
Acquisition cash flows paid	(633,714)	-	-	(633,714)	
Total cash flows	5,016,689	-	(4,816,000)	200,689	
Closing insurance contract assets	-	-	-	-	
Closing insurance contract liabilities	4,545,175	886,204	441,201	5,872,579	
Net closing balance	4,545,175	886,204	441,201	5,872,579	

31 December 2022							
Liabilities for Remaining Coverage							
Excluding loss component N'000	Loss component	Liability for incurred claims	Total N ′000				
4,640,535	-	-	4,640,535				
-	-	(3,797,607)	(3,797,607)				
(477,172)	-	-	(477,172)				
4,163,363	-	(3,797,607)	365,756				
-	-	-	-				
4,337,319	283,217	213,632	4,834,168				
4,337,319	283,217	213,632	4,834,168				

(ii) Analysis by measurement component - General Measurement Model (GMM)

San in the Language of the sate in the d		31 Decemb	per 2023	
Savings - Insurance contracts issued Estima	tes of the present value of future cash flows	Risk adjustment	Contractual service margin	Total
	N ′000	N ′000	N ′000	N ′000
Opening insurance contract assets	-	-	-	-
Opening insurance contract liabilities	4,056,871	46,910	730,387	4,834,168
Net Opening balance	4,056,871	-	730,387	4,834,168
Changes that relate to current service				
Contractual service margin	-	-	(778,023)	(778,023)
Risk adjustments	-	(9,704)	-	(9,704)
Experience adjustments	(1,981)	-	-	(1,981)
	(1,981)	(9,704)	(778,023)	(789,708)
Changes that relate to future services: losses on onerous contracts and revers	als			
Contracts initially recgnised in the period	2,006,736	43,702	362,155	2,412,593
Experience adjustments	(1,454,642)	20,178	67,056	(1,367,408)
Changes in estimates reflected in the CSM	-	(9,065)	9,065	-
Changes in estimates that result in losses and reversal of losses onerous contracts (inc	cl			
reinsurer's non-performance risk)		453	-	453
	552,094	55,268	438,276	1,045,638
Changes that relate to past service				
Adjustments to liabilities for incurred claims		-	-	
		-	-	
Insurance service result	550,113	45,564	(339,747)	255,930
Insurance finance expenses				
Net finance expenses	479,616	-	102,177	581,793
	479,616	-	102,177	837,723
Total amounts recognised in comprehensive income	1,029,729	45,564	(237,570)	1,093,653

	31 December 2022				
	of the present alue of future cash flows N'000	Risk adjustment N '000	Contractual service margin N '000	Total N ′000	
_	4,135,007	29,701	170,602	4,335,310	
	4,135,007	-	170,602	4,335,310	
-	- - 61,263 61,263	(9,602) - (9,602)	(374,274)	(374,274) (9,602) 61,263 (322,613)	
	1,284,925	39,487	340,134	1,664,546	
	(2,215,133)	(4,100)	551,902	(1,667,331)	
	1,250	(6,286)	5,036	-	
-	477 (928,482)	(2,290) 26,811	897,072	(1,813 <u>)</u> (4,599)	
-	-	-	-	<u> </u>	
-	(867,219)	17,209	522,799	(327,211)	
	423,327	-	36,986	460,313	
•	423,327	-	36,986	133,102	
	(443,892)	17,209	559,785	(194,110)	

(ii) Analysis by measurement component - General Measurement Model (GMM)

Savings - Insurance contracts issued

Savings - insurance contracts issued	31 December 2023				
	Estimates of the present value of future cash flows	Risk adjustment N ′000	Contractual service margin N '000	Total N ′000	
Cash Flow					
Cash flows	200,689	-	-	200,689	
	200,689	-	-	200,689	
Closing insurance contract assets	-	-	-	-	
Closing insurance contract liabilities	5,287,289	92,474	492,817	5,872,579	
Net closing balance	5,287,289	92,474	492,817	5,872,579	

31 December 2022					
	of the present alue of future cash flows N'000	Risk adjustment N '000	Contractual service margin N '000	Total N ′000	
	365,756	-	-	365,756	
	365,756	-	-	365,756	
	- 4,056,871	- 46,910	- 730,387	- 4,834,168	
	4,056,871	46,910	730,387	4,834,168	

(iii) Contracts initially recognised in the year

Savings - Insurance contracts issued

COI	Profitable ntracts issued N'000	Onerous contracts issued N '000	Total N ′000
	2,319,668	11,224,249	13,543,917
	125,620	295,875	421,495
	2,445,288	11,520,124	13,965,412
	(3,190,444)	(7,998,574)	(11,189,018)
	21,526	(11,612)	9,914

61,848

3,571,786

83,188 702,289

3,571,785

21,340

702,289

(1)

31 December 2023

Estimate of present value of future outflows	confr
- Insurance acquisition cash flows	
- Claims and other insurance service expenses	
Estimate of present value of future outflows	
Estimates of the present value of future cash inflows	
Time value of money difference on current and locked-in rates	
Risk adjustment for non-financial risk	
Contractual service margin	
Increase in insurance contract liabilities from contracts recognised in the year	

	31 December 202	22
Profitable contracts issued N '000	Onerous contracts issued N '000	Total N ′000
1,090,942	4,900,003	5,990,945
60,491	132,633	193,124
1,151,433	5,032,636	6,184,069
(1,515,743)	(3,510,527)	(5,026,270)
13,911	(87,655)	(73,744)
10,266	29,221	39,487
340,134	-	340,134
1	1,463,675	1,463,676

15.4 Risk

- (a) Risk Insurance contracts issued
- (i) Analysis by remaining coverage and incurred claims General Measurement Model (GMM)

	31 December 2023				
Risk - Insurance contracts issued	Liabilities for Re	emaining Coverage			
	Excluding loss component H'000	Loss component	Liability for incurred claims N'000	Total N ′000	
Opening insurance contract assets				-	
Opening insurance contract liabilities	137,297	-	-	137,297	
Net Opening balance	137,297	-	-	137,297	
Insurance revenue					
Insurance revenue	(502,499)	-	-	(502,499)	
	(502,499)	-	-	(502,499)	
Insurance service expenses					
Incurred claims and other directly attributable expenses	-	(11,180)	1,520	(9,660)	
Acquisition expenses	85,603	-	-	85,603	
Changes that relate to past services: changes to liabilities for incurred claims (including reinsurer's non-performance risk)	-	-	_	-	
Changes that relate to future services: losses on onerous contracts & reversals	-	121,892	-	121,892	
	85,603	110,712	1,520	197,835	
Insurance service result	(416,896)	110,712	1,520	(304,664)	
Insurance finance expenses					
Insurance finance expenses	34,161	1,489	-	35,650	
	34,161	1,489	-	35,650	
Total amounts recognised in comprehensive income	(382,735)	112,201	1,520	(269,014)	

	31 Decemb	per 2022	
Liabilities for Re	emaining Coverage		
Excluding loss component N'000	Loss component N'000	Liability for incurred claims N'000	Total N ′000
35,979	-	-	- 35,979
35,979	-	-	35,979
(367,226)	-	-	(367,226)
(367,226)	-	-	(367,226)
54,552	(96,086)	10,784	(85,302) 54,552
-	91,275	-	- 91,275
54,552	(4,811)	10,784	60,525
(312,674)	(4,811)	10,784	(306,701)
19,672	4,811	-	24,483
19,672	4,811	-	24,483
(293,002)	-	10,784	(282,218)

15.4 Risk

- (a) Risk Insurance contracts issued
- (i) Analysis by remaining coverage and incurred claims General Measurement Model (GMM)

Risk - Insurance contracts issued	31 December 2023					
	Liabilities for Remaining Coverage					
Cash Flow	Excluding loss component N'000	Loss component N'000	Liability for incurred claims N'000	Total N ′000		
Premiums received	306,112	-	-	306,112		
Claims and other expenses paid	-	-	(1,520)	(1,520)		
Acquisition cash flows paid	(10,728)	-	-	(10,728)		
Total cash flows	295,384	-	(1,520)	293,864		
Closing insurance contract assets	-	-	-	-		
Closing insurance contract liabilities	49,946	112,201	-	162,147		
Net closing balance	49,946	112,201	-	162,147		

31 December 2022						
Liabilities for Re	emaining Coverage					
Excluding loss component N'000	Loss component	Liability for incurred claims N′000	Total N ′000			
394,837	-	-	394,837			
-	-	(10,784)	(10,784)			
(517)	-	-	(517)			
394,320	-	(10,784)	383,536			
-	-	-	-			
137,297	-	-	137,297			
137,297	-	-	137,297			

(ii) Analysis by measurement component - General Measurement Model (GMM)

Risk - Insurance contracts issued		31 Decemb	per 2023	
Estimate	s of the present			
	value of future cash flows N'000	Risk adjustment N ′000	Contractual service margin N '000	Total N ′000
Opening insurance contract assets				-
Opening insurance contract liabilities	(37,171)	(39,677)	214,145	137,297
Net Opening balance	(37,171)	-	214,145	137,297
Changes that relate to current service				
Contractual service margin	-	-	(236,342)	(236,342)
Risk adjustments	-	(12,919)	-	(12,919)
Experience adjustments	(177,295)	-	-	(177,295)
	(177,295)	(12,919)	(236,342)	(426,556)
Changes that relate to future services: losses on onerous contracts and reversal	S			
Contracts initially recognised in the period	(12,260)	16,490	28,834	33,064
Experience adjustments	(76,959)	78,183	102,445	103,669
Changes in estimates reflected in the CSM	-	(19,827)	19,827	-
Changes in estimates that result in losses and reversal of losses onerous contracts (incl				
reinsurer's non-performance risk)		(14,842)	-	(14,842)
	(89,219)	60,004	151,106	121,891
Changes that relate to past service				
Adjustments to liabilities for incurred claims		-	-	<u> </u>
				<u>-</u>
Insurance service result	(266,514)	47,085	(85,236)	(304,665)
Insurance finance expenses			00.400	0- /
Net finance expenses	4,968	-	30,683	35,651
	4,968		30,683	35,651
Total amounts recognised in comprehensive income	(261,546)	47,085	(54,553)	(269,014)

31 December 2022					
Estimates of the present value of future cash flows N'000	Risk adjustment N '000	Contractual service margin N'000	Total N ′000		
(145,152)	15,228	165,903	- 35,979		
(145,152)	-	165,903	35,979		
(179,382) (179,382)	(57,580) - (57,580)	(161,016) - - (161,016)	(161,016) (57,580) (179,382) (397,978)		
61,248 (154,803) 559	58,837 14,278 (64,419)	71,944 45,742 63,860	192,029 (94,783)		
<u>52</u> (92,944)	(6,021) 2,675	181,546	(5,969) 91,277		
		<u>-</u>			
(272,326)	(54,905)	20,530	(306,701)		
(3,229)	-	27,712	24,483		
(3,229) (275,555)	(54,905)	27,712 48,242	24,483 (282,218)		
(=: 3/000)	(3.7,00)	. 5/2 12	(202,210)		

(ii) Analysis by measurement component - General Measurement Model (GMM)

Risk - Insurance contracts issued		31 December 2023		
Cash Flow	Estimates of the present value of future cash flows	Risk adjustment N ′000	Contractual service margin N '000	Total N ′000
Cash flows	293,864	-	-	293,864
	293,864	-	-	293,864
Closing insurance contract assets	-	_	-	-
Closing insurance contract liabilities	(4,853)	7,408	159,592	162,147
Net closing balance	(4,853)	7,408	159,592	162,147

31 December 2022				
Estimates of the present value of future cash flows	Risk adjustment N ′000	Contractual service margin N '000	Total N ′000	
383,536	-	-	383,536	
383,536	-	-	383,536	
- (37,171)	- (39,677)	- 214,145	- 137,297	
(37,171)	(39,677)	214,145	137,297	

(iii) Contracts initially recognised in the year

D: 1			
Risk - I	Insurance	contracts	issued

Estimate of present value of future outflows	Profitable contracts issued N '000	Onerous contracts issued N '000	Total N ′000
- Insurance acquisition cash flows	70,969	172,968	243,937
- Claims and other insurance service expenses	36,564	124,950	161,514
Estimate of present value of future outflows	107,533	297,918	405,451
Estimates of the present value of future cash inflows	(227,381)	(129,245)	(356,626)
Time value of money difference on current and locked-in rates	(326)	487	161
Risk adjustment for non-financial risk	19,396	55,932	75,328
Contractual service margin	100,777	-	100,777
Increase in insurance contract liabilities from contracts recognised in the year	(1)	225,092	225,091

31 December 2023

		31 December 202	2
Pr contract:	ofitable s issued N ′000	Onerous contracts issued N '000	Total N ′000
	36,332	140,447	176,779
	24,463	112,753	137,216
	60,795	253,200	313,995
(143,339)	(108,724)	(252,063)
	(588)	(97)	(685)
	11,189	47,649	58,838
	71,944	-	71,944
	1	192,028	192,029

15.5 Endowment

- (a) Endowment Insurance contracts issued
- (i) Analysis by remaining coverage and incurred claims General Measurement Model (GMM)

		31 Deceml	per 2023	
Endowment - Insurance contracts issued	Liabilities for Re	emaining Coverage		
	Excluding loss component H'000	Loss component	Liability for incurred claims N '000	Total N ′000
Opening insurance contract assets				-
Opening insurance contract liabilities	7,388,249	250,493	243,145	7,881,887
Net Opening balance	7,388,249	250,493	243,145	7,881,887
Insurance revenue				
Insurance revenue	(523,253)	-	-	(523,253)
	(523,253)	-	-	(523,253)
Insurance service expenses				
Incurred claims and other directly attributable expenses	-	(37,958)	1,300,919	1,262,961
Acquisition expenses	134,545	-	-	134,545
Changes that relate to past services: changes to liabilities for incurred claims				
(including reinsurer's non-performance risk)	-	-	(15,551)	(15,551)
Changes that relate to future services: losses on onerous contracts & reversals		846,257	-	846,257
	134,545	808,299	1,285,368	2,228,212
Insurance service result	(388,708)	808,299	1,285,368	1,704,959
Investment components				
Investment components	(1,216,345)	-	1,216,345	_
	(1,216,345)	-	1,216,345	_
Insurance finance expenses				
Insurance finance expenses	622,017	21,218	(190,783)	452,453
	622,017	21,218	(190,783)	452,453
Total amounts recognised in comprehensive income	(983,036)	829,517	2,310,931	2,157,412

	31 December 2022					
Liabilities for Re	emaining Coverage					
Excluding loss component N'000	Loss component	Liability for incurred claims N'000	Total N ′000			
6,358,639	-	556,701	6,915,340			
6,358,639	-	556,701	6,915,340			
(512,549) (512,549)	-	-	(512,549) (512,549)			
- 65,905	(4,521)	1,113,722	1,109,201 65,905			
-	245,600	(1,269,193)	(1,269,193) 245,600			
65,905	241,079	(155,472)	151,513			
(446,644)	241,079	(155,472)	(361,036)			
(1,181,326)	-	1,181,326				
(1,181,326)	-	1,181,326				
416,342	9,414	(31,597)	394,160			
416,342	9,414	(31,597)	394,160			
(1,211,628)	250,493	994,258	33,124			

15.5 Endowment

- (a) Endowment Insurance contracts issued
- (i) Analysis by remaining coverage and incurred claims General Measurement Model (GMM)

		31 Decem	ber 2023	
Endowment - Insurance contracts issued	Liabilities for Re	emaining Coverage		
Cash Flow	Excluding loss component N'000	Loss component N '000	Liability for incurred claims	Total ₩′000
Premiums received	2,808,059	-	-	2,808,059
Claims and other expenses paid	-	-	(1,329,506)	(1,329,506)
Acquisition cash flows paid	(583,848)	-	-	(583,848)
Total cash flows	2,224,211	-	(1,329,506)	894,705
Closing insurance contract assets	-	-	-	-
Closing insurance contract liabilities	8,629,424	1,080,010	1,224,570	10,934,003
Net closing balance	8,629,424	1,080,010	1,224,570	10,934,003

31 December 2022						
Liabilities for Re	emaining Coverage					
Excluding loss component N'000	Loss component	Liability for incurred claims N'000	Total N ′000			
2,762,538	-	-	2,762,538			
-	-	(1,307,814)	(1,307,814)			
(521,301)	-	-	(521,301)			
2,241,237	-	(1,307,814)	933,423			
-	-	-	-			
7,388,249	250,493	243,145	7,881,887			
7,388,249	250,493	243,145	7,881,887			

(ii) Analysis by measurement component - General Measurement Model (GMM)

Endowment - Insurance contracts issued		31 Decemb	per 2023	
Estimates	s of the present			
	value of future cash flows	Risk adjustment	Contractual service margin	Total
	N ′000	N ′000	N ′000	N ′000
Opening insurance contract assets				-
Opening insurance contract liabilities	7,548,168	165,475	168,244	7,881,887
Net Opening balance	7,548,168	165,475	168,244	7,881,887
Changes that relate to current service				
Contractual service margin	-	-	(72,608)	(72,608)
Risk adjustments	-	(26,199)	-	(26,199)
Experience adjustments	(214,697)	-	-	(214,697)
	(214,697)	(26,199)	(72,608)	(313,504)
Changes that relate to future services: losses on onerous contracts and reversal	s			
Contracts initially recognised in the period	(784,871)	54,015	706,325	(24,531)
Experience adjustments	(1,380,317)	340,545	(646,208)	(1,685,980)
Changes in estimates reflected in the CSM	239,230	(62,201)	(177,029)	-
Changes in estimates that result in losses and reversal of losses onerous contracts (incl				
reinsurer's non-performance risk)	3,867,421	(252,318)	-	3,615,103
	1,941,463	80,041	(116,912)	1,904,592
Changes that relate to past service				
Adjustments to liabilities for incurred claims		-	-	
		_	_	<u> </u>
Insurance service result	1,726,766	53,842	(189,520)	1,591,088
Insurance finance expenses				
Net finance expenses	513,156	-	53,168	566,324
	513,156	-	53,168	566,324
Total amounts recognised in comprehensive income	2,239,922	53,842	(136,352)	2,157,412

	31 Decem	ber 2022	
Estimates of the present value of future cash flows	Risk adjustment N '000	Contractual service margin N '000	Total N ′000
5,721,267	372,729	821,343	6,915,339
5,721,267	-	821,343	6,915,339
(189,265) (189,265)	(62,947) - (62,947)	(72,465) - - (72,465)	(72,465) (62,947) (189,265) (324,677)
(366,008) 1,116,586 3,749	56,914 61,005 (246,169)	484,744 (1,418,503) 242,420	175,651 (240,912)
603 754,931	(16,057) (144,307)	(691,339)	(15,454) (80,716)
	-	<u>-</u>	
565,666	(207,254)	(763,804)	(405,392)
327,813	-	110,704	438,517
327,813 893,478	(207,254)	110,704 (653,100)	438,517 33,125

(ii) Analysis by measurement component - General Measurement Model (GMM)

Endowment - Insurance contracts issued	d 31 December 2023			
Cash Flow	Estimates of the present value of future cash flows	Risk adjustment N ′000	Contractual service margin N '000	Total N ′000
Cash flows	894,705	-	-	894,705
	894,705	-	-	894,705
Closing insurance contract assets	-	-	-	-
Closing insurance contract liabilities	10,682,795	219,317	31,892	10,934,003
Net closing balance	10,682,795	219,317	31,892	10,934,003

	31 December 2022					
	of the present alue of future cash flows N'000	Risk adjustment N ′000	Contractual service margin N '000	Total N ′000		
	933,423	-	-	933,423		
-	933,423	-	-	933,423		
-	-	-	-	-		
	7,548,168	165,475	168,244	7,881,887		
	7,548,168	165,475	168,244	7,881,887		

(iii) Contracts initially recognised in the year

Endowment - Insurance contracts issued

Estimates of the present value of future cash inflows

Risk adjustment for non-financial risk

Time value of money difference on current and locked-in rates

Estimate of present value of future outflows	Profitable contracts issued N '000	Onerous contracts issued N '000	Total N ′000
- Insurance acquisition cash flows	3,168,568	365,327	3,533,895
- Claims and other insurance service expenses	515,821	34,048	549,869
Estimate of present value of future outflows	3,684,389	399,375	4,083,764

31 December 2023

(76,292)

39,063

11,652

373,798

(5,143,794)

131,830

110,928

1,191,069 **373,797**

(5,067,502)

92,767

99,276

(1)

1,191,069

Contractual service margin

Increase in insurance contract liabilities from contracts recognised in the year

31 December 2022									
Profitable contracts issued N '000	Onerous contracts issued N '000	Total N ′000							
1,521,933	326,816	1,848,749							
239,015	26,405	265,420							
1,760,948	353,221	2,114,169							
(2,395,351)	(32,225)	(2,427,576)							
102,749	38,742	141,491							
46,909	10,005	56,914							
484,744	-	484,744							

369,743

369,742

(1)

15 Insurance contracts - continued

15.6 Analysis of liabilities for incurred claims

The liabilities for incurred claims consist of the following:

	31 Dec. 2023 N'000	31 Dec. 2022 N '000
Oustanding claims (reported)*	2,680,546	2,407,144
IFRS 17 estimates**	3,095,425	2,467,758
	5,775,971	4,874,902

^{*}The ageing analysis of outstanding claims is shown below in terms of amount, class of business, processing stage and number of claimants. See notes (a) to (c) below for details.

(a) The aging analysis of the outstanding claims by amount for the year ended 31 December 2023 is as follows:

Outstanding claims per amount	0 - 90 days N	91 - 180 days N	180 - 270 days	270 - 365 days	Above 366 days	Total N
N 1 - N 250,000	16,997,051	2,297,300	2,331,407	2,836,991	26,300,629	50,763,379
N 250,001 - N 500,000	26,502,154	5,318,040	5,115,213	5,077,339	48,082,399	90,095,144
N 500,001 - N 1,500,000	177,103,913	30,012,821	22,445,923	22,466,653	260,773,946	512,803,256
₦1,500,001 -₦2,500,000	107,762,507	24,466,918	12,542,819	11,702,200	164,094,100	320,568,544
N2,500,001 -N5,000,000	-	-	-	-	-	-
Above N 5,000,000	667,962,139	182,050,884	102,127,027	140,731,746	613,443,430	1,706,315,226
Total	996,327,764	244,145,963	144,562,390	182,814,928	1,112,694,504	2,680,545,549

^{**} The IFRS 17 estimates comprise Incurred But Not Reported (IBNR) claims, impact of discounting and other IFRS 17 components.

The aging analysis of the outstanding claims by amount for the year ended 31 December 2022 is as follows:

Outstanding claims per amou	nt 0 - 90 days	91 - 180 days N	180 - 270 days	270 - 365 days	Above 366 days	Total N
₦1 -₦250,000	9,710,047	2,408,745	1,801,197	2,052,270	21,944,767	37,917,026
N 250,001 - N 500,000	16,669,606	7,692,866	9,196,058	3,026,398	36,525,679	73,110,607
N500,001 -N1,500,000	160,189,961	47,789,148	42,660,550	25,564,946	167,196,315	443,400,920
N 1,500,001 - N 2,500,000	127,487,326	52,949,792	28,734,930	22,240,656	95,611,738	327,024,442
N 2,500,001 - N 5,000,000	140,611,595	72,473,375	33,225,841	38,258,524	109,211,711	393,781,046
Above N 5,000,000	375,987,757	182,001,180	77,899,218	56,069,838	439,951,858	1,131,909,851
Total	830,656,292	365,315,106	193,517,794	147,212,632	870,442,068	2,407,143,892

The ageing analysis of the outstanding claims by class of business for the year ended 31 December 2023 is as follows:

Outstanding claims per class of business	s 0 - 90 days N	91 - 180 days N	180 - 270 days	270 - 365 days Above 366 days	Total N
Group life	651,978,956	139,524,662	91,372,034	149,378,445 1,007,441,276	2,039,695,373
Individual life	174,971,908	19,886,694	19,317,228	25,103,227 39,353,323	278,632,380
Annuity	169,376,901	84,734,607	33,873,128	8,333,256 65,899,905	362,217,796
Total	996,327,764	244,145,963	144,562,390	182,814,928 1,112,694,504	2,680,545,549

The aging analysis of the outstanding claims by class of business for the year ended 31 December 2022 is as follows:

Group life	606,483,584	280,240,088	144,276,231	103,092,676	595,698,608	1,729,791,186
Individual life	160,046,174	49,574,678	32,594,068	36,460,607	237,815,020	516,490,547
Annuity	64,126,535	35,500,340	16,647,495	7,659,349	36,928,440	160,862,159
Total	830,656,292	365,315,106	193,517,794	147,212,632	870,442,068	2,407,143,892

(b) The aging analysis of the outstanding claims by processing stage and reason for the year ended 31 December 2023 is as follows:

Outstanding claims per processing stage	No.	0 - 90 days N	No.	91 - 180 days N	1 No.	80 - 270 days N	2 No.	70 - 365 days N		Above 366 days N	No.	Total N
Awaiting documentation	89	233,612,096	33	95,338,283	29	73,279,986	26	41,806,021	366	608,358,253	543	1,052,394,639
Incomplete documentation	149	455,217,287	55	142,553,796	36	61,395,714	31	126,270,184	364	461,141,213	635	1,246,578,194
Discharge voucher not yet signed	322	307,498,382	18	6,253,884	23	9,886,690	33	14,738,723	202	43,195,037	598	381,572,716
and returned by client												
Total	560	996,327,764	106	244,145,963	88	144,562,390	90	182,814,928	932	1,112,694,504	1,776	2,680,545,549

The aging analysis of the outstanding claims by processing stage and reason for the year ended 31 December 2022 is as follows:

Outstanding claims per processing stage	No.	0 - 90 days N	No.	91 - 180 days N 1	18 No.	30 - 270 days	2 No.	70 - 365 days N		Above 366 days N	No.	Total N
Awaiting documentation	54	141,152,199	29	70,759,787	21	18,583,404	7	10,460,274	99	87,200,164	210	328,155,828
Incomplete documentation	258	614,318,970	120	292,593,484	87	169,441,622	67	134,658,411	437	775,931,947	969	1,986,944,434
Discharge voucher not yet signed												
and returned by client	143	75,185,123	23	1,961,835	17	5,492,768	19	2,093,947	139	7,309,957	341	92,043,630
Total	455	830,656,292	172	365,315,106	125	193,517,794	93	147,212,632	675	870,442,068	1,520	2,407,143,892

Analysis of number of claimants for the year ended is as follows:

		0 - 90 days	91 - 180 da	/S	18	30 - 270 days	2	70 - 365 days		Above 366 days		Total
	No.	N 1	No.	1 14	No.	H	No.	N	No.	N	No.	N
31 December 2023	560	996,327,764 1	06 244,145,9	3	88	144,562,390	90	182,814,928	932	1,112,694,504	1,776	2,680,545,549
31 December 2022	455	830,656,292 1	72 365,315,10	6 1	125	193,517,794	93	147,212,632	675	870,442,068	1,520	2,407,143,892

All claims are recorded as outstanding claims upon receipt of notification from the broker / beneficiary. Claims are settled within the stipulated timelines in accordance with Section 70 of the Insurance Act, 2003 upon receipt of signed discharged voucher from the beneficiary. As at 31 December 2023, the balance of outstanding claims represents claims which are unpaid due to incomplete documentation or ongoing claims verification exercise.

16	Investment contract liabilities	31 Dec. 2023 ₩′000	Restated 31 Dec. 2022 ₩′000
	Welfare scheme fund (see note (a) below)	3,861,086	3,686,050
		3,861,086	3,686,050
(a)	Movement in welfare scheme fund		
	Balance, beginning of year		
	Deposit during the year	3,686,050	3,766,561
	Withdrawals during the year	806,079	559,113
	Guaranteed interest charge	(919,871)	(872,167)
	Balance, end of year	288,828	232,543
		3,861,086	3,686,050

17.	Trade payables	31 Dec. 2023 ₩′000	Restated 31 Dec. 2022 N '000
	Commission payable	290,200	243,987
	Deposit for premium	233,726	1,212,101
		523,926	1,456,088
	Current	523,926	1,456,088
	Non-current		

(b) Deposit for premium represents premium received in advance but which the policy risk period is yet to commence as at reporting date.

18 Other payables

	Deferred rental income (see note(a))	104,513	96,431
	Non-trade payables (see note (b))	2,129,012	1,337,500
	Statutory payables (see note c)	89,210	53,813
	Information technology development levy	53,454	48,344
		2,376,189	1,536,088
	Current	2,376,189	1,536,088
	Non-current	-	
(a)	Breakdown of deferred rental income		
	Balance, beginning of year	96,431	131,452
	Rental income amortised during the year	116,467	109,675
	Rental income received during the year	(108,385)	(144,696)
	Balance, end of year	104,513	96,431

(b)	Breakdown of non-trade payables	31 Dec. 2023 N ′000	Restated 31 Dec. 2022 N '000
	Audit fees	21,461	10,782
	NAICOM Levy	484,169	397,489
	Consulting and other professional fees	308,067	245,812
	Advert and Publicity	160,070	172,474
	Nigeria Insurers Association dues payable	53,673	105,066
	Payable on investment intermediaries	724,034	-
	Provision for staff performance pay	377,538	405,877
		2,129,012	1,337,500

(c) Statutory payables consist of amounts due to be paid in respect of withholding tax (WHT), value added tax (VAT), industrial training fund (ITF) levy and payroll - related taxes.

19 Taxation

	31 Dec. 2023	31 Dec. 2022
Current income tax	N ′000	N ′000
Balance, beginning of year	53,845	(119,159)
Current income tax charge	186,436	68,360
Prior period underprovision for tax	-	14,705
Education tax	-	166,351
Withholding tax credits utilised	(73,595)	(30,853)
Payments during the year	(117)	(45,559)
Balance, end of year	166,569	53,845

20	Deferred tax liabilities	31 Dec. 2023 N'000	31 Dec. 2022 N '000
	Balance, beginning of year	522,335	545,728
	Tax charge in statement of profit or loss	13,326	-
	Tax charge relating to components of other comprehensive income	207,044	(23,393)
	Balance, end of year	742,705	522,335

(a)	Movement in deferred tax liability	At 1 January	Statement of profit or loss		At 31 December
	31 December 2023	N ′000	N ′000	N ′000	N ′000
	Property, plant and equipment	430,184	-	207,044	637,228
	Unrealised gains on foreign currency translation	10,895	-	-	10,895
	Fair value gains on investment property	81,256	13,326	-	94,582
		522,335	13,326	207,044	742,705
	31 December 2022				
	Property, plant and equipment	453,577	-	(23,393)	430,184
	Unrealised gains on foreign currency translation	10,895	-	-	10,895
	Fair value gains on investment property	81,256	-	-	81,256
		545,728	-	(23,393)	522,335

(b)	Unrecognised deferred tax assets	31 Dec. 2023 N ′000	31 Dec. 2022 N '000
	Deductible temporary differences	199,581	163,810
	Unrelieved tax losses (will never expire)	34,930,656	27,338,670
		35,130,237	27,502,480

Deferred tax assets have not been recognised in respect of unrelieved tax losses and other deductible temporary differences, because it is not probable that future taxable profits will be available against which the Company can benefit therefrom.

c) Movement in unrecognised deferred tax assets

Deferred tax assets relating to the Company's business, which have not been recognised in respect of tax losses, are as stated below:

	31 Dec. 2023 N '000	31 Dec. 2022 N '000
Balance, beginning of year	27,502,480	25,324,404
Increase during the year	7,627,757	2,178,076
Balance, end of year	35,130,237	27,502,480

21 Share capital

Share	capital	comprises:
JIIGIC	Capilai	COMPRISOS.

Authorised capital- 16,000,000,000 ordinary shares of 50 kobo each

	31 Dec. 2023 N '000	31 Dec. 2022 N'000
Balance, beginning of year	8,000,000	8,000,000
Additional authorised shares registered during the year	-	-
Balance, end of year	8,000,000	8,000,000
Authorised, issued and fully paid - 16,000,000,000		
(2022 : 16,000,000,000) ordinary shares of 50 kobo each	31 Dec. 2023 N '000	31 Dec. 2022 N'000
Balance, beginning of year	8,000,000	8,000,000
Shares issued during the year	-	-
Balance, end of year	8,000,000	8,000,000
Movement in ordinary shares in issue	Units N '000	Units N '000
Balance, beginning of year	16,000,000	16,000,000
Shares issued during the year	-	-
Balance, end of year	16,000,000	16,000,000

22 Contingency reserve

10% of net profit

In compliance with Section 21 (1) of Insurance Act 2003, 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. See note (a) below for computation.

The movement in this account during the year is as follows:

		31 Dec. 2023 N '000	31 Dec. 2022 ₩'000
	Balance, beginning of year	2,075,796	1,698,098
	Transfer from retained earnings (see note 25)	463,009	377,698
	Balance, end of year	2,538,805	2,075,796
(a)	Computation of contingency reserve for the year The higher of:	31 Dec. 2023 N ′000	Restated 31 Dec. 2022 N '000
	Gross written premium	46,300,965	37,769,832
	1% of gross premium	463,010	377,698
	Net profit	4,442,785	1,646,660

444,279

164,666

Contingency reserve for the prior year was computed under IFRS 4.

23 Asset revaluation reserve

Asset revaluation reserve warehouses the net accumulated change in the fair value of the Company's freehold land and building which is carried at fair value through other comprehensive income until the asset is derecognized or impaired.

Movement in the asset revaluation reserve:	31 Dec. 2023 N ′000	31 Dec. 2022 ₩′000
Balance, beginning of year	605,349	659,931
Revaluation (loss)/ gain on property, plant and equipment	690,143	(77,974)
Deferred tax impact of the gains	(207,044)	23,392
Balance, end of year	1,088,448	605,349

24 Fair value reserve

Fair value reserve includes the net accumulated change in the fair value through other comprehensive income (OCI) asset until the investment is derecognized or impaired.

Movement in the fair value reserve:	31 Dec. 2023 N '000	31 Dec. 2022 N '000
Balance, beginning of year Changes in financial assets at fair value through other	66,381	91,691
comprehensive income (see note 6b(i)&(iv))	(788,844)	(25,310)
Balance, end of year	(722,463)	66,381

Net changes on equities classified at fair value through other comprehensive income

Movement in the fair value reserve:	31 Dec. 2023 N '000	31 Dec. 2022 N '000
Changes in financial assets at fair value through other comprehensive income (see note 6b(i)&(iv)) Deferred tax impact on changes in fair value through other	(788,844)	(25,310)
comprehensive income	-	-
	(788,844)	(25,310)

25 Retained earnings

Retained earnings represent the amount available for distribution to the equity shareholders of the Company.

Movement in retained earnings:	31 Dec. 2023 N'000	Restated 31 Dec. 2022 N '000
Balance, beginning of year	(1,816,723)	(1,565,685)
Profit for the year	4,442,785	1,646,660
Transfer to contingency reserves (see note 22))	(463,009)	(377,698)
Dividend declared and paid (see note 40)	(1,898,226)	(1,520,000)
Balance, end of year	264,827	(1,816,723)

26 Contingencies and commitments

Legal proceedings and regulations

The Company operates in the insurance industry and is subject to legal proceedings in the normal course of business. The Company is presently involved in two (2) (2022: three (3)) cases as a defendant with total claims amounting #16.4 million (2022: #38.8 million).

While it is not practicable to forecast or determine final results of all pending or threatened legal proceedings, based on legal advice, management does not believe that such proceedings (including litigations) will have a material effect on its results and financial position. No provision was made for this liability in the financial statements for the year ended 31 December 2023.

Capital commitments and operating leases.

The Company had no capital commitments at the reporting date.

The Company entered into lease rental contracts on certain properties for its branches. These leases have an average lifespan of 2 years, with an annual renewal option. There are no restrictions placed on the Company by entering into the leases.

There are no future lease payments for its non-cancellable lease rental contracts as a lessee.

27 Insurance service result

2023	Annuity N ′000	Savings N '000	Risk N ′000	Endowment N ′000	Group Life N '000	Total N ′000
Insurance contract revenue	15,192,007	943,817	502,500	523,256	7,651,148	24,812,728
Insurance service expense	(15,522,555)	(1,334,701)	(197,835)	(2,228,212)	(5,180,355)	(24,463,658)
Net expense from reinsurance contracts held _	-	-	-	-	(1,217,768)	(1,217,768)
Insurance service result	(330,548)	(390,884)	304,665	(1,704,956)	1,253,025	(868,698)
Insurance finance income/(expense)	(3,852,423)	(581,800)	(35,654)	(566,325)	235,467	(4,800,734)
Reinsurance finance income/(expense)					16,559	16,559
Net insurance finance result	(3,852,423)	(581,800)	(35,654)	(566,325)	252,026	(4,784,175)
2022						
Insurance contract revenue	11,993,901	529,861	367,229	512,551	7,383,962	20,787,503
Insurance service expense	(14,414,871)	(243,924)	(60,525)	(151,513)	(4,892,804)	(19,763,636)
Net expense from reinsurance contracts held _	-	-	-	-	(1,078,356)	(1,078,356)
Insurance service result	(2,420,970)	285,937	306,704	361,038	1,412,802	(54,489)
Insurance finance income/(expense)	(1,717,346)	(460,312)	(24,488)	(438,517)	57,276	- (2,583,386)
Reinsurance finance income/(expense)	-	-	-	-	3,946	3,946
Net insurance finance result	(1,717,346)	(460,312)	(24,488)	(438,517)	61,222	(2,579,440)

Insurance contract revenue	A	6 :	D: I	F 1	C 1:t	T
2023	Annuity N ′000	Savings N '000	Risk N '000	Endowment N '000	Group Life N '000	Total N ′000
Contracts measured under GMM	14 000	14 000	11 000	11 000	11 000	11 000
Amounts relating to changes in liability for remaining	coverage:					
- Expected claims and other insurance service						
expenses	13,786,395	(54,461)	170,868	347,488	-	14,250,290
- Change in risk adjustment for non-financial ris	k 59,949	9,111	9,687	26,029	-	104,776
- Release of contractual service margin for					-	
services provided	976,880	720,472	236,342	15,193		1,948,887
Recovery of insurance acquisition cash flows	368,783	268,695	85,603	134,546	-	857,627
Contracts measured under PAA	-	-	-	-	7,651,148	7,651,148
Insurance revenue	15,192,007	943,817	502,500	523,256	7,651,148	24,812,728
2022						
Contracts measured under GMM						
Amounts relating to changes in liability for						
remaining coverage:						
- Expected claims and other insurance service						
expenses	10,857,615	45,547	126,771	333,831	-	11,363,764
- Change in risk adjustment for non-financial risk	66,644	9,235	24,892	62,493	-	163,264
-Release of contractual service margin foR						
services provided	954,438	374,274	161,015	50,322	-	1,540,049
Recovery of insurance acquisition cash flows	115,204	100,805	54,551	65,905	-	336,465
Contracts measured under PAA	-	-	-	-	7,383,962	7,383,962
Insurance revenue	11,993,901	529,861	367,229	512,551	7,383,962	20,787,503

(b) Insurance service expense

	Annuity N '000	Savings N '000	Risk N ′000	Endowment N ′000	Group Life N '000	Total N ′000
2023						
Incurred claims and other directly						
attributable expenses	13,416,698	4,513,621	(9,660)	1,262,961	1,687,950	20,871,570
Acquisition expenses	368,783	211,146	85,603	134,545	710,597	1,510,674
Changes that relate to past services:						
changes to liabilities for incurred claims						
(including reinsurer's non-performance risk)	(7,455)	(4,131,223)	-	(15,551)	2,781,808	(1,372,421)
Changes that relate to future services: losses					-	3,453,835
on onerous contracts & reversals —	1,744,529	741,157	121,892	846,257		
Insurance service expense	15,522,555	1,334,701	197,835	2,228,212	5,180,355	24,463,658
2022						
Incurred claims and other directly						
attributable expenses						
Acquisition expenses	10,729,732	3,508,060	(85,302)	1,109,201		
Changes that relate to past services:	115,205	100,804	54,552	65,905	2,844,612	18,106,302
changes to liabilities for incurred claims					636,139	972,605
(including reinsurer's non-performance risk)						
Changes that relate to future services: losses	-	(3,677,464)	-	(1,269,193)	1,412,049	(3,534,608)
on onerous contracts & reversals				- /		
Insurance service expense	3,569,934	312,524	91,275	245,600	4	4,219,337
——————————————————————————————————————	14,414,871	243,924	60,525	151,513	4,892,804	19,763,636

c) Net expense from reinsurance contracts held	Annuity	Savings N '000	Risk Er N '000	dowment	Group Life N '000	Total N ′000
2023	14 000	N 000	14 000	N 000	14 000	H 000
Reinsurance premium expenses-contracts measured under PAA	-	-	-	-	1,831,323	1,831,323
Reinsurance service income:						
Incurred claims recovery and other income	-	-	-	-	(281,782)	(281,782)
Acquisition income earned on reinsurance contracts held	-	-	-	-	(129,126)	(129,126)
Changes that relate to past services: changes to liabilities for						
incurred claims (incl. reinsurer's non-performance risk)	-	-	-	-	(202,647)	(202,647)
Changes that relate to future services: losses on onerous						
contracts and reversals (resulting from underlying GoC for						
reinsurance)		-	-	-	-	
Net expense from reinsurance contracts held		-	-	-	1,217,768	1,217,768
2022						
Reinsurance premium expenses – contracts measured under PAA	-	-	-	-	1,882,115	1,882,115
Reinsurance service income:						
Incurred claims recovery and other income	-	-	-	-	(467,344)	(467,344)
Acquisition income earned on reinsurance contracts held	-	-	-	-	(342,946)	(342,946)
Changes that relate to past services: changes to liabilities for						
incurred claims (incl. reinsurer's non-performance risk)	-	-	-	-	6,531	6,531
Changes that relate to future services: losses on onerous						
contracts and reversals (resulting from underlying GoC for						
reinsurance)		-	-	-	-	
Net expense from reinsurance contracts held	_	-	-	-	1,078,356	1,078,356

d) Insurance finance income/(expense)	Annuity N ′000	Savings N '000	Risk E N '000	indowment	Group Life N '000	Total N ′000
2023						
Interest accreted on Insurance contracts	8,514,333	594,674	49,894	565,786	227,666	9,952,352
Effect of changes in interest rates and other financial assumptions	(4,661,910)	(12,874)	(14,240)	539	(463,133)	(5,151,618)
Net finance expenses from insurance contracts	3,852,423	581,800	35,654	566,325	(235,467)	4,800,734
2022						
Interest accreted on Insurance contracts	5,145,173	389,199	38,065	420,170	206,528	6,199,134
Effect of changes in interest rates and other financial assumptions	(3,427,827)	71,113	(13,577)	18,347	(263,804)	(3,615,748)
Net finance expenses from insurance contracts	1,717,346	460,312	24,488	438,517	(57,276)	2,583,386
(e) Reinsurance finance income/(expense) 2023						
Interest accreted	-	-	-	-	21,481	21,481
Effect of changes in interest rates and other financial assumptions	-	-	-	-	(4,922)	(4,922)
Effect of movements in exchange rates						
Effect of changes in non-performance risk of reinsurers						
Net finance income from reinsurance contracts	-	-	-	-	16,559	16,559
2022						
Interest accreted	-	-	-	-	11,205	11,205
Effect of changes in interest rates and other financial assumptions	-	-	-	-	(7,259)	(7,259)
Effect of movements in exchange rates						
Effect of changes in non-performance risk of reinsurers						
Net finance income from reinsurance contracts	-	-	-	-	3,946	3,946

28 Investment income

3	31 Dec. 2023 N ′000	Restated 31 Dec. 2022 N '000
Dividend income (see note (a) below)	862,337	564,024
Income on cash and cash equivalents (see note (b) below)	542,741	573,256
Income on bonds, treasury bills and commercial papers (see note c) below)	14,560,011	10,496,810
Income on statutory deposit	20,202	10,912
_	15,985,291	11,645,002

- (a) Dividend income comprises cash dividend of N827 million (2022: N560 million) and scrip dividend of N35 million (2022: N3.8 million).
- (b) Income on cash and cash equivalents includes interest received of N518 million (2022: N549 million) as disclosed in note 5c).
- c) Income on bonds, treasury bills and commercial papers comprise income of №14.1 billion (2022: №10.388 billion) on bonds, №62 million (2022: NIL) on treasury bills and №407 million (2022: №96.8 million) on commercial papers.

29	Profit on investment contracts	31 Dec. 2023 N ′000	Restated 31 Dec. 2022 N '000
	Investment income on investment contracts	320,000	276,316
	Guaranteed interest on investment contracts	(288,828)	(232,543)
		31,172	43,773

30	Net fair value loss	31 Dec. 2023 N'000	Restated 31 Dec. 2022 N '000
	Net fair value through profit or loss assets:		
	- Fair value gain on investment properties	133,272	140,480
	- Net fair value loss on financial assets	(7,555,845)	(6,168,888)
		(7,422,573)	(6,028,408)
31	Impairment (charge)/write-back		
	Impairment charge on cash and cash equivalents (note 5d(ii))	(57,859)	(4,479)
	Impairment on financial assets held at fair value through OCI	(32,367)	-
	Fair value through OCI Impairment write-back/(charge) on financial assets		
	held at amortised cost (note 6c(vi))	(152,050)	8,864
		(242,276)	4,385
32	Net realised gain/(loss)		
	Realised loss on equity accounted investee	-	(1,556,658)
	Net realised gain on financial assets	635,767	1,447,025
		635,767	(109,633)
33	Share of profit of equity accounted investee		
	Share of profit of equity accounted investee		208,804
			208,804

34	Foreign exchange gain	31 Dec. 2023 N ′000	Restated 31 Dec. 2022 ₩'000
	Foreign exchange gain on financial assets and liabilities	2,591,899	155,500
	Foreign exchange gain on cash and cash equivalents	259,604	49,860
		2,851,503	205,360

Foreign exchange gain is derived from certain transactions denominated in foreign currency such as bank balances, fixed deposits, financial assets, etc.

35	Other investment income	116,467	109,675
	Rental Income	116,467	109,675
36	Other operating income		
	Other income (see note below)	179,547	356,056
	Profit/(loss) on disposal of fixed assets	400	3,447
		179,947	359,503
	Other income includes interest from staff loan, policy loans, etc.		
37	Management expenses	31 Dec. 2023 N '000	31 Dec. 2022 N '000
	Employee benefit expenses (see note (a))	990,502	763,048
	Marketing and administrative expenses (see note (b))	427,626	457,805
	Other operating expenses (see note c))	1,548,634	1,733,569
		2,966,762	2,954,422

(a)	Employee benefit	31 Dec. 2023 N ′000	31 Dec. 2022 N '000
	Salaries & wages	776,650	553,428
	Pension contribution	28,485	23,173
	Other HR costs	185,367	186,447
		990,502	763,048
(b)	Marketing and administrative expenses		
	Advertising	188,476	263,979
	Travelling expenses	18,507	4,594
	Office maintenance	179,299	156,316
	Vehicle repairs and maintenance	41,344	32,916
		427,626	457,805
(c)	Other operating expenses		
	Depreciation of property, plant and equipment	218,856	205,339
	Amortisation of intangible assets	211	35,403
	Auditors' remuneration	16,500	16,500
	Directors' expenses (see note 39(b))	64,653	49,414
	Bank charges	32,646	40,856
	Information technology expenses	63,558	41,320
	Rent and rates	190,108	146,059
	Training	116,495	65,963
	NIA Levy	8,375	8,375
	Depreciation expense on right-of-use assets	1,078	24,860
	NAICOM supervisory levy	471,070	383,132
	Contract service costs	117,000	64,211
	Shared service cost	-	481,959
	Write-off of fixed assets	47	620
	Legal and professional fees	248,037	169,558
		1,548,634	1,733,569

(d)	Management expenses: represented by	31 Dec. 2023 ₩′000	31 Dec. 2022 N '000
	Directly attributable to underwriting	1,174,554	1,088,882
	Not directly attributable to underwriting	1,792,208	1,865,540
		2,966,762	2,954,422

(e) Auditor's remuneration represents fees for the interim and full year audit of the Company for the year ended 31 December 2023. The Company also paid Messrs. Deloitte & Touché professional fees for non-audit services. These services, in the Company's opinion, did not impair the independence and objectivity of the external auditors. Non- audit services provided during the year are stated below:

	Services rendered Advisory services on IFRS 17 implementation	Name of signer Izekor, Uyi William	FRC Number FRC/2013/ICAN/ 00000001336	Name of firm Deloitte & Touché	Amount (N) 18,500,000
38	Income tax expense			31 Dec. 2023	31 Dec. 2022
	Per profit and loss accour	nt:		N ′000	N ′000
	Company income tax exp	pense		186,436	68,360
	ITF levy			47,670	42,916
	Education tax			-	166,351
	Prior period under-provision for tax			-	14,705
				234,106	292,332
	Deferred tax expense			13,326	-
	Income tax expense			247,432	292,332

Tax on the Company's profit before tax differ from the theoretical amount that would arise using the weighted average tax rate applicable to profit as follows:

Effective tax rate reconciliation analysis	31 Dec. 2023 N′000	31 Dec. 2022 N'000
Profit before income tax	4,690,217	1,938,992
Tax calculated at domestic rate applicable in Nigeria at 30% (2022 : 30%).	1,407,065	581,698
Effect of:		
Tax exempt income	(2,112,125)	(3,159,651)
Non-deductible expenses	419,753	597,162
Impact of industry tax law	(497,725)	(892,400)
Unrecognised temporary difference	758,470	2,889,058
Minimum tax impact	186,436	68,360
Education tax	-	166,351
Prior period under-provision for tax	-	14,705
ITF levy	47,670	42,916
Total	247,432	292,332

39 Supplementary income statement information:

a) Employees

(i) Employees, other than the executive Directors, whose duties were wholly or mainly discharged in Nigeria, received emoluments (excluding pension contribution and other allowances) in the following ranges:

	31 Dec. 2023 Numbers	31 Dec. 2022 Numbers
₩ 700,001 -₩1,000,000	-	-
₦ 1,000,001 - ₦ 1,250,000	1	1
₩ 1,250,001 - ₩ 2,500,000	3	10
₩ 2,500,001 -₩4,000,000	24	24
Above ₩ 4,000,000	39	20
	67	55

(ii) The average number of full time persons employed by the Company during the year was as follows:

Numbers	31 Dec. 2023	31 Dec. 2022
Executive	3	2
Management staff	8	6
Non-management staff	56	47
Total	67	55

b) Directors' remuneration

Key management personnel of the Company includes all Directors, executive and non-executive. The summary of the compensation to key management personnel except Executive Directors for the year is as follows:

		31 Dec. 2023 N ′000	31 Dec. 2022 N ′000
	Directors' fees	13,304	8,000
	Directors' sitting allowance	19,050	11,200
	Travelling allowance	32,299	30,214
		64,653	49,414
	Fees and other emoluments disclosed above include amounts paid to:		
	Chairman	3,694	3,694
	Highest paid Director	8,320	8,320
40	Earnings per share	31 Dec. 2023	31 Dec. 2022
	Net profit attributable to shareholders₩'000) Weighted average number of ordinary shares in issue:	4,442,785	1,646,660
	- Opening balance ('000)	16,000,000	16,000,000
	- Effect of additional bonus issue ('000)	-	-
	Weighted average number of ordinary shares in issue	16,000,000	16,000,000
	Basic earnings per share (kobo)	27	10

41 Dividend

During the year under review, the Company did not declare interim dividend. In 2022, the interim dividend declared was 3 kobo per ordinary share on the issued and paid-up capital of 16,000,000,000 ordinary shares of 50 kobo each, subject to the appropriate withholding tax deduction .

During the year under review, the Company did not declare final dividend. In 2022, the final dividend declared was 6.5 kobo per ordinary share on the issued and paid-up capital of 16,000,000,000 ordinary shares of 50 kobo each, subject to the appropriate withholding tax deduction.

	31 Dec. 2023 N '000	31 Dec. 2022 N ′000
Dividend payable, beginning of year	-	-
Prior year final dividend declared	1,898,226	1,040,000
Interim dividend declared during the year	-	480,000
Gross dividend paid during the year (see note 25)	(1,898,226)	(1,520,000)
Dividend payable, end of year	-	-

The final dividend in respect of 2022 was paid in April 2023.

42 Related parties

Parent

The Company enters into transactions with parent, affiliates and its key management personnel in the normal course of business. The transactions with related parties are made at normal market prices and conducted at arm's length.

Entities under common control

Transactions between Custodian Life Assurance Limited and other entities under common control also meet the definition of related party transactions.

Transactions with key management personnel

The Company's key management personnel, and persons connected with them are considered to be related parties for disclosure purposes. The definition of key management includes close members of family of key personnel and any entity over which key management exercise control. The key management personnel have been identified as the executive and non-executive Directors of the Company. Close members of family are those family members who may be expected to influence, or be influenced by that individual in their dealings with Custodian Life Assurance Limited.

The volume of related party transactions, outstanding balances at the year end, and related expense and income for the year are as follows:

(i) Receivable from Crusader Sterling Pensions Limited (under common control)

Amounts in thousands of Naira	31 Dec. 2023	31 Dec. 2022
Balance, beginning of year	666,617	416,617
Net payment made/(amount received) during the year	-	250,000
Balance, end of year	666,617	666,617

This balance represents amount due from Crusader Sterling Pensions Limited, being the amount disbursed to retirees under the old Pension Act. Refer to note 8(e).

In compliance with the requirements of the Pension Reform Act, 2014, that Life Assurance Companies should transfer legacy pension assets to licensed pension fund administrators (PFAs), Custodian Life Assurance Limited transferred its legacy pension portfolio to Crusader Sterling Pensions Limited (CSP) in 2007. Based on the Service Level Agreement (SLA) with the pension clients, the Company undertook to promptly pay the retirees as the demand comes while CSP would reimburse the Company afterwards.

(1) Income statement

Gross premium written

The Company provided group life assurance services for members within the Custodian Investment Plc Group within the year. The services were charged at the arms' length rate which would have been charged to a third party under the same condition during the year.

Rental income

During the year, the Company provided lease services to entities within the Group on its various freehold and investment properties located within the country. These entities are Custodian and Allied Insurance Limited, Custodian Trustees Limited, CrusaderSterling Pensions Limited, Interstate Securities Limited and the parent company, Custodian Investment Plc. The rent received in respect of the lease arrangements compares favorably with the amount charged to third parties at arms length. The rental income recognised from these related parties are as follows:

- (1) Custodian Investment Plc ₩4,461,333
- (2) Custodian & Allied Insurance Limited ₩38,090,000
- (3) Custodian Trustees Limited ₦3,150,400
- (4) CrusaderSterling Pension Limited N527,810
- (5) Interstate Securities Limited N250,000

Shared service cost

During the year, in line with the transfer pricing policy of the Custodian Investment Plc, certain group costs were allocated to the Company based on parameters defined in the group transfer pricing policy. These costs have been reported as part of other operating expenses.

Project advisory fee / facility management fee

UPDC Facility Management Limited, one of the entities within the Group, renders facility management services to the Company's headquarters as well as some of its branches. The entity earns management fee for the services rendered, which is included in operating expenses.

Intercompany balances	31 Dec. 2023 N '000	31 Dec. 2022 N '000
Gross premium written	-	21,973
Rental income	46,480	39,970
Shared service cost	-	481,959
Project advisory fee	-	15,000
Facility management fee	-	6,000

43 Change in the Board of Directors

Mr Anthony Tippa was appointed as an Executive Director by the Board on 13 October 2023. His appointment as a Director has been issued a "No objection" by NAICOM and final approval from NAICOM is in view. He became the Acting Managing Director effective 1 January 2024. His appointment in the capacity of a Managing Director is also awaiting NAICOM approval.

Mr. Larry Ademeso retired as the Managing Director on 31 December 2023, after completing the maximum tenure limit for Executive Directors in compliance with NAICOM regulation.

44 Compliance with insurance regulations: contraventions and fines

During the year, the Company did not contravene any regulations. No fines or penalties were charged or paid (2022: NIL).

45 Events after the reporting date

Mr. Larry Ademeso's retirement was effective 31 December 2023, after fulfilling the tenure limit according to the NAICOM regulation. Mr. Anthony Tippa became the Acting Managing Director effective 1 January 2024. His appointment is awaiting NAICOM approval.

There were no other events after the reporting date which could have a material effect on the financial position of the Company as at 31 December 2023 or the financial performance for the year then ended that have not been adequately provided for or disclosed.

46 Pension Reform Act (PRA) Regulated Annuity Fund

Statement of Assets and Liabilities

As at 31 December 2023

Assets	Units	N '000
Quoted securities		
Chapel Hill Denham Nig Infrastructure Debt Fund 18.05%	37,564,752	4,075,776
Cash and cash equivalents:		Carrying amount
- Bank placements		1,961,531
- Cash at bank		445,956
		2,407,487

Commercial Papers	Maturity Date	Interest Rate	Carrying amount
UAC FOODS	23-Jan-24	14.00%	16,433
Expected credit loss (ECL)			(505)
			15,928
Bonds			
Corporate bonds	Maturity Date	Coupon Rate	Fair Value N '000
14.90 NMRC I 29-JUL-2030	29-Jul-30	14.90%	212,499
15.75 STANBIC I 5-DEC-2023	5-Dec-23	15.50%	116,697
15.50 ACCESS GB 18-MAR-2024	5-Dec-23	15.75%	308,476
13.00 LAPO MFB II 30-MAR-2025	24-Jan-23	10.50%	139,648
12.50 DANGCEM I 30-APR-2025	30-Mar-25	13.00%	32,098
12.00 NOVAMBL SPV I 23-JUL-2027	17-Apr-25	12.50%	447,816
12.50 DANGCEM I 30-APR-2032	27-Apr-32	13.00%	776,024
NIGERIA EUROBOND 2049 9.248%	17-Jul-27	9.25%	117,591
NIGERIA EUROBOND 2031 8.747% (VIA UBA)	21-Jan-31	8.75%	2,150,849
State Government bonds	Maturity Date	Coupon Rate	Fair Value N '000
15.85% LAGOS STATE AUG 2027	11-Aug-27	15.85%	401,420
12.25% LAGOS STATE JAN S2030	23-Jan-30	12.25%	438,529
			839,949

Bonds			
Federal Government bonds	Maturity Date	Coupon Rate	Fair Value N '000
FGN BOND 2025 (VIA UBA)	23-Mar-25	13.53%	36,806
FGN BOND 2027 VIA UBA	23-Mar-25	13.53%	88,259
FGN BOND 2028 (VIA UBA)	17-Mar-27	16.29%	93,876
FGN BOND 2029 VIA UBA	23-Feb-28	13.98%	77,048
FGN BOND 2030 (VIA UBA)	26-Apr-29	14.55%	270,568
FGN BOND 2034 VIA UBA	23-Jul-30	10.00%	142,385
FGN BOND 2036 (VIA UBA	18-Jul-34	12.15%	1,133,145
FGN BOND 2037 VIA UBA	18-Mar-36	12.40%	174,271
FGN BOND 2042 (VIA STANBIC)	18-Apr-37	16.25%	9,102,042
FGN BOND 2049 (VIA STANBIC)	21-Jan-42	13.00%	20,499,475
FGN BOND 2050 (VIA UBA)	26-Apr-49	14.80%	34,169,637
FGN BOND SUKUK 2024 VIA STANBIC	25-Sep-24	16.47%	109,057
FGN BOND SUKUK 2025 (UBA)	27-Mar-50	12.98%	180,202
FGN BOND 2053 (VIA UBA)	21-Jul-53	15.70%	27,664,007
			93,740,778
	Maturity Date	Coupon Rate	Amortisied Cost
12.15% FGN JULY 2034	18-Jul-34	12.15%	951,408
Expected credit loss (ECL)			(1,050)
			950,358
Government and corporate bonds			97,681,934
Total assets			104,181,125
Liabilities - Annuity Reserve			98,031,037

47 Revenue Account

For the year ended 31 December 2023

2023	Annuity N '000	Savings N ′000	Risk N ′000	Endowment N '000	Group Life N '000	TotL N ′000
Insurance contract revenue	15,192,007	943,817	502,500	523,256	7,651,148	24,812,728
	(15,522,555)	(1,334,701)	(197,835)	(2,228,212)	(5,180,355)	(24,463,658)
Insurance service expense	(13,322,333)	(1,334,701)	(177,033)	, , , , , , , , , , , , , , , , , , , ,		•
Net reinsurance expense		-	-	-	(1,217,768)	(1,217,768)
Insurance service result	(330,548)	(390,884)	304,665	(1,704,956)	1,253,025	(868,698)
Net insurance finance expense	(3,852,423)	(581,800)	(35,654)	(566,325)	235,467	(4,800,734)
Net reinsurance finance income	-	-	-	-	16,559	16,559
Net insurance finance result	(3,852,423)	(581,800)	(35,654)	(566,325)	252,026	(4,784,175)
Investment and other related income	7,319,862	454,753	242,116	252,118	3,686,502	11,955,351
Net insurance and investment result	3,136,891	(517,931)	511,127	(2,019,163)	5,191,553	6,302,478
Other income	110,176	6,845	3,644	3,794	55,488	179,947
Other operating expenses	(1,097,309)	(68,171)	(36,295)	(37,795)	(552,638)	(1,792,208)
Profit before tax	2,149,758	(579,257)	478,476	(2,053,164)	4,694,403	4,690,217

47 Revenue Account contd

For the year ended 31 December 2023

Annuity	Savings	Risk	Endowment	Group Life	TotL N ′000
14 000	14 000	14 000	14 000	14 000	14 000
11,993,901	529,861	367,229	512,551	7,383,962	20,787,503
(14,414,871)	(243,924)	(60,525)	(151,513)	(4,892,804)	(19,763,636)
-	-	-	-	(1,078,356)	(1,078,356)
(2,420,970)	285,937	306,704	361,038	1,412,802	(54,489)
(1,717,346)	(460,312)	(24,488)	(438,517)	57,276	(2,583,386)
-	-	-	-	3,946	3,946
(1,717,346)	(460,312)	(24,488)	(438,517)	61,222	(2,579,440)
3,721,944	231,229	123,109	128,194	1,874,482	6,078,958
(416,372)	56,855	405,325	50,716	3,348,506	3,445,029
220 113	13 675	7 281	7 580	110 854	359,503
·	•	·	,	·	(1,865,540)
			· · · · · · · · · · · · · · · · · · ·		1,938,992
	N'000 11,993,901 (14,414,871) - (2,420,970) (1,717,346) - (1,717,346) 3,721,944	N'000 N'000 11,993,901 529,861 (14,414,871) (243,924) - - (2,420,970) 285,937 (1,717,346) (460,312) - - (1,717,346) (460,312) 3,721,944 231,229 (416,372) 56,855 220,113 13,675 (1,142,209) (70,961)	N'000 N'000 11,993,901 529,861 367,229 (14,414,871) (243,924) (60,525) - - - (2,420,970) 285,937 306,704 (1,717,346) (460,312) (24,488) - - - (1,717,346) (460,312) (24,488) 3,721,944 231,229 123,109 (416,372) 56,855 405,325 220,113 13,675 7,281 (1,142,209) (70,961) (37,780)	N'000 N'000 N'000 N'000 11,993,901 529,861 367,229 512,551 (14,414,871) (243,924) (60,525) (151,513) - - - - (2,420,970) 285,937 306,704 361,038 (1,717,346) (460,312) (24,488) (438,517) - - - - (1,717,346) (460,312) (24,488) (438,517) 3,721,944 231,229 123,109 128,194 (416,372) 56,855 405,325 50,716 220,113 13,675 7,281 7,580 (1,142,209) (70,961) (37,780) (39,340)	N'000 N'000 N'000 N'000 N'000 11,993,901 529,861 367,229 512,551 7,383,962 (14,414,871) (243,924) (60,525) (151,513) (4,892,804) - - - (1,078,356) (2,420,970) 285,937 306,704 361,038 1,412,802 (1,717,346) (460,312) (24,488) (438,517) 57,276 - - - - 3,946 (1,717,346) (460,312) (24,488) (438,517) 61,222 3,721,944 231,229 123,109 128,194 1,874,482 (416,372) 56,855 405,325 50,716 3,348,506 220,113 13,675 7,281 7,580 110,854 (1,142,209) (70,961) (37,780) (39,340) (575,250)

Other National Disclosures

Five-Year Financial Summary

Statement of Financial Position	,				
As at 31 December	2023	2022	2021	2020	2019
Assets	N ′000				
Cash and cash equivalents	4,644,404	5,922,756	4,433,390	3,333,239	2,753,298
Financial assets	127,120,277	101,376,567	84,183,377	84,912,544	56,208,875
Trade receivables	55,507	40,750	19,019	12,533	27,346
Reinsurance assets	-	-	-	681,006	859,184
Reinsurance contract assets	858,658	863,276	679,501	-	-
Deferred acquisition cost	-	-	-	79,397	124,436
Other receivables and prepayments	1,436,963	1,786,464	593,355	529,605	515,863
Current tax assets	-	-	119,159	190,865	-
Right-of-use assets	-	1,078	25,938	42,969	3,278
Investment in equity accounted investee	-	-	4,117,991	4,179,232	-
Investment properties	1,288,000	1,143,299	1,002,819	1,002,819	1,002,819
Property, plant and equipment	3,554,627	2,951,203	3,106,145	3,018,580	2,970,829
Intangible assets	95,013	73,218	82,766	99,745	165,060
Statutory deposit	260,000	260,000	260,000	260,000	260,000
Total assets	139,313,449	114,418,611	98,623,460	98,342,534	64,890,988
Insurance contract liabilities	120,428,017	98,202,308	82,141,852	77,727,665	47,114,330
Reinsurance contract liabilities	45,340	31,094	21,204	-	-
Investment contract liabilities	3,861,086	3,686,050	3,766,561	6,072,622	3,985,348
Lease liabilities	· · ·	-	-	-	744
Trade payables	523,926	1,456,088	1,664,237	1,114,387	1,347,889
Other payables	2,376,189	1,536,088	1,599,843	1,180,758	1,653,668
Current tax liabilities	166,569	53,845	-	-	243,439
Deferred tax liabilities	742,705	522,335	545,728	520,578	495,920
Deposit for shares	-	-	-	-	500,000
Total liabilities	128,143,832	105,487,808	89,739,425	86,616,010	55,341,338
Equity					
Share capital	8,000,000	8,000,000	8,000,000	8,000,000	2,500,000
Share premium	-	-	-	-	1,594,668
Contingency reserve	2,538,805	2,075,796	1,698,098	1,354,712	1,094,107
Asset revaluation reserve	1,088,448	605,349	659,931	601,248	543,711
Fair value reserve	(722,463)	66,381	91,691	90,126	85,132
Retained earnings	264,827	(1,816,723)	(1,565,685)	1,680,438	3,732,032
Total equity	11,169,617	8,930,803	8,884,035	11,726,524	9,549,650
Total liabilities and equity	139,313,449	114,418,611	98,623,460	98,342,534	64,890,988

Five-Year Financial Summary

Five-year financial summary: Statement of profit or loss and other comprehensive income for the year ended 31 December

Tor the year chaca or December	2023 ₩′000	2022 N ′000	2021 N ′000	2020 N ′000	2019 N ′000
Gross premium written	46,300,965	37,769,832	32,464,843	26,058,468	22,189,831
Insurance contract revenue	24,812,728	20,787,503	-	-	-
Insurance service result	(868,698)	(54,489)	-	-	-
Net insurance finance expense	(4,784,175)	(2,579,440)	-	-	-
Investment and other income	11,955,351	6,139,383	(10,473,322)	24,455,405	11,104,236
Net insurance and investment result	6,302,478	3,505,454	-	-	-
Profit before taxation	4,690,217	1,938,992	3,540,969	2,444,680	2,390,363
Income tax (expense)/write-back	(247,432)	(292,332)	(107,116)	169,663	(277,665)
Profit after taxation	4,442,785	1,646,660	3,433,853	2,614,343	2,112,698
Total comprehensive income	4,137,040	1,566,768	3,494,101	2,676,874	2,161,501
Basic earnings per share (kobo) (as previously reporte	ed)				42
Basic earnings per share (kobo)	27	10	21	16	13*

^{*}The earnings per share (EPS) for prior periods have been restated based on the number of shares outstanding as at current reporting date.

Statement Of Value Added

For the year ended 31 December 2023

For the year ended 31 December 2023	2023 ₩′000	%	Restated 2022 N '000	%
Insurance contract revenue	24,812,728		20,787,503	
Reinsurance investment result	245,842		283,439	
Investment and related income	11,955,351		6,078,958	
Other operating income	179,947		359,503	
	37,193,868		27,509,403	
Insurance service expenses	(24,463,658)		(19,763,636)	
Insurance finance expenses	(4,800,734)		(2,583,386)	
Net expense from reinsurance contracts held	(1,217,768)		(1,078,356)	
other operating expenses - Local	(824,170)		(1,116,383)	
Value added	5,887,538	100%	2,967,642	100%
Applied as follows:				
To pay employees:				
Salaries, wages and benefits	990,502	17%	763,048	26%
To Government as taxes:				
Taxes	186,436	4%	249,416	8%
IT development levy	47,670	1%	42,916	1%
Retained for asset replacement and				
future expansion of business:				
- Depreciation and amortization	220,145	4%	265,602	9%
- Profit for the year	4,442,785	74%	1,646,660	56%
	5,887,538	100%	2,967,642	100%

Value added is the wealth created by the efforts of the Company and its employees and the allocation between employees, shareholders, government and that retained in the future for the creation of more wealth.

Corporate Social Responsibility/Sustainability Report 2023 CLA AR | 411

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

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

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

At Custodian, we are involved in the life insurance business, which affects the lives of people, ensuring that people are restored as much as possible to their former position following loss, quality of life of workers remains high after retirement, people have reasonably priced housing options, and that those with assets experience growth of their portfolios, whilst offering advice on protection and transfer of their assets.

Custodian, is committed to impacting our local communities positively by making lives easier for people, contributing to individual lives through making sound decisions on risk management, practicing of responsible insurance, sound investments, sustenance of lives and other operations. Through Custodian Social Responsibility Foundation (CSRF we are committed to alleviating suffering in our local communities, by providing support in times of need.

Section 1: The Company

Custodian Life Assurance Limited (CLA): CLA provides Life Insurance products and services to individuals and corporate organizations such as Protection cover, Investment-linked policies such as Wealth Plus plan, Endowment policies such as Education Endowment and Annuity plans.

Section 2: CSRF Strategy and activities for 2023

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

- Education
- Health
- Community Development
- Sustainability

EDUCATION

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

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

source: UNESCO

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

- Establishment of Vocational Training Empowerment Program (VOTEP), set up to train youths especially in the Yaba community ICT fundamentals and photography. About 50 youths were trained then.
- Various VPDA Partnerships: Partnerships included Google for the training of over 120 students between the ages of 16 and 25 years in basic courses in digital marketing and improving digital skills through Google tools.

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

1. Ilupeju E-library maintenance

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

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

Having donated a computer center to the Lagos City Senior College in 2017, following the revelation the school had none, we have continued to maintain the computer systems since then. The donation consisted of 25 computer terminals, a server, computer tables, fans, and chairs. In 2023, about N1 million was spent on the maintenance of the equipment.



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



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

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

3. Custodian Mentor's Conference

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



Mr. Wole Oshin at the 2023 Mentors conference



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

Custodian Mentoring Program

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

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

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

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



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



Students of Green Olive school, Surulere Lagos

Our plan for Education

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

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

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

HEALTH

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

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

1. TRAUMA CARE

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

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

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

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

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



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



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

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

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

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

1. Blood Donation Exercise

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

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

RED BLOOD CELLS	27
PLATELETS	15
FRESH FROZEN PLASMA (FFP)	12

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

S/N	HOSPITAL	USAGE	RED CELLS/FFP
1	GENERAL HOSPITAL, LAGOS ISLAND	4 PLATELETS	RED CELLS & PLATELETS
		4 RED CELLS	
2	lagos state university teaching	8 PLATELETS	RED CELLS, PLATELETS & FRESH
	HOSPITAL, IKEJA (LASUTH)		FROZEN PLASMA (FFP)
3	MASSEY STREET CHILDRENS HOSPITAL	4 RED CELLS	RED CELLS
4	LAGOS ISLAND MATERNITY HOSPITAL	6 RED CELLS	RED CELLS
5	MOTHER AND CHILD CENTER, AJAH	5 RED CELLS	RED CELLS
6	ORILE AGEGE GENERAL HOSPITAL	3 RED CELLS	RED CELLS
7	ikorodu general hospital	3 PLATELETS	FFP
		4 FFP	
8	EPE GENERAL HOSPITAL	3 RED CELLS	RED CELLS
	TOTAL	27 RED CELLS	
		15 PLATELETS	
		12 FFP	







Members of Custodian during the blood-donation exercise

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

Our plan for Health

One of the intervention areas we intend to take forward is the rehabilitation of existing primary health centers in rural communities and tertiary institutions. It has been observed that where such infrastructure exists, it is either run down or do not function optimally due to lack of adequate equipment or other essential provisions.

In future, we intend to partner with a technological firm to launch data management systems across medical centers in both federal and state hospitals.

COMMUNITY DEVELOPMENT

Our desire has always been to impact positively the communities around where we have offices. Over time, we have reached out and made donations to educational institutions around our Head office and helping to develop them by modernizing their facilities. We have been involved with the uplifting of school facilities in the Yaba community. We have also been involved with the provision of boreholes in the past as well as road infrastructure on a

major road in our community. Besides, members of our Custodian Graduate Trainee Program (CGTP) who are recruited on an annual basis always participate in a CSR project that aligns with any of our core areas of support, usually education. From time to time, they search for schools around the Head office, choosing them as beneficiaries.

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

Our plan for Community development

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

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

SUSTAINABILITY

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

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

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

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

We also endeavor to carry out our internal operations and relationships with external clients according to the NGX guidelines which mandate ethics, transparency, accountability, and responsibility in all decisions relating to our products and services, employees, community development and the public.

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

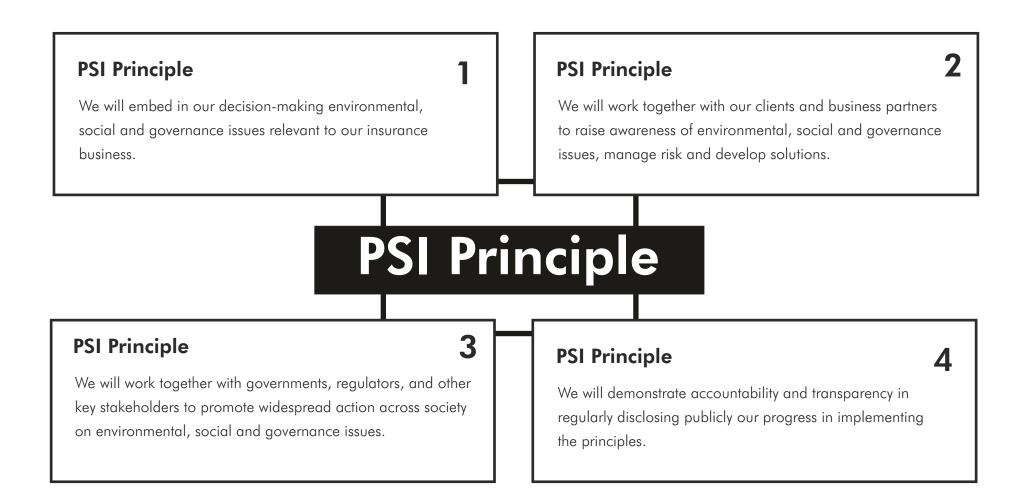
Our Frameworks

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

a. The Sustainable Development Goals (SDGs)



b. Principles of Sustainable Insurance



We demonstrate our support for incorporating ESG issues into our operations and business decisions in a transparent manner. We work to incorporate the PSI into our daily operations, whilst continuing to strengthen the implementation of the principles.

The extent to which we have imbibed the 4 principles is revealed in the comparative framework chart.

c. NGX Sustainability Disclosure Guidelines

Principle 1: Businesses should conduct and govern themselves with ethics, transparency and accountability.

Principle 2: Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner.

Principle 3: Businesses should provide products and services that are safe and contribute to sustainability throughout their life cycle.

Principle 4: Businesses should engage with and provide value to their customers and consumers in a responsible manner.

Principle 5: Businesses should promote the well-being of all employees.

Principle 6: Businesses should respect the interests of and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.

Principle 7: Businesses should respect and promote human rights.

Principle 8: Businesses should support inclusive growth and equitable development. Principle 9: Businesses should respect, protect and make efforts to restore the environment.

The extent to which we have gone is shown in the comparative framework chart.

Sustainability practice at Custodian

1. Good Governance

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

2. Anti-bribery and anti-corruption

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

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

3. Code of ethics

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

4. Responsible Investment

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

5. Responsible Underwriting process

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

6. Responsible Supplier/Vendor Assessments

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

7. Sustainable solutions

We take into consideration factors such as socio-economic demographic characteristics in packaging our different products, for existing and potential clients, thereby safeguarding their freedom of choice. For instance, regarding the Insurance business, we are mindful of the environment where even now, many people are unaware of the importance of insurance, and where they are, many are unable to access it

due to poverty and low standard of living. Knowing that ideally, no one should be excluded from accessing insurance, we have introduced accessible micro-insurance products characterized by low barriers of entry to foster inclusion. At Custodian Life Assurance (CLA), we have products such as the Esusu Shield costing as low as between N400 and N1000 per week to open an account. With such micro-insurance products, insurance services are extended to excluded populations, making them more resilient to risks. Other similar products include Esusu, Ajo, Thrift Financing, Term Assurance and Safety Plus.

8. Use of Natural Resources

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

9. Limitation of generator use

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

10. Diversity in the Workplace

We know that a diverse workforce is of significant social and economic value, and that is why we are committed to being an inclusive employer. Our aim is to create a work environment that is inclusive and considerate to all people regardless of their gender, age, race, disability, tribe, culture, religion, or any other area of potential difference. To underscore the contributions of the female gender to our organization, we celebrate International Women's Day every year. In 2023, this was celebrated in the month of March with a panel constituted of female members across the various cadres of the company discussing embracing equity in the workplace. Meanwhile, International Men's Day is celebrated in the month of November.

11. Employee Wellbeing

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

• Custodian Fit fam: As a healthy workforce is essential for internal efficiency, members are encouraged to take their health seriously by regular exercise and eating healthy food. The Custodian Fit-fam which is an in-house program operating twice a week offers high-intensity workout, aerobics, dancing exercises free of charge. This helps members who participate to keep fit physically and mentally.

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

Year 2023 CSR Highlights/ESG Status Reporting

Focal Areas	Activity highlights	Page Reference	Key PSI Reference	NGX Disclosure Guidelines	Direct SDG Reference
Education	 We continued to maintain the e-library at Ilupeju We helped relocate the computer centre donated to Lagos City Senior College, Sabo, Yaba and continued to maintain the Server and computers donated to the school. We hosted the Custodian Mentors Conference in August 2023 We received students of Green Olives Private School, Surulere and taught them on Investment. 	Page 414	Principle 3: We will work together with governments, regulators, and other key stakeholders to promote widespread action across society on environmental, social and governance issues.	Principle 1: Businesses should conduct and govern themselves with ethics, transparency and accountability Principle 6: Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized	Goal 4: Quality Education - Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all. Goal 8: Decent work and economic growth - Promote sustained, inclusive, and sustainable economic growth, full and productive employment, and decent work for all.

Focal Areas	Activity highlights	Page Reference	Key PSI Reference	NGX Disclosure Guidelines	Direct SDG Reference
					Goal 17: Strengthen the means of implementation and revitalize the global partnership for sustainable development
Health	 Our health activities are geared towards provision of emergency services, which means the difference between life and death for accident victims. We had the groundbreaking ceremony of the Custodian Accident and Emergency Centre (CAEC), Epe We resumed the blood donation exercise at the Head office in November 2023 and had 41 voluntary donors. Eight medical institutions received blood donated which was shared among 54 beneficiaries. 	Page 419	N/A	Principle 7: Businesses should respect and promote human rights	Goal 3: Good health and wellbeing - Ensure healthy lives and promote well-being for all at all ages

Focal Areas	Activity highlights	Page Reference	Key PSI Reference	NGX Disclosure Guidelines	Direct SDG Reference
Community Development	 Our Custodian Graduate Training Program (CGTP) students usually donate to schools around our community every year. In 2023, they were unable to do so, as their schedule pushed the donations beyond the year. We continued to maintain the computer centre donated to Lagos City Senior College, Sabo Yaba, whilst helping to relocate the computer centre from the old block to a new building within the school. 	Page 423	N/A	Principle 8: Businesses should support inclusive growth and equitable development	Goal 4: Quality Education - Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all

Focal Areas	Activity highlights	Page Reference	Key PSI Reference	NGX Disclosure Guidelines	Direct SDG Reference
Sustainability	 We have put in place supporting policies such as anti-bribery & anti-corruption, Code of Ethics for our employees, etc. Our claims and complaints management processes are readily accessible and easy to submit. Our group-wide digital transformation initiative helps us reduce our paper usage and our waste, protect customer data better, as well as enable new channels to reach retail (including micro) customers. We have also drastically reduced our printing in a bid to save on natural resource use and reduce waste generation. We have several sustainable solutions in the form of micro-insurance such as our Esusu Shield, and others. 	Page 424	Principle 1: We will embed in our decision-making environmental, social and governance issues relevant to our insurance business. Principle 2: We will work together with our clients and business partners to raise awareness of environmental, social and governance issues, manage risk and develop solutions	Principle 1: Businesses should conduct and govern themselves with ethics, transparency, and accountability. Principle 2: Businesses when engaged in influencing public and regulatory policy should do so in a responsible manner. Principle 3: Businesses should provide products and services that are safe and contribute to sustainability throughout their life cycle.	Goal 7: Ensure access to affordable, reliable, sustainable, and modern energy for all. Goal 12: Ensure responsible consumption and production patterns. Goal 13: Take urgent action to combat climate change and its impacts.

Focal Areas	Activity highlights	Page Reference	Key PSI Reference	NGX Disclosure Guidelines	Direct SDG Reference
Sustainability	 Our toilets have dual flush cisterns which helps regulate water usage. We encourage the use of hand sanitizers therefore reducing the use of water. We make conscious effort to promote diversity within our employees – we have a mix of religions, states of origins and age. We have fair representation of women in our Board. We will continue to make improvements in this regard. 	Page 424	Reference	Principle 4: Businesses should engage with and provide value to their customers and consumers in a responsible manner. Principle 5: Businesses should promote the wellbeing of all employees. Principle 7: Business should respect, protect, and make efforts to restore the	Goal 15: Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss
	We take employee wellbeing seriously and this shows in our Fit-Fam initiative, crèche facilities, H&S policy, Group life insurance, mandatory training hours (24.3 hours on average per employee) and several others.			Principle 9: Business should respect, protect, and make efforts to restore the environment	

Focal Areas	Activity highlights	Page Reference	Key PSI Reference	NGX Disclosure Guidelines	Direct SDG Reference
Sustainability	In addition, our Head Office has ramps installed to make it accessible to people living with disabilities that hinder their mobility	Page 424			

