



**WE CREATE.
WE PRESERVE.**

Custodian Life Assurance Ltd. 2024 Annual Report & Accounts

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Corporate Information

Chairman

Mr. Richard Asabia - Chairman

Directors

Mr. Ngozi Nlebemuo - Chief Executive Officer/Managing Director
(appointed as MD/CEO on 19 July 2024 w.e.f 20 August 2024)
Mr. Anthony Tippa - Executive Director (resigned 19 July 2024)
Mr. Daniel Koshedo - Executive Director (appointed 19 July 2024)
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
Mr. Larry Ademeso - Non Executive Director (appointed 19 July 2024)

Registered Office

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

TIN

01453253-0001

Auditor

Ernst& Young
10th & 13th Floors, UBA House, 57, Marina
Lagos, Nigeria
Tel: +234 (01) 844 996 2/3
www.ey.com/en_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 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 Reinsurance (DIFC) Limited

Actuary

Zamara Consulting Actuaries Nigeria Limited

RC No.

682763

FRC Registration No.

FRC/2013/0000000000578

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 Friday April 11, 2025 at 9:30am, to transact the following:

ORDINARY BUSINESS

1. To lay before the members, the audited financial statements for the year ended December 31, 2024, together with the auditors report
2. To declare a dividend
3. To re-elect directors
4. To authorise the Directors to fix the remuneration of the external auditors for the 2025, financial year
5. To note the remuneration of managers in the employment of the company

SPECIAL BUSINESS

6. To approve/fix the remuneration of the non-executive directors
7. To approve 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

Distinguished shareholders, fellow 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 2024.

Mr. Richard Asabia (Chairman)

Chairman's Statement Contd

The year 2024 was an amazing year for Custodian. Regardless of the heightened overall risk and uncertainties in the year, the Company once again demonstrated its strength, dynamism, and the relevance of its purpose in 2024: “To be Africa’s Insurer of choice”. Our strong financial position enabled us to help people build confidence, resilience and bravery in the face of a continually shifting landscape.

I will begin with an overview of the global and domestic macroeconomic environment within which we operated and highlight our Company’s financial performance for the year ended 31 December 2024. I will also share some initiatives executed by our corporate social responsibility foundation and conclude with our outlook for 2025.

Global Economy

As the world emerged from the shadow of the pandemic, the global economy stands at a pivotal juncture. The rebound of recent years has reshaped industries, trade dynamics, and growth trajectories, ushering in a new era of opportunities and challenges. Beneath the surface of recovery, looming uncertainties from geopolitical tensions and climate risks to the rise of nationalism and protectionism are redefining how nations grow, trade, and compete.

The global economy in 2024 experienced a mix of challenges and transformative shifts, with many countries grappling with the lingering impacts of inflation. The year also witnessed increased calls for the redefinition of growth and prosperity as a balance of productivity with equity and sustainability. The “new paradigm of prosperity” approach was at the

heart of the World Economic Forum's Future of Growth Report 2024, which introduced a framework to assess the quality of economic growth across the globe, as including economic growth as an essential policy objective and a key perquisite for making progress.

The global economy experienced a sluggish growth rate of 2.6% in 2024, according to the World Bank. This marked a stabilization after three years of volatility, although it remained below pre-pandemic levels. Euromonitor International's Q4 2024 forecast had projected a slightly higher growth rate of 3.2%. Despite this stabilization, the growth rate is still considered weak compared to historical standards, and many regions continue to face significant economic challenges. The US economy underperformed in Q1-2024 by 1.60% but rebounded to 3.00% growth in Q2-2024 due to a resilient job market, moderate inflation, and robust spending. However, growth declined to 2.80% in Q3-2024. The Chinese economy experienced a slowdown from 5.30% YoY in Q1-2024 to 4.70% YoY in Q2-2024, resulting in a 5.0% growth for the first half of the year. However, GDP growth declined further to 4.60% in Q3-2024 due to weakened aggregate demand and subdued private consumption. The IMF projects an annual growth rate of 4.80% compared to 5.20% in 2023. The UK economy experienced a 0.30% YoY growth in Q1-2024, with the services sector showing the strongest economic activity. The IMF predicts GDP growth of 1.10% in 2024. The Eurozone GDP grew by 0.90% in Q3-2024, with Germany, France, Spain, Ireland, and Italy experiencing growth. Global growth is projected at 3.3% both in 2025 and 2026, below the historical (2000–19) average of 3.7%.

Chairman's Statement Contd

The International Monetary Fund (IMF) described the global economy as "surprisingly resilient," projecting growth at 3.1% in 2024, while Emerging Markets and Developing Economies (EMDEs) were expected to expand by 4.3% in 2024 and 2025 led by China. Sub-Saharan Africa's growth is expected to fall behind that of EMDEs. Growth in SSA is subdued by high interest rates and weak purchasing power owing to high inflation in the region. This resilience is seen as crucial in addressing ongoing economic and geopolitical shocks.

In the light of current global challenges, effective policy actions at both national and international levels as well as strategic policy shifts, including global tax cooperation and climate-conscious investments, to support sustainable growth and development are crucial to address issues such as financial strain and global supply chain disruptions driven by geopolitical tensions. Inflationary pressures on essential commodities, including grains and oil, underline the need for vigilant monitoring by central banks. Key priorities at the global scale include ensuring trade stability, facilitating green and digital transitions, providing debt relief, and enhancing food security. Although global economic growth is anticipated to remain stable yet subdued in the near term, an environment marked by ongoing conflicts and heightened geopolitical tensions may hinder supply-side solutions. Additionally, constrained fiscal capabilities and persistent debt issues in many developing nations will likely limit their capacity for investment and economic stimulation.

The International Monetary Fund (IMF) described the global economy as "surprisingly resilient," projecting growth at 3.1% in 2024, while Emerging Markets and Developing Economies (EMDEs) were expected to expand by 4.3% in 2024 and 2025 led by China.

The Domestic Economy

On the domestic scene, Nigeria's economy demonstrated remarkable resilience in 2024, navigating a mix of opportunities and challenges shaped by fluctuating oil prices, depreciating naira, and rising fiscal deficits. Bold policy moves such as full subsidy removal and foreign exchange market reforms, helped to stabilize the economy by improving the government's fiscal position and enabling more foreign capital inflows, but introduced significant social and political trade-offs.

Escalating inflation, driven by surging food and energy prices, placed a heavy burden on households and businesses, underscoring the urgency for robust social protection measures. Nigeria's GDP grew by 3.84% YoY in Q4 2024, marking the strongest growth since Q4, 2021. The feat was driven primarily by growth in the services sector and a marked increase in the trade balance with the Financial and Insurance sector, Information & Communication sector and Mining and Quarrying sector accounting for the growth by 27.78%, 5.90%, 2.23% respectively. The key contributors included increased banking activities, FDI inflows for broadband expansion, 5G deployment, and higher crude oil production (1.54 mbpd). The Financial and Insurance sector saw substantial growth due to increased interest income, digital transactions, and forex revaluation gains.

In 2024, the Nigerian government implemented critical economic reforms through several significant policy changes, aimed at stabilizing and

Chairman's Statement Contd

transforming its economy. These included the full removal of fuel subsidies and operational reforms in the foreign exchange (FX) market. These changes have helped to improve the fiscal position of the government by eliminating wasteful subsidies, but it has also led to significant depreciation of the naira, inflationary pressures, and shrinking disposable income. Inflation remains a critical concern, with the inflation rate standing at a 26-year high of 34.8% in December 2024 driven by increased money supply, soaring food and energy cost resulting from structural bottlenecks such as logistics failures, insecurity, and climate shocks alongside FX market volatility, the combination of which eroded consumer purchasing power in the year.

The naira, which has in recent times experienced stability, concluded 2024 with significant depreciation across foreign exchange (FX) markets, recording a 40.9 percent loss against the dollar in the official market, despite notable growth in external reserves. This sharp decline highlights ongoing challenges in Nigeria's currency market in the just concluded year, despite efforts to stabilize the economy.

Data from the Central Bank of Nigeria (CBN) reveals a contrasting reality, with the dollar quoted at N1,536 on December 31, 2024, the last trading day of the year in

the Nigerian Foreign Exchange Market (NFEM). This marks a steep drop from N907 per dollar on December 31, 2023, in what was then known as the Nigerian Autonomous Foreign Exchange Market (NAFEM). The decline of N629 within a year underscores a significant 69.3% depreciation in the naira's value during 2024. The parallel market mirrored this downward trend. By December 31, 2024, the dollar was trading at an average of N1,656, compared to N1,164 at the end of 2023, representing a 42.3% depreciation.

The Central Bank of Nigeria (CBN) implemented several key monetary policy decisions which included raising the monetary policy rate (MPR) multiple times throughout the year to 27.50% by November 2024, Cash reserve Ratio(CRR) for Deposit Money Banks was raised to 50.00% from 45.00%, and for Merchant Banks to 16.00% from 14.00% while Liquidity Ratio was retained at 30.00% throughout the year. The apex bank also executed some foreign exchange policy reforms like offsetting verified foreign currency obligations, deploying a real-time electronic system, reviewing Bureau De Change (BDC) licensing tiers and mandatory real-time reporting of foreign exchange transactions and unifying the exchange rate to create a better-regulated, market-driven system thus



By December 31, 2024, the dollar was trading at an average of N1,656, compared to N1,164 at the end of 2023, representing a 42.3% depreciation.

Chairman's Statement Contd

eliminating the parallel premium, boosting investor confidence, attracting foreign investments, enhance transparency and efficiency in foreign exchange transactions as part of broader efforts to stabilize the Nigerian economy, improve financial stability, and promote sustainable growth.

Despite fiscal challenges, tax revenues have increased, driven by growth in key sectors such as mining, finance, and telecommunications.

However, the rise in public debt, exacerbated by exchange rate depreciation and new borrowings, underscores the need for prudent fiscal management and strategic debt reduction measures. Nigeria's foreign exchange reserves have continued to show a steady increase, according to recent data from the Central Bank of Nigeria. As of December 30, 2024, the country's FX reserves stood at \$40.886bn, representing a 24% increase from \$32.9bn at the start of the year. The increase in external reserves was constrained by the clearing of FX backlog, otherwise reserves would have soared higher than US\$44 billion. This, with the exchange rate policies of the CBN which are aimed at clearing the FX backlog, changing the FX market structure, stabilize the market with tightened regulations on FX transactions have resulted in reduced exchange rate volatility. The country's FX reserve is expected to maintain an upward trend in 2025.

The bond market is expected to respond to the rate hike adjustment by the Monetary Policy Committee, which is in line with investors' expectations.

Despite the rising yields across bond markets, the equity market sustained an upward trend. This is on the back of speculative positioning in the equity market. Also, investors are taking positions for dividend-paying stocks, especially in the banking sector, where there was an expansion in profit after tax for many banks following gains from exchange rate devaluation.

The FGN Bond and Treasury Bills markets experienced a significant rise in yields in 2024. The average yield in the FGN Bond market increased from 14.13% on the first trading day of the year to 19.75% as at 31 December 2024. Meanwhile, yields in the Treasury Bills market increased at a much higher rate to an average of 25.55% from 6.29% at the beginning of the year. This follows the unprecedented rise in the monetary policy rate.

The Nigerian capital market, despite early turbulence with a NGN1.3 trillion loss and a 2.4% dip in the NGX All Share Index, the market rebounded strongly as activities on the Nigerian Exchange Limited (NGX) which opened the trading of the first half of the year at N40.917 trillion in market capitalization at the beginning of trading in 2024, closed the year at N62.760 trillion.

Financial Result

The Company performed very well in the financial year despite significant inflationary and other macro-economic pressures. We reported insurance contract revenue of N29.97billion representing 21% year-on-year growth.

Despite the rising yields across bond markets, the equity market sustained an upward trend. This is on the back of speculative positioning in the equity market.

Chairman's Statement Contd

Profit before tax for the year was N9.1 billion, an increase of 93% when compared with N4.7 billion achieved in 2023. Profit after tax grew by 91% to N8.5 billion. On the Statement of Financial Position, we achieved a growth of 35% in total assets to close the year at N188.4 billion. Total equity also appreciated by 83% to close the year at N20.5 billion.

Our overall strong performance underscores the resilience of our business model and tenacity of our management team and staff. Rest 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

Following the good performance recorded in 2024, the board approved a total dividend of 16 kobo for every share of 50 kobo held for the financial year 2024. This is made up of an interim dividend of 10 kobo paid previously and a final dividend of 6 kobo hereby proposed for your approval, subject to appropriate withholding tax.

Board Developments and Corporate Governance

In the financial year ended 31 December 2024, the following Board changes were made:

Mr. Ngozi Nlebemuo became the Acting Managing Director effective 20 August 2024. His appointment as the substantive Managing Director was approved by NAICOM on 16 January 2025.

Mr. Daniel Koshedo and Mr. Larry Ademeso were appointed Executive Director and Non-Executive Director respectively by the Board on 19 July 2024 and their appointments were approved by NAICOM on 16 January 2025 and 22 January 2025 respectively. Mr. Koshedo is a seasoned professional with decades of experience in underwriting and claims management. He was Head of Technical Operations before his appointment to the Board. While Mr. Ademeso previously served as the Managing Director of the Company.

Mr. Anthony Tippa resigned from the Board effective 19 July 2024.

Corporate Social Responsibility

In continuing our resolve to positively impact the society with focus on intervening in community developments, education, health and sustainability, our Foundation, Custodian Social Responsibility Foundation, engaged in a number highly impactful projects during the year.



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

Chairman's Statement Contd

Below are some of the activities executed by the Foundation in 2024:

- . The Custodian Mentors Conference
- . Bodija Ibadan Explosion Outreach
- . Refurbishment of a section of Lagos Command Police Headquarters Office Complex, Ikeja
- . Renovation of two classes of Mobolaji Bank Anthony Junior Secondary School, Yaba
- . Custodian Annual Blood Donation Exercise
- . Custodian Accident and Emergency Center Epe Project

While the aforementioned is a highlight of initiatives executed by the Foundation during the year, a detailed report of the work it did is contained in the Corporate Social Responsibility and Sustainability section of the Annual Report.

Outlook

Looking ahead, several strategic imperatives will be crucial for navigating the economic landscape of 2025. The Company will be reinventing business models to adapt to new economic realities by focusing on agility, customer-centricity, and value creation by leveraging customer insights and exploring untapped opportunities, to reigniting market play and revitalizing market strategies, while aligning spending with core capabilities and eliminating non-value-adding expenses to enhance competitiveness. We continue to foster a culture of innovation, by harnessing emerging technologies and AI-driven solutions to drive efficiency while exploring innovative financing

options, optimizing capital allocation and strengthening stakeholder relationships by engaging with regulators, customers, and strategic partners to foster trust and collaborative value creation for sustainable growth.

Conclusion

Amidst the challenges of the year, 2024 was a successful year for us as a Company. The performance recorded in the year was made possible by the collective efforts, staunch support and dedication of all our stakeholders. By embracing strategic imperatives and maintaining a focus on resilience and innovation, we can navigate the year ahead with confidence and optimism.

As always, I am grateful to our customers for their dedicated loyalty and patronage, our staff and Management for their devotion and relentless commitment, and our Board for continually steering the Company along the path of sustained growth and prosperity.

God bless you and God bless Nigeria.



Mr. Richard G. Asabia
Chairman

Board of Directors



Mr. Richard Asabia
(Chairman)



Mr. Ngozi Nlebemuo



Dr. Olusegun Oso



Mrs. Titilayo Olujobi



Mr. Larry Ademeso



Mr. Kofoworola Majekodunmi



Mrs. Mimi Ade-Odiachi



Mr. Daniel Koshiedo



Ngozi Nlebemuo
Managing Director



Daniel Koshedo
Executive Director



Desmond Itaman
Chief Financial Officer



Mr. Abayomi Oluremi-Judah
Chief Risk Officer/Actuary



Adesegun Salami
Head, Marketing



Kehinde Ariyibi
Head, Retail Enterprise



Bolatito Oni
Head, Human Resources



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



Victor Peters
Head, Retail



Timothy Iyamu
Chief Technology Officer

Directors' Report

For the year ended December 31, 2024

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 2024.

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 declared an interim dividend of 10 kobo per share on its 16,000,000,000 ordinary share of 50 kobo each (2023 : Nil).

The Directors recommended the payment of a final dividend of 6kobo (2023 : Nil) per ordinary share on the issued and paid up capital of 16,000,000,000 (2023 : 16,000,000,000) ordinary share of 50 kobo each bringing the total dividend for the financial year ended December 31, 2024 to 16kobo (Nil), subject to the appropriate withholding tax deduction.

Directors' Report Contd

Operating results

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

	31-Dec-2024 N'000	31-Dec-2023 N'000
Profit before income tax expense	9,047,967	4,690,217
Income tax expense	(554,831)	(247,432)
Profit after tax	8,493,136	4,442,785
Transfer to contingency reserve	(849,314)	(463,009)
Dividends declared and paid	(1,600,000)	(1,898,226)
Earnings per share - Basic (in kobo)	53	27
Dividend per share - Interim (in kobo)	10	-
Dividend per share - Final (in kobo)	6	-

Directors' Report Contd

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-2024	31-Dec-2023
Mr. Richard Asabia	Chairman	Nil	Nil
Mr. Ngozi Nlebemuo	Chief Executive Officer/ Managing Director	Nil	Nil
Mr. Anthony Tippa	Executive Director	Nil	Nil
Mr. Daniel Koshoedo	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
Mr. Larry Ademeso	Non Executive Director	Nil	Nil

Resignation/Retirement of Director

Mr. Anthony Tippa resigned from the Board effective 19 July 2024.

Appointment of Directors

Mr. Ngozi Nlebemuo became the Acting Managing Director effective 20 August 2024. His appointment as the substantive Managing Director was approved by NAICOM on 16 January 2025.

Mr. Daniel Koshoedo and Mr. Larry Ademeso were appointed Executive Director and Non Executive Director respectively by the Board on 19 July 2024 and their appointment were approved by NAICOM on 16 January 2025 and 22 January 2025 respectively.

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.

Directors' Report Contd

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 2024:

	No. of shares	% shareholding
Custodian Investment Plc.	15,999,999,987	99.99%

Property and equipment

Information relating to changes in property and equipment during the year is given in Note 11 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, the Company contribute one per cent of its profit at the end of every year to Custodian Social Responsibility Foundation (CSRF), the CSR arm of Custodian Group, whose main objective is to drive the Group's social responsibility initiatives in four core areas of education, health, community development and sustainability. Other charitable donations during the period include a total sum of N33,072,463 (2023 : N6,543,725). Details of the donations and charitable contributions are as follows:

	2024 N	2023 N
International Insurance Society (IIS) sponsorship (Partner-level support)	5,572,463	1,730,175
Sponsorship of (NIA) Investiture ceremony	2,500,000	-
Advocacy fund on Insurance Industry matters (NIA)	25,000,000	-
West African Insurance Institute (WAI)	-	3,813,550
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
	<u>33,072,463</u>	<u>6,543,725</u>

Directors' Report Contd

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.

Directors' Report Contd

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 Number	Female Number	Male %	Female %
2024	39	36	52%	48%
2023	40	27	60%	40%

Events after the reporting date

There were no events after the reporting date which could have a material effect on the financial position of the Company as at 31 December 2024 or the financial performance for the year then ended that have not been adequately provided for or disclosed.

Auditor

Messrs. Ernst & Young have indicated their willingness to continue in office as auditors in compliance with section 401(2) of the Companies and Allied Matters Act, 2020.

BY ORDER OF THE BOARD

CUSTODIAN TRUSTEES LTD

AUTHORISED

Mr. Adeyinka Jafojo

FRC/2013/PRO/NBA/002/00000002403

For: Custodian Trustees Limited

[Company Secretarial Services]

16A Commercial Avenue

Sabo, Yaba, Lagos

4 March, 2025

Statement Of Directors' Responsibilities

In Relation To The Financial Statements For The Year Ended 31st December, 2024

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, the Financial Reporting Council of Nigeria (Amendment) Act, 2023, the Insurance Act 2003 and relevant National Insurance Commission of Nigeria ("NAICOM") Circulars and the Insurance Act CAP I17 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:

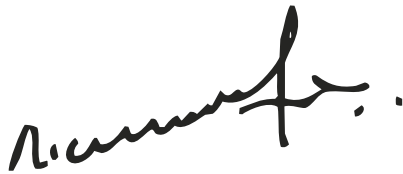
- IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB)
- the requirements of the Insurance Act 2003;
- relevant guidelines and circulars issued by the National Insurance Commission (NAICOM);
- the requirements of the Companies and Allied Matters Act, 2020; and
- Financial Reporting Council of Nigeria (Amendment) Act, 2023.

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 next twelve months from the date of this statement.

SIGNED ON BEHALF OF THE BOARD OF DIRECTORS BY:



Mr. Richard Asabia

FRC/2013/PRO/DIR/003/00000004762

Chairman

4 March, 2025



Mr. Ngozi Nlebemuo

FRC/2024/PRO/DIR/003/126346

Managing Director/ Chief Executive Officer

4 March, 2025

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

For the year ended 31 December 2024

We the undersigned hereby certify the following, with regards to our audited financial statements for the year ended 31 December 2024, that:

We have reviewed the audited financial statements and based on our knowledge:

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

We:

- i. are responsible for establishing and maintaining internal controls
- 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 Company, 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. Ngozi Nlebemuo

FRC/2024/PRO/DIR/003/126346

Managing Director/ Chief Executive Officer

4 March, 2025



Mr. Desmond Itaman

FRC/2013/PRO/ICAN/00000000792

Chief Financial Officer

4 March, 2025

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 enduring 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.

Corporate Governance Report Contd

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 period 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 seven (7) members, including the Chairman, four (4) Non-Executive Directors and two (2) 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 31 December, 2024.

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;

Corporate Governance Report Contd

- 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.

Corporate Governance Report Contd

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.

Corporate Governance Report Contd

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. Ngozi Nlebemuo became the Acting Managing Director effective 20 August 2024. His appointment as the substantive Managing Director was approved by NAICOM on 16 January 2025.

Corporate Governance Report Contd

Mr. Daniel Koshoedo and Mr. Larry Ademeso were appointed Executive Director and Non Executive Director respectively by the Board on 19 July 2024 and their appointment were approved by NAICOM on 16 January 2025 and 22 January 2025 respectively.

Mr. Anthony Tippa resigned from the Board effective 19 July 2024.

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.

Corporate Governance Report Contd

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	15 April 2024	26 April 2024	16 July 2024	17 October 2024
Mrs. Titilayo Olujobi	Chairman	4	✓	✓	✓	✓
Mrs. Mimi Ade-Odiachi	Member	4	✓	✓	✓	✓
Mr. Kofoworola Majekodunmi	Member	4	✓	✓	✓	✓
Dr. Olusegun Oso	Member	4	✓	✓	✓	✓

Corporate Governance Report Contd

(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. Mrs. Mimi Ade-Odiachi	Non-Executive Director	Member
3. Dr. Olusegun Oso	Non-Executive Director	Member
4. Mrs. Titilayo Olujobi	Non-Executive Director	Member

Corporate Governance Report Contd

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

Name	Composition	Meeting attended	16 April 2024	29 April 2024	17 July 2024	18 October 2024
Mr. Kofoworola Majekodunmi	Chairman	4	✓	✓	✓	✓
Mr. Anthony Tippa*	Member	3	✓	✓	✓	N/A
Mrs. Mimi Ade-Odiachi	Member	4	✓	✓	✓	✓
Dr. Olusegun Oso	Member	4	✓	✓	✓	✓
Mrs. Titilayo Olujobi	Member	4	✓	✓	✓	✓

* Resigned on 19 July 2024

N/A - Not Applicable

(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.

Corporate Governance Report Contd

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	15 April 2024	26 April 2024	16 July 2024	17 October 2024
Mrs. Mimi Ade-Odiachi	Chairman	4	✓	✓	✓	✓
Mr. Kofoworola Majekodunmi	Member	4	✓	✓	✓	✓
Mrs. Titilayo Olujobi	Member	4	✓	✓	✓	✓
Dr. Olusegun Oso	Member	4	✓	✓	✓	✓

Corporate Governance Report Contd

Attendance of Board Meetings

The table below shows the frequency of meetings of the Board of Directors for the year ended 31 December 2024. The Board met four (4) times during the year under review:

Name	Composition	Meeting attended	19 April 2024	30 April 2024	19 July 2024	22 October 2024
Mr. Richard Asabia	Chairman	4	✓	✓	✓	✓
Mr. Anthony Tippa*	Member	3	✓	✓	✓	N/A
Mr. Ngozi Nlebemuo	Member	4	✓	✓	✓	✓
Mr. Daniel Koshedo **	Member	1	N/A	N/A	N/A	✓
Mr. Kofoworola Majekodunmi	Member	4	✓	✓	✓	✓
Mrs. Mimi Ade-Odiachi	Member	4	✓	✓	✓	✓
Mrs. Titilayo Olujobi	Member	4	✓	✓	✓	✓
Dr. Olusegun Oso	Member	4	✓	✓	✓	✓
Mr. Larry Ademeso **	Member	1	N/A	N/A	N/A	✓

* Resigned on 19 July 2024

**Appointed on 19 July 2024

N/A - Not Applicable

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.

Corporate Governance Report Contd

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.

Corporate Governance Report Contd

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, 2003, the NAICOM Operational Guidelines, the Companies and Allied Matters Act, 2020 (CAMA 2020) 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.

Corporate Governance Report Contd

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.

Corporate Governance Report Contd

ii) Whistle Blowing

In line with the Company's commitment to instill 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 2024, 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:

Corporate Governance Report Contd

Date Issued	Authorized increase '000	Cumulative '000	Issued increase	Cumulative N'000
2007	2,000,000	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	500,000	2,500,000
2019	8,000,000	16,000,000	-	2,500,000
2020	-	16,000,000	5,500,000	8,000,000
2021	-	16,000,000	-	8,000,000
2022	-	16,000,000	-	8,000,000
2023	-	16,000,000	-	8,000,000
2024	-	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 Limited for 2024 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 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 Evaluation Report Contd

Board Composition & Capacity: The Board comprises of a total of Eight (8) directors: Two (2) Females and Six (6) Males. The board composition is as follows- Two (2) Executive Directors, Three (3) 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 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.

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.

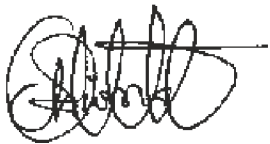
Board Evaluation Report Contd

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 Limited to a large extent compliant in regulatory requirements and recommended best practices for the period under review 2024.

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 2024.

FOR: SOCIETY FOR CORPORATE GOVERNANCE NIGERIA

A handwritten signature in black ink, appearing to be 'Chioma Mordi', with a horizontal line extending to the right.

Chioma Mordi (Mrs.)
Chief Executive Officer
FRC/2014/NIM/00000007899

- 
- 🎨 Risk Management
 - 🎨 HSE Report

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

Risk Management Contd

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:

Risk Management Contd

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 risk 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

Risk Management Contd

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.

Risk Management Contd

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.

Risk Management Contd

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.

Risk Management Contd

(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:

Risk Management Contd

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.

Risk Management Contd

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

Risk Management Contd

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:

- 1) 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.

Risk Management Contd

- 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.
- . 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.

Risk Management Contd

- 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:

Low Risk	Grade 1	AAA
	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

Risk Management Contd

- . 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.

Risk Management Contd

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.

Risk Management Contd

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

Risk Management Contd

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 Co-operation 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.

Risk Management Contd

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.

Risk Management Contd

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 Management Contd

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.

Risk Management Contd

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.

Risk Management Contd

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 2024, 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.

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- Management Discussion and Analysis
 - Management's Report on Assessment
 - Chief Financial Officer's Certification
 - Chief Executive Officer's Certification

Management Discussion and Analysis

This "management discussion and analysis" (MD&A) has been prepared as at 31 December 2024 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

	31-Dec-2024 N'000	31-Dec-2023 N'000
Gross premium written		
Gross premium written-Group life	10,316,216	8,421,985
Gross premium written-Individual life traditional	10,678,779	8,519,543
Gross premium written-Annuity	35,014,480	29,359,437
Gross written premium	56,009,475	46,300,965
Reinsurance premium	(2,512,806)	(1,817,077)
	53,496,669	44,483,888

	31-Dec-2024 N'000	31-Dec-2023 N'000	% Change
Highlights of financial performance			
Insurance contract revenue	29,977,729	24,812,728	21%
Insurance service result	(9,903,244)	(868,698)	1040%
Net insurance finance expense	(10,347,755)	(4,784,175)	116%
Total investment and related income	31,598,684	11,955,351	164%
Profit before income tax expense	9,047,967	4,690,217	93%
Profit for the year	8,493,136	4,442,785	91%
Total comprehensive income	10,894,435	4,137,040	163%
Earnings per share (kobo)	53	27	96%

Management's report on the assessment of internal control over financial reporting

For the year ended 31 December 2024

The Management of Custodian Life Assurance Limited is responsible for establishing and maintaining an adequate system of internal control over financial reporting, including safeguarding of assets against unauthorized acquisition, use or disposition. This system is designed to provide reasonable assurance to management and the board of directors regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

The Company's system of internal control over financial reporting is supported with written policies and procedures, contains self-monitoring mechanisms and is audited by the internal audit function. Appropriate actions are taken by management to correct deficiencies as they are identified. All internal control systems have inherent limitations, including the possibility of circumvention and overriding of controls, and, therefore, can provide only reasonable assurance as to the reliability of financial statement preparation and such asset safeguarding.

Management has assessed the effectiveness of its internal control over financial reporting as at 31 December 2024. In making this assessment, management used the COSO 2013 "Internal Control - Integrated Framework" issued by the Committee of Sponsoring Organization of the Treadway Commission (COSO). Based on this assessment, management believes that, as at 31 December 2024, the Company's internal control over financial reporting is designed and operating effectively. Additionally, based upon management's assessment, the Company determined that there were no material weaknesses in its internal control over financial reporting as at 31 December 2024.

The effectiveness of the Company's internal control over financial reporting as at 31 December 2024 has been audited by Ernst & Young, an independent registered public accounting firm as stated in their report which appears on 78.



Mr. Ngozi Nlebemuo

FRC/2024/PRO/DIR/003/126346

Managing Director/ Chief Executive Officer

4 March, 2025



Mr. Desmond Itaman

FRC/2013/PRO/ICAN/00000000792

Chief Financial Officer

4 March, 2025

Chief Executive Officer's Certification

I, Ngozi Nlebemuo, certify that:

- a) I have reviewed this ICFR Report of Custodian Life Assurance Limited;
- b) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- c) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;
- d) The company's other certifying officer(s) and I:
 - 1) are responsible for establishing and maintaining internal controls;
 - 2) have designed such internal controls and procedures, or caused such internal controls and procedures to be designed under our supervision, to ensure that material information relating to the company is made known to us by others within the company, particularly during the period in which this report is being prepared;
 - 3) have designed such internal control system, or caused such internal control system to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - 4) have evaluated the effectiveness of the company's internal controls and procedures as of a date within 90 days prior to the report and presented in this report our conclusions about the effectiveness of the internal controls and procedures, as of the end of the period covered by this report based on such evaluation.

Chief Executive Officer's Certification Contd

- e) The company's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control system, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):
 - 1) All significant deficiencies and material weaknesses in the design or operation of the internal control system which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and
 - 2) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control system.
- f) The company's other certifying officer(s) and I have identified, in the report whether or not there were significant changes in internal controls or other facts that could significantly affect internal controls subsequent to the date of their evaluation including any corrective actions with regard to significant deficiencies and material weaknesses.



Mr. Ngozi Nlebemuo

FRC/2024/PRO/DIR/003/126346

Managing Director/ Chief Executive Officer

4 March, 2025

Chief Financial Officer's Certification

I, Desmond Itaman, certify that:

- a) I have reviewed this ICFR Report of Custodian Life Assurance Limited;
- b) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- c) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;
- d) The company's other certifying officer(s) and I:
 - 1) are responsible for establishing and maintaining internal controls;
 - 2) have designed such internal controls and procedures, or caused such internal controls and procedures to be designed under our supervision, to ensure that material information relating to the company is made known to us by others within the company, particularly during the period in which this report is being prepared;
 - 3) have designed such internal control system, or caused such internal control system to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - 4) have evaluated the effectiveness of the company's internal controls and procedures as of a date within 90 days prior to the report and presented in this report our conclusions about the effectiveness of the internal controls and procedures, as of the end of the period covered by this report based on such evaluation.

Chief Financial Officer's Certification Contd

- e) The company's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control system, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):
 - 1) All significant deficiencies and material weaknesses in the design or operation of the internal control system which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and
 - 2) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control system.
- f) The company's other certifying officer(s) and I have identified, in the report whether or not there were significant changes in internal controls or other facts that could significantly affect internal controls subsequent to the date of their evaluation including any corrective actions with regard to significant deficiencies and material weaknesses.



Mr. Desmond Itaman

FRC/2013/PRO/ICAN/00000000792

Chief Financial Officer

4 March, 2025



🎨 Independent Auditor's Reports



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

To the members of Custodian Life Assurance Limited

Scope

We have been engaged by Custodian Life Assurance Limited ('the Company') to perform a 'limited assurance engagement', based on International Standards on Assurance Engagements Other Than Audits or Reviews of Historical Financial Information ('ISAE 3000 (Revised)') and Financial Reporting Council of Nigeria Guidance on Assurance Engagement Report on Internal Control over Financial Reporting, herein referred to as 'the Engagement', to report on Custodian Life Assurance Limited Internal Control over Financial Reporting (ICFR) (the "Subject Matter") contained in the company's Management's Assessment on Internal Control over Financial Reporting as of 31 December 2024 (the "Report").

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

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

Independent Auditor's Attestation Report Contd

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

Criteria applied by Custodian Life Assurance Limited

In designing, establishing and operating the Internal Control over Financial Reporting (ICFR) and preparing the Management's assessment of the Internal Control over Financial Reporting (ICFR), Custodian Life Assurance Limited applied the requirements of Internal Control-Integrated Framework (2013) of the Committee of Sponsoring Organizations of the Treadway Commission (COSO) Framework and Financial Reporting Council of Nigeria Guidance on Management Report on Internal Control Over Financial Reporting ('Criteria'). Such Criteria were specifically designed to enable organizations effectively and efficiently develop systems of internal control that adapt to changing business and operating environments, mitigate risks to acceptable levels, and support sound decision making and governance of the organization; As a result, the subject matter information may not be suitable for another purpose.

Custodian Life Assurance Limited's management responsibilities

Custodian Life Assurance Limited's management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Custodian Life Assurance Limited's Management's Assessment of the Internal Control over Financial Reporting as of 31 December 2024 in accordance with the Criteria.

Our responsibilities

Our responsibility is to express a conclusion on the design and operating effectiveness of the Internal Control over Financial Reporting based on our Assurance engagement.

We conducted our engagement in accordance with the International Standard for Assurance Engagements Other Than Audits or Reviews of Historical Financial Information ('ISAE 3000 (Revised)') and FRC Guidance on Assurance Engagement Report on Internal Control over Financial Reporting, those

Independent Auditor's Attestation Report Contd

standards require that we plan and perform our engagement to obtain limited assurance on the entity's internal control over financial reporting based on our assurance engagement.

Our independence and quality management

We have maintained our independence and confirm that we have met the requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants (IESBA code) and- have the required competencies and experience to conduct this assurance engagement.

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

Description of procedures performed

The procedures we performed included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk.

Our engagement also included performing such other procedures as we considered necessary in the circumstances. We believe the procedures performed provide a basis for our report on the internal control put in place by management over financial reporting

Conclusion

In conclusion, nothing has come to our attention to indicate that the internal control over financial reporting put in place by management as contained and assessed in Custodian Life Assurance Limited's Management Assessment on Internal Control over Financial Reporting is not adequate as of 31 December 2024, based on the requirements of Committee of Sponsoring Organizations of the Treadway Commission (COSO) Framework and Financial Reporting Council of Nigeria Guidance on Management Report on Internal Control Over Financial Reporting.

Independent Auditor's Attestation Report Contd

Other Matter

We also have audited, in accordance with the International Standards on Auditing, the financial statements for the year ended 31 December 2024 of Custodian Life Assurance Limited and we expressed an unmodified opinion in our Auditor's report dated 9 April 2025. Our conclusion is not modified in respect of this matter.



Oluwasayo Elumaro

FRC/2012/PRO/ICAN/004/00000000139

For: Ernst & Young Lagos, Nigeria.

9 April 2025



Independent Auditors' Report To The Members 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 ('the Company'), which comprise the statement of financial position as at 31 December 2024, 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, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of Custodian Life Assurance Limited as at 31 December 2024, and its financial performance and cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board, and in compliance with the provisions of the Companies and Allied Matters Act, 2020, Insurance Act 2003, guidelines and circulars issued by the National Insurance Commission (NAICOM) and Financial Reporting Council of Nigeria (Amendment) Act, 2023.

Basis for Opinion

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

Independent Auditor’s Report Contd

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Key Audit Matter	How the matter was addressed in the audit
Valuation of Insurance and Investment Contracts	Our audit procedures include the following:
The Company has recognized insurance contract liabilities amounting to N158,472,391,000 as of 31 December 2024 (31 December 2023: N120,428,017,000) representing 94% (December 2023: 94%) of the Company’s total liabilities. Actuarial valuation of insurance contract liabilities is inherently complex which involves high estimation uncertainties and requires management to apply significant judgement and assumptions over uncertain future outcomes.	·We obtained an understanding of the insurance contract liabilities valuation process including the approach for classification of insurance contracts for the purpose of measuring insurance contract liabilities. ·We obtained and tested the input data used by management in valuation of insurance contract liabilities. ·We involved our in-house actuarial specialists to assess the methodology and assumptions used in valuation of the insurance contract liabilities with respect to compliance with the Company’s policies and IFRS 17-Insurance Contracts.

Independent Auditors' Report Contd

Key Audit Matter	How the matter was addressed in the audit
Valuation of Insurance and Investment Contracts	Our audit procedures include the following:
The Company applied the IFRS 17 General Measurement Model (GMM) and Premium Allocation Approach (PAA) for measurements of group of insurance contracts for its individual life and group life business, respectively. Economic assumptions such as discount rates, time value of money, and risk adjustment for non-financial risk involve significant judgement. Small changes in these assumptions can materially impact the liabilities. Additionally, assumptions regarding mortality rates, lapse rates, and expense levels are critical and require careful consideration. The valuation under IFRS 17 includes estimating fulfilment cash flows, which are adjusted for time value of money and financial risks, and the Contractual Service Margin (CSM), representing unearned profit over the contract duration. Both fulfilment cash flows and CSM require significant judgement and estimation, and changes in these estimates can materially affect the financial statements.	·We assessed the key assumptions used by management in determining the fulfilment cashflows, risk adjustment for non-financial risk and CSM by involving the actuarial team to evaluate the discount rate used, test changes in time value of money of the future cash flows, test changes to risk adjustment, evaluate methodology used to determine CSM and perform an independent estimation of CSM. ·We assessed the adequacy of the financial statement disclosures on insurance contract liabilities.

Independent Auditors’ Report Contd

Key Audit Matter	How the matter was addressed in the audit
Valuation of Insurance and Investment Contracts	Our audit procedures include the following:
The Company has an in-house actuary who periodically assesses the estimate of the insurance contract liabilities while for each reporting period, an external actuary is engaged to value the insurance contract liabilities. Insurance contract liabilities, related accounting policies and significant judgments and assumptions are disclosed in Note 2.3l (Insurance contracts issued and reinsurance contracts held), Note 2.4d (Insurance and reinsurance contract), Note 3 (life actuarial valuation) and Note 14a (Insurance Contract Liabilities).	

Independent Auditors' Report Contd

Key Audit Matter	How the matter was addressed in the audit
Revenue recognition – Amortization of contractual service margin Under IFRS 17-Insurance Contracts, unearned future profits are capitalized at initial recognition in the statement of financial position (Insurance contract liabilities). Thereafter, the Contractual service margin (CSM) is amortized over time and released through profit or loss in proportion to the coverage units that expire over the coverage period. The assumptions guiding the recognition of the CSM, and the determination of coverage units are significant. The release of the CSM into profit or loss is a complex process which involves the application of significant estimates and assumptions (future cashflows, discount rate, mortality rate, macroeconomic variable, e.t.c.). This required significant auditor's attention in understanding the revenue recognition process, the application of significant estimates, use of assumptions and the interrelationship of these variables. See Note 2.3l (Insurance contracts issued and reinsurance contracts held), Note 2.4d (Insurance and reinsurance contracts), Note 3 (life actuarial valuation) and Note 26a (Insurance Contract Revenue) to the financial statements.	Our audit procedures include but were not limited to the following: We: • obtained an understanding of the process for amortizing Contract Service Margin (CSM) • gained an understanding and assessed management's assumptions used in determining the coverage units. • obtained and tested the input data used by management in determination of the insurance revenue. Involved our in-house actuarial specialists to: • Test reconciliation of valuation models to CSM subledger, evaluate methodology used to determine CSM and perform an independent estimation of CSM. • Perform procedures to evaluate the definition of coverage units and release pattern approach. • Test whether the methodology and/or assumptions used on the coverage period and/or unit provide a reasonable estimate of the transfer of services.

Independent Auditors' Report Contd

Other Information

The Directors are responsible for the other information. The other information comprises the information included in the document titled "Custodian Life Assurance Limited Annual Reports and Audited Financial Statements for the year ended 31 December 2024", which includes the Corporate Information, Management Discussion and Analysis, Risk Management, Corporate Governance Report, Directors' Report, Statement of Directors' Responsibilities In Relation to the Preparation of the Financial Statements, Statement of Corporate Responsibility for the Financial Statements and Other National Disclosures. 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 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, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The Directors are responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board, and in compliance with the provisions of the Companies and Allied Matters Act, 2020, Insurance Act 2003, guidelines and circulars issued by the National Insurance Commission (NAICOM) and 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.

Independent Auditors' Report Contd

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.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

Independent Auditors' Report Contd

If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

We communicate with the Directors 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.

From the matters communicated with the Directors, 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 requirement of the Fifth Schedule of the Companies and Allied Matters Act, 2020, and Section 28(2) of The Insurance Act 2003, we confirm that:

- We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit;
- In our opinion, proper books of account have been kept by the Company, in so far as it appears from our examination of those books;
- The Company's statement of financial position and statement of profit or loss and other comprehensive income are in agreement with the books of account.

Independent Auditors' Report Contd

In accordance with the requirements of the Financial Reporting Council of Nigeria (FRC) Guidance on Assurance Engagement Report on Internal Control over Financial Reporting:

We performed a limited assurance engagement and reported on management's assessment of the Company's internal control over financial reporting as of 31 December 2024. The work performed was done in accordance with the International Standard for Assurance Engagements Other Than Audits or Reviews of Historical Financial Information ('ISAE 3000 (Revised)') and FRC Guidance on Assurance Engagement Report on Internal Control over Financial Reporting, and we have issued an unmodified opinion in our report dated 9 April, 2025. That report is included on pages 42-46 of the financial statements.



Oluwasayo Elumaro FCA FRC/2012/PRO/ICAN/004/00000000139

For Ernst & Young Lagos, Nigeria
9 April 2025



- 
- Summary Of Material Accounting Policies
 - Financials

Summary Of Material Accounting Policies

1 General information

For the year ended 31 December 2024

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 04 March 2025.

2.0 Basis of preparation

The financial statements have been prepared in accordance with IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) and in the manner required by Companies and Allied Matters Act, 2020, the Insurance Act of Nigeria, 2003, the Financial Reporting Council of Nigeria (Amendment) Act 2023 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.

Summary Of Material Accounting Policies Contd

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 to the financial statements.

2.1.1 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 are measured at fair value.
- 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.

2.1.2 Use of estimates and judgements

The preparation of the financial statements which is in conformity with IFRS Accounting Standards 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.

Summary Of Material Accounting Policies Contd

2.2.1 New and amended standards and interpretations effective for periods beginning on or after January 2024

The Company applied for the first time, certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2024. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements:

(a) Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants - Amendments to IAS 1

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.

Summary Of Material Accounting Policies Contd

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.

Summary Of Material Accounting Policies Contd

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 amendment does not have any material impact on the Company.

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

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.

Summary Of Material Accounting Policies Contd

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

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

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.

Summary Of Material Accounting Policies Contd

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 disclosed.

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

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 2024, up to the date of issuance of the Company's financial statements.

Summary Of Material Accounting Policies Contd

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

(a) **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.

Summary Of Material Accounting Policies Contd

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.

Impact

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

(b) 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.

Summary Of Material Accounting Policies Contd

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 judgmental 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.

c) Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7)

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

- Clarifies that a financial liability is derecognised on the 'settlement date', i.e., when the related obligation is discharged, cancelled, expires or the liability otherwise qualifies for derecognition. It also introduces an accounting policy Option to derecognise financial liabilities that are settled through an electronic payment system before settlement date if certain conditions are met.
- Clarified how to assess the contractual cash flow characteristics of financial assets that include environmental, social and governance (ESG)-linked features and other similar contingent features.
- Clarifies the treatment of non-recourse assets and contractually linked instruments.
- Requires additional disclosures in IFRS 7 for financial assets and liabilities with contractual terms that reference a contingent event (including those that are ESG linked), and equity instruments classified at fair value through other comprehensive income.

Summary Of Material Accounting Policies Contd

Transition

The amendments apply for reporting periods beginning on or after 1 January 2026.

Companies can choose to early-adopt these amendments (including the associated disclosure requirements), separately from the amendments for the recognition and derecognition of financial assets and financial liabilities.

Impact

The Standard is not expected to have any material impact on the Company's financial statements."

d) 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

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

Summary Of Material Accounting Policies Contd

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.

Impact

The Standard is not expected to have any material impact on the Company's financial statements.

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

e) IFRS 19 -Subsidiaries without Public Accountability: Disclosures

In May 2024 the IASB issued IFRS 19 Subsidiaries without Public Accountability: Disclosures. The Standard specifies the disclosure requirements an entity is permitted to apply instead of the disclosure requirements in other IFRS Accounting Standards.

Scope

An entity is only permitted to apply IFRS 19 when:

- it is a subsidiary
- it does not have public accountability, and
- its ultimate or any intermediate parent produces consolidated financial statements available for public use that comply with IFRS Accounting Standards.

Summary Of Material Accounting Policies Contd

A subsidiary has public accountability if:

- its debt or equity instruments are traded in a public market or it is in the process of issuing such instruments for trading in a public market (a domestic or foreign stock exchange or an over-the-counter market, including local and regional markets), or
- it holds assets in a fiduciary capacity for a broad group of outsiders as one of its primary businesses (for example, banks, credit unions, insurance companies, securities brokers/ dealers, mutual funds and investment banks often meet this second criterion).

Eligible entities can, but are not required to, apply IFRS 19 in its consolidated, separate or individual financial statements. "

The reduced disclosure requirements

The disclosure requirements in IFRS 19 are a reduced version of the disclosure requirements set out in other IFRS Accounting Standards.

IFRS 19 is a disclosure-only standard. An eligible subsidiary that applies IFRS 19 is required to apply the requirements in other IFRS Accounting Standards for recognition, measurement and presentation requirements. For disclosure requirements, it applies IFRS 19 instead of the disclosure requirements in other IFRS Accounting Standards, except in specified circumstances.

Effective date and transition

IFRS 19 is effective for reporting periods beginning on or after 1 January 2027. Earlier application is permitted. If an entity chooses to apply IFRS 19 earlier, it is required to disclose that fact. If an entity applies IFRS 19 in the current reporting period but not in the immediately preceding period, it is required to provide comparative information (that is, information for the preceding period) for all amounts reported in the current period's financial statements, unless IFRS 19 or another IFRS Accounting Standard permits or requires otherwise.

Impact

The Standard is not expected to have material impact on the Company's financial statements.

Summary Of Material Accounting Policies Contd

f) **Power Purchase Agreements (PPAs) (Amendments to IFRS 9 and IFRS 7)**

This address the application of 'own use' and hedge accounting requirements for agreements which meet specified criteria. If a PPA qualifies for the 'own use' exemption, it is accounted for as an executory contract rather than as a derivative. In contrast, if a PPA does not qualify for the 'own use' exemption, it is accounted for as a derivative to which hedge accounting considerations may apply. The amendments apply to contracts that reference electricity generated from nature dependent sources and for which cash flows vary based on the amount of electricity generated by a reference production facility. New disclosures have also been introduced.

Effective date and transition

The amendments apply for reporting periods beginning on or after 1 January 2026.

Impact

The Standard is not expected to have any impact on the Company's financial statements.

2.3 **Material 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 Naira (N'000) which is the Company's presentation currency.

Summary Of Material Accounting Policies Contd

(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 profit or loss.

Foreign exchange gains and losses are presented in the income statement within 'Foreign exchange gain/(loss)'.

In the case of changes in the fair value of monetary assets denominated in foreign currency classified as fair value through other comprehensive income, 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 are included in other comprehensive income except for equities held at fair value through profit or loss that are recognised in the income statement as part of net foreign exchange gain/loss.

(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.

Summary Of Material Accounting Policies Contd

(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 solely for payment of principal and interest (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.

Summary Of Material Accounting Policies Contd

(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.

Summary Of Material Accounting Policies Contd

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.

Summary Of Material Accounting Policies Contd

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 'Foreign exchange gain/(loss)' 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 'Foreign exchange gain/(loss)' 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 foreign exchange gain/(loss) from 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).

Summary Of Material Accounting Policies Contd

(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.

Summary Of Material Accounting Policies Contd

(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;
- Other financial 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.

Summary Of Material Accounting Policies Contd

(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 unlikelihood to pay indicators and a back-stop if amounts are overdue for 90 days or more.

Summary Of Material Accounting Policies Contd

(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.

Summary Of Material Accounting Policies Contd

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

Summary Of Material Accounting Policies Contd

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.

Summary Of Material Accounting Policies Contd

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;

Summary Of Material Accounting Policies Contd

- 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;

(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.

(xiv) **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.

Summary Of Material Accounting Policies Contd

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.

(c) **Other financial assets**

(i) **Premium 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.

Summary Of Material Accounting Policies Contd

(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.

Summary Of Material Accounting Policies Contd

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.

Summary Of Material Accounting Policies Contd

(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.

(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 specific 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 fair value (where available). 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.

Summary Of Material Accounting Policies Contd

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

If an item of property 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 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.

Investment properties are derecognised either when they have been disposed of (i.e., at the date the recipient obtains control) or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition.

(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:

Summary Of Material Accounting Policies Contd

- 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. Subsequent expenditure on software assets is capitalised only when it increases the future economic benefits embodied in the specific assets to which it relates.

Computer software development costs recognised as assets are amortised over their useful lives, which does not exceed four years. Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific assets to which it relates. Amortization is calculated to write off the cost of intangible assets less their estimated residual values using the straight line method over their useful lives, and is generally recognised in profit or loss.

Amortisation commences from the date that it is available for use since this most closely reflects the expected pattern of consumption of future economic benefits embodied in the asset.

An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss.

Summary Of Material Accounting Policies Contd

(h) **Property and equipment**

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

All property and equipment is initially recorded at cost. Except for land and buildings, all property and equipment are stated at historical cost less accumulated 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 is 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:

-	Freehold Property	33 years
-	Motor vehicles	4 years
-	Furniture and fittings	5 years
-	Computer equipment	4 years
-	Office equipment	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.

Summary Of Material Accounting Policies Contd

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 and equipment were impaired as at 31 December 2024 (December 2023: 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.

Summary Of Material Accounting Policies Contd

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.

b) Lease Liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses 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.

Summary Of Material Accounting Policies Contd

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

Summary Of Material Accounting Policies Contd

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.

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.

Summary Of Material Accounting Policies Contd

(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) **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.

(l) **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.

Summary Of Material Accounting Policies Contd

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.

Summary Of Material Accounting Policies Contd

The products offered and portfolio classification are tabulated below:

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

Summary Of Material Accounting Policies Contd

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.

Summary Of Material Accounting Policies Contd

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 contracts 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.

Summary Of Material Accounting Policies Contd

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,

Summary Of Material Accounting Policies Contd

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:

Summary Of Material Accounting Policies Contd

- 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 behaviour. 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,

Summary Of Material Accounting Policies Contd

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.

Summary Of Material Accounting Policies Contd

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

Summary Of Material Accounting Policies Contd

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.

Summary Of Material Accounting Policies Contd

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.

Summary Of Material Accounting Policies Contd

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

Summary Of Material Accounting Policies Contd

- 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.

Summary Of Material Accounting Policies Contd

- **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.

Summary Of Material Accounting Policies Contd

- 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.

Summary Of Material Accounting Policies Contd

- 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:

Summary Of Material Accounting Policies Contd

- 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.

Summary Of Material Accounting Policies Contd

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.

Summary Of Material Accounting Policies Contd

The Company interprets “reasonably expects” to mean the liability for remaining coverage under the premium allocation approach (PAA) and general measurement model (GMM) under all probable scenarios is immaterial. Hence the Company has defined probable scenario for both economic and non-economic assumptions which includes expenses of +/-10%, lapse of +/-10%, longevity at +/-5% and mortality of +/-5%.

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).

Summary Of Material Accounting Policies Contd

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.

Summary Of Material Accounting Policies Contd

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.

Summary Of Material Accounting Policies Contd

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.

Summary Of Material Accounting Policies Contd

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.

Summary Of Material Accounting Policies Contd

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.

Summary Of Material Accounting Policies Contd

- **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 assets and portfolios of reinsurance contracts held that are liabilities.

Summary Of Material Accounting Policies Contd

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 to insurance 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.

Summary Of Material Accounting Policies Contd

- **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.

Summary Of Material Accounting Policies Contd

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. "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.

Summary Of Material Accounting Policies Contd

(m) 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.

(n) 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.

Current tax

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.

Summary Of Material Accounting Policies Contd

Deferred Tax

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 profit 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 profits will be available against which these losses can be utilised.

(o) Equity

(i) 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.

Summary Of Material Accounting Policies Contd

(ii) 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.

(iii) Contingency reserve

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.

(iv) 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 liability in the financial statements in the period in which the dividend is paid to the Company's shareholders.

(p) 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.

(q) 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 been detailed earlier. Other revenue classes are recognised as follows:

Summary Of Material Accounting Policies Contd

(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, policyholders and profit on disposal of fixed assets.

(r) 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.

The net exchange gain on foreign denominated financial instruments and domiciliary account bank balances are recognised as a separate line in the statement of profit or loss.

Other investment income comprises rental income.

Summary Of Material Accounting Policies Contd

(s) **Operating expenses**

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 benefit 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 profit or loss 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.

Summary Of Material Accounting Policies Contd

(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, liabilities, income and expenses within the financial 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.

Summary Of Material Accounting Policies Contd

(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.

(b) 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.

(c) Impairment for premium 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 N35.8 million (Dec 2023 : N55.5 million) would have been recognised in the income statement. See note 7 for details.

Summary Of Material Accounting Policies Contd

(d) **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.

Summary Of Material Accounting Policies Contd

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.

Summary Of Material Accounting Policies Contd

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.

Summary Of Material Accounting Policies Contd

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

Summary Of Material Accounting Policies Contd

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 lock down will impact the development factors- hence invalidate existing payment pattern.

Summary Of Material Accounting Policies Contd

- 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/ cover-section/ client types) will be required. Earned premium weights, as described above, will also be used for a more granular allocation of projected OCR, IBNR and RA.

(v) **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.

Summary Of Material Accounting Policies Contd

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.

(vi) **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.

(vii) **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 the rates published by the Nigerian Actuarial Society (NAS) or observable market rates where rates from NAS are not available.

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).

Summary Of Material Accounting Policies Contd

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.

(viii) **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

Summary Of Material Accounting Policies Contd

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.

(ix) **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.

Summary Of Material Accounting Policies Contd

The Company has estimated the risk adjustment using a confidence level (value at risk) approach in which a full IFRS 17 liability distribution is generated across all non-financial risks and risk adjustment is calculated as the difference between the best estimate liability and the liability value at the chosen confidence level. The Company adopted the Var approach at the 75th percentile at the aggregate level.

(x) **Deferred Tax Asset**

Deferred tax assets are not recognised when it is not probable that future taxable income will be available against which the unused tax losses can be utilised. The assessment of the recoverability of deferred tax assets involves significant judgment and consideration of various factors, including historical financial performance, future profitability forecasts, and the impact of tax planning strategies.

At each reporting date, the company evaluates the likelihood of realising the deferred tax assets based on current and projected future taxable income. If it is determined that it is no longer probable that sufficient taxable income will be generated in the future, the deferred tax assets are not recognised in the financial statements. This assessment may involve critical judgments regarding the timing and amount of future taxable income, as well as the potential impact of changes in tax laws and regulations.

Statement Of Financial Position

As at 31 December, 2024

		31 Dec. 2024 N'000	31 Dec. 2023 N'000
Assets	Notes		
Cash and cash equivalents	5	7,393,979	4,644,404
Financial assets:			
-Fair value through profit or loss	6(a)	98,069,865	73,773,658
-Fair value through other comprehensive income	6(b)	40,640,954	30,110,334
-Amortised cost	6(d)	30,642,379	23,236,285
Premium receivables	7	35,798	55,507
Reinsurance contract assets	14(b)	1,421,351	858,658
Other receivables and prepayments	8	2,897,830	1,436,963
Right-of-use assets	9.1(a)	107,404	-
Investment properties	10	2,170,000	1,288,000
Property and equipment	11	4,638,521	3,554,627
Intangible assets	12	100,135	95,013
Statutory deposit	13	260,000	260,000
Total assets		188,378,216	139,313,449
Liabilities and equity			
Liabilities			
Insurance contract liabilities	14(a)	158,472,391	120,428,017
Reinsurance contract liabilities	14(b)	72,594	45,340
Investment contract liabilities	15	3,557,950	3,861,086
Other technical liabilities	16	1,064,691	700,245
Other payables	17	3,357,639	2,199,870
Current income tax liabilities	18	447,425	166,569
Deferred tax liabilities	19	941,474	742,705
		167,914,164	128,143,832
Equity			
Share capital	20	8,000,000	8,000,000
Contingency reserve	21	3,388,119	2,538,805
Asset revaluation reserve	22	1,346,442	1,088,448
Fair value reserve	23	1,420,842	(722,463)
Retained earnings	24	6,308,649	264,827
Total equity		20,464,052	11,169,617
Total liabilities and equity		188,378,216	139,313,449

These financial statements were approved by the Board of Directors on 04 March 2025 and signed on its behalf by:

Mr. Richard Asabia
FRC/2013/PRO/DIR/003/00000004762
Chairman

Mr. Desmond Itaman
FRC/2013/PRO/ICAN/007/00000000792
Chief Financial Officer

Mr. Ngozi Nlebemuo
FRC/2024/PRO/DIR/003/126346
Managing Director/ Chief Executive Officer

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

Statement Of Profit Or Loss And Other Comprehensive Income

For the year ended 31 December, 2024

		31 Dec. 2024 N'000	31 Dec. 2023 N'000
	Notes		
Insurance contract revenue	26(a)	29,977,729	24,812,728
Insurance service expenses	26(b)	(38,805,619)	(24,463,658)
Net expense from reinsurance contracts held	26(d)	(1,075,354)	(1,217,768)
Insurance service result		(9,903,244)	(868,698)
Insurance finance expenses	26(d)	(10,363,526)	(4,800,734)
Reinsurance finance income	26(e)	15,771	16,559
Net insurance finance expense		(10,347,755)	(4,784,175)
Investment income	27	22,686,069	15,985,291
Profit on investment contracts	28	96,408	31,172
Net fair value gain/(loss)	29	4,569,841	(7,422,573)
Impairment charge on financial assets	30	(1,877)	(242,276)
Net realised gain	31	388,790	635,767
Net foreign exchange gain	32	3,733,525	2,851,503
Other investment income	33	125,928	116,467
Total investment and related income		31,598,684	11,955,351
Net insurance and investment result		11,347,685	6,302,478
Other operating income	34	23,260	179,947
Other operating expenses	35(d)	(2,322,978)	(1,792,208)
Profit before income tax expense		9,047,967	4,690,217
Income tax expense	36	(554,831)	(247,432)
Profit for the year		8,493,136	4,442,785
Other comprehensive income:			
Items that will not be reclassified subsequently to profit or loss			
Asset revaluation on property and equipment, net of tax		257,994	483,099
Net change on equities classified at fair value through other comprehensive income		2,671,050	533,810
Items that may be reclassified subsequently to profit or loss			
Reclassification to profit or loss of derecognition of asset at FVTOCI	23	(71,727)	-
Net loss on debt instruments at fair value through other comprehensive income		(456,018)	(1,322,654)
Other comprehensive income/(loss), net of tax		2,401,299	(305,745)
Total comprehensive income		10,894,435	4,137,040
Earnings per share (kobo) - Basic	38	53	27

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

Statement Of Changes In Equity

For the year ended 31 December, 2024

		Attributable to equity holders					
		Share Capital ₦'000	Retained Earnings ₦'000	Contingency Reserve ₦'000	Fair Value Reserve ₦'000	Asset Revaluation Reserve ₦'000	Total Equity ₦'000
For the year ended 31 December 2024							
		8,000,000	264,827	2,538,805	(722,463)	1,088,448	11,169,617
		-	8,493,136	-	-	-	8,493,136
		-	-	-	2,143,305	257,994	2,401,299
	21	-	(849,314)	849,314	-	-	-
		-	(1,600,000)	-	-	-	(1,600,000)
		8,000,000	6,308,649	3,388,119	1,420,842	1,346,442	20,464,052
For the year ended 31 December 2023							
		8,000,000	(1,816,723)	2,075,796	66,381	605,349	8,930,803
		-	4,442,785	-	-	-	4,442,785
		-	-	-	(788,844)	483,099	(305,745)
	21	-	(463,009)	463,009	-	-	-
		-	(1,898,226)	-	-	-	(1,898,226)
		8,000,000	264,827	2,538,805	(722,463)	1,088,448	11,169,617

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

Statement Of Cash Flows

For the year ended 31 December, 2024

	Notes	31 Dec. 2024 N'000	31 Dec. 2023 N'000
Cash flows from operating activities			
Premium received from insurance contracts	14(a)(l)	55,795,458	45,074,105
Claims paid	14(a)(l)	(29,976,884)	(23,265,860)
Other directly attributable expenses paid	14(a)(l)	(2,769,762)	(1,668,383)
Acquisition cash flows paid	14(a)(l)	(4,103,421)	(3,302,474)
Premiums paid on reinsurance contracts	14(b)(l)	(2,512,806)	(1,817,077)
Recoveries from reinsurance	14(b)(l)	443,185	367,088
Ceding commission received and other income	14(b)(l)	474,599	267,645
Cash received on investment contract liabilities	15	667,404	806,079
Cash paid to investment contract holders	15	(1,244,216)	(919,871)
Employee benefits paid		(1,079,103)	(1,007,978)
Rent received	17(a)	356,203	124,549
Deposit for premium	16	500,459	233,726
Net unallocated premium received		81,473	176,319
Other operating expenses paid		(1,271,874)	(1,189,294)
Other operating income received		24,875	44,939
Cash flows generated from operating activities		15,385,590	13,923,513
Income tax paid	18	-	(117)
Net cash provided by operating activities		15,385,590	13,923,396
Cash flows from investing activities			
Purchase of property and equipment	11	(690,881)	(154,852)
Purchase of intangible assets	12	(37,229)	(33,220)
Proceeds from sale of property and equipment		1,000	400
Purchase of investment securities		(47,201,754)	(52,744,072)
Proceeds from sale of investments/redemption		15,303,737	20,685,328
Deposit for shares	8	(1,576,028)	(290,127)
Advance payment to contractor	8	-	(278,626)
Advance payment for goods	8(e)	(330,905)	-
Purchase of investment properties	10(b)	-	(11,429)
Interest received		22,296,336	18,436,302
Dividend received from financial assets		960,041	827,170
Net cash used in investing activities		(11,275,683)	(13,563,126)

Statement Of Cash Flows Contd

For the year ended 31 December, 2024

	Notes	31 Dec. 2024 N'000	31 Dec. 2023 N'000
Cash flows from financing activities			
Lease payment	9.1 (a)	(126,020)	
Dividend paid to shareholders	39	(1,600,000)	(1,898,226)
Net cash used in financing activities		<u>(1,726,020)</u>	<u>(1,898,226)</u>
Net increase/(decrease) in cash and cash equivalents		2,383,887	(1,537,956)
Cash and cash equivalents at 1 January		4,644,404	5,922,756
Effect of exchange rate changes on cash & cash equivalents	5(d)	365,688	259,604
Cash and cash equivalents at 31 December	5	<u>7,393,979</u>	<u>4,644,404</u>

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

Notes to the Financial Statements

For the year ended 31 December 2024

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)

Notes To The Financial Statements

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 office premiums, 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.

Notes To The Financial Statements Contd

As at 31 December 2024, the Company has underwritten 27,975 (Dec 2023 : 23,125) annuity policies with annual annuity payment of N19.847 billion (Dec 2023 : N14.986 billion).

The movement in the annuity portfolio is analysed below:

	Number of annuity policies	Annual Annuity (N'000)
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
New entrants	5,142	4,946,165
Adjustments on opening annual annuity	(50)	84,133
Deaths / exits	(242)	(168,988)
At 31 December 2024	27,975	19,847,480

Notes To The Financial Statements Contd

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 replaced. 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.

Notes To The Financial Statements Contd

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.

Notes To The Financial Statements Contd

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.

Notes To The Financial Statements Contd

Custodian Life adopted the Bottom-Up 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 16.98% 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 2 categories as follows:

- Directly attributable expenses
- Non-directly attributable expenses

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.

Notes To The Financial Statements Contd

The adopted expense per policy is provided in detail below:

Type of business	Initial expense	Renewal expense
Individual life	N9,000 pp pa	N8,700 pp pa
Annuity business	N13,200 pp pa	N 7,300 pp pa
Group life schemes	N 555 pp pa	N555 pp pa

*pp pa = per policy per annum

c) Expense inflation & other inflation measures

We maintained an inflation assumption of 15% per annum based on the market 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 -5 (2023: -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.

Notes To The Financial Statements Contd

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	27%
Year 2	3%
Year 3	2.2%
Year 4	1.4%
Year 5+	0.7%

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 Insurance risk

The main insurance risks that the Company is exposed to are, as follows:

- Mortality risk – risk of loss arising due to the incidence of policyholder death being different than expected
- Morbidity risk – risk of loss arising due to policyholder health experience being different than expected
- Longevity risk – risk of loss arising due to the annuitant living longer than expected
- Expense risk – risk of loss arising from expense experience being different than expected
- Policyholder decision risk – risk of loss arising due to policyholder experiences (lapses and surrenders) being different than expected

The objective of the Company is to ensure that sufficient reserves are available to cover the liabilities associated with the insurance that it issues.

The risk exposure is mitigated by diversification across the portfolios of insurance contracts. The variability of risks is also improved by careful selection and implementation of underwriting strategy guidelines, as well as the use of outwards reinsurance arrangements.

Notes To The Financial Statements Contd

The Company purchases reinsurance as part of its risk mitigation programme. Reinsurance held (outward reinsurance) is placed on a proportional basis. The majority of proportional reinsurance is surplus share reinsurance which is taken out to reduce the overall exposure of the Company to certain classes of business.

For annuity contracts, the most significant factor that could increase the amount and frequency of claims is continued improvement in medical science and social conditions that would increase longevity.

3.3.1 Concentrations of insurance risk

All the Company's insurance policies are issued in Nigeria.

The carrying amounts of the Company's life insurance contracts (net of reinsurance) are analysed below by type of product.

	31 Dec. 2024 N'000	31 Dec. 2023 N'000
Annuities	127,045,890	98,031,037
Risk business	335,164	162,147
Endowment business	13,636,557	10,934,003
Savings business	10,723,798	5,872,579
Group life business	5,309,631	4,569,593
	<u>157,051,040</u>	<u>119,569,359</u>

Notes To The Financial Statements Contd

3.4 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 by N87 million, whilst a -5% change in mortality will result in a reduction of the Life fund liability by N171 million. A change in longevity by +5% will increase the Life fund liability by N636 million, whilst a -5% change in longevity will result in a reduction of the Life fund liability by N660 million.

A movement of expenses by +10% will result in an increase the Life fund liability by N506 million whilst a -10% change will reduce the Life fund liability by N506million. Lapse rate moving by +10% will increase the life fund by N175 million whilst a -10% will reduce the Life fund liability by N 211 million.

Notes To The Financial Statements Contd

Sensitivity Of Liabilities To Changes In Long Term Valuation Assumptions For The 31 December 2024 Valuation

	Base N'000	Mortality +5%	Mortality -5%	Longevity -5%	Longevity +5%	Lapse +10%	Lapse -10%	Expense +10%	Expense -10%
Endowment	13,636,557	(9,220)	9,227	-	-	(175,583)	211,598	(32,790)	32,790
Annuity	127,045,890	2	(2)	(659,751)	636,401	-	-	(456,894)	456,894
Risk	335,164	(14,619)	14,653	-	-	8,319	(8,767)	(6,233)	6,233
Savings	10,723,798	(1,753)	1,756	-	-	(8,084)	8,183	(10,047)	10,047
Group life	6,730,982	(77,423)	162,081	-	-	-	-	-	-
Net reinsurance	(1,348,757)	16,326	(16,326)	-	-	-	-	-	-
Net liability	157,123,634								
Net impact on profit before tax/equity		(86,687)	171,389	(659,751)	636,401	(175,347)	211,014	(505,964)	505,964
% Change in net liability		-0.1%	0.1%	-0.4%	0.4%	-0.1%	0.1%	-0.3%	0.3%
Sensitivity Of Liabilities To Changes In Long Term Valuation Assumptions For The 31 December 2023 Valuation									
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)	-	-	-	-	-	-
Net liability	119,614,699								
Net impact on profit before tax/equity		421,411	(421,456)	(296,442)	302,659	82,293	(91,691)	100,595	(100,595)
% Change in net liability		0.4%	-0.4%	-0.2%	0.3%	0.1%	-0.1%	0.1%	-0.1%

Notes To The Financial Statements Contd

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

Notes To The Financial Statements Contd

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 2024

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:					
Equity securities	19,782,449	1,978,245	3,956,490	(1,978,245)	(3,956,490)
Other unquoted securities	5,701,102	570,110	1,140,220	(570,110)	(1,140,220)
Impact on profit before tax		2,548,355	5,096,710	(2,548,355)	(5,096,710)
31 December 2023					
Investment securities:					
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		715,213	1,430,427	(715,213)	(1,430,427)

Notes To The Financial Statements Contd

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 December 2024			31 December 2023		
	USD	EUR	GBP	USD	EUR	GBP
	N'000	N'000	N'000	N'000	N'000	N'000
Cash and cash equivalents	550,408	-	30,071	115,361	590,354	17,000
Investment securities	14,590,480	-	-	(772,328)	7,210,463	
Others Payables	(1,227,796)		-			

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 risk exchange 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 2024:

Notes To The Financial Statements Contd

Foreign exchange sensitivity

31 December 2024	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 exchange risk	Gains/(losses)			
Cash and cash equivalents	58,048	116,096	(58,048)	(87,072)
Investment securities	1,459,048	2,918,096	(1,459,048)	(2,188,572)
Other payables	(122,780)	(245,559)	122,780	184,169
Effect on profit before tax	1,394,316	2,788,633	(1,394,316)	(2,091,474)
Taxation @ 30%	418,295	836,590	(418,295)	(627,442)
Effect on profit after tax	976,021	1,952,043	(976,021)	(1,464,032)

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 exchange risk	Gains/(losses)			
Cash and cash equivalents	60,735	121,471	(60,735)	(91,103)
Investment securities	721,046	1,442,093	(721,046)	(1,081,569)
Other payables	(77,233)	(154,466)	77,233	115,849
Effect on profit before tax	704,549	1,409,098	(704,549)	(1,056,823)
Taxation @ 30%	211,365	422,729	(211,365)	(317,047)
Effect on profit after tax	493,184	986,368	(493,184)	(739,776)

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.

Notes To The Financial Statements Contd

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 2024, 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.

Notes To The Financial Statements Contd

31 December 2024	Non interest bearing	1-3 months	3-6 months	>6 months	Total
	Interest earning assets				
Cash and cash equivalents	19	7,393,960	-	-	7,393,979
Bonds and treasury bills	-	-	-	143,463,989	143,463,989
Loans and receivables	-	-	-	609,661	609,661
Statutory deposit	-	-	-	260,000	260,000
Total interest earning assets	19	7,393,960	-	144,333,650	151,727,629
Interest bearing liabilities					
Investment contract liabilities	-	-	-	3,861,086	3,861,086
	-	-	-	3,861,086	3,861,086
Gap	19	7,393,960	-	140,472,564	147,866,543
Cumulative gap		7,393,960	7,393,960	147,866,524	-
Increase by 100bp		73,940	-	1,404,726	1,478,665
Increase by 500bp		369,698	-	7,023,628	7,393,327
Decrease by 100bp		(73,940)	-	(1,404,726)	(1,478,665)
Decrease by 500bp		(369,698)	-	(7,023,628)	(7,393,327)

Notes To The Financial Statements Contd

31 December 2023	Non interest bearing	1-3 months	3-6 months	>6 months	Total
	Interest earning assets				
Cash and cash equivalents	6	4,644,398	-	-	4,644,404
Bonds and treasury bills	-	-	-	118,954,858	118,954,858
Loans and receivables	-	-	-	1,223,233	1,223,233
Statutory deposit	-	-	-	260,000	260,000
Total interest earning assets	6	4,644,398	-	120,438,091	125,082,495
Interest bearing liabilities					
Investment contract liabilities	-	-	-	3,557,950	3,557,950
Total interest bearing liabilities	-	-	-	3,557,950	3,557,950
Gap		4,644,398	-	116,880,141	121,524,545
Cumulative gap		4,644,398	4,644,398	121,524,539	-
Increase by 100bp		46,444	-	1,168,801	1,215,245
Increase by 500bp		232,220	-	5,844,007	6,076,227
Decrease by 100bp		(46,444)	-	(1,168,801)	(1,215,245)
Decrease by 500bp		(232,220)	-	(5,844,007)	(6,076,227)

Notes To The Financial Statements Contd

There is no direct contractual relationship between financial assets and insurance contracts. However, the Company's interest rate risk policy requires it to manage the extent of net interest rate risk by maintaining an appropriate mix of fixed and variable rate instruments to support the insurance contract liabilities. The policy also requires it to manage the maturities of interest bearing financial assets.

The Company has no significant concentration of interest rate risk.

The Company's exposure to interest rate risk sensitive insurance and reinsurance contracts are as follows:

	31 Dec. 2024	31 Dec. 2023
	<u>N'000</u>	<u>N'000</u>
Insurance contract liabilities	158,472,391	120,428,017
Reinsurance contract assets	<u>1,421,351</u>	<u>858,658</u>

An analysis of the Company's sensitivity to a 100bp increase or decrease in market interest rates at the reporting date, assuming that all other variables remain constant, is presented below.

Notes To The Financial Statements Contd

December 2024				
	Change in Interest rate	Impact on CSM	Impact on profit before tax	Impact on equity
Insurance contract liabilities	+100bp	13,123	6,467,501	6,201,122
Reinsurance contract assets	+100bp	-	(5,188)	(4,975)
Insurance contract liabilities	-100bp	(14,559)	(7,371,804)	(7,068,179)
Reinsurance contract assets	-100bp	-	5,267	5,050

December 2023				
	Change in Interest rate	Impact on CSM	Impact on profit before tax	Impact on equity
Insurance contract liabilities	+100bp	9,973	4,914,852	4,712,423
Reinsurance contract assets	+100bp	-	(3,134)	(3,005)
Insurance contract liabilities	-100bp	(11,064)	(5,602,059)	(5,371,326)
Reinsurance contract assets	-100bp	-	3,182	3,051

Notes To The Financial Statements Contd

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	2,170,000	1%

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 premium receivables from customers, reinsurers and coinsurers recoverable and other receivables.

Premium receivables

The Company has placed more responsiveness on effective management of credit risk exposure that relates to premium 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.

Notes To The Financial Statements Contd

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

Management of credit risk due to premium 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.

Notes To The Financial Statements Contd

- 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.

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 ageing 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).

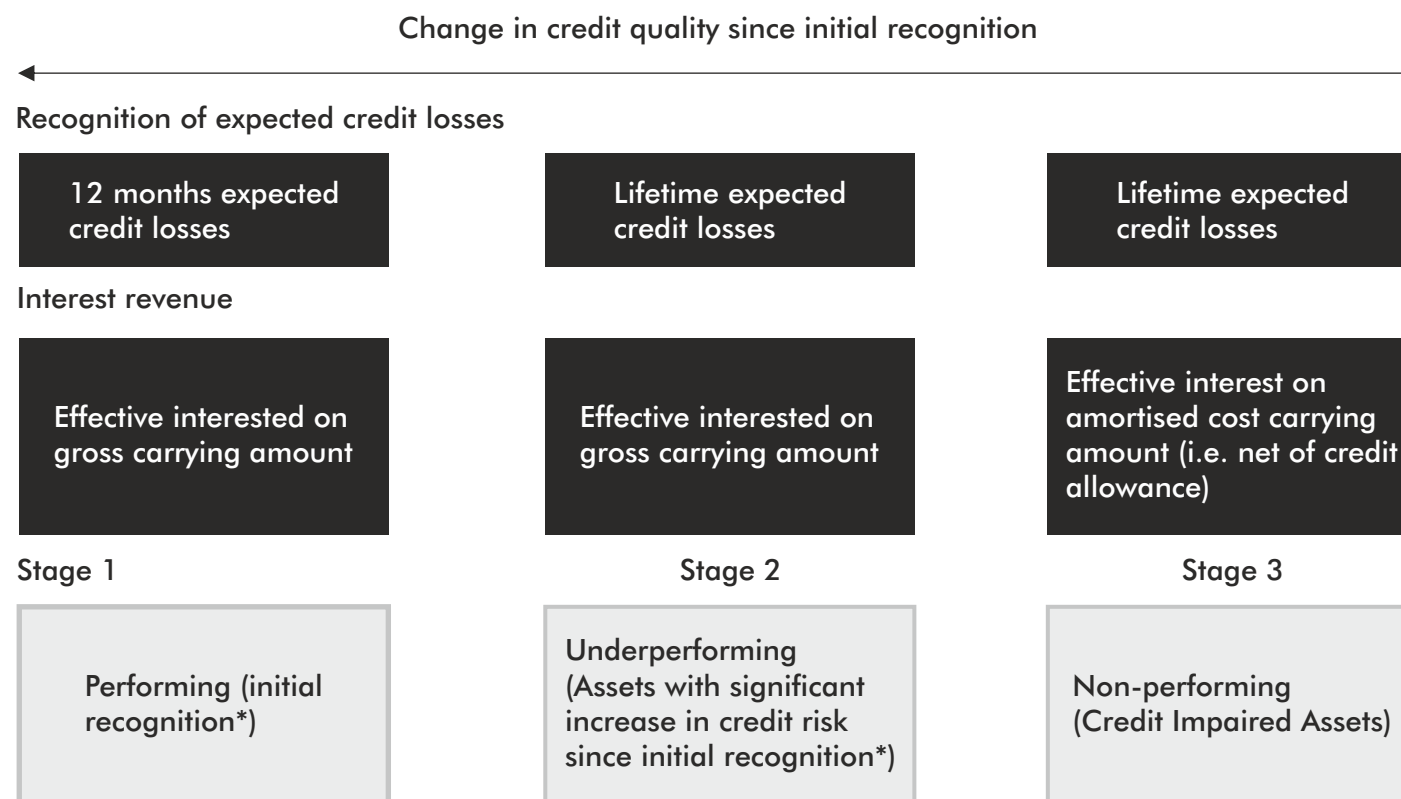
Notes To The Financial Statements Contd

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.

Notes To The Financial Statements Contd

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

Notes To The Financial Statements Contd

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:

ECL	=	PD	x	EAD	x	LGD
12 months/lifetime Expected Credit Loss (ECL)		Probability Of Default		Exposure At Default		Loss Given Default (after consideration of collaterals and recoveries)

Notes To The Financial Statements Contd

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 range 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;

Notes To The Financial Statements Contd

- 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 unlikelihood 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

Notes To The Financial Statements Contd

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

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 period-end stage classification. The amounts presented are gross of impairment allowances. Details of the Company's internal grading system are also provided.

Notes To The Financial Statements Contd

Internal rating grade Performing Cash and cash equivalents	Moody's rating	2024			2023		
		12mECL N'000	LTECL N'000	Total N'000	12mECL N'000	LTECL N'000	Total N'000
High grade	AAA-A+	-	-	-	-	-	-
Standard grade	BBB-B+	7,533,452	-	7,533,452	4,790,344	-	4,790,344
Past due but not impaired	C-CCC	-	-	-	-	-	-
Default	D	-	-	-	-	-	-
Total gross amount		7,533,452	-	7,533,452	4,790,344	-	4,790,344
ECL		(139,492)	-	(139,492)	(145,946)	-	(145,946)
Total net amount		7,393,960	-	7,393,960	4,644,398	-	4,644,398
Financial assets							
(a) - amortised cost							
High grade	AAA-A+	-	-	-	-	-	-
Standard grade	BBB-B+	30,846,382	-	30,846,382	23,446,232	-	23,446,232
Past due but not impaired	C-CCC	-	-	-	-	-	-
Default	D	-	-	-	-	-	-
Total gross amount		30,846,382	-	30,846,382	23,446,232	-	23,446,232
ECL		(204,003)	-	(204,003)	(209,947)	-	(209,947)
Total net amount		30,642,379	-	30,642,379	23,236,285	-	23,236,285

Notes To The Financial Statements Contd

(b) - Debt instruments -fair value through other comprehensive income

		2024			2023		
	Moody's rating	12mECL ₹'000	LTECL ₹'000	Total ₹'000	12mECL ₹'000	LTECL ₹'000	Total ₹'000
High grade	AAA-A+	-	-	-	-	-	-
Standard grade	BBB-B+	35,456,787	-	35,456,787	29,051,395	-	29,051,395
Past due but not impaired	C-CCC	-	-	-	-	-	-
Default	D	-	-	-	-	-	-
Total gross amount		35,456,787	-	35,456,787	29,051,395	-	29,051,395
					-		-
ECL		(46,642)	-	(46,642)	(32,367)	-	(32,367)
Total net amount		35,410,145	-	35,410,145	29,019,028	-	29,019,028
Carrying amount -Fair value		34,939,852	-	34,939,852	27,664,007		27,664,007

Credit risk for debt instruments held at FVTPL: At the end year the maximum exposure to credit risk for debt instruments held at fair value through profit or loss is N78.3billion (2023: 69.1 billion). There is no change in the FV of the financial asset attributable to credit risk.

Notes To The Financial Statements Contd

Movement in allowance for impairment

The movement in allowance for impairment for financial assets during the year are as shown in the tables on the next page:

	2024			2023		
	12mECL N'000	LTECL N'000	Total N'000	12mECL N'000	LTECL N'000	Total N'000
Cash and cash equivalents						
ECL as at 1 January	145,946	-	145,946	88,087	-	88,087
New assets originated or purchased	124,534	-	124,534	113,731	-	113,731
Assets derecognised or matured (excluding write-offs)	(113,731)	-	(113,731)	(55,872)	-	(55,872)
Net remeasurement of loss allowance	(17,257)	-	(17,257)	-	-	-
Movement between 12mECL and LTECL	-	-	-	-	-	-
At 31 December	139,492	-	139,492	145,946	-	145,946
Financial assets						
(a) - amortised cost						
ECL as at 1 January	209,947	-	209,947	57,897	-	57,897
New assets originated or purchased	32,514	-	32,514	35,753	-	35,753
Assets derecognised or matured (excluding write-offs)	(35,753)	-	(35,753)	(605)	-	(605)
Net remeasurement of loss allowance	(62,602)	-	(62,602)	49,380	-	49,380
Effect of movement in exchange rate	59,897	-	59,897	67,522	-	67,522
Movement between 12mECL and LTECL	-	-	-	-	-	-
At 31 December	204,003	-	204,003	209,947	-	209,947

Notes To The Financial Statements Contd

(b) -Debt instruments - fair value through other comprehensive income

	2024			2023		
	12mECL N'000	LTECL N'000	Total N'000	12mECL N'000	LTECL N'000	Total N'000
ECL as at 1 January	32,367	-	32,367	-	-	-
New assets originated or purchased	20,260	-	20,260	32,367	-	32,367
Assets derecognised or matured (excluding write-offs)	(7,464)	-	(7,464)	-	-	-
Unwind of discount	-	-	-	-	-	-
Net remeasurement of loss allowance	1,479	-	1,479	-	-	-
Movement between 12mECL and LTECL	-	-	-	-	-	-
At 31 December	46,642	-	46,642	32,367	-	32,367

The reconciliation of the gross carrying amount of the various financial assets have been disclosed in their respective notes.

Collateral for other receivables

Some of the Company's receivables (e.g. mortgage loans and car loans) are collateralised with assets ranging from properties and vehicles. As at 31 December 2024, 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 N108.6 million (31 Dec 2023: N72 million).

As at 31 December 2024, 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 2024, the Company has not pledged any of its assets as collateral for any liability or payable balance (31 December 2023: Nil).

Notes To The Financial Statements Contd

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.

Notes To The Financial Statements Contd

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 not align with the point in time when the asset becomes 30 days past due;
- The average time between the identification of a significant increase in credit risk and default appears reasonable
- Exposures are not generally transferred from 12- month ECL measurement to credit impaired and
- There is no unwarranted volatility in loss allowance from transfers between 12-month ECL and Lifetime ECL measurement

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.

Notes To The Financial Statements Contd

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.

Notes To The Financial Statements Contd

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 cost of any collateral that is integral to the financial asset. For loans secured with properties or asset, loan to value ratios are key parameter in determining LGD. LGDs are calculated on a 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.

Notes To The Financial Statements Contd

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 2024.

The Company has identified and documented key drivers of credit risk and ECL for each portfolio of financial instruments and, using an analysis of historical data, has estimated relationships between macro economic variables and credit risk and credit losses. The tables show the values of the key forward looking economic variables/assumptions used in each of the economic scenarios for the ECL calculations. The figures for "subsequent years" represent a long-term average and so are the same for each scenario.

Notes To The Financial Statements Contd

Analysis of inputs to the ECL model under multiple economic scenarios

31 December 2024

Key drivers	ECL Scenario	Assigned Probabilities	2024	2025	2026	2027	2028
Macroeconomic variable							
GDP Growth rate (%)	Upside	12%	3.02	3.34	3.54	3.74	5.04
	Base case	78%	2.98	3.30	3.50	3.70	5.00
	Downside	10%	2.94	3.26	3.46	3.66	4.96
Inflation rates (%)	Upside	12%	34.53	33.43	29.93	24.93	21.93
	Base case	78%	34.60	33.50	30.00	25.00	22.00
	Downside	10%	34.74	33.64	30.14	25.14	22.14
Oil Prices "USD"(price per barrel)	Upside	12%	112.29	126.68	134.52	120.13	112.29
	Base case	78%	72.06	86.45	94.29	79.90	72.06
	Downside	10%	45.59	59.98	67.82	53.43	45.59
Unemployment rates (%)	Upside	12%	4.29	4.79	4.99	5.09	5.39
	Base case	78%	4.30	4.80	5.00	5.10	5.40
	Downside	10%	4.35	4.85	5.05	5.15	5.45

Notes To The Financial Statements Contd

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

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 period, 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.

Notes To The Financial Statements Contd

The following table outlines the impact of multiple scenarios on the allowance

Amounts are in thousands of Naira		Cash and cash equivalents N'000	Financial assets - amortised cost N'000	Financial assets - fair value through other comprehensive N'000	Other receivables N'000	Total N'000
31 December 2024						
Upside	30%	41,848	61,201	13,993	-	117,042
Base case	40%	55,796	81,601	18,656	-	156,053
Downside	30%	41,848	61,201	13,993	-	117,042
		139,492	204,003	46,642	-	390,137
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

Exposures to credit risks is managed through counterparty risks using instituted limits as approved the MC. These limits are based on counter party credit ratings amongst other factors.

Notes To The Financial Statements Contd

4.3.1 Credit quality

Except for staff loans included in loans and receivables, other receivables and premium receivables, all financial assets are neither past due nor impaired. The credit quality of the assets are as analysed below:

premium receivable and reinsurance contract assets subject to credit risk are further assessed below:

Amounts in thousands of Naira	31 Dec. 2024 N'000	31 Dec. 2023 N'000
Premium receivables	35,798	55,507
Reinsurance contract assets	1,421,351	858,658
Total	1,457,149	914,165
Neither due nor impaired	1,457,149	914,165
Individually impaired	-	-
Carrying amount	1,457,149	914,165

Other assets at amortised cost and other receivables subject to credit risk are further assessed below:

Neither due nor impaired	666,617	666,617
Other receivables (less prepayment)	609,661	1,223,233
Other assets carried at amortised cost	1,276,278	1,889,850
Total receivables neither due nor impaired		
Gross total	1,276,278	1,889,850
Impairment allowance	(14,943)	(35,054)
Carrying amount	1,261,335	1,854,796

Notes To The Financial Statements Contd

Credit quality

The Company's categorization of premium receivable and reinsurance contract assets as at 31 December 2024 is as follows:

Premium receivables	35,798	55,507
Reinsurance contract assets	1,421,351	858,658
Total	1,457,149	914,165

31 December 2024

Category	A	B	C	D	Total
Insurance brokers	35,798	-	-	-	35,798
Insurance companies	-	-	-	-	-
Reinsurance companies	1,421,351	-	-	-	1,421,351
Policy holders	-	-	-	-	-
Gross amount	1,457,149	-	-	-	1,457,149
Impairment allowance	-	-	-	-	-
Net carrying amount	1,457,149	-	-	-	1,457,149

31 December 2023

Category	A	B	C	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

Notes To The Financial Statements Contd

4.3.2 Concentration of credit risk

The Company monitors concentration of credit risk by sector.

Concentration of credit risk	Financial institutions N'000	Public sector N'000	Wholesale & retail trade N'000	Individuals N'000	Total N'000
31 December 2024					
Cash and cash equivalents	7,533,452	-	-	-	7,533,452
Financial assets:					
- fair value through profit or loss	2,950,442	75,336,974	-	-	78,287,416
- fair value through other comprehensive income	-	34,972,219	-	-	34,972,219
- amortised cost	8,447,539	21,998,761	-	196,079	30,642,379
Premium receivables	35,798	-	-	-	35,798
Reinsurance contract assets	1,421,351	-	-	-	1,421,351
Other receivables (less prepayment)	2,242,645	-	362,292	-	2,604,937
Statutory deposit	-	260,000	-	-	260,000
	22,631,227	132,567,954	362,292	196,079	155,757,552
31 December 2023					
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 comprehensive income	-	27,664,007	-	-	27,664,007
- amortised cost	5,592,539	17,669,906	-	183,787	23,446,232
Premium receivables	55,507	-	-	-	55,507
Reinsurance assets	858,658	-	-	-	858,658
Other receivables	1,235,370	-	8,809	-	1,244,179
Statutory deposit	-	260,000	-	-	260,000
Total	19,389,073	112,510,916	8,809	183,787	132,092,585

Notes To The Financial Statements Contd

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 premium receivables and other technical liabilities.

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."

Notes To The Financial Statements Contd

Financial assets subject to offsetting, enforceable master netting arrangements and similar agreements (not offset in the financial statements)

31 December 2024

In thousands of Nigerian Naira	Related amounts not offset in the statement of financial position					
	Gross amount of recognised financial asset	Gross amount of financial liabilities offset in the statement of financial position	Net amounts of financial assets presented in the statement of financial position	Financial instruments not offset in the statement of financial position	Cash collateral received	Net amount
Trade receivables	35,798	-	35,798	-	-	35,798
Reinsurance contract assets	1,421,351	-	1,421,351	-	-	1,421,351
Total	1,457,149	-	1,457,149	-	-	1,457,149

Financial liabilities subject to offsetting, enforceable master netting arrangements and similar agreements

In thousands of Nigerian Naira	Related amounts not offset in the statement of financial position					
	Gross amount of recognised financial liability	Gross amount of financial assets offset in the statement of financial position	Net amounts of financial liabilities presented in the statement of financial position	Financial instruments not offset in the statement of financial position	Cash collateral received	Net amount
Trade payables	1,064,691	-	1,064,691	-	-	1,064,691
Total	1,064,691	-	1,064,691	-	-	1,064,691

Notes To The Financial Statements Contd

Financial assets subject to offsetting, enforceable master netting arrangements and similar agreements (not offset in the financial statements)

31 December 2023

<i>In thousands of Nigerian Naira</i>	Related amounts not offset in the statement of financial position					
	Gross amount of recognised financial asset	Gross amount of financial liabilities offset in the statement of financial position	Net amounts of financial assets presented in the statement of financial position	Financial instruments not offset in the statement of financial position	Cash collateral received	Net amount
Trade receivables	55,507	-	55,507	-	-	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

<i>In thousands of Nigerian Naira</i>	Related amounts not offset in the statement of financial position					
	Gross amount of recognised financial liability	Gross amount of financial assets offset in the statement of financial position	Net amounts of financial liabilities presented in the statement of financial position	Financial instruments not offset in the statement of financial position	Cash collateral received	Net amount
Trade receivables	700,245	-	700,245	-	-	700,245
Total	700,245	-	700,245	-	-	700,245

Notes To The Financial Statements Contd

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:

Premium receivables and other technical liabilities	Amortised cost
Reinsurance contract assets	Amortised cost

4.4 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.

Notes To The Financial Statements Contd

Below is a summary of undiscounted contractual cash flows of financial assets matched with financial liabilities.

31 December 2024	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 N'000	> 5years N'000
Cash and cash equivalents	7,393,960	7,533,452	7,533,452	-	-	-	-
Investment securities:							-
- at fair value through profit or loss	98,069,865	112,205,312	335,000	141,000	-	1,125,435	110,603,878
- at fair value through other comprehensive income	40,640,954	43,301,102	-	-	5,903,200	11,806,400	25,591,502
- amortised cost	30,642,379	28,871,673	3,969,751	1,202,469	426,290	8,075,112	15,198,051
Premium receivables	35,798	35,798	35,798	-	-	-	-
Other receivables (less prepayment)	2,604,937	2,604,937	2,604,937	-	-	-	-
Total financial assets	179,387,893	194,552,274	14,478,938	1,343,469	6,329,490	21,006,947	151,393,430
Investment contract liabilities	3,557,950	3,557,950	-	-	3,557,950	-	-
Other technical liabilities	1,064,691	1,064,691	1,064,691	-	-	-	-
Other liabilities (non-trade payables)	2,625,485	2,625,485	2,417,202	208,283	-	-	-
Total financial liabilities	7,248,126	7,248,126	3,481,893	208,283	3,557,950	-	-
Net financial assets	172,139,767	187,304,148	10,997,045	1,135,186	2,771,540	21,006,947	151,393,430
Insurance contract balances							
Reinsurance contract assets	1,421,351	1,421,351	426,405	469,046	525,900	-	-
Insurance contract liabilities	(158,472,391)	(158,472,391)	(1,303,144)	(319,330)	(189,079)	(1,823,836)	(154,837,002)
Reinsurance contract liabilities	(72,594)	(72,594)	(72,594)				(72,594)
Net policyholders' assets/(liabilities)	(157,123,634)	(157,123,634)	(949,333)	149,716	336,821	(1,823,836)	(154,909,596)

Notes To The Financial Statements Contd

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 N'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 comprehensive income	30,110,334	30,110,334	-	-	5,400,800	10,801,600	13,907,934
- at amortised cost	23,236,285	23,446,232	504,013	429,742	1,471,738	8,202,180	12,838,559
Premium receivables	55,507	55,507	55,507	-	-	-	-
Other receivables (less prepayment)	1,244,179	1,244,179	1,244,179	-	-	-	-
Total financial assets	133,064,361	133,420,254	6,710,740	429,742	6,981,877	20,361,614	98,936,281
Investment contract liabilities	3,861,086	3,861,086	-	-	3,861,086	-	-
Other technical liabilities	700,245	700,245	700,245	-	-	-	-
Other liabilities (non-trade payables)	1,910,921	1,910,921	1,633,449	277,472	-	-	-
Total financial liabilities	6,472,252	6,472,252	2,333,694	277,472	3,861,086	-	-
Net financial assets	126,592,109	126,948,002	4,377,046	152,270	3,120,791	20,361,614	98,936,281
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)	(117,665,373)
Reinsurance contract liabilities	(45,340)	(45,340)	(45,340)				(45,340)
Net policyholders' (liabilities)/assets	(119,614,699)	(119,614,699)	(778,042)	40,689	174,016	(1,385,989)	(117,710,713)

Notes To The Financial Statements Contd

4.5 Capital management

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 -

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

Notes To The Financial Statements Contd

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 equivalents

	31 Dec. 2024 ₹'000	31 Dec. 2023 ₹'000
As an existing company, our capital requirement is shown below:		
Share capital	8,000,000	8,000,000
Retained earnings	6,308,649	264,827
Contingency reserve	3,388,119	2,538,805
Excess of admissible assets over liabilities	17,696,768	10,803,632
Less the amount of own shares held (treasury shares)	-	-
	17,696,768	10,803,632
Subordinated liabilities	-	-
Any other financial instrument as prescribed by the Commission	-	-
Capital requirement	17,696,768	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.

Notes To The Financial Statements Contd

The solvency margin for the Company as at 31 Dec 2024 is as follows:

Assets	Total 31 Dec 2024 N'000	Admissible 31 Dec 2024 N'000	Non-admissible 31 Dec 2024 N'000	Total 31 Dec 2023 N'000	Admissible 1 Dec 2023 N'000	Non-admissible 1 Dec 2023 N'000
Cash and cash equivalents:						
- Bank and cash balances	646,984	646,984	-	1,207,787	1,207,787	-
- Placement with financial institutions	6,746,995	6,746,995	-	3,436,617	3,436,617	-
Financial assets:						
- Treasury bills	5,717,320	5,717,320	-	1,139,663	1,139,663	-
- Government bonds	126,558,267	126,558,267	-	111,091,232	111,091,232	-
- Corporate bonds -Quoted	10,999,342	10,999,342	-	6,549,070	6,549,070	-
- Mutual funds	4,142,538	4,142,538	-	4,146,536	4,146,536	-
- Quoted shares	15,718,694	15,718,694	-	630,030	630,030	-
- Unquoted shares	5,622,319	3,653,050	1,969,269	2,375,567	1,814,220	561,347
- Loan to policyholders	145,442	145,442	-	109,276	109,276	-
- Mortgage loans	63,595	63,595	-	67,170	67,170	-
- Loan to staff	1,819	-	1,819	6,697	-	6,697
- Commercial paper	383,862	383,862	-	1,005,036	1,005,036	-
Other receivables and prepayments*	2,897,830	1,576,028	1,321,802	1,436,963	290,127	1,146,836
Reinsurance contract assets	1,421,351	1,421,351	-	858,658	858,658	-
Premium receivable	35,798	35,798	-	55,507	55,507	-
Investment property	2,170,000	1,880,000	290,000	1,288,000	1,152,000	136,000
Land and building	3,440,400	666,667	2,773,733	3,179,000	666,667	2,512,333
Property and equipment (excluding land & building)	1,198,121	748,121	450,000	375,627	275,627	100,000
Intangible assets	100,135	100,135	-	95,013	95,013	-
Right-of-use assets	107,404	-	107,404	-	-	-
Statutory deposit	260,000	260,000	-	260,000	260,000	-
Total assets	188,378,216	181,464,189	6,914,027	139,313,449	134,850,236	4,463,213

Notes To The Financial Statements Contd

The solvency margin for the Company as at 31 Dec 2024 is as follows:						
Liability	Total 31 Dec 2024 N'000	Admissible 31 Dec 2024 N'000	Non-admissible 31 Dec 2024 N'000	Total 31 Dec 2023 N'000	Admissible 1 Dec 2023 N'000	Non-admissible 1 Dec 2023 N'000
Cash and cash equivalents:						
Insurance contract liabilities	158,472,391	158,472,391	-	120,428,017	120,428,017	-
Reinsurance contract liabilities	72,594	72,594	-	45,340	45,340	-
Investment contract liabilities	3,557,950	3,557,950	-	3,861,086	3,861,086	-
Other technical liabilities	1,064,691	1,064,691	-	700,245	700,245	-
Current tax liabilities	447,425	447,425	-	166,569	166,569	-
Deferred tax liabilities	941,474	-	941,474	742,705	-	742,705
Other payables	3,357,639	3,357,639	-	2,199,870	2,199,870	-
Total liabilities	167,914,164	166,972,690	941,474	128,143,832	127,401,127	742,705
Available solvency margin		14,491,499			7,449,109	
Required solvency margin: Higher of ;						
a. 15% of Net premium		8,024,500			6,672,583	
b. Minimum capital required		2,000,000			2,000,000	
		8,024,500			6,672,583	
Level of Solvency (available solvency/required solvency*100)		181%			112%	

*The admissible portion of other receivables represents deposit for shares. Subsequent to year end, the sum of N76.03 million (2023: N290.13 million) was allotted to the Company as shares while N1.5bn (2023: nil) was refunded in cash as unallotted.

Notes To The Financial Statements Contd

4.6 Financial instruments – Classification and fair values

The tables below set out the Company's classification of each class of financial instruments and liabilities and their fair value

31 December 2024	Notes	Fair value through profit or loss-mandatory	Designated at fair value through profit or loss	Fair value through OCI-debt instrument	Fair value through OCI-equity instrument	Amortised cost	Carrying amount	Fair value
In thousands of Nigerian Naira								
Cash and cash equivalents	5	-	-	-	-	7,393,979	7,393,979	7,393,979
Financial assets:								
-Government debt instruments		-	75,336,974	34,939,852	-	21,998,761	132,275,587	136,045,130
-Corporate debt securities		-	2,950,442	-	-	8,432,762	11,383,204	10,649,741
-Equity securities		15,718,694	-	-	5,622,319		21,341,013	21,341,013
-Mutual funds		4,063,755	-	-	78,783		4,142,538	4,142,538
Premium receivables	7	-	-	-	-	35,798	35,798	35,798
Loans and receivables	6c)	-	-	-	-	210,856	210,856	210,856
Other receivables (excluding prepayment)		-	-	-	-	2,604,937	2,604,937	2,604,937
Statutory deposit	13	-	-	-	-	260,000	260,000	260,000
							-	
		19,782,449	78,287,416	34,939,852	5,701,102	40,937,093	179,647,912	182,683,992
Investment contracts liabilities	15	-	-	-	-	3,557,950	3,557,950	3,557,950
Other technical liabilities (excluding deposit for premium and unallocated premium)	16	-	-	-	-	306,440	306,440	306,440
Other liabilities (non-trade payables)	17	-	-	-	-	2,625,485	2,625,485	2,625,485
		-	-	-	-	6,489,875	6,489,875	6,489,875

Notes To The Financial Statements Contd

31 December 2023		Fair value through profit or loss- mandatory	Designated at fair value through profit or loss	Fair value through OCI-debt instrument	Fair value through OCI-equity instrument	Amortised cost	Carrying amount	Fair value
In thousands of Nigerian Naira	Notes							
Cash and cash equivalents	5	-	-	-	-	4,644,404	4,644,404	4,644,404
Financial assets:								
-Government debt instruments		-	66,917,003	27,664,007	-	17,649,885	112,230,895	115,443,668
-Corporate debt securities			2,150,849	-	-	5,403,257	7,554,106	7,554,106
-Equity securities		630,030	-	-	2,375,567	-	3,005,597	3,005,597
-Mutual funds		4,075,776	-	-	70,760	-	4,146,536	4,146,536
Premium receivables	7	-	-	-	-	55,507	55,507	55,507
Loans and receivables	6c)	-	-	-	-	183,143	183,143	183,143
Other receivables (excluding prepayment)		-	-	-	-	965,553	965,553	965,553
Statutory deposit	13	-	-	-	-	260,000	260,000	260,000
		4,705,806	69,067,852	27,664,007	2,446,327	29,161,749	133,045,741	136,258,514
Investment contracts liabilities	15	-	-	-	-	3,861,086	3,861,086	3,861,086
Other technical liabilities (excluding deposit for premium and unallocated premium)	16	-	-	-	-	290,200	290,200	290,200
Other liabilities (non-trade payables)	17	-	-	-	-	1,910,921	1,910,921	1,910,921
		-	-	-	-	6,062,207	6,062,207	6,062,207

Notes To The Financial Statements Contd

4.7 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.

Notes To The Financial Statements Contd

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.

Financial instruments measured at fair value

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.

31 December 2024

Financial assets

	Level 1 N'000	Level 2 N'000	Level 3 N'000	Total N'000
Government bonds	110,276,826	-	-	110,276,826
Corporate debt securities	2,950,442	-	-	2,950,442
Equities securities	15,718,694	-	5,622,319	21,341,013
Collective investment schemes/mutual funds	4,063,755	78,783	-	4,142,538
Total	133,009,717	78,783	5,622,319	138,710,819

31 December 2023

Financial assets

Government bonds	94,581,010	-	-	94,581,010
Corporate debt securities	2,150,849	-	-	2,150,849
Equities securities	630,030	-	2,375,567	3,005,597
Collective investment schemes/mutual funds	4,075,776	70,760	-	4,146,536
Total	101,437,665	70,760	2,375,567	103,883,992

Notes To The Financial Statements Contd

There was no transfer between levels during the period under review.

Recurring Level 3 fair value measurements

Reconciliation

The following table shows a reconciliation from the opening balances to the closing balances for recurring fair value measurements in Level 3 of the fair value hierarchy and analyses the total gains and losses recognised in profit or loss and OCI during the year.

	Equity securities	
	31 Dec. 2024 N'000	31 Dec. 2023 N'000
Balance, beginning of year	2,375,567	30,438
Total gains (losses)		
Recognised in profit or loss	-	-
Recognised in OCI	2,668,202	1,422,129
Purchases (issues)	578,550	923,000
Balance, end of year	<u>5,622,319</u>	<u>2,375,567</u>
Total gains (losses) recognised in profit or loss		
Fair value gain/(loss) on financial assets	-	-
Total gains (losses) recognised in OCI		
Net change in fair value	2,668,202	1,422,129
Net amount reclassified to profit or loss	<u>-</u>	<u>-</u>

Notes To The Financial Statements Contd

Unobservable inputs used in measuring fair value

The table below sets out information about significant unobservable inputs used in measuring financial instruments categorised in Level 3 of the fair value hierarchy.

Type of financial instrument	Fair value in N'000	Valuation technique	Range of estimates (weighted average) for significant unobservable inputs	Fair value measurement sensitivity to unobservable inputs
Equity securities	Dec. 2024: 5,622,319 Dec. 2023: 2,375,567	Comparative multiple/ net asset valuation	Discount for lack of marketability 2024: 19% -50% 2023: 19%-50%	Significant increases in the discount for lack of marketability would result lower fair values.

Significant unobservable inputs are developed as follows.

Equity securities:

Discounts for lack of marketability are determined by assessing the current and future operating performance and liquidity of the equity investments and current market conditions.

Notes To The Financial Statements Contd

The effect of unobservable inputs on fair value measurement

Although the Company believes that its estimates of fair value are appropriate, the use of different assumptions could lead to different measurements of fair value. For recurring fair value measurements in Level 3 of the fair value hierarchy, changing one of the assumptions used to reasonably possible alternative assumptions, holding other inputs constant, would have the following effects.

	Profit or loss		OCI	
	Favourable	Unfavourable	Favourable	Unfavourable
31 December 2024				
Equity securities	-	-	1,124,464	(1,124,464)
31 December 2023				
Equity securities	-	-	475,113	(475,113)

The favourable and unfavourable effects of using reasonably possible alternative assumptions have been calculated by recalibrating the model values using unobservable inputs based on the upper and lower quartiles of the Company's ranges of possible estimates.

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.

Notes To The Financial Statements Contd

31 December 2024

	Level 1 N'000	Level 2 N'000	Level 3 N'000	Total N'000	Carrying amount N'000
Cash and cash equivalents	646,984	6,746,995	-	7,393,979	7,393,979
Premium receivables	-	-	35,798	35,798	35,798
Assets held at amortised cost	25,768,304	594,718	-	26,363,022	30,642,379
Reinsurance contract assets	-	-	1,421,351	1,421,351	1,421,351
Other receivables (less prepayment)	-	-	2,604,937	2,604,937	2,604,937
Statutory deposit	-	260,000	-	260,000	260,000
Total	26,415,288	7,601,713	4,062,086	38,079,087	42,358,444
Investment contract liabilities	-	-	3,557,950	3,557,950	3,557,950
Other technical liabilities	-	-	1,064,691	1,064,691	1,064,691
Other liabilities	-	-	3,357,639	3,357,639	3,357,639
Total	-	-	7,980,280	7,980,280	7,980,280

31 December 2023

Cash and cash equivalents	1,207,787	3,436,617	-	4,644,404	4,644,404
Premium receivables	-	-	55,507	55,507	55,507
Assets held at amortised cost	20,862,658	1,188,179	-	22,050,837	23,236,285
Reinsurance contract assets	-	-	858,658	858,658	858,658
Other receivables (less prepayment)	-	-	1,244,179	1,244,179	1,244,179
Statutory deposit	-	260,000	-	260,000	260,000
Total	22,070,445	4,884,796	2,158,344	29,113,585	30,299,033
Investment contract liabilities	-	-	3,861,086	3,861,086	3,861,086
Other technical liabilities	-	-	700,245	700,245	700,245
Other liabilities	-	-	2,199,870	2,199,870	2,199,870
Total	-	-	6,761,201	6,761,201	6,761,201

Notes To The Financial Statements Contd

Non-financial assets measured at fair value

Investment properties are a recurring fair value measurement valued using the appropriate 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 at 31 Dec 2024
Leasehold property at 23/25 Martins Street, Lagos	Market Value method	960,000
Leasehold property at Plot 5, Block E, CBD, Alausa, Ikeja	Market Value method	920,000
Landed property at Ogombo, Ajah/Epe Expressway, Lekki	Market Value method	130,000
Landed property at 10, Aje Road Sabo Yaba, Lagos	Market Value method	160,000

Property and equipment	Valuation Technique	Fair value as at 31 Dec 2024
16A, Commercial Avenue, Sabo, Yaba, Lagos State	Market Value method	2,780,400
27, Commercial Avenue, Sabo, Yaba, Lagos State	Market Value method	426,000
No. 9, Onireke Residential layout, Ibadan, Oyo State	Market Value method	225,000
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	450,000

Notes To The Financial Statements Contd

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 equivalents 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.

Premium 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.

Notes To The Financial Statements Contd

4.8 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.

Notes To The Financial Statements Contd

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 2024	Shareholders' Fund ₹'000	Policy-holders' Fund ₹'000	Investment Contract ₹'000	Annuity Funds ₹'000	Total ₹'000
Investment property	290,000	1,880,000		-	2,170,000
Property and equipment:					
- Real estate	3,440,400	-	-	-	3,440,400
- Equipment	385,185	-	-	-	385,185
- Motor vehicles	319,178	-	-	-	319,178
- Furniture	43,758	-	-	-	43,758
- Work-in-progress	450,000				450,000
Premium receivables	35,798				35,798
Reinsurance contract assets	-	1,421,351	-	-	1,421,351
Other receivables and prepayments	2,897,830	-	-	-	2,897,830
Right-of-use assets	107,404	-	-	-	107,404
Intangible assets	100,135	-	-	-	100,135
Statutory deposit	260,000	-	-	-	260,000
Financial assets:					
- Government and corporate bonds	-	18,886,317	3,617,206	115,054,086	137,557,609
- Treasury bills		1,387,714		4,329,607	5,717,320
- Mutual funds		451,998		3,611,756	4,063,755
- Quoted securities	-	706,305	-	15,012,389	15,718,694
- Unquoted securities (FVOCI)	578,550	5,035,785	86,767	-	5,701,102
- Commercial paper	-	383,862	-	-	383,862
- Loan to policyholders	145,442	-	-	-	145,442
- Loan to staff	65,414	-	-	-	65,414
Cash and cash equivalents:					
- Bank placements	246,907	1,152,459	-	5,347,629	6,746,995
- Bank and cash balances	25,710	555,024	-	66,250	646,984
Total assets	9,391,711	31,860,814	3,703,973	143,421,717	188,378,216

Notes To The Financial Statements Contd

(b) 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 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
Investment in equity accounted investee	-	-	-	-	-
Premium receivables	55,507	-	-	-	55,507
Reinsurance contract assets	-	858,658	-	-	858,658
Other receivables and prepayments	1,436,963	-	-	-	1,436,963
Right-of-use assets	-	-	-	-	-
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
- 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
- Treasury bills	-	1,139,663	-	-	1,139,663
- 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	-	445,956	1,207,787
Total assets	9,017,232	14,603,305	11,511,787	104,181,125	139,313,449

Notes To The Financial Statements Contd

The following tables reconcile the statement of financial position to the classes and portfolios used in the Company's ALM framework.

c) 31 December 2024

ASSETS

	Shareholders' Fund ₹'000	Policy-holders' Fund ₹'000	Investment Contract ₹'000	Annuity Funds ₹'000	Total ₹'000
Cash and cash equivalents	272,617	1,707,483	-	5,413,879	7,393,979
Financial assets	789,406	26,851,980	3,703,973	138,007,838	169,353,198
Premium receivables	35,798	-	-	-	35,798
Reinsurance contract assets	-	1,421,351	-	-	1,421,351
Other receivables	2,897,830	-	-	-	2,897,830
Right-of-use assets	107,404	-	-	-	107,404
Intangible assets	100,135	-	-	-	100,135
Property and equipment	4,638,521	-	-	-	4,638,521
Investment property	290,000	1,880,000	-	-	2,170,000
Statutory deposit	260,000	-	-	-	260,000
Total assets	9,391,711	31,860,814	3,703,973	143,421,717	188,378,216

LIABILITIES

Insurance contract liabilities	-	31,426,501	-	127,045,890	158,472,391
Reinsurance contract liabilities	-	72,594	-	-	72,594
Investment contract liabilities	-	-	3,557,950	-	3,557,950
Other technical liabilities	1,064,691	-	-	-	1,064,691
Other liabilities	3,357,639	-	-	-	3,357,639
Current tax liabilities	447,425	-	-	-	447,425
Deferred income tax liabilities	941,474	-	-	-	941,474
Total liabilities	5,811,229	31,499,095	3,557,950	127,045,890	167,914,164

Surplus

	3,580,482	361,719	146,023	16,375,827	20,464,052

Notes To The Financial Statements Contd

d) 31 December 2023

ASSETS

	Shareholders' Fund N'000	Policy-holders' Fund N'000	Investment Contract N'000	Annuity Funds N'000	Total N'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
Premium receivables	55,507	-	-	-	55,507
Reinsurance contract assets	-	858,658	-	-	858,658
Other receivables	1,436,963	-	-	-	1,436,963
Right-of-use assets	-	-	-	-	-
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
Other technical liabilities	700,245	-	-	-	700,245
Other payables	2,199,870	-	-	-	2,199,870
Current tax liabilities	166,569	-	-	-	166,569
Deferred tax liabilities	742,705	-	-	-	742,705
Total liabilities	3,809,389	22,442,320	3,861,086	98,031,037	128,143,832
Surplus/(deficit)	5,207,843	(7,839,015)	7,650,701	6,150,088	11,169,617

Notes To The Financial Statements Contd

		31 Dec. 2024 N'000	31 Dec. 2023 N'000
5	Cash and cash equivalents		
	Cash in hand	19	6
	Cash at bank (see note (a) below)	646,965	1,207,781
	Bank placements (see note (b) below)	6,746,995	3,436,617
		<u>7,393,979</u>	<u>4,644,404</u>
(a)	Cash at bank	661,923	1,239,997
	Allowance for impairment	(14,958)	(32,216)
		<u>646,965</u>	<u>1,207,781</u>
(b)	Bank placements	6,871,529	3,550,347
	Allowance for impairment	(124,534)	(113,730)
		<u>6,746,995</u>	<u>3,436,617</u>
(c)	Reconciliation of cash and cash equivalents		
	Principal amount invested	7,026,284	4,506,902
	Interest accrued during the year	1,559,330	542,741
	Interest received during the year	(1,417,831)	(518,897)
	Allowance for impairment	(139,492)	(145,946)
	Foreign exchange (loss)/gain	365,688	259,604
		<u>7,393,979</u>	<u>4,644,404</u>
(d)	Movement in impairment allowance on cash and cash equivalents is detailed below:		
(i)	Cash at bank and in hand	14,958	32,216
	Bank placements	124,534	113,730
	Total allowance for impairment	<u>139,492</u>	<u>145,946</u>
(ii)	Balance, beginning of year	145,946	88,087
	impairment (reversal/charge for the year (see note 30)	(6,454)	57,859
	Balance, end of year	<u>139,492</u>	<u>145,946</u>

Notes To The Financial Statements Contd

	31 Dec. 2024 N'000	31 Dec. 20223 N'000
6 Financial assets		
Fair value through profit or loss (see note 6(a) below)	98,069,865	73,773,658
Fair value through other comprehensive income (see note 6(b) below)	40,640,954	30,110,334
Amortised cost (see note 6(d) below)	30,642,379	23,236,285
	<u>169,353,198</u>	<u>127,120,277</u>
Current	11,977,710	2,631,529
Non-current	<u>157,375,488</u>	<u>124,488,748</u>
6(a) Fair value through profit or loss		
Federal Government bonds - Nigeria (see note 6a(ii))	74,693,053	66,077,054
State Government bonds - Nigeria (see note 6a(ii))	643,921	839,949
Corporate bonds (see note 6a(iii))	2,950,442	2,150,849
Mutual funds (see note 6a(iv))	4,063,755	4,075,776
Quoted equity securities (see note 6a(v))	15,718,694	630,030
	<u>98,069,865</u>	<u>73,773,658</u>
Current	476,000	226,036
Non-current	<u>97,593,865</u>	<u>73,547,622</u>
Movement in financial instruments at fair value through profit or loss:		
I Movement in Federal Government bonds - Nigeria		
Balance, beginning of year	66,077,054	73,106,135
Addition during the year	13,732,904	10,984,395
Interest accrued during the year	11,190,044	10,306,470
Fair value loss during the year	(5,002,916)	(7,723,256)
Coupon received during the year	(11,204,033)	(12,970,712)
Maturities/liquidation	(100,000)	(8,011,038)
Realised gain during the year	-	385,060
Balance, end of year	<u>74,693,053</u>	<u>66,077,054</u>

Notes To The Financial Statements Contd

	31 Dec. 2024 N'000	31 Dec. 20223 N'000
ii Movement in State Government bonds - Nigeria		
Balance, beginning of year	839,949	956,899
Interest accrued during the year	102,527	115,409
Fair value loss during the year	(67,495)	(1,259)
Coupon received during the year	(112,192)	(127,700)
Redemption/maturity during the year	(118,868)	(103,400)
Balance, end of year	643,921	839,949
iii Movement in Corporate bonds		
Balance, beginning of year	2,150,849	2,333,831
Addition during the year	442,801	-
Interest accrued during the year	320,000	313,003
Fair value loss during the year	(207,476)	(91,650)
Coupon received during the year	(286,074)	(189,705)
Foreign exchange gain	660,519	503,524
Redemption/maturity during the year	(130,177)	(718,154)
Balance, end of year	2,950,442	2,150,849
iv Movement in mutual funds		
Balance, beginning of year	4,075,776	4,012,291
Fair value (loss)/gain during the year	(12,021)	63,485
Balance, end of year	4,063,755	4,075,776
v Movement in quoted equity securities		
Balance, beginning of year	630,030	769,790
Addition during the year	6,116,815	79,054
Fair value gain during the year	8,977,749	196,835
Redemption/disposal during the year	(47,028)	(440,243)
Realised gain during the year	41,128	24,594
Balance, end of year	15,718,694	630,030

Notes To The Financial Statements Contd

	31 Dec. 2024 N'000	31 Dec. 20223 N'000
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)
Realised gain during the year	-	-

Notes To The Financial Statements Contd

vii Reconciliation of fair value through profit or loss

	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
31 December 2024							
Balance, beginning of year	66,077,054	839,949	2,150,849	4,075,776	-	630,030	73,773,658
Addition	13,732,904	-	442,801	-	-	6,116,815	20,292,520
Interest accrued	11,190,044	102,527	320,000	-	-	-	11,612,571
Fair value (loss)/gain (see note 29)	(5,002,916)	(67,495)	(207,476)	(12,021)	-	8,977,749	3,687,841
Coupon received	(11,204,033)	(112,192)	(286,074)	-	-	-	(11,602,299)
Maturities / liquidation	(100,000)	(118,868)	(130,177)	-	-	(47,028)	(396,073)
Foreign exchange gain	-	-	660,519	-	-	-	660,519
Realised gain	-	-	-	-	-	41,128	41,128
Balance, end of year	74,693,053	643,921	2,950,442	4,063,755	-	15,718,694	98,069,865
31 December 2023							
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

Notes To The Financial Statements Contd

6(b) Fair value through other comprehensive income

	31 Dec. 2024 N'000	31 Dec. 2023 N'000
Federal Government bonds - Nigeria (see note (ii))	34,939,852	27,664,007
Other investments at fair value through other comprehensive income (see note (iii))	5,701,102	2,446,327
	<u>40,640,954</u>	<u>30,110,334</u>
Current	5,903,200	-
Non-current	<u>34,737,754</u>	<u>30,110,334</u>

i	Movement in financial assets held at fair value through other comprehensive income		
	Balance, beginning of year	30,110,334	93,812
	Reclassification from other assets	290,127	923,000
	Additions during the year	15,199,656	34,386,749
	Interest accrued during the year	5,011,583	1,228,895
	Fair value gain	2,200,757	70,009
	Coupon received during the year	(5,656,696)	(1,656,742)
	Maturities/liquidation	(6,754,598)	(5,145,619)
	Realised gain during the year	239,791	210,230
	Balance, end of year	<u>40,640,954</u>	<u>30,110,334</u>

Notes To The Financial Statements Contd

	31 Dec. 2024 N'000	31 Dec. 2023 N'000
ii Movement in FGN bonds held at fair value through other comprehensive income		
Balance, beginning of year	27,664,007	-
Additions during the year	14,906,952	34,382,655
Interest accrued during the year	5,010,689	1,228,504
Fair value loss	(470,293)	(1,355,021)
Coupon received during the year	(5,656,696)	(1,656,742)
Maturities/liquidation	(6,754,598)	(5,145,619)
Realised gain during the year	239,791	210,230
Balance, end of year	<u>34,939,852</u>	<u>27,664,007</u>
iii Other investments at fair value through other comprehensive income comprise:		
Investment in Healthcare International Limited	7,984	7,984
Investment in Kakawa Guaranteed Fund	15,614	14,720
Investment in Paramount Equity Fund	786	596
Investment in Afrinvest Nigeria International Debt Fund	62,383	55,444
Investment FSB Reinsurance	578,550	-
Investment in MoniePoint SP	5,035,785	2,367,583
	<u>5,701,102</u>	<u>2,446,327</u>

Notes To The Financial Statements Contd

6(b) Fair value through other comprehensive income contd

	31 Dec. 2024 N'000	31 Dec. 2023
iv Movement in FGN bonds held at fair value through other comprehensive income		
Balance, beginning of year	2,446,327	93,812
Additions during the year	292,704	4,094
Reclassification from other assets	290,127	923,000
Accrued interest	894	391
Fair value gain	2,671,050	1,425,030
Balance, end of year	5,701,102	2,446,327
iv-a Movement in Healthcare International Limited		
Balance, beginning of year	7,984	30,438
Fair value loss	-	(22,454)
Balance, end of year	7,984	7,984
iv-b Movement in Kakawa Guaranteed Fund		
Balance, beginning of year	14,720	14,329
Accrued interest	894	391
Balance, end of year	15,614	14,720

Notes To The Financial Statements Contd

		31 Dec. 2024 N'000	31 Dec. 2023 N'000
iv-c	Movement in investment in Paramount Equity Fund		
	Balance, beginning of year	596	373
	Additions during the year	-	22
	Fair value gain	190	201
	Balance, end of year	<u>786</u>	<u>596</u>
iv-d	Movement in investment in Afrinvest Nigeria International Debt Fund		
	Balance, beginning of year	55,444	48,672
	Additions during the year	4,281	4,072
	Fair value gain	2,658	2,700
	Balance, end of year	<u>62,383</u>	<u>55,444</u>
v-a	Movement in MoniePoint SP		
	Balance, beginning of year	2,367,583	-
	Reclassification from other assets	-	923,000
	Fair value gain	2,668,202	1,444,583
	Balance, end of year	<u>5,035,785</u>	<u>2,367,583</u>
v-c	Movement in investment FBS Re		
	Additions during the year	288,423	-
	Reclassification from other assets (see note 8c)	290,127	-
	Balance, end of year	<u>578,550</u>	<u>-</u>

Notes To The Financial Statements Contd

iv-c	Reconciliation of allowance for impairment on financial assets held at fair value through other comprehensive income	31 Dec. 2024 ₹'000	31 Dec. 2023 ₹'000
	Balance, beginning of year	32,367	-
	Movement during the year	14,275	32,367
	Balance, end of year	<u>46,642</u>	<u>32,367</u>

Notes To The Financial Statements Contd

	31 Dec. 2024 ₦'000	31 Dec. 2023 ₦'000
6c) Financial assets held at amortised cost		
Federal Government bonds - Nigeria (see note 6c(i))	15,865,193	15,968,104
State Government bonds - Nigeria (see note 6c(ii))	435,721	560,794
Corporate bonds (see note 6c(iii))	8,211,240	4,553,093
Treasury bills (see note 6c(iv))	5,724,567	1,141,008
Other assets at amortised cost (see note 6c(v))	609,661	1,223,233
	<u>30,846,382</u>	<u>23,446,232</u>
Impairment allowance for financial assets held at amortised cost (see note 6c(vi))	(204,003)	(209,947)
	<u>30,642,379</u>	<u>23,236,285</u>
Current	5,598,510	2,405,493
Non current	<u>25,043,869</u>	<u>20,830,792</u>

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.

Notes To The Financial Statements Contd

	31 Dec. 2024 N'000	31 Dec. 2023 N'000
i Movement in State Government bonds - Nigeria		
Balance, beginning of year	15,968,104	16,669,118
Coupon received during the year	(1,992,833)	(2,049,011)
Interest accrued during the year	2,003,825	2,037,997
Maturity / liquidation during the year	(113,903)	(690,000)
	<u>15,865,193</u>	<u>15,968,104</u>
Allowance for impairment:		
Balance, beginning of year	(17,671)	(17,575)
Impairment charge during the year	(1,067)	(96)
	<u>(18,738)</u>	<u>(17,671)</u>
Balance, end of year	<u>15,846,455</u>	<u>15,950,433</u>
ii Movement in State Government bonds - Nigeria		
Balance, beginning of year	560,794	672,246
Coupon received during the year	(94,514)	(72,092)
Interest accrued during the year	56,523	70,143
Maturity / liquidation during the year	(87,082)	(109,503)
	<u>435,721</u>	<u>560,794</u>
Allowance for impairment:		
Balance, beginning of year	(1,005)	(1,266)
Impairment reversal during the year	270	261
	<u>(735)</u>	<u>(1,005)</u>
Balance, end of year	<u>434,986</u>	<u>559,789</u>

Notes To The Financial Statements Contd

	31 Dec. 2024 ₦'000	31 Dec. 2023 ₦'000
iii Movement in State Government bonds - Nigeria		
Balance, beginning of year	4,553,093	2,610,398
Addition during the year	479,568	-
Coupon received during the year	(653,994)	(312,446)
Interest accrued during the year	681,935	316,346
Foreign exchange gain	3,150,638	1,938,795
	<u>8,211,240</u>	<u>4,553,093</u>
Allowance for impairment:		
Balance, beginning of year	(154,872)	(38,372)
Impairment charge during the year	(7,468)	(116,500)
	<u>(162,340)</u>	<u>(154,872)</u>
Balance, end of year	<u>8,048,900</u>	<u>4,398,221</u>
iv Movement in Treasury Bills		
Balance, beginning of year	1,141,008	-
Addition during the year	10,036,458	2,551,552
Interest accrued during the year	924,752	62,051
Interest received	(285,570)	-
Realised gain during the year	36,144	-
Maturity / liquidation during the year	(6,128,225)	(1,472,595)
	<u>5,724,567</u>	<u>1,141,008</u>
Allowance for impairment:		
Balance, beginning of year	(1,345)	-
Impairment charge during the year	(5,902)	(1,345)
	<u>(7,247)</u>	<u>(1,345)</u>
Balance, end of year	<u>5,717,320</u>	<u>1,139,663</u>

Notes To The Financial Statements Contd

	31 Dec. 2024 N'000	31 Dec. 2023 N'000
v Other assets at amortised cost		
Loans to policy holders	145,442	109,276
Commercial papers (see note 6c(v-a))	398,639	1,039,446
Staff loans and advances	65,580	74,511
	<u>609,661</u>	<u>1,223,233</u>
Impairment allowance on other assets at amortised cost	(14,943)	(35,054)
	<u>594,718</u>	<u>1,188,179</u>
Current	478,364	1,148,551
Non-current	<u>116,354</u>	<u>39,628</u>
v-a Movement in commercial papers		
Balance, beginning of year	1,039,446	39,333
Addition	1,142,632	3,266,322
Interest accrued during the year	201,084	407,134
Interest received during the year	(180,327)	(196,372)
Maturities/liquidation during the year	<u>(1,804,196)</u>	<u>(2,476,971)</u>
	<u>398,639</u>	<u>1,039,446</u>
Allowance for impairment:		
Balance, beginning of year	(34,410)	(605)
Impairment reversal/(charge) during the year	19,633	(33,805)
	<u>(14,777)</u>	<u>(34,410)</u>
Balance, end of year	<u>383,862</u>	<u>1,005,036</u>

Notes To The Financial Statements Contd

	31 Dec. 2024 N'000	31 Dec. 2023 N'000
v-b Movement in loans to policy holder and staff loan		
Balance, beginning of year	183,787	170,611
Addition during the year	50,920	26,361
Interest accrued during the year	4,528	18,566
Interest received during the year	(1,963)	(2,423)
Effect of change in interest rate below market rate	(6,590)	-
Maturities/liquidation	(19,660)	(29,328)
	<u>211,022</u>	<u>183,787</u>
Allowance for impairment:		
Balance, beginning of year	(644)	(79)
Impairment reversal/(charge) during the year	478	(565)
	<u>(166)</u>	<u>(644)</u>
Balance, end of year	<u>210,856</u>	<u>183,143</u>
vi Reconciliation of allowance for impairment on amortised cost		
Balance, beginning of year	209,947	57,897
Impairment charge/(reversal) during the year (see note 30)	(5,944)	152,050
Balance, end of year	<u>204,003</u>	<u>209,947</u>
vi-a Allowance for impairment on amortised cost comprises the following:		
Federal Government bonds - Nigeria	18,738	17,671
State Government bonds - Nigeria	735	1,005
Corporate bonds	162,340	154,872
Treasury bills	7,247	1,345
Other assets at amortised cost	14,943	35,054
	<u>204,003</u>	<u>209,947</u>

Notes To The Financial Statements Contd

6(c)(vii) Reconciliation of amortised cost	Bonds FGN N'000	Bonds State N'000	Bonds Corporate N'000	Treasury Bill N'000	Commercial Papers N'000	Loan to policyholders and Staff loan N'000	Total N'000
31 December 2024							
Opening balance	15,950,433	559,789	4,398,221	1,139,663	1,005,036	183,143	23,236,285
Addition	-	-	479,568	10,036,458	1,142,632	50,920	11,709,578
Interest accrued	2,003,825	56,523	681,935	924,752	201,084	4,528	3,872,647
Coupon / interest received	(1,992,833)	(94,514)	(653,994)	(285,570)	(180,327)	(1,963)	(3,209,201)
Maturities / liquidation	(113,903)	(87,082)	-	(6,128,225)	(1,804,196)	(19,660)	(8,153,066)
Realised gain during the year	-	-	-	36,144	-	-	36,144
Effect of change in interest rate on loan below market rate	-	-	-	-	-	(6,590)	(6,590)
Impairment (allowance)/writeback for the year	(1,067)	270	(7,468)	(5,902)	19,633	478	5,944
Foreign exchange gain	-	-	3,150,638	-	-	-	3,150,638
Balance, end of year	15,846,455	434,986	8,048,900	5,717,320	383,862	210,856	30,642,379
31 December 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	18,566	2,912,237
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)
Impairment (allowance)/writeback 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

Notes To The Financial Statements Contd

6(d) Summary of movement in classes of financial assets	Fair value through profit or loss N'000	Fair value through other comprehensive income N'000	Financial assets held at amortised cost N'000	Total N'000
31 December 2024				
Balance, beginning of year	73,773,658	30,110,334	23,236,285	127,120,277
Addition	20,292,520	15,199,656	11,709,578	47,201,754
Reclassification from other assets	-	290,127	-	290,127
Interest accrued	11,612,571	5,011,583	3,872,647	20,496,801
Fair value gain / (loss)	3,687,841	2,200,757	-	5,888,598
Effect of change in interest rate on loan below market rate	-	-	(6,590)	(6,590)
Coupon/interest received	(11,602,299)	(5,656,696)	(3,209,201)	(20,468,195)
Maturities / liquidation	(396,073)	(6,754,598)	(8,153,066)	(15,303,737)
Foreign exchange gain	660,519	-	3,150,638	3,811,157
Realised gain	41,128	239,791	36,144	317,063
Impairment writeback for the year	-	-	5,944	5,944
Balance, end of year	98,069,865	40,640,954	30,642,379	169,353,198
31 December 2023				
Balance, beginning of year	81,178,946	93,812	20,103,809	101,376,567
Addition	12,513,088	34,386,749	5,844,235	52,744,072
Reclassification from other assets	-	923,000	-	923,000
Interest accrued	10,757,836	1,228,895	2,912,237	14,898,968
Fair value (loss)/gain	(7,555,845)	102,376	-	(7,453,469)
Coupon/interest received	(13,288,117)	(1,656,742)	(2,632,344)	(17,577,203)
Maturities / liquidation	(10,761,312)	(5,145,619)	(4,778,397)	(20,685,328)
Foreign exchange gain	503,524	-	1,938,795	2,442,319
Realised gain	425,537	210,230	-	635,767
Impairment allowance for the year	-	(32,367)	(152,050)	(184,417)
Balance, end of year	73,773,658	30,110,334	23,236,285	127,120,277

Notes To The Financial Statements Contd

7 . Premium receivables	31 Dec. 2024 N'000	31 Dec. 2023 N'000
Brokers	35,798	55,507
Impairment allowance	-	-
	35,798	55,507
Current	35,798	55,507
Non current	-	-

(a) The age analysis of gross premium receivable is as follows:

31 Dec 2024 - Age of debt

	Number of policies Number	Amount N'000
Within 14 days	2	12,778
Within 15 - 30 days	20	23,020
Within 31 - 90 days	-	-
Within 91 - 180 days	-	-
Above 180 days	-	-
Total	22	35,798

31 Dec 2023 - Age of debt

Within 14 days	15	55,507
Within 15 - 30 days	-	-
Within 31 - 90 days	-	-
Within 91 - 180 days	-	-
Above 180 days	-	-
Total	15	55,507

Notes To The Financial Statements Contd

The Company's policy in line with the provision of "No Premium, No Cover" on impairment of premium receivables recognizes premium receivables from Brokers only. Such receivables should not exceed a period of 30 days. All the outstanding premiums were received on or before 31 January 2024

(b) The movement in Premium receivable during the year is as follows:

	31 Dec. 2024 N'000	31 Dec. 2023 N'000
Balance, beginning of year	55,507	40,750
Gross premium written during the year	56,009,475	46,300,965
Premium received during the year	(55,795,458)	(45,074,105)
Prior period deposit for premium	(233,726)	(1,212,101)
Balance, end of year	35,798	55,507

8 Other receivables and prepayments

Prepayments (see note (a) below)	199,799	157,438
Prepaid withholding tax (see note (b) below)	93,094	35,346
Deposit for shares (see note (c) below)	1,576,028	290,127
Advance payment to contractor (see note (d) below)	-	278,626
Other receivables (see note (e) below)	362,292	8,809
Sundry debtors (see note (f) below)	666,617	666,617
	2,897,830	1,436,963

Notes To The Financial Statements Contd

- (a) Included in prepayments are rentals of N15.72 million(2023 : N40.9 million), property and vehicle insurance of N67.69 million(2023 : N26.5.0 million), building insurance of N0.5 million(2023 : N23.2 million), prepaid staff group life insurance was N19.15 million (2023 : N Nil) and IT maintenance costs of N 55.7 million (2023 : N17.3 million).

In prior period, application software amounting to a net book value of N11.2 million initially classified as part of intangible assets was reclassified to Prepayments as part of IT maintenance costs. Refer to Note 8(a).

- (b) The movement in withholding tax receivable during the year is as follows:

	31 Dec. 2024	31 Dec. 2023
	N'000	N'000
Balance, beginning of year	35,346	38,696
Additions during the year	152,041	70,245
Withholding tax utilised (see note 18)	(94,293)	(73,595)
Balance, end of year	<u>93,094</u>	<u>35,346</u>

- (c) Deposit for shares represents deposit for subscription to the shares of various companies via public or private offers that were yet to be allotted as at year end. The movement in deposit for shares during the year is as follows:

	31 Dec. 2024	31 Dec. 2023
	N'000	N'000
Balance, beginning of year	290,127	-
Additions during the year	1,576,028	290,127
Reclassified to FVOCI - Note 6(b)(v-b)	(290,127)	-
Balance, end of year	<u>1,576,028</u>	<u>290,127</u>

Notes To The Financial Statements Contd

- (d) As at 31 December 2023, 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. The balance was reclassified to property and equipment - work in progress during the year.
- (e) Other receivables includes advance payment for goods that were delivered subsequent to year end of N351.35 million and cash advance N5.7 million(2023: N2.5 million)
- (f) Sundry debtors comprises the sum of N666.6 million (2023 : 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 Company is currently engaging the PFA and PENCOM to obtain PENCOM approval for the reimbursement or asset swap in respect of the outstanding balance. The balance has been assessed to be fully recoverable. Refer to note 41 (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.

Notes To The Financial Statements Contd

9.1(a) Right-of-use assets

	2024 N'000	2023 N'000
Right-of-use assets	107,404	-
Current	-	-
Non-current	107,404	-
Movement during the year:		
Balance, beginning of the year	-	1,078
New rentals during the year	126,020	-
Depreciation expense on right-of-use assets (see note 35c)	(18,616)	(1,078)
Balance, end of year	107,404	-

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 required	-	-
New rentals during the year	126,020	-
Lease payments made during the year	(126,020)	-
Balance, end of year	-	-

Notes To The Financial Statements Contd

9.2 As a lessor

The Company has entered into operating leases on its property and equipment and investment property portfolios, consisting of certain office buildings. These leases have an average term of 2 years (see notes 10 and 11 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 is N125.9 million (2023: N116.5 million).

Future minimum rentals under its non-cancellable operating lease contracts as a lessor are as follows:

	2024 N'000	2023 N'000
Within one year	59,575	67,229
After one year but not more than five years	126,432	37,284
More than five years	148,781	-
	<u>334,788</u>	<u>104,513</u>

10 Investment properties

i	Leasehold property at 23/25 Martins Street, Lagos	960,000	750,000
ii	Leasehold property - Plot 5, Block E, CBD, Alausa, Ikeja	920,000	402,000
iii	Landed property at Ogombo, Ajah/Epe Expressway	130,000	32,000
iv	Landed property at 10, Aje Road Sabo Yaba, Lagos	160,000	104,000
		<u>2,170,000</u>	<u>1,288,000</u>

Notes To The Financial Statements Contd

(a) Investment properties: status of title

Title status

i	Leasehold property at 23/25 Martins Street, Lagos	Perfected
ii	Leasehold property - Plot 5, Block E, CBD, Alausa, Ikeja	Perfected
iii	Landed property at Ogombo, Ajah Expressway, Lekki	Perfection in progress
iv	Landed property at 10 Aje Road, Sabo Yaba, Lagos	Perfection in progress

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/2020/00000013769) as at 31 December 2024. The valuation reports were signed by Sir Obarinsola Epega with FRC number FRC/2012/NIESV/0000000597. The properties have been valued using the market 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 investment income".

Investment property pledged as security and contractual obligations

None of the investment properties has been pledged as security for borrowings or otherwise, as at the end of the year (Dec 2023: Nil).

The Company has no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements (Dec 2023: Nil).

(b) Movement in the fair value of investment properties

	N'000	N'000
Balance, beginning of year	1,288,000	1,143,299
Additions during the year	-	11,429
Fair value gain	882,000	133,272
Balance, end of year	2,170,000	1,288,000

Notes To The Financial Statements Contd

10(c) Description of properties and movement

31 December, 2024			
1 Jan 2024 N'000	Additions during the year N'000	Fair value adjustments N'000	31 Dec 2024 N'000
Leasehold property at 23/25 Martins Street, Lagos	750,000	-	210,000
Leasehold property at Plot 5, Block E, CBD, Alausa, Ikeja	402,000	-	518,000
Landed property at Ogombo Along Ajah / Epe Expressway, Lekki	32,000	-	98,000
Landed property at 10, Aje Road Sabo Yaba, Lagos	104,000	-	56,000
1,288,000	-	882,000	2,170,000

31 December, 2023			
1 Jan 2023 N'000	Additions during the year N'000	Fair value adjustments N'000	31 Dec 2023 N'000
Leasehold property at 23/25 Martins Street, Lagos	682,894	-	67,106
Leasehold property at Plot 5, Block E, CBD, Alausa, Ikeja	360,480	11,429	30,091
Landed property at Ogombo Along Ajah / Epe Expressway, Lekki	28,000	-	4,000
Landed property at 10, Aje Road Sabo Yaba, Lagos	71,925	-	32,075
1,143,299	11,429	133,272	1,288,000

Notes To The Financial Statements Contd

(d) 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 market 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.
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.

Notes To The Financial Statements Contd

Location of Investment properties	Valuation technique	Significant unobservable inputs
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 of 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 height 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.

Notes To The Financial Statements Contd

Significant unobservable valuation input:		Range (weighted average)	
		2024	2023
Leasehold property at 23/25 Martins Street, Lagos	Estimated rent per annum	N57,136,400 - N71,420,500	N40,301,520 - N71,841,840
	Rent growth p.a	5%	5%
	Long-term vacancy rate	10%	3%
	Discount rate	10%	10%
Leasehold property at Plot 5, Block E, CBD, Alausa, Ikeja	Estimated rent per annum		
	Rent growth p.a		
	Long-term vacancy rate	Nil	NIL
	Discount rate		
Landed property at Ogombo Along Ajah/Epe Expressway, Lekki	Estimated rent per annum		
	Rent growth p.a		
	Long-term vacancy rate	Nil	NIL
	Discount rate		
Landed property at 10, Aje Road Sabo Yaba, Lagos	Estimated rent per annum		
	Rent growth p.a		
	Long-term vacancy rate	Nil	NIL
	Discount rate		

Significant increases (decreases) in estimated price per square metre in isolation would result in a significantly higher (lower) fair value.

Notes To The Financial Statements Contd

(e) Measurement of investment properties using the following fair value hierarchy

Investment Properties	Level 1 N'000	Level 2 N'000	Level 3 N'000	Total N'000
31 December 2024	-	-	2,170,000	2,170,000
31 December 2023	-	-	1,288,000	1,288,000

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.

Notes To The Financial Statements Contd

11. Property, plant and equipment

Cost/Valuation	Freehold property N'000	Office equipment N'000	Computer equipment N'000	Furniture and fittings N'000	Motor vehicles N'000	Work-In-Progress N'000	Total N'000
At 1 January 2023	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
Additions during the year	-	348,984	19,800	25,054	255,433	41,610	690,881
Reclassification from other assets	-	-	-	-	-	278,625	278,625
Revaluation during the year	338,798	-	-	-	-	29,765	368,563
Elimination on revaluation	(77,398)	-	-	-	-	-	(77,398)
Write-off during the year	-	(10,030)	-	-	-	-	(10,030)
Disposal during the year	-	-	-	-	(63,120)	-	(63,120)
At 31 December 2024	3,440,400	730,273	119,367	228,598	592,074	450,000	5,560,712
Accumulated depreciation							
At 1 January 2023	-	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)
Disposal during the year	-	-	-	-	(58,312)	-	(58,312)
At 31 December 2023	-	344,934	64,420	169,008	240,202	-	818,564
Charge for the year	77,398	44,386	18,225	15,832	95,814	-	251,655
Elimination on revaluation	(77,398)	-	-	-	-	-	(77,398)
Write-off during the year	-	(7,510)	-	-	-	-	(7,510)
Disposal during the year	-	-	-	-	(63,120)	-	(63,120)
At 31 December 2024	-	381,810	82,645	184,840	272,896	-	922,191
Net book value at 31 December 2024	3,440,400	348,463	36,722	43,758	319,178	450,000	4,638,521
Net book value at 31 December 2023	3,179,000	46,385	35,147	34,536	159,559	100,000	3,554,627

Notes To The Financial Statements Contd

(a) Title Status and Carrying Amount

	Location	Title status	₦'000	Type of Property
1	16A, Commercial Avenue, Sabo, Yaba, Lagos State	Perfected	2,780,400	Feehold property
2	27, Commercial Avenue, Sabo, Yaba, Lagos State	Perfected	426,000	Feehold property
3	No. 9, Onireke Residential layout, Ibadan, Oyo State	Perfected	225,000	Feehold property
4	Shop H4016, Tejuosho Shopping Modern Market, Yaba, Lagos State	Received letter of allocation	9,000	Feehold property
			<u>3,440,400</u>	

(b) Revaluation of land and building

The Freehold Property consist 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 Dec 2024, the fair values of the properties were based on valuations performed by Messrs. Barin Epega & Co., (FRC/2020/00000013769), an accredited independent valuer who has experience in valuation of similar properties. The valuation reports were signed by Sir Obarinsola Epega with FRC number FRC/2012/NIESV/0000000597.

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 and equipment of the Company has been pledged as security for borrowings or otherwise, as at the end of the year (Dec 2023: Nil).

Notes To The Financial Statements Contd

(c)	Analysis of revaluation of freehold property	1 Jan 2023 N'000	Additions N'000	Re- classification N'000	Revaluation N'000	Depreciation N'000	Write-off/ disposal N'000	31 Dec 2024 N'000
1	16A, Commercial Avenue, Sabo, Yaba, Lagos State	2,620,000	-	-	223,495	(63,095)	-	2,780,400
2	27, Commercial Avenue, Sabo, Yaba, Lagos State	400,000	-	-	36,101	(10,101)	-	426,000
3	No. 9, Onireke Residential layout, Ibadan, Oyo State	150,000	-	-	78,946	(3,946)	-	225,000
4	Shop H4016, Tejuosho Shopping Modern Market, Yaba, Lagos State	9,000	-	-	255	(255)	-	9,000
		3,179,000	-	-	338,798	(77,398)	-	3,440,400

(d) Analysis of Work-In-Progress

Work-in-progress includes land and building located at 29, Commercial Road, Sabo, Yaba, Lagos State., which is currently being developed. During the year, the existing structure, which was recently acquired, was demolished for re-development. The movement in the carrying amount of the property as shown below:

	31 Dec 2023 N'000	Additions N'000	Reclassification from other assets N'000	Revaluation N'000	31 Dec 2024 N'000
29, Commercial Avenue, Sabo, Yaba, Lagos State	100,000	41,610	278,625	29,765	450,000

Notes To The Financial Statements Contd

12	Intangible assets	31 Dec. 2024 N'000	31 Dec. 2023 N'000
	Computer software	100,135	10
	Work in progress - computer software	-	95,003
		100,135	95,013
(a)	Computer software		
	Cost:		
	Balance, beginning of year	316,610	329,981
	Addition during the year	37,229	-
	Reclassification to Prepayments (see note a(l) below)	-	(13,371)
	Reclassification from work in progress	95,003	-
	Balance, end of year	448,842	316,610
	Accumulated amortisation and impairment:		
	Balance, beginning of year	316,600	318,546
	Amortisation of intangible assets	32,107	211
	Elimination on reclassification (see note a(l) below)	-	(2,157)
	Balance, end of year	348,707	316,600
	Carrying amount	100,135	10

- (a)(l) In prior year, application software amounting to a net book value of N11.2 million initially classified as part of intangible assets was reclassified to Prepayments as part of IT maintenance costs. Refer to Note 8(a).

Notes To The Financial Statements Contd

(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. 2024 N'000	31 Dec. 2023 N'000
Balance, beginning of year	95,003	61,783
Reclassification to Intangible Assets	(95,003)	-
Additional payments during year	-	33,220
Write-off during the year	-	-
Balance, end of year	-	95,003

13 Statutory deposit

Statutory deposit with Central Bank of Nigeria	260,000	260,000

This represents amounts deposited with the Central Bank of Nigeria (CBN) pursuant to Section 10(3) of the Insurance Act, CAP I17 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.

Notes To The Financial Statements Contd

14 Insurance contracts

Portfolios of insurance and reinsurance contract assets and liabilities

31 December 2024	Group Life	Annuity	Savings	Risk	Endowment	Total
Insurance contract assets	-	-	-	-	-	-
Insurance contract liabilities	6,730,982	127,045,890	10,723,798	335,164	13,636,557	158,472,391
Reinsurance contract assets	1,421,351	-	-	-	-	1,421,351
Reinsurance contract liabilities	72,594	-	-	-	-	72,594
31 December 2023						
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

Notes To The Financial Statements Contd

(a) Insurance contracts issued

(i) Analysis by remaining coverage and incurred claims

Insurance contracts issued

31 December 2024

Opening insurance contract assets
Opening insurance contract liabilities
Net Opening balance

Insurance revenue

Insurance revenue

Insurance service expenses

Incurred claims expenses
Other directly attributable expenses
Acquisition expenses
Changes that relate to past services: changes to liabilities for incurred claims
Changes that relate to future services

Insurance service result

Investment components

Investment components

Insurance finance expenses

Insurance finance expenses

Total amounts recognised in comprehensive income

General Model Measurement (GMM)			
Liabilities for remaining coverage		Liabilities for incurred claims	Total
Excluding loss components	Loss components		
₦'000	₦'000	₦'000	₦'000
-	-	-	-
106,241,267	7,092,730	1,665,769	114,999,766
106,241,267	7,092,730	1,665,769	114,999,766
(20,152,206)	-	-	(20,152,206)
(20,152,206)	-	-	(20,152,206)
-	(1,898,665)	29,257,357	27,358,692
	-	1,011,318	1,011,318
972,341	-	-	972,341
-	(1,306,369)	(7,692,864)	(8,999,233)
-	10,435,542	1,078,815	11,514,357
972,341	7,230,508	23,654,626	31,857,475
(19,179,865)	7,230,508	23,654,626	11,705,269
(7,692,779)	(3)	7,692,772	(10)
(7,692,779)	(3)	7,692,772	(10)
10,733,468	295,675	(621,045)	10,408,098
10,733,468	295,675	(621,045)	10,408,098
(16,139,176)	7,526,180	30,726,353	22,113,357

Notes To The Financial Statements Contd

Premium Allocation Approach (PAA)				Total insurance contracts		
Liabilities for remaining coverage	Liabilities for incurred claims		Total	Liabilities for remaining coverage	Liabilities for incurred claims	Total
	Present value of future cash flows	Risk adjustment				
N'000	N'000	N'000	N'000	N'000	N'000	N'000
-	-	-	-	-	-	-
1,318,050	3,690,195	420,006	5,428,251	114,652,047	5,775,970	120,428,017
1,318,050	3,690,195	420,006	5,428,251	114,652,047	5,775,970	120,428,017
(9,825,523)	-	-	(9,825,523)	(29,977,729)	-	(29,977,729)
(9,825,523)	-	-	(9,825,523)	(29,977,729)	-	(29,977,729)
-	1,929,265	(141,026)	1,788,239	(1,898,665)	31,045,596	29,146,931
-	676,566	-	676,566	-	1,687,884	1,687,884
1,215,566	-	-	1,215,566	2,187,907	-	2,187,907
-	2,996,174	289,980	3,286,154	(1,306,369)	(4,406,710)	(5,713,079)
(171,086)	152,705	-	(18,381)	10,264,456	1,231,520	11,495,976
1,044,480	5,754,710	148,954	6,948,144	9,247,329	29,558,290	38,805,619
(8,781,043)	5,754,710	148,954	(2,877,379)	(20,730,400)	29,558,290	8,827,890
-	-	-	-	(7,692,782)	7,692,772	(10)
-	-	-	-	(7,692,782)	7,692,772	(10)
-	(11,144)	(33,428)	(44,572)	11,029,143	(665,617)	10,363,526
-	(11,144)	(33,428)	(44,572)	11,029,143	(665,617)	10,363,526
(8,781,043)	5,743,566	115,526	(2,921,951)	(17,394,039)	36,585,445	19,191,406

Notes To The Financial Statements Contd

(a) Insurance contracts issued

(i) Analysis by remaining coverage and incurred claims

31 December 2024

Cash flows

Premiums received
Claims paid
Other directly attributable 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
Closing insurance contract liabilities
Net closing balance

General Model Measurement (GMM)			
Liabilities for remaining coverage		Liabilities for incurred claims	Total
Excluding loss components	Loss components		
N'000	N'000	N'000	N'000
45,854,685	-	-	45,854,685
329,451	-	(26,246,901)	(25,917,450)
(146,531)	-	(1,946,551)	(2,093,082)
(3,215,867)	-	-	(3,215,867)
42,821,738	-	(28,193,452)	14,628,286
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
132,923,829	14,618,910	4,198,670	151,741,409
132,923,829	14,618,910	4,198,670	151,741,409

Notes To The Financial Statements Contd

Premium Allocation Approach (PAA)				Total insurance contracts		
Liabilities for remaining coverage	Liabilities for incurred claims		Total	Liabilities for remaining coverage	Liabilities for incurred claims	Total
	Present value of future cash flows	Risk adjustment				
N'000	N'000	N'000	N'000	N'000	N'000	N'000
9,940,773	-	-	9,940,773	55,795,458	-	55,795,458
-	(4,059,434)	-	(4,059,434)	329,451	(30,306,335)	(29,976,884)
-	(676,680)	-	(676,680)	(146,531)	(2,623,231)	(2,769,762)
(887,554)	-	-	(887,554)	(4,103,421)	-	(4,103,421)
9,053,219	(4,736,114)	-	4,317,105	51,874,957	(32,929,566)	18,945,391
(19,709)	-	-	(19,709)	(19,709)	-	(19,709)
233,726	-	-	233,726	233,726	-	233,726
(306,440)	-	-	(306,440)	(306,440)	-	(306,440)
(92,423)	-	-	(92,423)	(92,423)	-	(92,423)
-	-	-	-	-	-	-
1,497,803	4,697,647	535,532	6,730,982	149,040,542	9,431,849	158,472,391
1,497,803	4,697,647	535,532	6,730,982	149,040,542	9,431,849	158,472,391

Notes To The Financial Statements Contd

(a) Insurance contracts issued

(i) Analysis by remaining coverage and incurred claims

Insurance contracts issued

31 December 2023

Opening insurance contract assets

Opening insurance contract liabilities

Net Opening balance

Insurance revenue

Insurance revenue

Insurance service expenses

Incurred claims expenses

Other directly attributable expenses

Acquisition expenses

Changes that relate to past services: changes to liabilities for incurred claims

Changes that relate to future services

Insurance service result

Investment components

Investment components

Insurance finance expenses

Insurance finance expenses

Total amounts recognised in comprehensive income

General Model Measurement (GMM)			
Liabilities for remaining coverage		Liabilities for incurred claims	Total
Excluding loss components	Loss components		
N'000	N'000	N'000	N'000
-	-	-	-
88,375,624	4,071,491	456,777	92,903,892
88,375,624	4,071,491	456,777	92,903,892
(17,161,577)	-	-	(17,161,577)
(17,161,577)	-	-	(17,161,577)
-	(902,397)	19,616,043	18,713,646
-	-	469,974	469,974
800,077	-	-	800,077
-	-	(4,154,229)	(4,154,229)
-	3,453,835	-	3,453,835
800,077	2,551,438	15,931,788	19,283,303
(16,361,500)	2,551,438	15,931,788	2,121,726
(5,823,044)	-	5,823,044	-
(5,823,044)	-	5,823,044	-
4,720,210	469,801	(402,650)	4,787,361
4,720,210	469,801	(402,650)	4,787,361
(17,464,334)	3,021,239	21,352,182	6,909,087

Notes To The Financial Statements Contd

Premium Allocation Approach (PAA)				Total insurance contracts		
Liabilities for remaining coverage	Liabilities for incurred claims		Total	Liabilities for remaining coverage	Liabilities for incurred claims	Total
	Present value of future cash flows	Risk adjustment				
N'000	N'000	N'000	N'000	N'000	N'000	N'000
-	-	-	-	-	-	-
880,292	3,763,309	654,816	5,298,417	93,327,407	4,874,902	98,202,309
880,292	3,763,309	654,816	5,298,417	93,327,407	4,874,902	98,202,309
(7,651,151)	-	-	(7,651,151)	(24,812,728)	-	(24,812,728)
(7,651,151)	-	-	(7,651,151)	(24,812,728)	-	(24,812,728)
-	1,354,562	(371,193)	983,369	(902,397)	20,599,413	19,697,016
-	704,581	-	704,581	-	1,174,554	1,174,554
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	(389,279)	4,800,732
-	32,111	(18,740)	13,371	5,190,011	(389,279)	4,800,732
(6,940,554)	4,717,939	(234,810)	(2,457,425)	(21,383,649)	25,835,311	4,451,662

Notes To The Financial Statements Contd

(a) Insurance contracts issued

(i) Analysis by remaining coverage and incurred claims

31 December 2023

Cash flows

Premiums received
Claims paid
Other directly attributable 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
Closing insurance contract liabilities
Net closing balance

General Model Measurement (GMM)			
Liabilities for remaining coverage		Liabilities for incurred claims	Total
Excluding loss components	Loss components		
N'000	N'000	N'000	N'000
38,134,643	-	-	38,134,643
-	-	(19,858,777)	(19,858,777)
-	-	(284,413)	(284,413)
(2,804,666)	-	-	(2,804,666)
35,329,977	-	(20,143,190)	15,186,787
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
106,241,267	7,092,730	1,665,769	114,999,766
106,241,267	7,092,730	1,665,769	114,999,766

Notes To The Financial Statements Contd

Premium Allocation Approach (PAA)				Total insurance contracts		
Liabilities for remaining coverage	Liabilities for incurred claims		Total	Liabilities for remaining coverage	Liabilities for incurred claims	Total
	Present value of future cash flows	Risk adjustment				
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
-	(3,407,083)	-	(3,407,083)	-	(23,265,860)	(23,265,860)
-	(1,383,970)	-	(1,383,970)	-	(1,668,383)	(1,668,383)
(497,808)	-	-	(497,808)	(3,302,474)	-	(3,302,474)
6,441,654	(4,791,053)	-	1,650,601	41,771,631	(24,934,243)	16,837,388
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	114,652,047	5,775,970	120,428,017
1,318,050	3,690,195	420,006	5,428,251	114,652,047	5,775,970	120,428,017

Notes To The Financial Statements Contd

14 Insurance contracts

(a) Insurance contracts issued

(ii) Analysis by measurement component - Contracts measured under GMM

Insurance contracts issued

	2024			
	Estimates 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	106,960,245	892,563	7,146,959	114,999,767
Net Opening balance	106,960,245	892,563	7,146,959	114,999,767
Changes that relate to current service				
Contractual service margin	-	-	(1,115,193)	(1,115,193)
Risk adjustments	-	(133,221)	-	(133,221)
Experience adjustments	527,840	-	-	527,840
	527,840	(133,221)	(1,115,193)	(720,574)
Changes that relate to future services				
Contracts initially recognised in the year	(1,270,390)	343,872	1,662,079	735,561
Experience adjustments	-	-	-	-
Changes in estimates reflected in the CSM	3,180,962	609,599	(3,790,561)	-
Changes in estimates that result in losses and reversal of losses onerous contracts	6,437,088	2,213,866	-	8,650,954
	8,347,660	3,167,337	(2,128,482)	9,386,515
Changes that relate to past service				
Adjustments to liabilities for incurred claims	2,604,066	348,527	86,727	3,039,320
	2,604,066	348,527	86,727	3,039,320
Insurance service result	11,479,566	3,382,643	(3,156,948)	11,705,261
Insurance finance expenses				
Net finance expenses	10,319,883	-	88,212	10,408,095
	10,319,883	-	88,212	10,408,095
Total amounts recognised in comprehensive income	21,799,449	3,382,643	(3,068,736)	22,113,356

Notes To The Financial Statements Contd

2023			
Estimates of the present value of future cash flows N'000	Risk adjustment N'000	Contractual service margin N'000	Total N'000
-	-	-	-
85,432,397	748,193	6,723,302	92,903,892
85,432,397	748,193	6,723,302	92,903,892
-	-	(1,948,887)	(1,948,887)
-	(104,776)	-	(104,776)
(769,020)	-	-	(769,020)
(769,020)	(104,776)	(1,948,887)	(2,822,683)
(1,213,326)	276,546	3,526,983	2,590,203
-	-	-	-
239,231	(40,067)	(199,163)	1
3,867,421	(244,846)	-	3,622,575
2,893,326	(8,367)	3,327,820	6,212,779
362,725	257,513	(1,888,608)	(1,268,370)
362,725.00	257,513.00	-1,888,608.00	-1,268,370.00
2,487,031	144,370	(509,675)	2,121,726
3,854,030	-	933,332	4,787,362
3,854,030	-	933,332	4,787,362
6,341,061	144,370	423,657	6,909,088

Notes To The Financial Statements Contd

14 Insurance contracts

(a) Insurance contracts issued

(ii) Analysis by measurement component - Contracts measured under GMM

	2024			
	Estimates of the present value of future cash flows N'000	Risk adjustment N'000	Contractual service margin N'000	Total N'000
Cash flows				
Cash flows	14,628,286	-	-	14,628,286
	14,628,286	-	-	14,628,286
Non-cash flow items				
Non-cash flow items	-	-	-	-
	-	-	-	-
Closing insurance contract assets	-	-	-	-
Closing insurance contract liabilities	143,387,980	4,275,206	4,078,223	151,741,409
Net closing balance	143,387,980	4,275,206	4,078,223	151,741,409

Notes To The Financial Statements Contd

2023			
Estimates of the present value of future cash flows N'000	Risk adjustment N'000	Contractual service margin N'000	Total N'000
15,186,787	-	-	15,186,787
15,186,787	-	-	15,186,787
-	-	-	-
-	-	-	-
-	-	-	-
106,960,245	892,563	7,146,959	114,999,767
106,960,245	892,563	7,146,959	114,999,767

Notes To The Financial Statements Contd

(a) Insurance contracts issued

(iii) Contracts initially recognised in the year

	31 December 2024			31 December 2023		
Insurance contracts issued	Profitable contracts issued N'000	Onerous contracts issued N'000	Total N'000	Profitable contracts issued N'000	Onerous contracts issued N'000	Total N'000
Estimate of present value of future outflows						
- Insurance acquisition cash flows	21,571,059	19,143,660	40,714,719	29,837,068	29,993,941	59,831,009
- Claims and other insurance service expenses	1,600,816	1,304,950	2,905,766	2,618,766	1,864,561	4,483,327
Estimate of present value of future outflows	23,171,875	20,448,610	43,620,485	32,455,834	31,858,502	64,314,336
Estimates of the present value of future cash inflows	(25,966,021)	(20,587,104)	(46,553,125)	(38,490,877)	(29,947,679)	(68,438,556)
Time value of money difference on current and locked-in rates	919,224	743,029	1,662,253	1,287,023	3,516,272	4,803,295
Risk adjustment for non-financial risk	212,846	131,026	343,872	308,552	336,229	644,781
Contractual service margin	1,662,078	-	1,662,078	4,439,465	-	4,439,465
Increase in insurance contract liabilities from contracts recognised in the year	2	735,561	735,563	(3)	5,763,324	5,763,321

Notes To The Financial Statements Contd

(b) Reinsurance contracts held

(i) Analysis by remaining coverage and incurred claims - Contracts measured under PAA

Reinsurance contracts held

31 December 2024

Reinsurance contracts held					
31 December 2024	Assets for remaining coverage	Assets for incurred claims			Total
		Contracts under PAA		Total assets for incurred claims	
		Present value of future cash flows	Risk adjustment		
	N'000	N'000	N'000	N'000	N'000
Opening reinsurance contract assets	129,629	129,629	83,734	729,029	858,658
Opening reinsurance contract liabilities	(45,340)	(45,340)	-	-	(45,340)
Opening net reinsurance contract assets	84,289	84,289	83,734	729,029	813,318
Reinsurance premium expense	(2,387,620)	(2,387,620)	-	-	(2,387,620)
Reinsurance premium expense	(2,387,620)	(2,387,620)	-	-	(2,387,620)
Recovery from reinsurance contract held					
Recoveries of Incurred claims and other insurance service expenses	443,186	443,186	(149,053)	365,074	808,260
Changes that relate to past services: changes to liabilities for incurred claims	70,942	70,942	289,140	433,064	504,006
Changes that relate to future services: losses on onerous contracts and reversals (resulting from underlying GoC for reinsurance)	-	-	-	-	-
	514,128	514,128	140,087	798,138	1,312,266
Net reinsurance expense	(1,873,492)	(1,873,492)	140,087	798,138	(1,075,354)
Reinsurance finance income/(expense)					
Reinsurance finance income/(expense)	-	-	(3,869)	15,771	15,771
	-	-	(3,869)	15,771	15,771
Total amounts recognised in comprehensive income	(1,873,492)	(1,873,492)	136,218	813,909	(1,059,583)

Notes To The Financial Statements Contd

(b) Reinsurance contracts held

(i) Analysis by remaining coverage and incurred claims - Contracts measured under PAA

Reinsurance contracts held

31 December 2024

Reinsurance contracts held	Assets for incurred claims				Total
	Assets for remaining coverage	Contracts under PAA		Total assets for incurred claims	
		Present value of future cash flows	Risk adjustment		
31 December 2024	N'000	N'000	N'000	N'000	N'000
Cash flows					
Premiums paid on reinsurance contracts	2,512,806	-	-	-	2,512,806
Recoveries from reinsurance	-	(443,185)	-	(443,185)	(443,185)
Ceding commission received and other income	(474,599)	-	-	-	(474,599)
Total cash flows	2,038,207	(443,185)	-	(443,185)	1,595,022
Non-cash flow items					
Reinsurance premium payable - premium on reinsurance contracts	(27,254)	-	-	-	(27,254)
Commission receivable - commission on reinsurance contracts	-	-	-	-	-
Total non-cash flow items	(27,254)	-	-	-	(27,254)
Closing net reinsurance contract assets	249,004	879,801	219,952	1,099,753	1,348,757
Closing reinsurance contract assets	321,598	879,801	219,952	1,099,753	1,421,351
Closing reinsurance contract liabilities	(72,594)	-	-	-	(72,594)
Closing net reinsurance contract assets	249,004	879,801	219,952	1,099,753	1,348,757

Notes To The Financial Statements Contd

(i) Analysis by remaining coverage and incurred claims - Contracts measured under PAA

Reinsurance contracts held

31 December 2023

Reinsurance contracts held		Assets for incurred claims			
		Contracts under PAA			
	Assets for remaining coverage	Present value of future cash flows	Risk adjustment	Total assets for incurred claims	Total
31 December 2023	N'000	N'000	N'000	N'000	N'000
Opening insurance contract assets	268,148	596,588	(1,460)	595,128	863,276
Opening insurance contract liabilities	(31,094)	-	-	-	(31,094)
Opening net reinsurance contract assets	237,054	596,588	(1,460)	595,128	832,182
Reinsurance premium expense	(1,831,323)	-	-	-	(1,831,323)
	(1,831,323)	-	-	-	(1,831,323)
Recovery from reinsurance contract held					
Recoveries of Incurred claims and other insurance service expenses	129,126	247,302	34,480	281,782	410,908
Acquisition income earned on reinsurance contracts held	-	-	-	-	-
Changes that relate to past services: changes to liabilities for incurred claims	-	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)	-	-	-	-	-
	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)

Notes To The Financial Statements Contd

(i) Analysis by remaining coverage and incurred claims - Contracts measured under PAA

Reinsurance contracts held

31 December 2023

31 December 2023

	Assets for incurred claims			Total
	Contracts under PAA		Total assets for incurred claims	
	Present value of future cash flows	Risk adjustment		
Assets for remaining coverage				
Cash flows	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)
Ceding commission received and other income	(267,645)	-	-	(267,645)
	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	-	-	-	-
Total non-cash flow items	(14,246)	-	-	(14,246)
Closing net reinsurance contract assets	84,289	645,295	83,734	813,318
Closing insurance contract assets	129,629	645,295	83,734	858,658
Closing insurance contract liabilities	(45,340)	-	-	(45,340)
Closing net reinsurance contract assets	84,289	645,295	83,734	813,318

⚓ Notes To The Financial Statements
Insurance Contracts Issued contd

Notes To The Financial Statements Contd

14.1 Group Life

Group Life - Insurance contracts issued

Analysis by remaining coverage and incurred claims - Premium Allocation Approach (PAA)

	31 December 2024			
	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	1,318,050	3,690,195	420,006	5,428,251
Opening net insurance contract liabilities	1,318,050	3,690,195	420,006	5,428,251
Insurance revenue				
Insurance revenue	(9,825,523)	-	-	(9,825,523)
	(9,825,523)	-	-	(9,825,523)
Insurance service expenses				
Incurred claims expenses	-	1,929,265	(141,026)	1,788,239
Other directly attributable expenses	-	676,566	-	676,566
Acquisition expenses	1,215,566	-	-	1,215,566
Changes that relate to past services: changes to liabilities for incurred claims	-	2,996,174	289,980	3,286,154
Changes that relate to future services	(171,086)	152,705	-	(18,381)
	1,044,480	5,754,710	148,954	6,948,144
Insurance service result	(8,781,043)	5,754,710	148,954	(2,877,379)
Insurance finance expenses				
Insurance finance expenses	-	(11,144)	(33,428)	(44,572)
	-	(11,144)	(33,428)	(44,572)
Total amounts recognised in comprehensive income	(8,781,043)	5,743,566	115,526	(2,921,951)

Notes To The Financial Statements Contd

31 December 2023			
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
			-
880,292	3,763,309	654,816	5,298,417
880,292	3,763,309	654,816	5,298,417
(7,651,151)	-	-	(7,651,151)
(7,651,151)	-	-	(7,651,151)
-	1,354,562	(371,193)	983,369
-	704,581	-	704,581
710,597	-	-	710,597
-	2,626,685	155,123	2,781,808
-	-	-	-
710,597	4,685,828	(216,070)	5,180,355
(6,940,554)	4,685,828	(216,070)	(2,470,796)
-	32,111	(18,740)	13,371
-	32,111	(18,740)	13,371
(6,940,554)	4,717,939	(234,810)	(2,457,425)

Notes To The Financial Statements Contd

14.1 Group Life Contd

Group Life - Insurance contracts issued

Analysis by remaining coverage and incurred claims - Premium Allocation Approach (PAA)

Group Life - Insurance contracts issued

	31 December 2024			
	Liability for incurred claims			
	Liabilities for Remaining Coverage ₹'000	Present value of future cash flows ₹'000	Risk adjustment ₹'000	Total ₹'000
Cash Flow				
Premiums received	9,940,773	-	-	9,940,773
Claims paid		(4,059,434)		(4,059,434)
Other directly attributable expenses paid	-	(676,680)	-	(676,680)
Acquisition cash flows paid	(887,554)	-	-	(887,554)
Total cash flows	9,053,219	(4,736,114)	-	4,317,105
Non-cash flow items				
Movement in premium receivable - premium for insurance contracts	(19,709)	-	-	(19,709)
Previous year's deposit for premium	233,726			233,726
Acquisition cost payable - acquisition on insurance cost	(306,440)	-	-	(306,440)
Total non-cash flow items	(92,423)	-	-	(92,423)
Closing insurance contract assets	-	-	-	-
Closing insurance contract liabilities	1,497,803	4,697,647	535,532	6,730,982
Closing net insurance contract liabilities	1,497,803	4,697,647	535,532	6,730,982

Notes To The Financial Statements Contd

31 December 2023			
Liability for incurred claims			
Liabilities for Remaining Coverage ₦'000	Present value of future cash flows ₦'000	Risk adjustment ₦'000	Total ₦'000
6,939,462	-	-	6,939,462
	(3,407,083)		(3,407,083)
-	(1,383,970)	-	(1,383,970)
(497,808)	-	-	(497,808)
6,441,654	(4,791,053)	-	1,650,601
14,757	-	-	14,757
1,212,101			1,212,101
(290,200)	-	-	(290,200)
936,658	-	-	936,658
-	-	-	-
1,318,050	3,690,195	420,006	5,428,251
1,318,050	3,690,195	420,006	5,428,251

Notes To The Financial Statements Contd

14.1 Group Life Contd

(b) Group Life - reinsurance contracts held

(i) Analysis by remaining coverage and incurred claims - Premium Allocation Approach (PAA)

	31 December 2024			
Group Life - reinsurance contracts held	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	129,629	645,295	83,734	858,658
Opening reinsurance contract liabilities	(45,340)	-	-	(45,340)
Opening net reinsurance contract assets	84,289	645,295	83,734	813,318
Reinsurance premium expense				
Reinsurance premium expense	(2,387,620)	-	-	(2,387,620)
	(2,387,620)	-	-	(2,387,620)
Recovery from reinsurance contract held				
Recoveries of Incurred claims and other insurance service expenses	443,186	514,127	(149,053)	808,260
Changes that relate to past services: changes to liabilities for incurred claims	70,942	143,924	289,140	504,006
Changes that relate to future services: losses on onerous contracts and reversals (resulting from underlying GoC for reinsurance)	-	-	-	-
	514,128	658,051	140,087	1,312,266
Net reinsurance expense	(1,873,492)	658,051	140,087	(1,075,354)
Reinsurance finance income/(expense)				
Reinsurance finance income/(expense)	-	19,640	(3,869)	15,771
Total amounts recognised in comprehensive income	-	19,640	(3,869)	15,771
	(1,873,492)	677,691	136,218	(1,059,583)

Notes To The Financial Statements Contd

31 December 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
268,148	596,588	(1,460)	863,276
(31,094)	-	-	(31,094)
237,054	596,588	(1,460)	832,182
(1,831,323)	-	-	(1,831,323)
(1,831,323)	-	-	(1,831,323)
129,126	247,302	34,480	410,908
-	150,927	51,720	202,647
-	-	-	-
129,126	398,229	86,200	613,555
(1,702,197)	398,229	86,200	(1,217,768)
-	17,566	(1,006)	16,560
-	17,566	(1,006)	16,560
(1,702,197)	415,795	85,194	(1,201,208)

Notes To The Financial Statements Contd

14.1 Group Life Contd

(b) Group Life - reinsurance contracts held

(i) Analysis by remaining coverage and incurred claims - Premium Allocation Approach (PAA)

31 December 2024				
Group Life - reinsurance contracts held	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
Cash Flow				
Premiums paid on reinsurance contracts	2,512,806	-	-	2,512,806
Recoveries from reinsurance	-	(443,185)	-	(443,185)
Ceding commission received and other income	(474,599)	-	-	(474,599)
Total cash flows	2,038,207	(443,185)	-	1,595,022
Non-cash flow items				
Reinsurance premium payable - premium on reinsurance contracts	(27,254)	-	-	(27,254)
Commission receivable - commission on reinsurance contracts	-	-	-	-
Total non-cash flow items	(27,254)	-	-	(27,254)
Closing net reinsurance contract assets	249,004	879,801	219,952	1,348,757
Closing reinsurance contract assets	321,598	879,801	219,952	1,421,351
Closing reinsurance contract liabilities	(72,594)	-	-	(72,594)
Closing net reinsurance contract assets	249,004	879,801	219,952	1,348,757

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.

Notes To The Financial Statements Contd

31 December 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
1,817,077	-	-	1,817,077
-	(367,088)	-	(367,088)
(267,645)	-	-	(267,645)
1,549,432	(367,088)	-	1,182,344
(14,246)	-	-	(14,246)
-	-	-	-
(14,246)	-	-	(14,246)
84,289	645,295	83,734	813,318
129,629	645,295	83,734	858,658
(45,340)	-	-	(45,340)
84,289	645,295	83,734	813,318

Notes To The Financial Statements Contd

14.2 Annuity

(a) Annuity - Insurance contracts issued

(i) Analysis by remaining coverage and incurred claims - General Measurement Model (GMM)

Annuity - Insurance contracts issued

	31 December 2024			
	Liabilities for Remaining Coverage			
	Excluding loss component ₹'000	Loss component ₹'000	Liability for incurred claims ₹'000	Total ₹'000
Opening insurance contract assets	-	-	-	-
Opening insurance contract liabilities	93,016,722	5,014,315	-	98,031,037
Net Opening balance	93,016,722	5,014,315	-	98,031,037
Insurance revenue				
Insurance revenue	(19,237,384)	-	-	(19,237,384)
	(19,237,384)	-	-	(19,237,384)
Insurance service expenses				
Incurred claims expenses	-	(899,162)	19,200,973	18,301,811
Other directly attributable expenses	-	-	794,965	794,965
Acquisition expenses	573,450	-	-	573,450
Changes that relate to past services: changes to liabilities for incurred claims	-	(294,296)	-	(294,296)
Changes that relate to future services	-	4,845,474	-	4,845,474
	573,450	3,652,016	19,995,938	24,221,404
Insurance service result	(18,663,934)	3,652,016	19,995,938	4,984,020
Investment components				
Investment components	2	-	-	2
	2	-	-	2
Insurance finance expenses				
Insurance finance expenses	10,141,191	575,571	-	10,716,762
	10,141,191	575,571	-	10,716,762
Total amounts recognised in comprehensive income	(8,522,741)	4,227,587	19,995,938	15,700,784

Notes To The Financial Statements Contd

31 December 2023

Liabilities for Remaining Coverage

Excluding loss component ₦'000	Loss component ₦'000	Liability for incurred claims ₦'000	Total ₦'000
			-
76,512,759	3,537,781	-	80,050,540
76,512,759	3,537,781	-	80,050,540
(15,192,007)	-	-	(15,192,007)
(15,192,007)	-	-	(15,192,007)
-	(579,467)	13,808,277	13,228,810
-	-	187,888	187,888
368,783	-	-	368,783
-	-	(7,455)	(7,455)
-	1,744,529	-	1,744,529
368,783	1,165,062	13,988,710	15,522,555
(14,823,224)	1,165,062	13,988,710	330,548
(7,455)	-	7,455	-
(7,455)	-	7,455	-
3,540,949	311,472	-	3,852,421
3,540,949	311,472	-	3,852,421
(11,289,730)	1,476,534	13,996,165	4,182,969

Notes To The Financial Statements Contd

14.2 Annuity

(a) Annuity - Insurance contracts issued

(i) Analysis by remaining coverage and incurred claims - General Measurement Model (GMM)

Annuity - Insurance contracts issued

	31 December 2024			
	Liabilities for Remaining Coverage			
	Excluding loss component N'000	Loss component N'000	Liability for incurred claims N'000	Total N'000
Cash Flow				
Premiums received	35,014,480	-	-	35,014,480
Claims paid	-	-	(18,721,008)	(18,721,008)
Other directly attributable expenses paid	-	-	(1,274,930)	(1,274,930)
Acquisition cash flows paid	(1,704,473)	-	-	(1,704,473)
Total cash flows	33,310,007	-	(19,995,938)	13,314,069
Closing insurance contract assets	-	-	-	-
Closing insurance contract liabilities	117,803,988	9,241,902	-	127,045,890
Net closing balance	117,803,988	9,241,902	-	127,045,890

Notes To The Financial Statements Contd

31 December 2023			
Liabilities for Remaining Coverage			
Excluding loss component ₦'000	Loss component ₦'000	Liability for incurred claims ₦'000	Total ₦'000
29,370,069	-	-	29,370,069
-	-	(13,993,818)	(13,993,818)
-	-	(2,347)	(2,347)
(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

Notes To The Financial Statements Contd

14.2 Annuity

(ii) Analysis by measurement component - General Measurement Model (GMM)

Annuity - Insurance contracts issued

31 December 2024

	Estimates 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	90,995,015	573,364	6,462,658	98,031,037
Net Opening balance	90,995,015	573,364	6,462,658	98,031,037
Changes that relate to current service				
Contractual service margin	-	-	(476,398)	(476,398)
Risk adjustments	-	(55,085)	-	(55,085)
Experience adjustments	966,602	-	-	966,602
	966,602	(55,085)	(476,398)	435,119
Changes that relate to future services				
Contracts initially recognised in the year	(294,930)	200,145	694,857	600,072
Changes in estimates reflected in the CSM	2,637,444	487,993	(3,125,437)	-
Changes in estimates that result in losses and reversal of losses onerous contracts	2,925,485	648,018	-	3,573,503
	5,267,999	1,336,156	(2,430,580)	4,173,575
Changes that relate to past service				
Adjustments to liabilities for incurred claims	310,489	4,688	60,151	375,328
	310,489	4,688	60,151	375,328
Insurance service result	6,545,090	1,285,759	(2,846,827)	4,984,022
Insurance finance expenses				
Net finance expenses	10,645,348	-	71,414	10,716,762
	10,645,348	-	71,414	10,716,762
Total amounts recognised in comprehensive income	17,190,438	1,285,759	(2,775,413)	15,700,784

Notes To The Financial Statements Contd

31 December 2023

Estimates of the present value of future cash flows N'000	Risk adjustment N'000	Contractual service margin N'000	Total N'000
-	-	-	-
73,864,529	575,485	5,610,526	80,050,540
73,864,529	575,485	5,610,526	80,050,540
-	-	(976,880)	(976,880)
-	(59,949)	-	(59,949)
(375,047)	-	-	(375,047)
(375,047)	(59,949)	(976,880)	(1,411,876)
(2,422,931)	162,339	2,429,669	169,077
-	51,026	(51,026)	-
-	21,861	-	21,861
(2,422,931)	235,226	2,378,643	190,938
3,025,819	(177,398)	(1,296,935)	1,551,486
3,025,819	(177,398)	(1,296,935)	1,551,486.00
227,841	(2,121)	104,828	330,548
3,105,117	-	747,304	3,852,421
3,105,117	-	747,304	3,852,421
3,332,958	(2,121)	852,132	4,182,969

Notes To The Financial Statements Contd

14.2 Annuity (ii) Analysis by measurement component - General Measurement Model (GMM)

Annuity - Insurance contracts issued

	31 December 2024			
	Estimates of the present value of future cash flows N'000	Risk adjustment N'000	Contractual service margin N'000	Total N'000
Cash Flow				
Cash flows	13,314,069	-	-	13,314,069
	13,314,069	-	-	13,314,069
Closing insurance contract assets	-	-	-	-
Closing insurance contract liabilities	121,499,522	1,859,123	3,687,245	127,045,890
Net closing balance	121,499,522	1,859,123	3,687,245	127,045,890

Notes To The Financial Statements Contd

31 December 2023

Estimates of the present value of future cash flows N'000	Risk adjustment N'000	Contractual service margin N'000	Total N'000
13,797,528	-	-	13,797,528
13,797,528	-	-	13,797,528
-	-	-	-
90,995,015	573,364	6,462,658	98,031,037
90,995,015	573,364	6,462,658	98,031,037

Notes To The Financial Statements Contd

14.2 Annuity

(iii) Contracts initially recognised in the year

Annuity - Insurance contracts issued

	31 December 2024		
	Profitable contracts issued ₹'000	Onerous contracts issued ₹'000	Total ₹'000
Estimate of present value of future outflows			
- Insurance acquisition cash flows	14,479,570	16,634,987	31,114,557
- Claims and other insurance service expenses	1,076,422	1,160,824	2,237,246
Estimate of present value of future outflows	15,555,992	17,795,811	33,351,803
Estimates of the present value of future cash inflows	(16,889,362)	(18,018,664)	(34,908,026)
Time value of money difference on current and locked-in rates	545,178	716,116	1,261,294
Risk adjustment for non-financial risk	93,336	106,810	200,146
Contractual service margin	694,857	-	694,857
Increase in insurance contract liabilities from contracts recognised in the year	1	600,073	600,074

(iv) Composition of Annuity portfolio

Analysis by measurement component - General Measurement Model (GMM)

	31 December 2024			
	Estimates of the present value of future cash flows ₹'000	Risk adjustment ₹'000	Contractual service margin ₹'000	Total ₹'000
Deferred Annuity	2,006	211	38,768	40,985
Immediate Annuity	824,540	12,615	24,760	861,915
Retiree Life Annuity	120,672,976	1,846,297	3,623,717	126,142,990
	121,499,522	1,859,123	3,687,245	127,045,890

Notes To The Financial Statements Contd

31 December 2023

Profitable contracts issued N'000	Onerous contracts issued N'000	Total N'000
24,277,863	18,231,397	42,509,260
1,940,761	1,409,688	3,350,449
26,218,624	19,641,085	45,859,709
(30,005,550)	(21,743,568)	(51,749,118)
1,173,056	3,488,334	4,661,390
168,540	206,797	375,337
2,445,330	-	2,445,330
-	1,592,648	1,592,648

Notes To The Financial Statements Contd

14.3 Savings

(a) Savings - Insurance contracts issued

(i) Analysis by remaining coverage and incurred claims - General Measurement Model (GMM)

Savings - Insurance contracts issued

Opening insurance contract assets
Opening insurance contract liabilities
Net Opening balance

Insurance revenue

Insurance revenue

Insurance service expenses

Incurred claims expenses
Other directly attributable expenses
Acquisition expenses
Changes that relate to past services: changes to liabilities for incurred claims
Changes that relate to future services

Investment components

Investment components

Insurance service result

Insurance finance expenses

Insurance finance expenses

Total amounts recognised in comprehensive income

31 December 2024			
Liabilities for Remaining Coverage			
Excluding loss component N'000	Loss component N'000	Liability for incurred claims N'000	Total N'000
-	-	-	-
4,545,176	886,204	441,199	5,872,579
4,545,176	886,204	441,199	5,872,579
(112,913)	-	-	(112,913)
(112,913)	-	-	(112,913)
-	(599,868)	8,174,268	7,574,400
-	-	137,991	137,991
150,663	-	-	150,663
-	1,451,910	(5,923,671)	(4,471,761)
-	1,382,452	-	1,382,452
150,663	2,234,494	2,388,588	4,773,745
(5,923,588)	-	5,923,579	(9)
(5,923,588)	-	5,923,579	(9)
(5,885,838)	2,234,494	8,312,167	4,660,823
358,719	66,601	(621,045)	(195,725)
358,719	66,601	(621,045)	(195,725)
(5,527,119)	2,301,095	7,691,122	4,465,098

Notes To The Financial Statements Contd

31 December 2023

Liabilities for Remaining Coverage

Excluding loss component N'000	Loss component N'000	Liability for incurred claims N'000	Total N'000
-	-	-	-
4,337,320	283,217	213,632	4,834,169
4,337,320	283,217	213,632	4,834,169
(943,818)	-	-	(943,818)
(943,818)	-	-	(943,818)
-	(273,792)	4,604,811	4,331,019
		182,602	182,602
211,146	-	-	211,146
-	-	(4,131,223)	(4,131,223)
-	741,157	-	741,157
211,146	467,365	656,190	1,334,701
(4,599,244)	-	4,599,244	-
(4,599,244)	-	4,599,244	-
(5,331,916)	467,365	5,255,434	390,883
523,083	135,622	(211,867)	446,838
523,083	135,622	(211,867)	446,838
(4,808,833)	602,987	5,043,567	837,721

Notes To The Financial Statements Contd

14.3 Savings

(a) Savings - Insurance contracts issued

(i) Analysis by remaining coverage and incurred claims - General Measurement Model (GMM)

Savings - Insurance contracts issued

Cash Flow

	31 December 2024			
	Liabilities for Remaining Coverage			
	Excluding loss component N'000	Loss component N'000	Liability for incurred claims N'000	Total N'000
Premiums received	7,113,031	-	-	7,113,031
Claims and other expenses paid	-	-	(5,643,776)	(5,643,776)
Acquisition cash flows paid	(146,531)	-	(141,377)	(287,908)
Total cash flows	(795,226)	-	-	(795,226)
	6,171,274	-	(5,785,153)	386,121
Closing insurance contract assets	-	-	-	-
Closing insurance contract liabilities	5,189,331	3,187,299	2,347,168	10,723,798
Net closing balance	5,189,331	3,187,299	2,347,168	10,723,798

Notes To The Financial Statements Contd

31 December 2023

Liabilities for Remaining Coverage

Excluding loss component N'000	Loss component N'000	Liability for incurred claims N'000	Total N'000
5,650,403	-	-	5,650,403
-	-	(4,629,448)	(4,629,448)
-	-	(186,552)	(186,552)
(633,714)	-	-	(633,714)
5,016,689	-	(4,816,000)	200,689
-	-	-	-
4,545,176	886,204	441,199	5,872,579
4,545,176	886,204	441,199	5,872,579

Notes To The Financial Statements Contd

14.3 Savings

(ii) Analysis by measurement component - General Measurement Model (GMM)

31 December 2024				
Savings - Insurance contracts issued				
	Estimates 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	5,287,288	92,474	492,817	5,872,579
Net Opening balance	5,287,288	92,474	492,817	5,872,579
Changes that relate to current service				
Contractual service margin	-	-	(291,450)	(291,450)
Risk adjustments	-	(21,989)	-	(21,989)
Experience adjustments	(91,880)	-	-	(91,880)
	(91,880)	(21,989)	(291,450)	(405,319)
Changes that relate to future services				
Contracts initially recognised in the year	(62,154)	15,707	122,862	76,415
Changes in estimates reflected in the CSM	138,021	114,278	(252,299)	-
Changes in estimates that result in losses and reversal of losses onerous contracts	(104,389)	1,162,912	-	1,058,523
	(28,522)	1,292,897	(129,437)	1,134,938
Changes that relate to past service				
Adjustments to liabilities for incurred claims	3,931,281	(23,272)	23,195	3,931,204
	3,931,281	(23,272)	23,195	3,931,204
Insurance service result	3,810,879	1,247,636	(397,692)	4,660,823
Insurance finance expenses				
Net finance expenses	(202,306)	-	6,581	(195,725)
	(202,306)	-	6,581	(195,725)
Total amounts recognised in comprehensive income	3,608,573	1,247,636	(391,111)	4,465,098

Notes To The Financial Statements Contd

31 December 2023

Estimates of the present value of future cash flows N'000	Risk adjustment N'000	Contractual service margin N'000	Total N'000
-	-	-	-
4,056,871	46,910	730,387	4,834,168
4,056,871	46,910	730,387	4,834,168
-	-	(720,472)	(720,472)
-	(9,111)	-	(9,111)
(1,981)	-	-	(1,981)
(1,981)	(9,111)	(720,472)	(731,564)
2,006,736	43,702	362,155	2,412,593
-	(9,065)	9,065	-
-	453	-	453
2,006,736	35,090	371,220	2,413,046
(1,319,688)	19,585	9,505	(1,290,598)
(1,319,688)	19,585	9,505	(1,290,598)
685,067	45,564	(339,747)	390,884
344,661	-	102,177	446,838
344,661	-	102,177	446,838
1,029,728	45,564	(237,570)	837,722

Notes To The Financial Statements Contd

14.3 Savings

(ii) Analysis by measurement component - General Measurement Model (GMM)

Savings - Insurance contracts issued

31 December 2024

	Estimates of the present value of future cash flows N'000	Risk adjustment N'000	Contractual service margin N'000	Total N'000
Cash Flow				
Cash flows	386,121	-	-	386,121
	386,121	-	-	386,121
Closing insurance contract assets	-	-	-	-
Closing insurance contract liabilities	9,281,982.0	1,340,110	101,706	10,723,798
Net closing balance	9,281,982	1,340,110	101,706	10,723,798

Notes To The Financial Statements Contd

31 December 2023

Estimates of the present value of future cash flows N'000	Risk adjustment N'000	Contractual service margin N'000	Total N'000
200,689	-	-	200,689
200,689	-	-	200,689
-	-	-	-
5,287,288	92,474	492,817	5,872,579
5,287,288	92,474	492,817	5,872,579

Notes To The Financial Statements Contd

14.3 Savings

(iii) Contracts initially recognised in the year

Savings - Insurance contracts issued

	31 December 2024		
	Profitable contracts issued ₦'000	Onerous contracts issued ₦'000	Total ₦'000
Estimate of present value of future outflows			
- Insurance acquisition cash flows	4,799,000	2,330,927	7,129,927
- Claims and other insurance service expenses	141,971	103,965	245,936
Estimate of present value of future outflows	4,940,971	2,434,892	7,375,863
Estimates of the present value of future cash inflows	(5,163,584)	(2,370,907)	(7,534,491)
Time value of money difference on current and locked-in rates	87,135	9,340	96,475
Risk adjustment for non-financial risk	12,617	3,090	15,707
Contractual service margin	122,862	-	122,862
Increase in insurance contract liabilities from contracts recognised in the year	1	76,415	76,416

Notes To The Financial Statements Contd

31 December 2023

Profitable contracts issued ₦'000	Onerous contracts issued ₦'000	Total ₦'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
21,340	61,848	83,188
702,289	-	702,289
(1)	3,571,786	3,571,785

Notes To The Financial Statements Contd

14.4 Risk

(a) Risk - Insurance contracts issued

(i) Analysis by remaining coverage and incurred claims - General Measurement Model (GMM)

Risk - Insurance contracts issued

31 December 2024

Liabilities for Remaining Coverage

	Excluding loss component ₹'000	Loss component ₹'000	Liability for incurred claims ₹'000	Total ₹'000
Opening insurance contract assets	-	-	-	-
Opening insurance contract liabilities	49,946	112,201	-	162,147
Net Opening balance	49,946	112,201	-	162,147
Insurance revenue				
Insurance revenue	(440,390)	-	-	(440,390)
	(440,390)	-	-	(440,390)
Insurance service expenses				
Incurred claims expenses	-	(48,197)	67,476	19,279
Other directly attributable expenses	-	-	512	512
Acquisition expenses	45,695	-	-	45,695
Changes that relate to past services: changes to liabilities for incurred claims	-	(7,339)	-	(7,339)
Changes that relate to future services	-	74,551	-	74,551
	45,695	19,015	67,988	132,698
Insurance service result	(394,695)	19,015	67,988	(307,692)
Insurance finance expenses				
Insurance finance expenses	11,103	11,317	-	22,420
	11,103	11,317	-	22,420
Total amounts recognised in comprehensive income	(383,592)	30,332	67,988	(285,272)

Notes To The Financial Statements Contd

31 December 2023

Liabilities for Remaining Coverage

Excluding loss component ₦'000	Loss component ₦'000	Liability for incurred claims ₦'000	Total ₦'000
-	-	-	-
137,297	-	-	137,297
137,297	-	-	137,297
(502,499)	-	-	(502,499)
(502,499)	-	-	(502,499)
-	(11,180)	100	(11,080)
		1,420	1,420
85,603	-	-	85,603
-	-	-	-
-	121,892	-	121,892
85,603	110,712	1,520	197,835
(416,896)	110,712	1,520	(304,664)
34,161	1,489	-	35,650
34,161	1,489	-	35,650
(382,735)	112,201	1,520	(269,014)

Notes To The Financial Statements Contd

14.4 Risk

(a) Risk - Insurance contracts issued

(i) Analysis by remaining coverage and incurred claims - General Measurement Model (GMM)

Risk - Insurance contracts issued

	31 December 2024			
	Liabilities for Remaining Coverage			
	Excluding loss component N'000	Loss component N'000	Liability for incurred claims N'000	Total N'000
Cash Flow				
Premiums received	226,105	-	-	226,105
Claims paid	329,451	-	(67,477)	261,974
Other directly attributable expenses paid	-	-	(511)	(511)
Acquisition cash flows paid	(29,279)	-	-	(29,279)
Total cash flows	526,277	-	(67,988)	458,289
Closing insurance contract assets	-	-	-	-
Closing insurance contract liabilities	192,631	142,533	-	335,164
Net closing balance	192,631	142,533	-	335,164

Notes To The Financial Statements Contd

31 December 2022

Liabilities for Remaining Coverage

Excluding loss component N'000	Loss component N'000	Liability for incurred claims N'000	Total N'000
306,112	-	-	306,112
-	-	(3,950)	(3,950)
-	-	2,430	2,430
(10,728)	-	-	(10,728)
295,384	-	(1,520)	293,864
-	-	-	-
49,946	112,201	-	162,147
49,946	112,201	-	162,147

Notes To The Financial Statements Contd

14.4 Risk

(ii) Analysis by measurement component - General Measurement Model (GMM)

Risk - Insurance contracts issued

	31 December 2024			
	Estimates 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	(4,853)	7,408	159,592	162,147
Net Opening balance	(4,853)	7,408	159,592	162,147
Changes that relate to current service				
Contractual service margin	-	-	(278,964)	(278,964)
Risk adjustments	-	(17,486)	-	(17,486)
Experience adjustments	(68,883)	-	-	(68,883)
	(68,883)	(17,486)	(278,964)	(365,333)
Changes that relate to future services				
Contracts initially recognised in the year	(40,127)	26,621	61,400	47,894
Changes in estimates reflected in the CSM	9,715	(563)	(9,152)	-
Changes in estimates that result in losses and reversal of losses onerous contracts	(39,560)	36,987	-	(2,573)
	(69,972)	63,045	52,248	45,321
Changes that relate to past service				
Adjustments to liabilities for incurred claims	(52,537)	(24,525)	89,382	12,320
	(52,537)	(24,525)	89,382	12,320
Insurance service result	(191,392)	21,034	(137,334)	(307,692)
Insurance finance expenses				
Net finance expenses	19,891	-	2,529	22,420
	19,891	-	2,529	22,420
Total amounts recognised in comprehensive income	(171,501)	21,034	(134,805)	(285,272)

Notes To The Financial Statements Contd

31 December 2023			
Estimates of the present value of future cash flows N'000	Risk adjustment N'000	Contractual service margin N'000	Total N'000
			-
(37,171)	(39,677)	214,145	137,297
(37,171)	(39,677)	214,145	137,297
-	-	(236,342)	(236,342)
-	(9,687)	-	(9,687)
(177,295)	-	-	(177,295)
(177,295)	(9,687)	(236,342)	(423,324)
(12,260)	16,490	28,834	33,064
-	(19,827)	19,827	-
-	(14,842)	-	(14,842)
(12,260)	(18,179)	48,661	18,222
(76,959)	74,951	102,445	100,437
(76,959)	74,951	102,445	100,437
(266,514)	47,085	(85,236)	(304,665)
4,968	-	30,683	35,651
4,968	-	30,683	35,651
(261,546)	47,085	(54,553)	(269,014)

Notes To The Financial Statements Contd

14.4 Risk

(ii) Analysis by measurement component - General Measurement Model (GMM)

Risk - Insurance contracts issued

	31 December 2024			
	Estimates of the present value of future cash flows N'000	Risk adjustment N'000	Contractual service margin N'000	Total N'000
Cash Flow				
Cash flows	458,289	-	-	458,289
	458,289	-	-	458,289
Closing insurance contract assets	-	-	-	-
Closing insurance contract liabilities	281,935	28,442	24,787	335,164
Net closing balance	281,935	28,442	24,787	335,164

Notes To The Financial Statements Contd

31 December 2023

Estimates of the present value of future cash flows N'000	Risk adjustment N'000	Contractual service margin N'000	Total N'000
293,864	-	-	293,864
293,864	-	-	293,864
-	-	-	-
(4,853)	7,408	159,592	162,147
(4,853)	7,408	159,592	162,147

Notes To The Financial Statements Contd

14.4 Risk

(iii) Contracts initially recognised in the year

Risk - Insurance contracts issued

31 December 2024

	Profitable contracts issued N'000	Onerous contracts issued N'000	Total N'000
Estimate of present value of future outflows			
- Insurance acquisition cash flows	40,982	39,149	80,131
- Claims and other insurance service expenses	17,392	16,372	33,764
Estimate of present value of future outflows	58,374	55,521	113,895
Estimates of the present value of future cash inflows	(132,623)	(23,006)	(155,629)
Time value of money difference on current and locked-in rates	(703)	2,311	1,608
Risk adjustment for non-financial risk	13,552	13,068	26,620
Contractual service margin	61,400	-	61,400
Increase in insurance contract liabilities from contracts recognised in the year	-	47,894	47,894

Notes To The Financial Statements Contd

31 December 2023

Profitable contracts issued N'000	Onerous contracts issued N'000	Total N'000
70,969	172,968	243,937
36,564	124,950	161,514
107,533	297,918	405,451
(227,381)	(129,245)	(356,626)
(326)	487	161
19,396	55,932	75,328
100,777	-	100,777
(1)	225,092	225,091

Notes To The Financial Statements Contd

14.5 Endowment

(a) Endowment - Insurance contracts issued

(i) Analysis by remaining coverage and incurred claims - General Measurement Model (GMM)

	31 December 2024			
	Liabilities for Remaining Coverage			
	Excluding loss component N'000	Loss component N'000	Liability for incurred claims N'000	Total N'000
Opening insurance contract assets				-
Opening insurance contract liabilities	8,629,423	1,080,010	1,224,570	10,934,003
Net Opening balance	8,629,423	1,080,010	1,224,570	10,934,003
Insurance revenue	(361,519)	-	-	(361,519)
Insurance revenue	(361,519)	-	-	(361,519)
Insurance service expenses				
Incurred claims expenses	-	(351,438)	1,814,640	1,463,202
Other directly attributable expenses	-	-	77,850	77,850
Acquisition expenses	202,533	-	-	202,533
Changes that relate to past services: changes to liabilities for incurred claims	-	(2,456,644)	(1,769,193)	(4,225,837)
Changes that relate to future services	-	4,133,065	1,078,815	5,211,880
	202,533	1,324,983	1,202,112	2,729,628
Insurance service result	(158,986)	1,324,983	1,202,112	2,368,109
Investment components				
Investment components	(1,769,193)	(3)	1,769,193	(3)
	(1,769,193)	(3)	1,769,193	(3)
Insurance finance expenses				
Insurance finance expenses	222,455	(357,814)	-	(135,359)
	222,455	(357,814)	-	(135,359)
Total amounts recognised in comprehensive income	(1,705,724)	967,166	2,971,305	2,232,747

Notes To The Financial Statements Contd

31 December 2023

Liabilities for Remaining Coverage

Excluding loss component N'000	Loss component N'000	Liability for incurred claims N'000	Total N'000
			-
7,388,248	250,493	243,145	7,881,886
7,388,248	250,493	243,145	7,881,886
(523,253)	-	-	(523,253)
(523,253)	-	-	(523,253)
-	(37,958)	1,202,856	1,164,898
-	-	98,063	98,063
134,545	-	-	134,545
-	-	(15,551)	(15,551)
-	846,257	-	846,257
134,545	808,299	1,285,368	2,228,212
(388,708)	808,299	1,285,368	1,704,959
(1,216,345)	-	1,216,345	-
(1,216,345)	-	1,216,345	-
622,017	21,218	(190,783)	452,452
622,017	21,218	(190,783)	452,452
(983,036)	829,517	2,310,930	2,157,411

Notes To The Financial Statements Contd

14.5 Endowment

(a) Endowment - Insurance contracts issued

(i) Analysis by remaining coverage and incurred claims - General Measurement Model (GMM)

	31 December 2024			
	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	3,501,069	-	-	3,501,069
Claims paid	-	-	(1,814,640)	(1,814,640)
Other directly attributable expenses paid	-	-	(529,733)	(529,733)
Acquisition cash flows paid	(686,889)	-	-	(686,889)
Total cash flows	2,814,180	-	(2,344,373)	469,807
Closing insurance contract assets	-	-	-	-
Closing insurance contract liabilities	9,737,879	2,047,176	1,851,502	13,636,557
Net closing balance	9,737,879	2,047,176	1,851,502	13,636,557

Notes To The Financial Statements Contd

31 December 2023

Liabilities for Remaining Coverage

Excluding loss component N'000	Loss component N'000	Liability for incurred claims N'000	Total N'000
2,808,059	-	-	2,808,059
-	-	(1,231,561)	(1,231,561)
-	-	(97,944)	(97,944)
(583,848)	-	-	(583,848)
2,224,211	-	(1,329,505)	894,706
-	-	-	-
8,629,423	1,080,010	1,224,570	10,934,003
8,629,423	1,080,010	1,224,570	10,934,003

Notes To The Financial Statements Contd

14.5 Endowment

(ii) Analysis by measurement component - General Measurement Model (GMM)

	31 December 2024			
	Estimates 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	10,682,795	219,317	31,892	10,934,004
Net Opening balance	10,682,795	219,317	31,892	10,934,004
Changes that relate to current service				
Contractual service margin	-	-	(68,381)	(68,381)
Risk adjustments	-	(38,661)	-	(38,661)
Experience adjustments	(277,999)	-	-	(277,999)
	(277,999)	(38,661)	(68,381)	(385,041)
Changes that relate to future services				
Contracts initially recognised in the year	(873,179)	101,399	782,960	11,180
Changes in estimates reflected in the CSM	395,782	7,891	(403,673)	-
Changes in estimates that result in losses and reversal of losses onerous contracts	3,655,552	365,949	-	4,021,501
	3,178,155	475,239	379,287	4,032,681
Changes that relate to past service				
Adjustments to liabilities for incurred claims	(1,585,167)	391,636	(86,001)	(1,279,532)
	(1,585,167)	391,636	(86,001)	(1,279,532)
Insurance service result	1,314,989	828,214	224,905	2,368,108
Insurance finance expenses				
Net finance expenses	(143,050)	-	7,688	(135,362)
	(143,050)	-	7,688	(135,362)
Total amounts recognised in comprehensive income	1,171,939	828,214	232,593	2,232,746

Notes To The Financial Statements Contd

31 December 2023

Estimates of the present value of future cash flows N'000	Risk adjustment N'000	Contractual service margin N'000	Total N'000
-	-	-	-
7,548,168	165,475	168,244	7,881,887
7,548,168	165,475	168,244	7,881,887
-	-	(15,193)	(15,193)
-	(26,029)	-	(26,029)
(214,697)	-	-	(214,697)
(214,697)	(26,029)	(15,193)	(255,919)
(784,871)	54,015	706,325	(24,531)
239,231	(62,201)	(177,029)	1
3,867,421	(252,318)	-	3,615,103
3,321,781	(260,504)	529,296	3,590,573
(1,266,447)	340,375	(703,623)	(1,629,695)
(1,266,447)	340,375	(703,623)	(1,629,695)
1,840,637	53,842	(189,520)	1,704,959
99,284	-	53,168	452,452
399,284	-	53,168	452,452
2,239,921	53,842	(136,352)	2,157,411

Notes To The Financial Statements Contd

14.5 Endowment

(ii) Analysis by measurement component - General Measurement Model (GMM)

	31 December 2024			
	Estimates of the present value of future cash flows N'000	Risk adjustment N'000	Contractual service margin N'000	Total N'000
Cash Flow				
Cash flows	469,807	-	-	469,807
	469,807	-	-	469,807
Closing insurance contract assets	-	-	-	-
Closing insurance contract liabilities	12,324,541	1,047,531	264,485	13,636,557
Net closing balance	12,324,541	1,047,531	264,485	13,636,557

Notes To The Financial Statements Contd

31 December 2023

Estimates of the present value of future cash flows N'000	Risk adjustment N'000	Contractual service margin N'000	Total N'000
894,706		-	894,706
894,706	-	-	894,706
-	-	-	-
10,682,795	219,317	31,892	10,934,004
10,682,795	219,317	31,892	10,934,004

Notes To The Financial Statements Contd

14.5 Endowment

(iii) Contracts initially recognised in the year

	31 December 2024		
	Profitable contracts issued N'000	Onerous contracts issued N'000	Total N'000
Estimate of present value of future outflows			
- Insurance acquisition cash flows	2,251,507	138,597	2,390,104
- Claims and other insurance service expenses	365,031	23,789	388,820
Estimate of present value of future outflows	2,616,538	162,386	2,778,924
Estimates of the present value of future cash inflows	(3,780,452)	(174,527)	(3,954,979)
Time value of money difference on current and locked-in rates	287,614	15,262	302,876
Risk adjustment for non-financial risk	93,341	8,058	101,399
Contractual service margin	782,959	-	782,959
Increase in insurance contract liabilities from contracts recognised in the year	-	11,179	11,179

Notes To The Financial Statements Contd

31 December 2023

Profitable contracts issued N'000	Onerous contracts issued N'000	Total N'000
3,168,568	365,327	3,533,895
515,821	34,048	549,869
3,684,389	399,375	4,083,764
(5,067,502)	(76,292)	(5,143,794)
92,767	39,063	131,830
99,276	11,652	110,928
1,191,069	-	1,191,069
(1)	373,798	373,797

Notes To The Financial Statements Contd

14 Insurance contracts - continued

14.6 Analysis of liabilities for incurred claims

The liabilities for incurred claims consist of the following:

	31 Dec. 2024 N'000	31 Dec. 2023 N'000
Outstanding claims (reported)*	3,915,282	2,680,546
IFRS 17 estimates**	5,516,567	3,095,424
	<u>9,431,849</u>	<u>5,775,970</u>

*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.

** The IFRS 17 estimates comprise Incurred But Not Reported (IBNR) claims, impact of discounting and other IFRS 17 components.

(a) The aging analysis of the outstanding claims by amount for the year ended 31 December 2024 is as follows:

Outstanding claims per amount	0 - 90 days N	91 - 180 days N	180 - 270 days N	270 - 365 days N	Above 366 days N	Total N
~~N1 - N250,000~~	2,177,975	1,474,359	1,521,538	862,434	25,285,832	31,322,138
~~N250,001 - N500,000~~	19,144,008	19,149,409	4,501,993	2,290,881	57,720,694	102,806,984
~~N500,001 - N1,500,000~~	163,221,233	148,669,513	70,370,439	36,157,853	414,406,175	832,825,214
~~N1,500,001 - N2,500,000~~	105,579,242	100,218,267	47,825,342	15,093,811	168,412,880	437,129,542
~~N2,500,001 - N5,000,000~~	209,538,658	64,917,971	40,315,221	32,912,549	211,769,459	559,453,858
Above ~~N5,000,000~~	479,090,013	334,079,136	215,259,648	233,147,192	690,168,729	1,951,744,718
Total	<u>978,751,129</u>	<u>668,508,655</u>	<u>379,794,181</u>	<u>320,464,720</u>	<u>1,567,763,768</u>	<u>3,915,282,454</u>

Notes To The Financial Statements Contd

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 ₹	91 - 180 days ₹	180 - 270 days ₹	270 - 365 days ₹	Above 366 days ₹	Total ₹
~~₹1 - ₹250,000~~	16,997,051	2,297,300	2,331,407	2,836,991	26,300,629	50,763,379
~~₹250,001 - ₹500,000~~	26,502,154	5,318,040	5,115,213	5,077,339	48,082,399	90,095,144
~~₹500,001 - ₹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
~~₹2,500,001 - ₹5,000,000~~	-	-	-	-	-	-
Above ~~₹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	1,112,694,50	2,680,545,549

The ageing analysis of the outstanding claims by class of business for the year ended 31 December 2024 is as follows:

Outstanding claims per class of business	0 - 90 days ₹	91 - 180 days ₹	180 - 270 days ₹	270 - 365 days ₹	Above 366 days ₹	Total ₹
Group life	869,485,242	619,930,034	349,746,773	232,798,337	1,457,510,420	3,529,470,805
Individual life	8,139,559	1,010,161	-	68,456,541	25,863,148	103,469,409
Annuity	101,126,328	47,568,459	30,047,408	19,209,843	84,390,201	282,342,237
Total	978,751,129	668,508,654	379,794,180	320,464,720	1,567,763,768	3,915,282,451

The ageing analysis of the outstanding claims by class of business for the year ended 31 December 2023 is as follows:

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

Notes To The Financial Statements Contd

14.6 Analysis of liabilities for incurred claims - continued

(b) The aging analysis of the outstanding claims by processing stage and reason for the year ended 31 December 2024 is as follows:

Outstanding claims per processing stage	No.	0 - 90 days ₹	No.	91 - 180 days ₹	No.	180 - 270 days ₹	No.	270 - 365 days ₹	No.	Above 366 days ₹	No.	Total ₹
Awaiting documentation	94	302,916,916	45	109,232,532	46	164,385,880	17	41,464,561	478	865,346,641	680	1,483,346,530
Incomplete documentation	141	375,866,905	43	92,484,087	13	14,998,878	17	51,270,267	352	486,897,886	566	1,021,518,023
Discharge voucher not yet signed and returned by client	143	299,967,308	219	466,792,035	78	200,409,423	43	162,774,167	153	210,459,580	636	1,340,402,514
	-	-	-	-	-	-	1	64,955,725	2	5,059,661	3	70,015,386
Total	378	978,751,129	307	668,508,654	137	379,794,181	78	320,464,720	985	1,567,763,76	1,885	3,915,282,453

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 ₹	No.	91 - 180 days ₹	No.	180 - 270 days ₹	No.	270 - 365 days ₹	No.	Above 366 days ₹	No.	Total ₹
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 and returned by client	322	307,498,382	18	6,253,884	23	9,886,690	33	14,738,723	202	43,194,037	598	381,571,716
Total	560	996,327,764	106	244,145,963	88	144,562,390	90	182,814,928	932	1,112,693,50	1,776	2,680,544,549

Notes To The Financial Statements Contd

c) Analysis of number of claimants for the year ended is as follows:

	No.	0 - 90 days ₹	No.	91 - 180 days ₹	No.	180 - 270 days ₹	No.	270 - 365 days ₹	No.	Above 366 days ₹	No.	Total ₹
31 December 2024	378	978,751,129	307	668,508,654	137	379,794,181	78	320,464,720	985	1,567,763,768	1,885	3,915,282,453
31 December 2023	560	996,327,764	106	244,145,963	88	144,562,390	90	182,814,928	932	1,112,693,504	1,776	2,680,544,549

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 2024, the balance of outstanding claims represents claims which are unpaid due to incomplete documentation or ongoing claims verification exercise.

Notes To The Financial Statements Contd

14.7 Expected recognition of the contractual service margin

An analysis of the expected recognition of the CSM remaining at the end of the reporting period in profit or loss is provided in the following table:

31 Dec 2024 Year	Annuity N'000	Savings N'000	Risk N'000	Endowment N'000	Total N'000
1	494,183	74,197	6,777	105,436	680,593
2	431,948	19,044	4,359	67,229	522,580
3	377,277	2,782	3,466	43,430	426,955
4	328,951	2,019	2,862	28,056	361,888
5	286,884	1,236	2,383	13,637	304,140
6	249,783	688	1,992	3,961	256,424
7	217,580	399	1,666	1,350	220,995
8	189,137	274	505	848	190,764
9	163,949	226	230	352	164,757
10	141,957	181	156	96	142,390
>10	805,596	660	391	90	806,737
	3,687,245	101,706	24,787	264,485	4,078,223
31 Dec 2023					
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	7,146,959

Notes To The Financial Statements Contd

	31 Dec. 2024 ₹'000	31 Dec. 2023 ₹'000
15 Investment contract liabilities		
Welfare scheme fund (see note (a) below)	3,557,950	3,861,086
	3,557,950	3,861,086
(a) Movement in welfare scheme fund		
Balance, beginning of year	3,861,086	3,686,050
Deposit during the period	667,404	806,079
Withdrawals during the period	(1,244,216)	(919,871)
Guaranteed interest charge	273,676	288,828
Balance, end of year	3,557,950	3,861,086
16 Other technical liabilities*		
Commission payable	306,440	290,200
Deposit for premium (see note (a) below)	500,459	233,726
Unallocated premium (see note (b) below)	257,792	176,319
	1,064,691	700,245
Current	1,064,691	700,245
Non-current	-	-

*The trade payables was renamed other technical liabilities during the period to align with the template in recent regulatory guideline. Certain prior year balances were also reclassified between other payables and other technical liabilities to align with current year reporting format.

(a) Deposit for premium represents premium received in advance but which the policy risk period is yet to commence as at reporting date.

(b) This relates to premium yet to be matched to policies due to various reasons.

Notes To The Financial Statements Contd

17 Other payables	31 Dec. 2024 N'000	31 Dec. 2023 N'000
Deferred rental income (see note(a))	334,788	104,513
Non-trade payables (see note (b))	2,625,485	1,910,921
Statutory payables (see note (c))	301,506	130,982
Information technology development levy	95,860	53,454
	3,357,639	2,199,870
Current	3,357,639	2,199,870
Non-current	-	-
(a) Breakdown of deferred rental income		
Balance, beginning of year	104,513	96,431
Rental income amortised during the period	(125,928)	(116,467)
Rental income received during the period	356,203	124,549
Balance, end of year	334,788	104,513
(b) Breakdown of non-trade payables		
Audit fees	55,707	21,461
NAICOM Levy	578,773	484,169
Consulting and other professional fees	384,543	308,067
Advert and Publicity	84,287	160,070
Nigeria Insurers Association dues payable	20,777	53,673
Payable on investment intermediaries (see note (b (I)) below)	1,227,796	724,034
Sundry credit balances (see note (b (ii)) below)	94,642	-
Other creditors	54,964	42,045
Provision for staff performance pay	123,996	117,402
	2,625,485	1,910,921

Notes To The Financial Statements Contd

- (b (I)) Payable to investment intermediaries represent liabilities outstanding on Moniepoint investments
- (b (ii)) The sundry credit balances represent outstanding bank credits which have not been matched to the prospective policyholders.
- 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.

18	Current income tax liabilities	31 Dec. 2024 N'000	31 Dec. 2023 N'000
	Balance, beginning of year	166,569	53,845
	Current income tax charge (see note 36)	375,149	186,436
	Withholding tax credits utilised	(94,293)	(73,595)
	Payments during the ear	-	(117)
	Balance, end of year	447,425	166,569
19	Deferred tax liabilities		
	Balance, beginning of year	742,705	522,335
	Tax charge in statement of profit or loss (see Note 36)	88,200	13,326
	Tax charge relating to components of other comprehensive income	110,569	207,044
	Balance, end of year	941,474	742,705

Notes To The Financial Statements Contd

(a) Movement in deferred tax liability	Other			
	At 1 January	Statement of	comprehensive	At 31 December
	N'000	profit or loss	income	N'000
31 December 2024		N'000	N'000	
Property and equipment	637,228	-	110,569	747,797
Unrealised gains on foreign currency translation	10,895	-	-	10,895
Fair value gains on investment property	94,582	88,200	-	182,782
	<u>742,705</u>	<u>88,200</u>	<u>110,569</u>	<u>941,474</u>
31 December 2023				
Property 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
	<u>522,335</u>	<u>13,326</u>	<u>207,044</u>	<u>742,705</u>

19 Deferred tax liabilities - continued

(b) Unrecognised deferred tax assets	31 Dec. 2023	31 Dec. 2022
	N'000	N'000
Deductible temporary differences	(34,926)	199,581
Unrelieved tax losses (will never expire)	45,764,294	34,930,656
	<u>45,729,368</u>	<u>35,130,237</u>

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.

Notes To The Financial Statements Contd

(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. 2024 N'000	31 Dec. 2023 N'000
Balance, beginning of year	35,130,237	27,502,480
Increase during the period	10,599,131	7,627,757
Balance, end of year	45,729,368	35,130,237

20 Share capital

Share capital comprises:

Issued and fully paid - 16,000,000,000 (2023 :
16,000,000,000) ordinary shares of 50 kobo each

	31 Dec. 2024 N'000	31 Dec. 2023 N'000
Balance, beginning of year	8,000,000	8,000,000
Shares issued during the period	-	-
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 period	-	-
Balance, end of year	16,000,000	16,000,000

Notes To The Financial Statements Contd

21 Contingency reserve

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. 2024 ₹'000	31 Dec. 2023 ₹'000
Balance, beginning of year	2,538,805	2,075,796
Transfer from retained earnings (see note 24)	849,314	463,009
Balance, end of period	3,388,119	2,538,805

(a) Computation of contingency reserve for the year

The higher of:

	31 Dec. 2024 ₹'000	31 Dec. 2023 ₹'000
Gross written premium	56,009,475	46,300,965
1% of gross premium	560,095	463,009
Net profit	8,493,136	4,442,785
10% of net profit	849,314	444,279

Notes To The Financial Statements Contd

22 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. 2024 N'000	31 Dec. 2023 N'000
Balance, beginning of year	1,088,448	605,349
Revaluation gain on property and equipment	368,563	690,143
Deferred tax impact of the gains	(110,569)	(207,044)
Balance, end of year	1,346,442	1,088,448

23 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. 2024 N'000	31 Dec. 2023 N'000
Balance, beginning of year	(722,463)	66,381
Transfer to profit or loss on derecognition of financial assets fair value through OCI (see note 31)	(71,727)	-
Changes in financial assets at fair value through other comprehensive income	2,215,032	(788,844)
Balance, end of year	1,420,842	(722,463)

Notes To The Financial Statements Contd

24 Retained earnings

Retained earnings represent the amount available for distribution to the equity shareholders of the Company.

Movement in retained earnings:	31 Dec. 2024 N'000	31 Dec. 2023 N'000
Balance, beginning of year	264,827	(1,816,723)
Profit for the year	8,493,136	4,442,785
Transfer to contingency reserve (see note 21))	(849,314)	(463,009)
Dividend declared and paid (see note 39)	(1,600,000)	(1,898,226)
Balance, end of year	6,308,649	264,827

24(a) OCI accumulated in reserves, net of tax

Year end 31 December 2024	Fair value reserve N'000	Asset revaluation reserve N'000	Retained earnings N'000	Total N'000
Items that will not be reclassified subsequently to profit or loss				
Equity investment at FVTOCI	3,271,241	-	-	3,271,241
Asset revaluation on property and equipment	-	1,346,442	-	1,346,442
				-
Items that may be reclassified subsequently to profit or loss				
Debt investment at FVTOCI				
Net change in fair value	(1,778,672)	-	-	(1,778,672)
Net amount reclassified to profit or loss	(71,727)	-	-	(71,727)
	1,420,842	1,346,442	-	2,767,284

Notes To The Financial Statements Contd

24(a) OCI accumulated in reserves, net of tax

Year end 31 December 2023	Fair value reserve N'000	Asset revaluation reserve N'000	Retained earnings N'000	Total N'000
Items that will not be reclassified subsequently to profit or loss				
Equity investment at FVTOCI	600,191	-	-	600,191
Asset revaluation on property and equipment	-	1,088,448	-	1,088,448
				-
Items that may be reclassified subsequently to profit or loss				
Debt investment at FVTOCI				-
Net change in fair value	(1,322,654)	-	-	(1,322,654)
Net amount reclassified to profit or loss	-	-	-	-
	(722,463)	1,088,448	-	365,985

25 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 four (4) (2023: four (4)) cases as a defendant with total claims amounting to N16.04 million (2023: N16.04 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 period ended 31 December 2024.

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.

Notes To The Financial Statements Contd

26 Insurance service result

2024	Annuity N'000	Savings N'000	Risk N'000	Endowment N'000	Group Life N'000	Total N'000
Insurance contract revenue	19,237,384	112,913	440,390	361,519	9,825,523	29,977,729
Insurance service expense	(24,221,404)	(4,773,745)	(132,698)	(2,729,628)	(6,948,144)	(38,805,619)
Net expense from reinsurance contracts held	-	-	-	-	(1,075,354)	(1,075,354)
Insurance service result	(4,984,020)	(4,660,832)	307,692	(2,368,109)	1,802,025	(9,903,244)
Insurance finance income/(expense)	(10,716,762)	195,725	(22,420)	135,359	44,572	(10,363,526)
Reinsurance finance income/(expense)	-	-	-	-	15,771	15,771
Net insurance finance result	(10,716,762)	195,725	(22,420)	135,359	60,343	(10,347,755)
2023						
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)
Investment return	5,326,246	1,383,065	9,590	733,003	4,715,763	12,167,667
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)

Notes To The Financial Statements Contd

(a) Insurance contract revenue

2024

Contracts measured under GMM	Annuity N'000	Savings N'000	Risk N'000	Endowment N'000	Group Life N'000	Total N'000
Amounts relating to changes in liability for remaining coverage:						
-Expected claims and other insurance service expenses	18,132,449	(351,189)	98,244	51,945	-	17,931,449
-Change in risk adjustment for non-financial risk	55,085	21,989	17,486	38,661	-	133,221
-Release of contractual service margin for services provided	476,399	291,450	278,964	68,380	-	1,115,193
Recovery of insurance acquisition cash flows	573,451	150,663	45,696	202,533	-	972,343
Contracts measured under PAA	-	-	-	-	9,825,523	9,825,523
Insurance revenue	19,237,384	112,913	440,390	361,519	9,825,523	29,977,729

2023

Contracts measured under GMM	Annuity N'000	Savings N'000	Risk N'000	Endowment N'000	Group Life N'000	Total N'000
Amounts relating to changes in liability for remaining coverage:						
-Expected claims and other insurance service expenses	13,786,395	3,088	170,868	347,488	-	14,307,839
-Change in risk adjustment for non-financial risk	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	211,146	85,603	134,546	-	800,078
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

Notes To The Financial Statements Contd

(b) Insurance service expense

	Annuity ₦'000	Savings ₦'000	Risk ₦'000	Endowment ₦'000	Group Life ₦'000	Total ₦'000
2024						
Incurred claims expenses	18,301,811	7,574,400	19,279	1,463,202	1,788,239	29,146,931
Other directly attributable expenses	794,965	137,991	512	77,850	676,566	1,687,884
Acquisition expenses	573,450	150,663	45,695	202,533	1,215,566	2,187,907
Changes that relate to past services:						
changes to liabilities for incurred claims	(294,296)	(4,471,761)	(7,339)	(4,225,837)	3,286,154	(5,713,079)
Changes that relate to future services	4,845,474	1,382,452	74,551	5,211,880	(18,381)	11,495,976
Insurance service expense	24,221,404	4,773,745	132,698	2,729,628	6,948,144	38,805,619
2023						
Incurred claims expenses	13,228,810	4,331,019	(11,080)	1,164,898	983,369	19,697,016
Other directly attributable expenses	187,888	182,602	1,420	98,063	704,581	1,174,554
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	(7,455)	(4,131,223)	-	(15,551)	2,781,808	(1,372,421)
Changes that relate to future services	1,744,529	741,157	121,892	846,257	-	3,453,835
Insurance service expense	15,522,555	1,334,701	197,835	2,228,212	5,180,355	24,463,658

Notes To The Financial Statements Contd

c) Net expense from reinsurance contracts held

2024	Annuity N'000	Savings N'000	Risk N'000	Endowment N'000	Group Life N'000	Total N'000
Reinsurance premium expenses – contracts measured under PAA	-	-	-	-	2,387,620	2,387,620
Reinsurance service income:						
Incurred claims recovery and other income	-	-	-	-	(808,260)	(808,260)
Acquisition income earned on reinsurance contracts held	-	-	-	-	0	0
Changes that relate to past services: changes to liabilities for incurred claims	-	-	-	-	(504,006)	(504,006)
Changes that relate to future services: losses on onerous contracts and reversals (resulting from underlying GoC for reinsurance)	-	-	-	-	-	-
Net expense from reinsurance contracts held	-	-	-	-	1,075,354	1,075,354

Notes To The Financial Statements Contd

c) Net expense from reinsurance contracts held

2023	Annuity N'000	Savings N'000	Risk N'000	Endowment N'000	Group Life N'000	Total N'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	-	-	-	-	(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

Notes To The Financial Statements Contd

d) Insurance finance income/(expense)	Annuity N'000	Savings N'000	Risk Endowment N'000 N'000		Group Life N'000	Total N'000
2024						
Interest accreted on Insurance contracts	12,075,598	762,908	30,986	1,044,788	282,086	14,196,366
Effect of changes in interest rates and other financial assumptions	(1,358,836)	(958,633)	(8,566)	(1,180,147)	(326,658)	(3,832,840)
Net finance income/(expenses) from insurance contracts	10,716,762	(195,725)	22,420	(135,359)	(44,572)	10,363,526
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
(e) Reinsurance finance income/(expense)						
2024						
Interest accreted	-	-	-	-	35,115	35,115
Effect of changes in interest rates and other financial assumptions	-	-	-	-	(19,344)	(19,344)
Effect of movements in exchange rates	-	-	-	-	-	-
Effect of changes in non-performance risk of reinsurers	-	-	-	-	-	-
Net finance income from reinsurance contracts	-	-	-	-	15,771	15,771
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

Notes To The Financial Statements Contd

27 Investment income

	31 Dec. 2024 ₹'000	31 Dec. 2023 ₹'000
Dividend income (see note (a) below)	965,219	862,337
Income on cash and cash equivalents (see note (b) below)	1,559,330	542,741
Income on bonds, treasury bills and commercial papers (see note c) below)	20,121,294	14,560,011
Income on statutory deposit	40,226	20,202
	<u>22,686,069</u>	<u>15,985,291</u>

2024

Investment income analysis

	Policyholders Fund	Annuity Fund	Shareholder Fund	Total
Dividend income (see note (a) below)	4,293	611,421	349,505	965,219
Income on cash and cash equivalents (see note (b) below)	389,984	878,148	291,198	1,559,330
Income on bonds, treasury bills and commercial papers (see note c) below)	2,235,329	17,885,965	-	20,121,294
Income on statutory deposit	-	-	40,226	40,226
	<u>2,629,606</u>	<u>19,375,534</u>	<u>680,929</u>	<u>22,686,069</u>

2023

Investment income analysis

	Policyholders Fund	Annuity Fund	Shareholder Fund	Total
Dividend income (see note (a) below)	-	424,482	437,855	862,337
Income on cash and cash equivalents (see note (b) below)	140,752	296,522	105,467	542,741
Income on bonds, treasury bills and commercial papers (see note c) below)	2,677,475	11,386,980	495,556	14,560,011
Income on statutory deposit			20,202	20,202
	<u>2,818,227</u>	<u>12,107,984</u>	<u>1,059,080</u>	<u>15,985,291</u>

Notes To The Financial Statements Contd

- (a) Dividend income comprises cash dividend of N960 million (2023: N827 million) and scrip dividend of N5.2 million (2023: N35 million).
- (b) Income on cash and cash equivalents includes interest received of N1.56 billion (2023: N518 million) as disclosed in note 5(c).
- (c) Income on bonds, treasury bills and commercial papers comprise income of N19.73 billion (2023: N14.1 billion) on bonds, N925 million (2023: 62 million) on treasury bills and N201 million (2023: N407 million) on commercial papers.

28 Profit on investment contracts	31 Dec. 2024 N'000	31 Dec. 2023 N'000
Investment income on investment contracts	370,084	320,000
Guaranteed interest on investment contracts	(273,676)	(288,828)
	96,408	31,172
 29 Net fair value gain/(loss)		
Net fair value through profit or loss assets:	882,000	133,272
- Fair value gain on investment properties	3,687,841	(7,555,845)
- Net fair value gain/(loss) on financial assets (see note (6a))	4,569,841	(7,422,573)
 30 Impairment charge on financial assets		
Impairment write-back/(charge) on cash and cash equivalents (note 5d(ii))	6,454	(57,859)
Impairment charge on financial assets held at fair value through OCI	(14,275)	(32,367)
Fair value through OCI Impairment write-back/(charge) on financial assets held at amortised cost (note 6c(vi))	5,944	(152,050)
	(1,877)	(242,276)

Notes To The Financial Statements Contd

31	Net realised gain	31 Dec. 2024 ₹'000	31 Dec. 2023 ₹'000
	Realized gain transferred from OCI (see note 23)	71,727	-
	Net realised gain on financial assets	317,063	635,767
		388,790	635,767
32	Foreign exchange gain		
	Unrealised foreign exchange gain on financial assets/liabilities	3,367,837	2,591,899
	Unrealised foreign exchange gain on cash and cash equivalents	365,688	259,604
		3,733,525	2,851,503

Unrealised foreign exchange gain is derived from the translation of transactions denominated in foreign currency such as bank balances, fixed deposits, financial assets, etc.

Unrealised foreign exchange gain comprises exchange gain and loss on financial asset and liability respectively.

		31 Dec. 2024 ₹'000	31 Dec. 2023 ₹'000
33	Other investment income		
	Rental Income	125,928	116,467
		125,928	116,467
34	Other operating income		
	Other income (see note below)	28,850	179,547
	Profit on disposal of property and equipment	1,000	400
	Effect of change in interest rate on loan below market rate	(6,590)	-
		23,260	179,947

Other income includes interest from staff loan, policy loans, etc.

Notes To The Financial Statements Contd

35	Management expenses	31 Dec. 2024 N'000	31 Dec. 2023 N'000
	Employee benefit expenses (see note (a))	1,085,697	990,502
	Marketing and administrative expenses (see note (b))	805,707	427,626
	Other operating expenses (see note c)	2,119,458	1,548,634
		4,010,862	2,966,762
(a)	Employee benefit expenses		
	Salaries & wages	831,869	776,650
	Pension contribution	38,994	28,485
	Other HR costs	214,834	185,367
		1,085,697	990,502
(b)	Marketing and administrative expenses		
	Advertising	356,599	188,476
	Travelling expenses	20,515	18,507
	Office maintenance	367,511	179,299
	Vehicle repairs and maintenance	61,082	41,344
		805,707	427,626

Notes To The Financial Statements Contd

(c) Other operating expenses	31 Dec. 2024 ₦'000	31 Dec. 2023 ₦'000
Depreciation of property and equipment	251,655	218,856
Amortisation of intangible assets	32,107	211
Auditors' remuneration (see note 35 (e))	73,000	16,500
Directors' expenses (see note 37(b))	72,120	64,653
Bank charges	52,599	32,646
Information technology expenses	83,813	63,558
Rent and rates	274,039	190,108
Training and Recruitment	114,552	116,495
NIA Levy	8,375	8,375
Depreciation expense on right-of-use-assets (Note 9.1)	18,616	1,078
NAICOM supervisory levy	567,475	471,070
Contract service costs	139,623	117,000
Write-off of property and equipment	2,520	47
Legal and professional fees	428,964	248,037
	2,119,458	1,548,634

(d) Management expenses: represented by	31 Dec. 2024 ₦'000	31 Dec. 2023 ₦'000
Directly attributable to underwriting	1,687,884	1,174,554
Not directly attributable to underwriting	2,322,978	1,792,208
	4,010,862	2,966,762

Notes To The Financial Statements Contd

- (e) Auditor's remuneration represents fees for the interim and full year audit of the Company for the period ended 30 June 2024 and 31 December 2024. The Company also paid Messrs. Ernst & Young for the provision of attestation service in respect of the internal control over financial reporting mandated by Financial Reporting Council of Nigeria (FRCN), effective 2024. 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 2024(2023: Nil) are stated below:

Services rendered	Name of signer	FRC Number	Name of firm	Amount (₦)
Attestation services on internal control over financial reporting	Oluwasayo Elumaro	FRC/2012/ICAN/004/00000000139	Messrs. Ernst & Young	8,000,000

	31 Dec. 2024 ₦'000	31 Dec. 2023 ₦'000
36 Income tax expense		
Company income tax expense (Note 36)	375,149	186,436
ITF levy	91,027	47,670
NPTF levy	455	-
Education tax	-	-
	466,631	234,106
Deferred tax expense	88,200	13,326
Income tax expense	554,831	247,432

Notes To The Financial Statements Contd

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:

	31 Dec. 2024 N'000	31 Dec. 2023 N'000
Profit before income tax		
Effective tax rate reconciliation analysis	9,047,967	4,690,217
Tax calculated at domestic rate applicable in Nigeria at 30% (2023 : 30%)	2,714,390	1,407,065
Effect of:		
Tax exempt income	(13,566,113)	(2,074,237)
Non-deductible expenses	106,285	419,753
Impact of industry tax law		(497,725)
Current-year losses for which no deferred tax asset is recognised	10,833,638	758,470
Minimum tax impact	375,149	186,436
Education tax	-	-
NPTF levy	455	-
ITF levy	91,027	47,670
Total	554,831	247,432
Effective tax rate (%)	6%	5%

Notes To The Financial Statements Contd

37 Supplementary profit or loss 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. 2024 N'000	31 Dec. 2023 N'000
N 700,001 – N1,000,000	-	-
N 1,000,001 – N1,250,000	1	1
N 1,250,001 – N 2,500,000	3	3
N 2,500,001 – N4,000,000	24	24
Above N 4,000,000	47	39
	75	67

- (ii) The average number of full time persons employed by the Company during the year was as follows:

Numbers	31 Dec. 2024 N'000	31 Dec. 2023 N'000
Executive	2	3
Management staff	8	8
Non-management staff	65	56
Total	75	67

Notes To The Financial Statements Contd

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. 2024 N'000	31 Dec. 2023 N'000
Directors' fees	12,967	13,304
Directors' sitting allowance	24,350	19,050
Travelling allowance	34,803	32,299
	<u>72,120</u>	<u>64,653</u>

Fees and other emoluments disclosed above include amounts paid to:

Chairman	3,694	3,694
Highest paid Director	<u>8,320</u>	<u>8,320</u>

38 Earnings per share

	31 Dec. 2024 N'000	31 Dec. 2023 N'000
Net profit attributable to shareholders (N'000)	8,493,136	4,442,785
Weighted average number of ordinary shares in issue:		
- Opening balance ('000)	16,000,000	16,000,000
- Effect of additional bonus issue ('000)	-	-
Weighted average number of ordinary shares in issue	<u>16,000,000</u>	<u>16,000,000</u>
	<u>53</u>	<u>27</u>
Basic earnings per share (kobo)		

Notes To The Financial Statements Contd

39 Dividend

During the year under review, the Company declared an interim dividend of 10 kobo per share on its 16,000,000,000 ordinary share of 50 kobo each (2023 : Nil).

The Directors recommended the payment of a final dividend of 6 kobo (2023 : Nil) per ordinary share on the issued and paid up capital of 16,000,000,000 (2023 : 16,000,000,000) ordinary share of 50 kobo each was also proposed subject to the appropriate withholding tax deduction.

	31 Dec. 2024 N'000	31 Dec. 2023 N'000
Dividend payable, beginning of year	-	-
Prior year final dividend declared	-	1,898,226
Interim dividend declared during the year	1,600,000	-
Gross dividend paid during the year (see note 24)	(1,600,000)	(1,898,226)
Dividend payable, end of period	-	-

40 Related parties

Parent

The Company enters into transactions with its parent, affiliates and 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.

Notes To The Financial Statements Contd

The volume of related party transactions, outstanding balances at the year end, and related expense and income for the year are as follows:

(ii)	Receivable from Crusader Sterling Pensions Limited (under common control)	31 Dec 2024	31 Dec 2023
	Amounts in thousands of Naira	666,617	666,617
	Balance, beginning of year	-	-
	Net payment made/(amount received) during the year	666,617	666,617
	Balance, end of period		

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(f).

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.

Notes To The Financial Statements Contd

40 Related parties

(1) Income statement

Gross premium written

The Company provided group life assurance services for members within the Custodian Investment Plc Group within the period. 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 favourably with the amount charged to third parties at arms length. The rental income recognised from these related parties are as follows:

- (1) Custodian & Allied Insurance Limited - N 42,508,500.00
- (2) Custodian Trustees Limited - N 2,595,000.00
- (3) CrusaderSterling Pension Limited - N 527,809.51
- (4) Interstate Securities Limited - N 250,000
- (5) Custodian & Allied Insurance Limited (Creche) - N 1,890,000"

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.

Notes To The Financial Statements Contd

Intercompany balances	31 Dec. 2024 N'000	31 Dec. 2023 N'000
Gross premium written	27,242	-
Rental income	47,567	46,480

41 Change in the Board of Directors

Mr. Ngozi Nlebemuo became the Acting Managing Director effective 20 August 2024. His appointment as the substantive Managing Director was approved by NAICOM on 16 January 2025.

Mr. Daniel Koshiedo and Mr. Larry Ademeso were appointed Executive Director and Non Executive Director respectively by the Board on 19 July 2024 and their appointment were approved by NAICOM on 16 January 2025 and 22 January 2025 respectively.

Mr. Anthony Tippa resigned from the Board effective 19 July 2024.

42 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 (2023 : NIL).

43 Events after the reporting date

There were no events after the reporting date which could have a material effect on the financial position of the Company as at 31 December 2024 or the financial performance for the year then ended that have not been adequately provided for or disclosed.

Notes To The Financial Statements Contd

45 Pension Reform Act (PRA) Regulated Annuity Fund

Statement of Assets and Liabilities

As at year ended 31 Dec 2024

Assets	Units	₦'000
Mutual fund		
Chapel Hill Denham Nig Infrastructure Debt Fund 18.05%	33,386,543	3,611,756

Cash and cash equivalents:

	Carrying amount
- Bank placements	5,347,629
- Cash at bank	66,250
	5,413,879

Treasury Bills	Maturity Date	Interest Rate	Carrying amount
NTB 20-FEB-2025	20-Feb-25	19.00%	1,947,029
NTB 20-FEB-2025	20-Feb-25	22.19%	971,406
NTB 10-APR-2025	10-Apr-25	25.35%	1,416,658
Expected credit loss (ECL)			(5,486)
			4,329,607

Quoted Securities	Qty	Unit price	Carrying amount
ARADEL	23,511,520	598.00	14,059,889
CHAMPION BREW. PLC.	250,000,000	3.81	952,500
			15,012,389

Notes To The Financial Statements Contd

45 Pension Reform Act (PRA) Regulated Annuity Fund -continued

Bonds

Corporate bonds	Maturity date	Coupon rate	Fair value
14.90 NMRC I 29-JUL-2030	29-Jul-30	14.90%	164,558
13.00 LAPO MFB II 30-MAR-2025	30-Mar-25	13.00%	298,564
12.50 DANGCEM I 30-APR-2025	30-Apr-25	12.50%	136,563
12.00 NOVAMBL SPV I 23-JUL-2027	23-Jul-27	12.00%	29,300
13.0 DANGCEM I 30-APR-2032	27-Apr-32	13.00%	374,121
NIGERIA EUROBOND 2049 9.248%	21-Jan-49	9.25%	1,322,677
NIGERIA EUROBOND 2031 8.747% (VIA UBA)	21-Jan-31	8.75%	201,322
			2,527,105

State Government bonds	Maturity date	Coupon rate	Fair value N'000
15.85% LAGOS STATE AUG 2027	11-Aug-27	15.85%	299,301
12.25% LAGOS STATE JAN S2030	23-Jan-30	12.25%	344,621
			643,921

Notes To The Financial Statements Contd

45 Pension Reform Act (PRA) Regulated Annuity Fund -continued

Federal Government bonds	Maturity Date	Coupon Rate	Fair Value N'000
FGN BOND 2025 (VIA UBA)	23-Mar-25	13.53%	35,376
FGN BOND 2027 VIA UBA	17-Mar-27	16.28%	76,607
FGN BOND 2028 (VIA UBA)	23-Feb-28	16.29%	81,034
FGN BOND 2029 VIA UBA	26-Apr-29	13.98%	63,256
FGN BOND 2030 (VIA UBA)	23-Jul-30	14.55%	212,103
FGN BOND 2033 (VIA UBA)	15-May-33	19.89%	4,203,034
FGN BOND 2034 VIA UBA	18-Jul-34	10.00%	5,107,588
FGN BOND 2036 (VIA UBA	18-Mar-36	12.15%	954,587
FGN BOND 2037 VIA UBA	18-Apr-37	12.40%	145,187
FGN BOND 2038 (VIA UBA)	21-Jun-38	15.45%	1,665,266
FGN BOND 2042 (VIA STANBIC)	21-Jan-42	16.25%	8,063,072
FGN BOND 2049 (VIA STANBIC)	26-Apr-49	13.00%	19,068,778
FGN BOND 2050 (VIA UBA)	27-Mar-50	14.80%	34,854,105
FGN BOND SUKUK 2025 (UBA)	28-Dec-25	12.98%	163,060
FGN 2029 DOLLAR BOND	15-May-33	9.75%	423,337
FGN BOND 2053 (VIA UBA)	21-Jul-53	15.70%	34,939,852
			<u>110,056,242</u>

Notes To The Financial Statements Contd

Federal Government bonds	Maturity Date	Coupon Rate	Amortised Cost ₦'000
12.15% FGN JULY 2034	18-Jul-34	12.15%	889,661
12.5% FGN JAN 2026	22-Jan-26	12.50%	282,438
12.4% FGN MAR 2036	18-Mar-36	12.40%	407,315
MTN NIGERIA 2026 TRANCHE A BOND	29-Sep-26	13.50%	206,734
MTN NIGERIA 2032 TRANCHE B BOND	30-Sep-32	14.50%	46,859
Expected credit loss (ECL)			(6,188)
			<u>1,826,819</u>
Government and corporate bonds			<u>115,054,087</u>
Total assets			<u>143,421,717</u>
Liabilities - Annuity Reserve			<u>126,142,990</u>

Notes To The Financial Statements Contd

44 Revenue Account

For the year ended 31 December 2024

2024	Annuity N'000	Savings N'000	Risk N'000	Endowment N'000	Group Life N'000	TotL N'000
Insurance contract revenue	19,237,384	112,913	440,390	361,519	9,825,523	29,977,729
Insurance service expense	(24,221,404)	(4,773,745)	(132,698)	(2,729,628)	(6,948,144)	(38,805,619)
Net reinsurance expense	-	-	-	-	(1,075,354)	(1,075,354)
Insurance service result	(4,984,020)	(4,660,832)	307,692	(2,368,109)	1,802,025	(9,903,244)
Insurance finance expense	(10,716,762)	195,725	(22,420)	135,359	44,572	(10,363,526)
Insurance finance income	-	-	-	-	15,771	15,771
Net insurance finance result	(10,716,762)	195,725	(22,420)	135,359	60,343	(10,347,755)
Investment and other related income	20,277,587	119,018	464,203	381,068	10,356,808	31,598,684
Net insurance and investment result	4,576,805	(4,346,089)	749,475	(1,851,682)	12,219,176	11,347,685
Other income	14,926	88	342	281	7,623	23,260
Other operating expenses	(1,490,707)	(8,750)	(34,126)	(28,014)	(761,381)	(2,322,978)
Profit before tax	3,101,024	(4,354,751)	715,691	(1,879,415)	11,465,418	9,047,967

Notes To The Financial Statements Contd

44 Revenue Account

For the year ended 31 December 2024

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
Insurance service expense	(15,522,555)	(1,334,701)	(197,835)	(2,228,212)	(5,180,355)	(24,463,658)
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
Fair value movement on investment contract liabilities						-
Net insurance finance result	(3,852,423)	(581,800)	(35,654)	(566,325)	252,026	(4,784,175)
Investment and other related income	7,672,018	45,031	175,631	144,177	3,918,494	11,955,351
Net insurance and investment result	3,489,047	(927,653)	444,642	(2,127,104)	5,423,545	6,302,478
Other income	115,475	678	2,644	2,170	58,980	179,947
Other operating expenses	(1,150,101)	(6,750)	(26,329)	(21,613)	(587,415)	(1,792,208)
Profit before tax	2,454,421	(933,725)	420,957	(2,146,547)	4,895,110	4,690,217



Other National Disclosures

Five-Year Financial Summary

Statement of Financial Position

As at 31 December

	2024 N'000	2023 N'000	2022 N'000	2021 N'000	2020** N'000
Assets					
Cash and cash equivalents	7,393,979	4,644,404	5,922,756	4,433,390	3,333,239
Financial assets	169,353,198	127,120,277	101,376,567	84,183,377	84,912,544
Premium receivables	35,798	55,507	40,750	19,019	12,533
Reinsurance assets	-	-	-	-	681,006
Reinsurance contract assets	1,421,351	858,658	863,276	679,501	-
Deferred acquisition cost	-	-	-	-	79,397
Other receivables and prepayments	2,897,830	1,436,963	1,786,464	593,355	529,605
Current tax assets	-	-	-	119,159	190,865
Right-of-use assets	107,404	-	1,078	25,938	42,969
Investment in equity accounted investee	-	-	-	4,117,991	4,179,232
Investment properties	2,170,000	1,288,000	1,143,299	1,002,819	1,002,819
Property and equipment	4,638,521	3,554,627	2,951,203	3,106,145	3,018,580
Intangible assets	100,135	95,013	73,218	82,766	99,745
Statutory deposit	260,000	260,000	260,000	260,000	260,000
Total assets	188,378,216	139,313,449	114,418,611	98,623,460	98,342,534
Liabilities					
Insurance contract liabilities	158,472,391	120,428,017	98,202,308	82,141,852	77,727,665
Reinsurance contract liabilities	72,594	45,340	31,094	21,204	-
Investment contract liabilities	3,557,950	3,861,086	3,686,050	3,766,561	6,072,622
Other technical liabilities	1,064,691	523,926	1,456,088	1,664,237	1,114,387
Other payables	3,357,639	2,376,189	1,536,088	1,599,843	1,180,758
Current tax liabilities	447,425	166,569	53,845	-	-
Deferred tax liabilities	941,474	742,705	522,335	545,728	520,578
Total liabilities	167,914,164	128,143,832	105,487,808	89,739,425	86,616,010
Equity					
Share capital	8,000,000	8,000,000	8,000,000	8,000,000	8,000,000
Contingency reserve	3,388,119	2,538,805	2,075,796	1,698,098	1,354,712
Asset revaluation reserve	1,346,442	1,088,448	605,349	659,931	601,248
Fair value reserve	1,420,842	(722,463)	66,381	91,691	90,126
Retained earnings	6,308,649	264,827	(1,816,723)	(1,565,685)	1,680,438
Total equity	20,464,052	11,169,617	8,930,803	8,884,035	11,726,524
Total liabilities and equity	188,378,216	139,313,449	114,418,611	98,623,460	98,342,534

Five-Year Financial Summary

Five-year financial summary: Statement of profit or loss and other comprehensive income for the year ended 31 December

	2024 N'000	2023 N'000	2022 N'000	2021** N'000	2020** N'000
Gross premium written	56,009,475	46,300,965	37,769,832	32,464,843	26,058,468
Insurance contract revenue	29,977,729	24,812,728	20,787,503	-	-
Insurance service result	(9,903,244)	(868,698)	(54,489)	-	-
Net insurance finance expense	(10,347,755)	(4,784,175)	(2,579,440)	-	-
Investment and other income	31,598,684	11,955,351	6,139,383	(10,473,322)	24,455,405
Net insurance and investment result	11,347,685	6,302,478	3,505,454	-	-
Profit before taxation	9,047,967	4,690,217	1,938,992	3,540,969	2,444,680
Income tax expense	(554,831)	(247,432)	(292,332)	(107,116)	169,663
Profit after taxation	8,493,136	4,442,785	1,646,660	3,433,853	2,614,343
Total comprehensive income	10,894,435	4,137,040	1,566,768	3,494,101	2,676,874
Basic earnings per share (kobo)	53	27	10	21	16

**These periods where as reported under IFRS 4

Statement Of Value Added

For the year ended 31 December 2024

	2024 N'000	%	2023 N'000	%
Insurance contract revenue	29,977,729		24,812,728	
Investment and related income	31,598,684		11,955,351	
Other operating income	23,260		179,947	
	61,599,673		36,948,026	
Insurance service expenses	(38,805,619)		(24,463,658)	
Insurance finance expenses	(10,363,526)		(4,800,734)	
Net expense from reinsurance contracts held	(1,075,354)		(1,217,768)	
Other operating expenses - Local	(1,007,332)		(578,328)	
Value added	10,347,842	100%	5,887,538	100%

Applied as follows:

To pay employees:

Salaries, wages and benefits	1,085,697	10%	990,502	17%

To Government as taxes:

Taxes	375,604	4%	186,436	3%
IT development levy	91,027	1%	47,670	1%

Retained for asset replacement and future expansion of business:

- Depreciation and amortization	302,378	3%	220,145	4%
- Profit for the year	8,493,136	82%	4,442,785	75%

10,347,842	100%	5,887,538	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

Corporate Social Responsibility/Sustainability Report

There were a few significant events in 2024 with global consequences. There were wars in certain countries, with the on-going one between Russia and Ukraine failing to abate and leaving so far over 100,000 killed and several hundred thousand maimed. Whilst there were calls for a negotiated ceasefire, this did not happen. The economic impact includes the fact that the global supply chain continued to be disrupted, leading to inflation and increased prices of imported goods in many countries. The environment was also impacted as damage caused by the war was estimated at over \$56 billion. The damage to the environment includes soil pollution because of the shelling and reduced vegetation greenness. It is said that over 11 million people have been displaced. Other consequences include reduction of energy and food security in many countries, infrastructural damage and lack of development.

Year 2024 was also significant due to elections that took place in many countries including India, Japan, South Africa, the United Kingdom and the United States which witnessed the greatest political come-back in U.S. history, as a former President was re-elected into office. Worthy of note was that in most countries there were significant changes in the style of the elections, driven mostly by dissatisfaction of the populace with the economies of their countries.

Climate change continued to be an issue, as people continued to use fossil fuels which negatively impact the environment, causing irreparable damage to the climate. Consequently, weather-related natural disasters were recorded in various countries during the year, such as severe drought drying parts of the major rivers of the world, most notably the world's largest river system (the Amazon). Carbon dioxide levels in the atmosphere continued to grow and 2024 was adjudged the hottest year so far on record. All the above relate to sustainability, the practice of meeting present needs without compromising the ability of future generations to meet their needs, which calls for responsible resource management, environmental stewardship, social equity and economic prosperity.

As a nation, Nigeria faced several challenges during 2024, which were mostly because of reforms introduced by the Government. Though desirable, reforms such as petrol subsidy removal, liberalization of the foreign exchange system, deregulation of the petroleum downstream sector and tax reforms had serious implications for the general populace. Though the economy was said to have picked up in the second quarter of the year, the oil sector grew faster than the non-oil sector. The result of the introduction of the various reforms was inflationary, with the average annual

Corporate Social Responsibility/Sustainability Report Contd

rate put at 31.7% during the year. Food inflation rate was even higher in 2024, at almost 40% increase in November over the 2023 rate, caused by insecurity in food producing states which led to food shortages, forcing more people to fall into the poverty class and the needy into abject poverty. It is hoped that with the consistent application of the right mix of policy, inflation will begin to fall. Besides, despite efforts to merge the official and parallel market foreign exchange rates, there was still a gap between both, which drove many to save and hold money in foreign exchange. With the depreciating Naira value and constant increase in fuel costs, the poverty rate increased even higher than the 2023 estimated 38.9%, with 87 million Nigerians said to be living below poverty line (World Bank Statistics).

Infrastructure gaps were evident more than ever before in 2024, making it a harsh year for many, as the economic integration that could allow for the country to leverage on its market size was impossible. Power outage worsened, as the nation witnessed an increase in frequency of grid collapse, mostly due to ageing infrastructure, inadequate maintenance and insufficient investment. Power supply infrastructure issues remained the most severe obstacle to business operations which calls for the adoption of a diversified energy mix to reduce dependence on the national grid as well as investment in renewable energy solutions.

Though in previous years, a few foreign companies had left Nigeria, in 2024, more foreign companies exited the country, mostly due to economic considerations such as high interest rates and inflation as well as foreign exchange scarcity, Naira value decline, poor infrastructure, power supply issues and exorbitant energy costs which all have negative impact on operations. Consequently, many people were thrown into the job market, whilst the high exchange rate encouraged many skilled workers to emigrate to advanced countries in search of better job opportunities.

At Custodian, we continued to operate at a high level with dedicated human resources who are integral to our operations and play a significant role in ensuring our clients' needs are met and the trust they have in us is not betrayed. We continued to explore opportunities that will not only lead to growth but also lead to economic sustainability for all our stakeholders. We value our interaction with the environment generally and specifically with the local communities where we have a presence. We always look for opportunities to impact lives positively and leave communities around our offices better than we meet them. 2024 was no exception. Whether in terms of initiatives taken by us because of specific needs around or those that arose because of disasters impacting negatively on human lives, we intervened.

Corporate Social Responsibility/Sustainability Report Contd

We engage in Life and General insurance, Trustees, Pensions, Real Estate, Wealth and Asset Management businesses which all relate to improving the quality of life of people – ensuring the restoration of life to the former position in the event of a loss, offering advice on protection and transfer of assets, maintaining the quality of life of workers after retirement, providing reasonably priced housing options and ensuring people with assets experience growth of their portfolios.

Through the Custodian Social Responsibility Foundation (CSRF) which is the CSR arm of Custodian Group, we are committed to providing support and alleviating suffering of people.

The Custodian Group

Custodian Investment Plc (CIP) is a diversified group, classified as a conglomerate by the Nigeria Exchange (NGX). The group company has a significant holding in subsidiaries offering services which include General and Life Insurance, Pensions Fund Administration, Trustees, and Real Estate.

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.

The Company contribute 1% of its Profit Before Tax (PBT) to fund the Custodian Social Responsibility Foundation (CSRF), to ensure the success of the Foundation in handling initiatives in its chosen areas of support.

Corporate Social Responsibility/Sustainability Report Contd

Our CSR Strategy And Approach

CSRF, the CSR arm of the Custodian Group, focuses on four key areas of intervention:

- Community Development
- Education
- Health
- Sustainability



Corporate Social Responsibility/Sustainability Report Contd

CSRF Strategy And Activities For 2024

Community Development

Over time, we have taken up initiatives that improve the well-being of people around our office locations. We have endeavored to continue maintenance of projects previously handled by us, especially around our Head office to ensure the workability of equipment donated (please see under Education on page). Our donations to the community are, however, not limited to the Head office area though, but to communities within States where we have branches.

1. Old Bodija Ibadan Explosion

On January 16, 2024, there was an explosion caused by the ignition of mining explosives illegally kept by a foreigner resident in a house within old Bodija Estate, Ibadan, an otherwise quiet and peaceful neighborhood mostly resided by retirees.

The incident which shook Ibadan that had hitherto not experienced a disaster of such magnitude in that community also affected many areas around the city stretching from Sango to Ojoo and brought grief to many families, as it involved the loss of five (5) lives, seventy seven (77) injured people, fifty eight (58) damaged buildings, whilst some structures were virtually razed to the ground. Source – The Punch newspaper of 17 October 2024. Consequently, many residents were displaced as there was no guarantee that standing houses that appeared unaffected would hold. Whilst the injured were taken to hospitals, those whose houses were damaged beyond immediate repair relocated to nearby hotels and homes of friends. The worst affected victims whose houses were leveled became tenants, whilst awaiting Government's intervention which was still being expected as of October 2024.

On hearing about the unfortunate occurrence, CSRF decided to intervene in a timely fashion to give succor and show support to the local community, who were in despair and to offer a measure of hope to them at their hour of need. Working with the neighborhood Associations of Residents and Occupants of the most badly affected areas - the Dejo Oyelese Vigilante Group and Upper Adeyi Vigilante Group - as well as individual homeowners not too far from the affected areas, particularly along Ibikunle Avenue, Bodija - homeowners and in some cases,

Corporate Social Responsibility/Sustainability Report Contd

tenants of the structures most badly affected were identified and the sum of N100,000.00 per household/family given. The essence of the gift was to help take care of the immediate needs of the affected families to buy drugs, dressings for wounds, food and to show that we care for those around our community, whilst waiting for Government intervention. Though the effect of the explosion was said to have been felt many miles away from the source and there was no way every affected home could have been reached, in all, 164 families of the worst affected families received payment of N100,000 each on February 15, 2024.



Bodija Explosion Victim Signing For Cheque



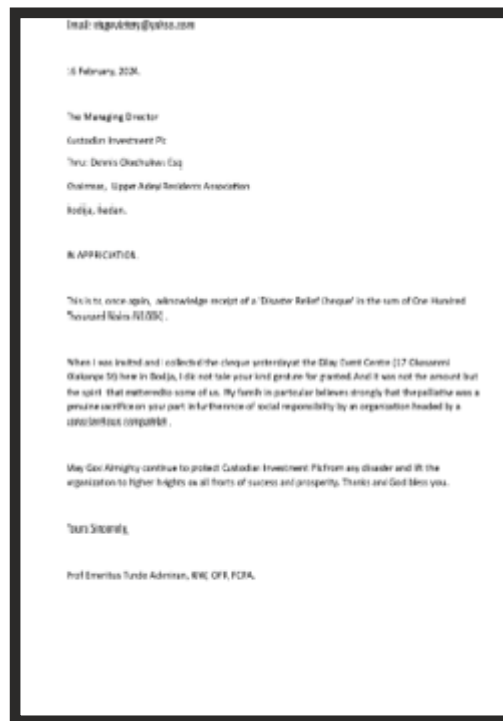
Bodija Explosion Victims Holding Their Cheques

Corporate Social Responsibility/Sustainability Report Contd

In recognition of the humanitarian service rendered by our Foundation, a humanitarian service award was presented to our Foundation on April 29, 2024, whilst a few beneficiaries wrote thank-you letters.



Humanitarian Award



Appreciation Letter from
Prof. E. T. Adeniran A Recipient



Barr. Dennis Okechukwu Giving Award to Mr. Femi Oloniyo
(Regional, Manager Southwest Zone) Representing CSRF

Corporate Social Responsibility/Sustainability Report Contd

2. Refurbishment of Section of Lagos Command Police Headquarters office complex, Ikeja

We were notified of the need for the rehabilitation of parts of the Lagos State Police Command, located at Ikeja area, which needed to be revamped to be more presentable. CSRF helped to rehabilitate part of the office premises by making the necessary improvements to reveal a more presentable layout capable of boosting the morale of the office personnel.

On completion of the work, the CEO of CSRF in August 2024 formally informed the Deputy Commissioner of Police, who on the occasion, appreciated the effort of the Foundation in transforming the office into a more comfortable one.



Mrs. Aderemi with DCP Tijani at the Lagos State Police Command HQ



Before



After

Corporate Social Responsibility/Sustainability Report Contd

Education

Education is the bedrock of the development of any forward-looking society and a powerful weapon that can change the world. However, as long as there are fundamental challenges to the development of countries, resulting in many living in abject poverty, this will continue to negatively impact education.

For instance, in large parts of the country faced with issues such as flooding which has led to displacement of many and inability to cultivate and plant crops to generate income that will make education affordable, many children remain unable to access even basic education. The education sector has been starved of necessary funds for development, which also affects the teachers, who lack adequate training to make a positive difference in the schools and the ability to acquire necessary skills.

In 2024, Nigeria's education system was still facing challenges, such as a high number of out-of-school children and low literacy rate. While literacy rate for many developed nations consistently stood at 96% in 2024, Nigeria's rate was put at 59.57% (Source: Veriv Africa survey). In the same year, 10.2 million children of primary school age and 8.1 million children of Junior Secondary School age were out of school (Source: UNICEF). Besides, according to UNICEF, one in five out-of-school children in the world are in Nigeria, most especially in the northern part of the country. Barriers to education must therefore be eliminated, especially for vulnerable populations, whilst mass literacy programs must be promoted, to make a difference.

At Custodian, we remain committed to contributing towards human capital development in Nigeria on a regular basis and plan to do even more in years to come. We have been involved in the development of formal and informal education in the country in the past with our collaboration, especially with institutions situated around the communities we operate from and plan to continue to do so in the foreseeable future.

1. Custodian Mentors Conference

The yearly annual conference took place on 24th August 2024 with a total of 320 invitees in attendance physically and virtually. There were 66 new Mentees in attendance, who would thereafter constitute the second cohort of Mentees of the Custodian Mentoring Program. There were three

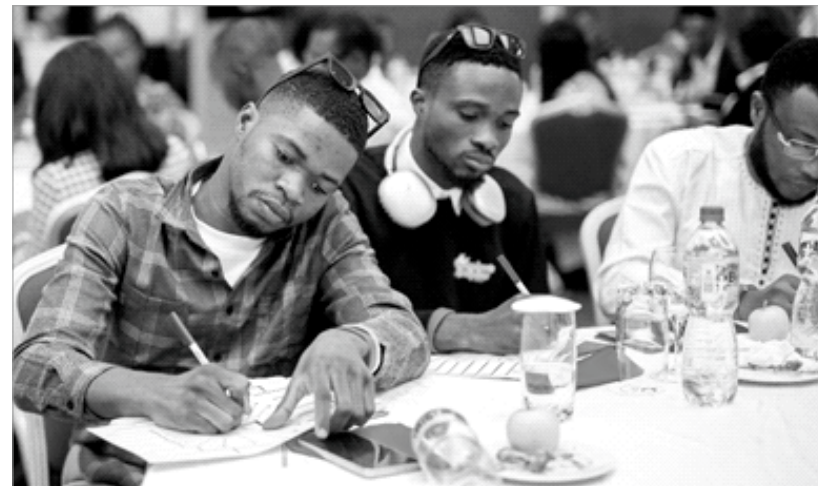
Corporate Social Responsibility/Sustainability Report Contd

experienced and successful businesspeople who spoke at the conference, sharing knowledge, wisdom and experience with the Mentees. As usual, it was an interesting session as it was engaging with the different insights shared and the Mentees who were not only able to mingle with the Mentors but had the opportunity to clarify issues and ask questions relating to what they learnt and their own personal concerns. In 2024, we had Mr. .Atunyota (Ali Baba) Akpobome, a multi-award-winning stand-up comedian, actor and Master of Ceremonies, Mrs. Adenike Ogunlesi a fashion entrepreneur, business leader and public speaker and Mr. Jude (M.I) Abaga, a renowned music rapper, music producer and executive and entrepreneur who is very popular among youths.

Whilst Mr. Akpobome spoke about starting a new business and gave nuggets of information about starting small and growing, Mrs. Ogunlesi emphasized making the impossible possible, by giving a down-to-earth account of how she grew her business. Mr. Abaga took the participants on a journey of how to dream, from the beginning, the middle and the end, stressing that every day should be marked as the last anyone has to give his best, as all human beings are on borrowed time.



From Left: Mr. Wole Oshin, Jude (M.I) Abaga, Mrs. Nike Ogunlesi, Mr. Leke Alder & Mr. Atunyota (Ali Baba) Akpobome



Some 2024 Custodian MENTEEs

Corporate Social Responsibility/Sustainability Report Contd



Mr. Oshin, Mrs. Aderemi and the Custodian Mentors with the first Graduates of the Custodian Mentoring Program



Reps of the Graduates presenting an Award to Mr. Oshin

During the year's Mentoring Conference, the first cohort of Mentees that attended the Custodian Mentoring Program graduated. 28 members of the set attended out of the class of 66 Mentees, were given Certificates of Participation. The 9-month program which involves constant engagements of the Mentees with carefully selected Custodian Mentors who are professionals in their various fields has been judged successful to the extent that it provides support for the growth and development of the Mentees.

2. Renovation of two classes of Mobolaji Bank Anthony Junior Secondary School, Yaba

Following the tradition of the previous Custodian Graduate Trainee sets to develop a CSR initiative beneficial to our local community, the 2024 class of Custodian Graduate Trainee Program (CGTP) after considering various needed options and following discussions with the CSRF and advice, opted to renovate two classrooms at Mobolaji Bank Anthony Junior High School, Yaba, Lagos, which falls under both Education and Community Development. The project was a collaborative effort involving all the trainees who raised the funds to ensure the project was successfully completed.

Corporate Social Responsibility/Sustainability Report Contd

The initiative was to enhance the aesthetics and functionality of two classrooms - J.S.S.1 A and J.S.S. 1B classrooms – of Mobolaji Bank Anthony Junior Secondary School, which would improve the learning environment whilst fostering a sense of community responsibility and teamwork among the Trainees.



Mrs. Aderemi Cuts the Ribbon to a Newly Renovated Classroom



Newly Renovated Classroom



Mobolaji Bank Anthony J.S.S. 1 Students



Staff of Mobolaji Bank Anthony Junior Secondary School

The renovated classrooms were formally handed over to the School Principal and other staff in the presence of the beneficiaries, who were delighted to gain newly painted classrooms with new desks and chairs and repaired flooring.

Corporate Social Responsibility/Sustainability Report Contd

3. Maintenance of previous projects

We continued to provide support for previous projects handled by the foundation, including:

- The maintenance of Ilupeju E- Library: Through the support of CSRF, the former public library was transformed into an e-library with access to several thousands of e-books through the subscription to a world library, which the Foundation subscribed to for several years. Subsequently, e-books were downloaded for the availability of users of the library. We have also contributed hard copies of books in various fields and through us, donations of hundreds of books have been donated to the library.

In 2024, total patronage of the library was 13,272, which marked a 35.1% increase in usage, year on year.

- The maintenance of Lagos City Senior College Computer Center: CSRF continued to maintain the 25-system computer center that was donated to the school in 2017. This ensures continuity in the practical aspect of computer training for senior secondary school students who have benefited from the use of computer systems in the preparation and writing of exams.

Our plan for Education

CSRF is interested in working to improve education from the grassroots. We plan to do this by getting involved with activities involving students right from primary school level, being the future of any nation. Often, it is found that many children who should be in school are out of school. With the poor statistics, we intend to follow up on initiatives that will encourage children to have at least primary education by providing support for indigent ones.

We also plan to intervene by giving support to deserving tertiary students who may require internship, to enhance their learning by offering opportunities within the subsidiaries of the Group company.

Corporate Social Responsibility/Sustainability Report Contd

We also plan to get involved with the professional development of schoolteachers right from the lowest level. This would entail organizing training sessions which would enhance their skills and teaching methods.

Health

1. Blood Donation Exercise

The annual blood donation exercise whereby staff of Custodian voluntarily donate blood to be given to the needy took place on November 5, 2024. Our usual partners, the Lagos State Blood Transfusion Service staff, gave a talk on the benefits of donating blood before the exercise, which was successful.

Breakdown of blood collected during blood drive with the Lagos State Blood Transfusion Service on the 5th of November 2024 at Custodian Allied Plc Sabo, Yaba

Units of Blood Collected	- 31
Red Blood Cells	- 31
Platelets	- 12
Fresh Frozen Plasma (FFP)	- 19
Total Red Blood and Products	- 62

Total collected blood was negative for Transfusion Transmissible Infection (TTI)

Breakdown by Health Facilities and their Usage

S/N	Hospital	Usage	Red Cells/FFP
1	Lagos State University Teaching Hospital, Ikeja (LASUTH)	20 Red Cells. 6 Platelets. 10 FFP	Red Cells, Platelets and FFP
2	Massey Street Children's Hospital	1 Red Cells. 1 Platelet	Red Cells and Platelets
3	Lagos Island Maternity Hospital	4 Red Cells. 2 Platelets. 3 FFP	Red Cells, Platelets and FFP
4	Ikorodu General Hospital	2 Platelets. 4 FFP	FFP and Platelets
5	Gbagada General Hospital	6 Red Cells. 1 Platelet. 1 FFP	Red Cells, FFP and Platelets
	Total	31 Red Cells. 12 Platelets. 18 FFP	1 FFP Still Unused

Corporate Social Responsibility/Sustainability Report Contd

In 2024, 62 total red blood and products were donated and none with transfusion transmissible infection (TTI). We once again contributed to the saving of lives and provided a beacon of hope to many families

All blood donated was distributed to the five above-mentioned hospitals. With greater sensitization, it is hoped that the statistics for next year will surpass this.

2. Custodian Accident and Emergency Center, (CAEC) Epe

The building of our level 4 trauma center which commenced in 2023 was completed this year. The CAEC located within the premises of the Federal Medical Center, Epe (formerly Epe General Hospital) is a project we had dreamt of doing for a while. Having been allocated land within the hospital premises, and undeterred by the prevailing economic circumstances, especially inflation, the close to Billion Naira project was completed.

The purpose-built ultra-modern trauma center with two wards to serve twenty patients is fully air-conditioned and equipped with appurtenances to ensure patients brought in are stabilized in a suitable environment before being transferred to the hospital for treatment. The much-needed centre is the first of its kind in the Epe area of Lagos and is strategically located to effectively serve not just the Ajah/Epe axis but also parts of Ogun State (Epe/Ijebu Ode express road environs which links the Ijebu Ode/Ore Road). Due to the recent infrastructural development in the area which comes with excessive speeding of vehicles and more users plying the roads, accident statistics have increased, making the siting of the CAEC at Epe ideal.

Corporate Social Responsibility/Sustainability Report Contd



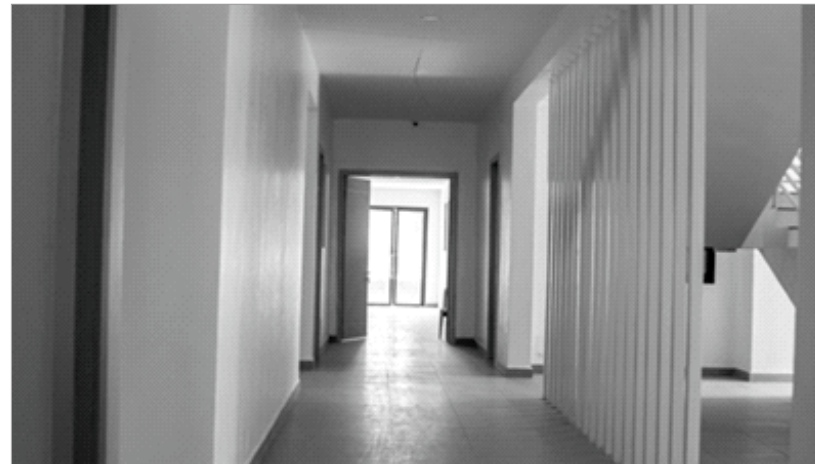
Front View of Custodian Accident & Emergency Centre



Side View of Custodian Accident & Emergency Centre



Emergency Room Trolleys in one of the wards



Corridor Inside the Emergency Center

Corporate Social Responsibility/Sustainability Report Contd

In addition to the donation of the structure, CAEC also donated furniture including an electric operating table and emergency room trolleys for patients.

Road Traffic Accident statistics made available by the hospital reveal that incidents of motor vehicle accidents occur more than motorcycles and tricycles. In 2024, there were 251 motor vehicle accidents compared with 197 in 2023, showing an increase of 27.41%, whilst motorcycle accident cases treated at the Epe General hospital were 194 and 193 in 2023 and 2024 respectively. Though there was a drop in the number of tricycle accidents reported, the overall statistics show an upward trend in accident cases reported, which justifies the need for a trauma center to be positioned in the area. The CAEC is expected to be handed over to the Lagos State Government in 2025 and will be operational as soon as it is fully equipped. It is expected that human lives will be saved because of this and annual records of lives saved will be documented regularly.

Our plan for Health

Going forward, we plan to organize periodic first aid training and possibly provide first responders and traffic management agencies with the required response training.

Where funding permits, we will consider the setting up of trauma care centers in underserved communities. We intend to collaborate with trauma care centers to organize joint blood donation drives and awareness campaigns.

Soon, we plan to publish articles and thought leadership on safety precautions, injury prevention and emergency response.

SUSTAINABILITY

Sustainability refers to the practice of meeting present needs without compromising the ability of future generations to meet their needs. This involves responsible resource management, environmental stewardship, social equity and economic prosperity. Sustainability encapsulates the holistic pursuit of balance between current needs and future generations' wellbeing, whilst integrating all the above resource management, social equity and economic viability to create a harmonious and enduring path forward.

Corporate Social Responsibility/Sustainability Report Contd

The foundations of a sustainable business include:

- Energy efficiencies and renewables
- Water efficiencies and conservation
- Waste and pollution reduction
- Sustainable transportation
- Diversity, equity and inclusion (DEI).

At Custodian, we endeavor to embed all the foundations into the strategies of our various subsidiaries to achieve set goals and achieve global alignment. We understand that our operations and activities, including our decision-making processes, have an impact on the sustainability of the environment, and as such we are careful to carry on with our businesses in a responsible manner. A major aspect of our business relates to insurance and risk management, which requires fidelity and ethical practices, supported by good corporate governance. We practice sustainable insurance by promoting ethical business practices across not only our insurance subsidiaries, but also our other lines of businesses which span real estate, pensions and investment management. As sustainability relates not only to ethical economic practices, but also social responsibilities towards the internal stakeholders, we endeavor to always take into consideration their wellbeing.

We are aware of the newly released ISSB standards S1 and S2 of the IFRS and are committed to aligning the standards with our ESG performance.

Our nation can only develop if the health of the environment is sustained, as other aspects of economic and social activities depend on a healthy environment. As a country, we are faced with different kinds of environmental challenges, in parts of the country that have been faced with flooding. Every year, the Lagdo dam reservoir is opened by Cameroon to release water which floods our environment and has devastating effects, yet nothing has been done to ensure flood waters do not negatively impact our environment. The dam was released once again in September 2024 and there were reports that up to 10 States were affected. The Punch newspaper reported on 21st October 2024 that no fewer than 25 communities living along the River Niger bank were submerged in flood in Edo State following the release of the dam, with thousands displaced. In Borno State, due to an overflow of the Alau dam caused by heavier than usual rainfall, Maiduguri, the capital of

Corporate Social Responsibility/Sustainability Report Contd

the state experienced extreme flooding, resulting in the death of at least 40 persons, displacement of 400,000 people and over a million people were affected. Consequences of the environment being ravaged also include worsened food security, health challenges, offset harvest season, fueling food inflation, increase in poverty levels as well as infrastructural damage and increase in logistics cost. Other environmental issues faced are consequent upon extreme weather conditions exacerbated by increased gases released from activities including gas flaring in parts of the country, deforestation and the use of polluting generators. Other issues include inadequate access to natural resources such as water, depletion of forests, soil and pollution. At Custodian, we are constantly on the lookout for responsible options that will not negatively impact our environment.

In 2024, economic sustainability, which is made up of practices encouraging long-term economic growth that do not negatively impact social, environmental and cultural aspects of the community became a big consideration in our country due to the continuous rise of inflation (including food inflation), limited productivity, limited foreign exchange proceeds and others. In our company, we are careful to ensure our employees are adequately catered to by positive reviews of policies affecting them and ensuring the wellbeing of all, knowing this is the best way to retain the best hands. Once the economic aspect is well attended to, this will positively impact the social aspect of sustainability too, which promotes the wellbeing of members of an organization and supports the ability of future generations to maintain healthy lives.

Corporate Social Responsibility/Sustainability Report Contd

Our Frameworks

At Custodian, we align our key focus areas with three different frameworks:

- **Sustainable Development Goals:** which is the 2030 agenda for sustainable development adopted by all United Nations members in 2015, that created 17 world sustainable development goals, aimed at ensuring peace and prosperity for people and the planet.
- **NGX Sustainability Disclosure Guidelines:** which are 9 guidelines for Nigerian listed companies for disclose of their performance
- **Principles of Sustainable Insurance:** which is a global framework made up of 4 principles launched by the United Nations Environment Program's (UNEP) Finance

Initiative, to provide a holistic approach to managing a whole range of global and emerging risks in insurance business, from climate change and natural disasters to water scarcity, food insecurity and pandemics.

As it has become increasingly difficult to assess performance of companies doing different businesses, and compare performance of sustainability-related disclosure standards, the ISSB (S1 and S2) which seeks to deliver a comprehensive global baseline of sustainability related disclosure standards is being proposed for implementation. At Custodian, we intend to align with this, when it is implemented.

Corporate Social Responsibility/Sustainability Report Contd

a. The Sustainable Development Goals (SDGs)



Corporate Social Responsibility/Sustainability Report Contd

b. 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 interest 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

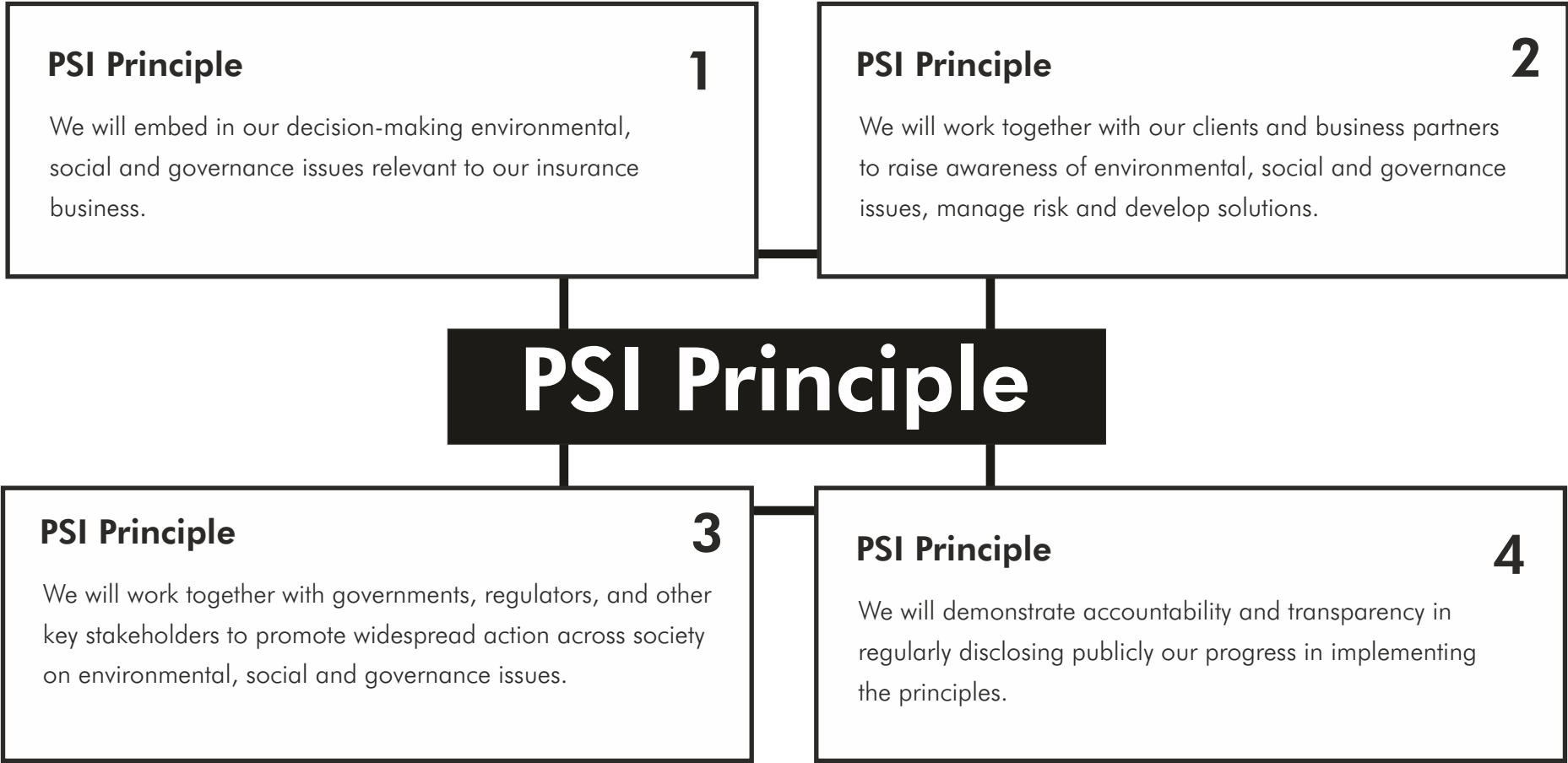
Businesses should support inclusive growth and equitable development.

Principle 9

Businesses should respect, protect and make efforts to restore the environment.

Corporate Social Responsibility/Sustainability Report Contd

c. Principles of Sustainable Insurance



Corporate Social Responsibility/Sustainability Report Contd

Sustainability/ESG Practice at Custodian.

There are many ways sustainability is practiced in Custodian, most of which are embedded in policies guiding the daily activities of the company. Some are contained in the CSR/ESG STATUS REPORTING chart broken down to align with Custodian strategies – (see page 399). Whilst this is not exhaustive, others are highlighted below

1. Environment

a. Use of Natural Resources

- Paper Reduction Strategies/digitization: The practice of recycling paper is embedded in the system. Internally, members communicate via technology such as telephone, emails and others, whilst meetings are held via Microsoft Teams. In the event of paper usage, recycled paper is encouraged. With our digitized systems, internal processes including applications for leave, appraisals, approvals for payment are done electronically.
- Energy Efficiency: Our Head office has been powered by Light Emitting Diode (LED) lighting for a few years now, with the attendant waste reduction/cost reducing benefits. As LED lights are better for the environment and in the long run, are more economically sustainable, this practice will be extended to all our newly built structures, while there is a planned gradual replacement of traditional bulbs in all our offices.
- Limitation of Generator Usage: Should there be power outage, we resort to the use of generators. However, usage is strictly monitored. Only the small generators that have less impact on the environment are used outside regular working hours, whilst there is strict regulation on the usage of the bigger capacity ones. We are working hard to adopt solutions that impact less on the environment and are considering the use of possible available options, especially in the smaller branches where possible.
- Waste reduction: Over the years we have adopted alternative means of getting rid of waste and have resorted to recycling where possible. We endeavor to separate waste by sorting plastic from other waste products, which are kept separately for recycling companies to pick up

Corporate Social Responsibility/Sustainability Report Contd

and use for products manufactured by them. Wastewater generated at our Head office is processed in the sewage treatment plant located within the building and produces water which drains into the public gutters. Officials of the Lagos State Wastewater Management pay regular visits to enforce this. We have over the years developed tactics with which we get rid of unwanted paper, resorting to soaking of unwanted paper rather than burning, shredding of paper which can be used to stuff breakable items and others.

B. Social

- Employee wellbeing continues to be of prime importance to us and we ensure that the office is not only a safe place to work but also provides comfortable working spaces that are adequate, furnished with proper ventilation. Our Head office has a ramp, making it accessible to all.
- In-house Canteen: At Custodian, we have an in-house canteen run by carefully selected food vendors who offer healthy meals to Management and senior staff of the Head office, free of charge, whilst other categories of staff are given allowances. The ability to meet up during lunch hour further promotes bonding and socialization of staff.
- Staff Bus: We continue to operate staff buses which ply different areas of Lagos for the use and comfort of staff to and from work. This reduces the exorbitant transport costs, especially in Lagos.
- Creche facilities: Our creche operating out of the Head office and manned by dedicated and trained handlers are utilized free of charge by both male and female employees with babies up till the age of 18 months of age. We had an average of 5 babies that used the creche facility this year.
- Employee Engagement/Training: Every year, new blood is brought into the system through the Custodian Graduate Trainee Program (CGTP). The two-month program aims to attract the best young and intelligent graduates across various educational disciplines to be engaged in a highly educative program, which enables the company to develop a strong workforce base of home-grown talent. In 2024, 68% of the Graduate Trainees were of the female gender, satisfying the gender equity principle, whilst 32% were male.

Corporate Social Responsibility/Sustainability Report Contd

C. Governance

- Good Governance: The highest responsible body for ESG issues is the Board of the Company. The Board submits itself to the Society for Corporate Governance of Nigeria, an independent body on a yearly basis for evaluation. In 2024, the report reveals that the Board of Directors conducted its affairs in an acceptable and satisfactory manner
- Anti-bribery and anti-corruption: Our policy on anti-bribery/corruption prohibits Custodian members from offering anything of value to persuade an official to misuse his office to benefit Custodian or any of its employees. The various Boards of Directors and Senior Management ensure compliance with this policy. To ensure every employee is well acquainted with this policy, every member of staff is required to attend two anti-money laundering training courses every year.
- Code of Ethics: 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 acceptable standard of conduct expected in the management of our businesses across the Group, is documented and well disseminated.
- Responsible Investment: We have an in-house Investment Committee which meets regularly to make investment decisions. This committee is guided by regulations in making investment decisions that are responsible.
- Responsible Underwriting Process: A major aspect of our business has to do with underwriting business and a lot of progress has been made to digitize our processes relating to the insurance business. Clients are now able to make claims on-line, implying accessibility without the use of paper and saving a lot of time. Communication with clients is mainly handled by members of our Sales team as well as the Call Centre. Should Clients want to check their claims status and other things relating to their transactions, they are able to do so through our website.
- Responsible Supplier/Vendor Assessments: We operate ethical procurement practices that are transparent. We do not patronize employee-owned companies. New vendors are carefully evaluated before being on-boarded and are assessed carefully and regularly by relevant Unit heads. Internal Control reviews are carried out by members of the Audit unit who ensure laid down processes are complied with.

Corporate Social Responsibility/Sustainability Report Contd

Year 2024 CSR Highlights/ESG Status Reporting

Focal Areas	Activity highlights	Status	Key PSI Reference	NGX Disclosure Guidelines	Direct SDG Reference
Community Development	We intervened during the Bodija Ibadan mining explosion which destroyed many properties and injured many, whilst lives were lost. We visited the site and assured victims of support and returned within a month to give out N100,000 cheques per household to 164 households.	Completed/ Ongoing	Not Applicable	Principle 4: Businesses should engage with and provide value to their customers and consumers in a responsible manner Principle 6: Businesses should respect the interest of and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized	Goal 1: No poverty – End poverty in all its forms everywhere Goal 2: Zero hunger- End hunger, achieve food security and improved nutrition and promote sustainable agriculture Goal 8: Decent work and economic growth – Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all
	We refurbished a section of the Lagos Command Police Headquarters, Ikeja for security personnel to have a conducive environment to work and police effectively.	Completed			

Corporate Social Responsibility/Sustainability Report Contd

Focal Areas	Activity highlights	Status	Key PSI Reference	NGX Disclosure Guidelines	Direct SDG Reference
Community Development	- Through our Custodian Graduate Trainees, two classrooms of the Mobolaji Bank Anthony Secondary school located in the Yaba community were renovated to have a conducive learning environment and replace spoilt furniture and improve the aesthetics - We were directly involved in infrastructural development in the past by rebuilding failed portions of Commercial Avenue, Yaba, thereby promoting safety and security to all in the community	Completed			Goal 9: Industry innovation and infrastructure – Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation Goal 11: Sustainable cities and communities – Make cities and human settlements inclusive, safe, resilient and sustainable. Goal 17: Partnerships for the goals - Strengthen the means of implementation and revitalize the global partnership for sustainable development

Corporate Social Responsibility/Sustainability Report Contd

Focal Areas	Activity highlights	Status	Key PSI Reference	NGX Disclosure Guidelines	Direct SDG Reference
Education	We continued to maintain the computer systems and inverter we donated to the Ilupeju e-library on conversion from a public library in 2016 to an e-library, handled by CSRF, thereby increasing knowledge.	On-going	Principle 3: We will work to embed in our decision-making environmental, social and governance issues relevant to our insurance business	Principle 4: Businesses should engage with and provide value to their customers and consumers in a responsible manner Principle 6: Businesses should respect the interest of and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized	Goal 1: No poverty- End poverty in all its forms everywhere Goal 4: Quality education - Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all Goal 5: Gender equality- Achieve gender equality and empower all women and girls Goal 8: Decent work and economic growth- Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all
	Our annual Custodian Mentor's Conference was once again held during the year to impact knowledge and for youth empowerment, school leavers and other seeking help in finding their feet and establishing a career.	On-going			
	In 2024, our Custodian Graduate Trainees constituted of 68% female and 32% male satisfying the Gender equality principle ensuring females are not excluded. The Graduate	Completed			

Corporate Social Responsibility/Sustainability Report Contd

Focal Areas	Activity highlights	Status	Key PSI Reference	NGX Disclosure Guidelines	Direct SDG Reference
Education	Trainees renovated two classrooms of the Mobolaji Bank Anthony Secondary school located in the Yaba community were renovated to have a conducive learning environment and replace spoilt furniture and improve the aesthetics We continued to maintain the computer systems we earlier donated to the Lagos City Senior College, Sabo, to ensure there are no gaps in computer studies in the school.	On-going			Goal 10: Reduced inequalities - Reduce inequality within and among countries Goal 17: Partnerships for the goals - Strengthen the means of implementation and revitalize the global partnership for sustainable development

Corporate Social Responsibility/Sustainability Report Contd

Focal Areas	Activity highlights	Status	Key PSI Reference	NGX Disclosure Guidelines	Direct SDG Reference
Health	- Our annual blood donation exercise was held during the year. From 62 red blood and products collected, which accounted for 31 units of blood, 5 different hospitals in the Lagos environment benefitted - Our level 4 Custodian Accident and Emergency Centre, Epe with both female and male wards was finally completed. Apart from the imposing structure, to be handed over to the Lagos State Government, donations of a high-quality operating table and emergency patient trolleys were made. With the facility to become fully operational after the formal handing over ceremony, human lives will no doubt be saved.	On-going Structure completed	Not Applicable	Principle 2: Businesses, when engaged in influencing public and regulatory policy should do so in a responsible manner Principle 4: Businesses should engage with and provide value to their customers and consumers in a responsible manner	Goal 1: No poverty - End poverty in all its forms everywhere Goal 3: Good health and wellbeing - Ensure healthy lives and promote wellbeing for all at all ages Goal 9: Industry innovation and infrastructure - Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation Goal 10: Reduced inequalities- Reduce inequality within and among countries

Corporate Social Responsibility/Sustainability Report Contd

Focal Areas	Activity highlights	Status	Key PSI Reference	NGX Disclosure Guidelines	Direct SDG Reference
Health					Goal 11: Sustainable cities and communities - Make cities and human settlements inclusive, safe, resilient and sustainable Goal 17: Partnerships for the goals - Strengthen the means of implementation and revitalize the global partnership for sustainable development

Corporate Social Responsibility/Sustainability Report Contd

Focal Areas	Activity highlights	Status	Key PSI Reference	NGX Disclosure Guidelines	Direct SDG Reference
Sustainability	We have embedded the principles of Diversity, Equity and Inclusion (DEI) in all our subsidiaries. We do not discriminate based on race, age, ethnicity, religion, gender and other aspects.	On-going			
	We have a fair representation of women on the Boards of our companies, including our Group Chairman who is of the female gender. We continue to work on this for a better representation.	On-going			
	The Custodian, our internal newsletter introduced several years ago, whose production ceased along the way was re-introduced during the year and is now circulated among all member of the Custodian group,	On-going			

Corporate Social Responsibility/Sustainability Report Contd

Focal Areas	Activity highlights	Status	Key PSI Reference	NGX Disclosure Guidelines	Direct SDG Reference
Sustainability	to keep all abreast of relevant information. The wellbeing of our staff is very important to us as we continue with the Fit-Fam initiative. This year, a weight-loss challenge was introduced and top weight losers rewarded. The company continues to celebrate TGIF hangouts on a regular basis, International Men and Women's days, Valentine Day etc.	On-going			

Corporate Social Responsibility/Sustainability Report Contd

Focal Areas	Activity highlights	Status	Key PSI Reference	NGX Disclosure Guidelines	Direct SDG Reference
Sustainability	- We were the first signatory of the UNEP-FI Principles for Sustainable Insurance and continue to subscribe to it through our yearly subventions. - Our Claims and complaints management processes are readily accessible and easy to process. - We continued to provide sustainable solutions to the public such as our Esusu, Term Assurance and Safety Plus for driving insurance inclusivity for those who otherwise would not have been able to purchase insurance.	Completed/ On-going On-going On-going	Principle 1: We will demonstrate accountability and transparency in regularly disclosing publicly our progress in implementing the principles Principle 2: We will work together with governments, regulators and other key stakeholders to promote widespread	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 6: Clean water and sanitation – Ensure availability and sustainable management of water and sanitation for all Goal 11: Sustainable cities and communities - Make cities and human settlements inclusive, safe, resilient and sustainable Goal 12: Responsible consumption and production – Ensure sustainable consumption and production patterns

Corporate Social Responsibility/Sustainability Report Contd

Focal Areas	Activity highlights	Status	Key PSI Reference	NGX Disclosure Guidelines	Direct SDG Reference
Sustainability	- Our toilets in the Head Office have the dual-flush cisterns to regulate water usage. We plan to replace the toilet bowls company wide to the same to reduce water wastage. - We also encourage as much as possible the use of hand sanitizers to reduce water wastage and protect staff from disease spread. - The Custodian Olympics was introduced during the year to encourage social interaction and promote employee wellbeing among employees within the group.	On-going On-going On-going	action across society on environmental, social and governance issues	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: Businesses should respect and promote human rights Principle 9: Businesses should respect, protect and make efforts to restore the environments	Goal 13: Climate action – Take urgent action to combat climate change and its impact Goal 15: Life on land – Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, halt and reverse land degradation and halt biodiversity loss Goal 17: Partnerships for the goals – Strengthen the means of implementation and revitalize the global partnership for sustainable development

