



PRESTIGE ASSURANCE PLC

Unaudited Financial Statements

Fourth Quarter 2025

**REPORT OF THE DIRECTORS AND UNAUDITED FINANCIAL STATEMENTS FOR THE
PERIOD ENDED 31ST DECEMBER 2025**

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**RESULT AT A GLANCE
FOR THE PERIOD ENDED 31ST DECEMBER 2025**

	2025 ₦'000	2024 ₦'000	% Changes
Gross premium written	25,695,444	22,473,524	14
Insurance revenue	25,160,603	19,585,520	28
Insurance service expenses	(21,236,087)	(20,043,927)	6
Net expense from reinsurance contracts held	(4,686,821)	586,138	(900)
Insurance service result	(762,305)	127,731	(697)
Total investment income	3,085,123	4,583,687	(33)
Other management expenses	(2,118,824)	(1,576,761)	34
Profit Before Tax	741,339	3,089,910	(76)
Profit for the Period Ended	609,326	3,236,369	(81)
Net assets	20,245,260	19,374,569	4
Total assets	37,346,897	38,004,413	(2)
Basic earnings per share (Kobo)	4.60	24.42	(81)
Diluted earnings per share (Kobo)	4.60	24.42	(81)

CERTIFICATE PURSUANT TO SECTION 60(2) OF INVESTMENT AND SECURITIES ACT FOR THE

PERIOD ENDED 31ST DECEMBER 2025

We, the undersigned, hereby certify the following with regards to our unaudited financial statements for the year ended 31st December 2025

that:

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


.....
Mr. Umesh Rathod
Managing Director/CEO


.....
Mr. Oluwadare Emmanuel
Chief Financial Officer

28th January 2026

MANAGEMENT DISCUSSION AND ANALYSIS

In accordance with the Companies and Allied Matters Act, 2020, Management has reviewed the audited financial statements of the Company for the year ended 31st December 2025 and report as follows:

The accounting and reporting policies of the Company are consistent within legal requirements and agreed ethical practices.

The scope and planning of the external audit were adequate.

The Company maintained effective systems of accounting and internal control during the year.

The Nature of the Business

Prestige Assurance Plc is a non-life insurance business with over seventy years' experience in Nigeria. The Company's core areas of business include motor, marine, bond, engineering, fire, aviation, oil and gas and general accident.

The Company is known for providing expertise knowledge especially in high-risk businesses such as aviation, marine, and oil and gas.

Our Company is known for prompt settlement of claims and other support as it may be necessary.

The major bulk of our business comes from brokers market and support from the parent Company in form of referral.

Management Objectives

- (i) To be in the forefront of risk carrying in Nigerian insurance market, with a penchant for quality products and efficient service delivery to our esteemed customers.
- (ii) To position the Company amongst the best insurance companies in Nigeria.
- (iii) To ensure that values are created for the stakeholders.
- (iv) To be an ethical Company among the listed institutions in Nigeria and the world at large.

Our Strategies

In order to meet the above objectives, the management of the Company have put the following strategies in place:

- (i) The Company has instituted sound corporate governance in order to drive both the internal process and the business environment.
- (ii) Adequate reinsurance has been put in place to absorb the impact of high risk which may likely occur due to the area of specialization of the Company.
- (iii) Aside from the normal business, the Company also provides add on services such as customer education, policy audit and lease financing.
- (iv) The Company engages in training and empowerment of her workforce to meet up with the challenges of modern business.
- (v) It is also in the current agenda of the Company to recruit more hands with specialised skills to compete favorably in the industry.

The Company has also fulfilled civil responsibility and promised to do more to better the interest of stakeholders at large.

MANAGEMENT DISCUSSION AND ANALYSIS - continued

Our Resources, Risks and Relationship

Our most valuable resources are our human capital. The staff welfare is paramount to the Company. Non-human resources are of small relevance without appropriate personnel to drive the system.

Insurance business is a kind of business that is full of risk known as insurable risks.

This is a known risk but which the likelihood and magnitude of the occurrence is not certain.

The Company has put in place a balanced re-insurance policy to absorb the impact of such risks at any time in future.

Aside from this, the Company is also faced with diverse risks which are financial and non-financial in nature. Several strategies are already in place to mitigate their negative impact on the business and the Company.

Prestige Assurance Plc is a subsidiary of The New India Assurance Company Limited, Mumbai, India. Our parent Company is one of the largest insurance business undertakers across the Afro-Asia continent (except Japan). The parent Company provides support to us in all ramifications which had impact positively in term of skills and financial status to underwrite high risk businesses rarely underwritten by the local companies.

Financial Results and Prospects

For the year ended 31st December 2025, the Gross Premium written of the Company increased by 14% compared with previous period and the insurance revenue increased by N5.58 billion compared with previous period as a result of improvement in marketing techniques and prompt claim settlement.

Insurance service result for the period decreased by N890.04 million when compared with the previous period 31st December 2024, whilst profit for the period decreased by N2,627 million compared to prior period.

The Shareholder's Fund of the Company increased by N870.69 million representing 4% Increase when compared with 31st December 2024.

NOTES TO THE FINANCIAL STATEMENTS

1. Corporate information

- a) Prestige Assurance Plc ("the Company") was incorporated on 6 January 1970. The Company is a subsidiary of New India Assurance Limited which was established on 18 August 1918.

Its registered office is located at 19, Ligali Ayorinde Street, Victoria Island, Lagos, Nigeria. The Company is regulated by the National Insurance Commission of Nigeria (NAICOM).

The financial statements for the year ended 31st December 2025 were authorized for issue in accordance with a resolution of the Directors on 28th January 2026.

b) **Principal activity**

The Company is licensed to carry out non-life insurance business. The Company provides cover in all classes of insurance, basically non-life treaty and facultative insurance, backed by reinsurer in the London and African reinsurance markets. The products and services by the Company cut across general accident, energy, fire, marine, workers compensation, terrorism and bond.

2. Material accounting policies

2.1 Introduction to material accounting policies

The material accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.2 Basis of presentation and preparation

The financial statements of Prestige Assurance Plc have been prepared on a going concern basis and is presented in order of liquidity. The Directors of the Company have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The financial statements are presented in Naira and all values are rounded to the nearest thousand (N'000), except when otherwise indicated.

a) **Statement of compliance**

The financial statements have been prepared in accordance with IFRS Accounting standards as issued by the International Accounting Standards Board. Additional information required by national regulations, the Companies and Allied Matters Act, 2020, the Financial Reporting Council of Nigeria (Amendment) Act, 2023, Insurance Act, 2003 and its interpretations issued by the National Insurance Commission in its Insurance Industry Policy Guidelines is included where appropriate.

The financial statements comprise the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flows, the summary of material accounting policies and the notes to the financial statements.

b) **Basis of measurements**

The preparation of these financial statements has been based on the historical cost basis except for investment properties, land and building, financial assets at fair value through profit or loss and equity instruments measured at fair value through other comprehensive income that are measured at revalued amounts or fair values, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for assets at acquisition date. In accordance with IFRS 17: Insurance Contracts, the Company has applied existing accounting policies for its non-life insurance contracts, modified as appropriate to comply with the IFRS Accounting Standards Framework.

2.3 Cash and cash equivalents

For the purposes of the statement of cash flows, cash comprises cash balances and deposits with banks. Cash equivalents comprise highly liquid investments (including money market funds) that are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value with original maturities of three months or less being used by the Company in the management of its short-term commitments. Cash and cash equivalents are carried at amortised cost in the statement of financial position.

NOTES TO THE FINANCIAL STATEMENTS - continued

2.4 Financial instruments

a) Recognition and initial measurement

Initial recognition

All financial assets and liabilities are initially recognized on the trade date, i.e., the date that the Company becomes a party to the contractual provisions of the instrument. The Company uses trade date accounting for regular way contracts when recording financial assets transactions.

A financial asset or financial liability is measured initially at fair value plus or minus, for an item not at fair value through profit or loss, direct and incremental transaction costs that are directly attributable to its acquisition or issue. Transaction costs of financial assets and liabilities carried at fair value through profit or loss are expensed in profit or loss at initial recognition.

a) Day 1 profit or loss

When the transaction price of the instrument differs from the fair value at origination and the fair value is based on a valuation technique using only inputs observable in market transactions, the Company recognises the difference between the transaction price and fair value in net trading income. In those cases where fair value is based on models for which some of the inputs are not observable, the difference between the transaction price and the fair value is deferred. The deferred amounts are recognised in profit or loss when there is a change in a factor (including time) that market participants would take into account when pricing the asset or liability. On this basis, the Company has assessed that amortising the deferred amount on a straight-line basis is appropriate. Any outstanding amount is immediately recognised in profit or loss when the instrument is derecognised or when the input(s) becomes observable.

b) Amortised cost and gross carrying amount.

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured on initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount and the maturity amount and, for financial assets, adjusted for any expected credit loss allowance.

The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any expected credit loss allowance.

c) Effective interest method

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset (i.e., its amortised cost before any impairment allowance) or to the amortised cost of a financial liability. The calculation does not consider expected credit losses and includes transaction costs, premiums or discounts and fees and points paid or received that are integral to the effective interest rate, such as origination fees.

d) Classification of financial instruments

The Company classifies its financial assets under IFRS 9, into the following measurement categories:

- those to be measured at fair value through other comprehensive income (FVOCI) without recycling (equity instrument),
- those to be measured at fair value through profit or loss (FVTPL) (equity instrument); and
- those to be measured at amortised cost (debt instrument).

The classification depends on the Company's business model (i.e., business model test) for managing financial assets and the contractual terms of the financial assets cash flows (i.e. solely payments of principal and interest – SPPI test). The Company also classifies its financial liabilities at amortized cost. Management determines the classification of the financial instruments at initial recognition.

NOTES TO THE FINANCIAL STATEMENTS - continued

e) Subsequent measurements

(i) Financial assets

The subsequent measurement of financial assets depends on its initial classification:

✓ Debt instruments

Financial assets at amortised cost: A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- The asset is held within a business model whose objective is to hold assets 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.

The gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is determined using the effective interest method and reported in profit or loss as 'Interest income'. The amortised cost of a financial instrument is defined as the amount at which it was measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the 'effective interest method' of any difference between that initial amount and the maturity amount, and minus any loss allowance. The effective interest method is a method of calculating the amortised cost of a financial instrument (or group of instruments) and of allocating the interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts over the expected life of the instrument or, when appropriate, a shorter period, to the instrument's gross carrying amount.

✓ Equity instruments

The Company subsequently measures all equity investments at fair value. The Company has designated its unquoted equity instruments to be measured at fair value through other comprehensive income (FVOCI) since the investments are not held for trading. For these instruments, the Company present subsequent changes in fair value in other comprehensive income (OCI). This election is made on an investment-by-investment basis at the initial recognition of the instrument. Where the Company's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. Dividends from such investments continue to be recognised in profit or loss as dividend income (under Investment income) when the Company's right to receive payments is established unless the dividend clearly represents a recovery of part of the cost of the investment. All other equity financial assets are classified as measured at FVTPL. Changes in the fair value of financial assets at fair value through profit or loss are recognised in Net fair value gain/ (loss) gain on financial assets in the profit or loss.

The Company assess the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed, and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realizing cash flows through the sale of the assets.
- how the performance of the portfolio is evaluated and reported to the Insurer's management.
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed.

NOTES TO THE FINANCIAL STATEMENTS - continued

- how managers of the business are compensated - e.g., whether compensation is based on the fair value of the assets managed or the contractual cash flows collected.
- the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Insurer's stated objective for managing financial assets is achieved and how cash flows are realized.

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Company's original expectations, the Company does not change the classification of the remaining financial assets held in that business model but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

Solely payments of principal and interest (SPPI) assessment

If a financial asset is held in either a Hold to Collect or Hold to Collect and Sell model, then an assessment is determined whether contractual cash flows are solely payments of principal and interest on principal amount outstanding at initial recognition is required to determine the classification. Contractual cash flows that are SPPI on the principal amount outstanding are considered as basic lending arrangement with interest as consideration for the time value of money and the credit risk associated with the principal amount outstanding during the tenor of the agreed arrangement. Other basic lending risks like Liquidity risk and cost of administration associated with holding the financial asset for the specified tenor and the profit margin that is consistent with a basic lending arrangement.

(ii) Financial liabilities

A financial liability is classified at fair value through profit or loss if it is classified as held-for-trading or designated as such on initial recognition. Directly attributable transaction costs on these instruments are recognised in profit or loss as incurred. Financial liabilities at fair value through profit or loss are measured at fair value and changes therein, including any interest expense, are recognised in profit or loss.

f) Reclassifications

The Company reclassifies financial assets when and only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent and must be significant to the Company's operations.

When reclassification occurs, the Company reclassifies all affected financial assets in accordance with the new business model. Reclassification is applied prospectively from the 'reclassification date'. Reclassification date is 'the first day of the first reporting period following the change in business model. Gains, losses or interest previously recognised are not restated when reclassification occurs.

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Company changes its business model for managing financial assets that are debt instruments. A change in the objective of the Company's business occurs only when the Company either begins or ceases to perform an activity that is significant to its operations (e.g., via acquisition or disposal of a business line).

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

- A change in intention related to particular financial assets (even in circumstances of significant changes in market conditions)
- A temporary disappearance of a particular market for financial assets financial liabilities are not reclassified after initial classification.

NOTES TO THE FINANCIAL STATEMENTS - continued

g) Modifications of financial assets and financial liabilities

(i) Financial assets

If the terms of a financial asset are modified, the Company evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognised and a new financial asset is recognised at fair value. Any difference between the amortised cost and the present value of the estimated future cash flows of the modified asset or consideration received on derecognition is recorded as a separate line item in profit or loss statement. If the cash flows of the modified asset carried at amortised cost are not substantially different, then the modification does not result in derecognition of the financial asset. In this case, the Company recalculates the gross carrying amount of the financial asset as the present value of the renegotiated or modified contractual cash flows that are discounted at the financial asset's original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets). The amount arising from adjusting the gross carrying amount is recognised as a modification gain or loss in profit or loss as part of impairment loss on financial assets for the year.

(ii) Financial liabilities

The Company derecognizes a financial liability when its terms are modified, and the cash flows of the modified liability are substantially different. This occurs when 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 interest rate, is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in profit or loss.

If the exchange or modification is not accounted for as an extinguishment (i.e. the modified liability is not substantially different), any costs or fees incurred adjust the carrying amount of the liability and are amortised over the remaining term of the modified liability.

h) Impairment of financial assets

The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms. ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For debt instruments at amortised cost, the Company applies the low credit risk simplification. At every reporting date, the Company evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Company reassesses the credit rating of the debt instrument by international credit rating agencies like S&P, Moody's and Fitch as well as local ratings by Augusto and Co. It is the Company's policy to measure ECLs on such instruments on a 12-month basis. Where the credit risk of any bond deteriorates, the Company will sell the bond and purchase bonds meeting the required investment grade.

NOTES TO THE FINANCIAL STATEMENTS - continued

The Company's debt instruments at amortised cost comprise quoted sovereign bonds, corporate bonds, and others that are graded in the top investment category. The Company's fixed income investment portfolio consists of Investment grade and low speculative bonds and, therefore, are considered to be low credit risk investments. It is the Company's policy to measure ECLs on such instruments on a 12-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. The Company uses the ratings from the International Credit Rating Agencies both to determine whether the debt instrument has significantly increased in credit risk and to estimate ECLs.

The Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Further disclosures relating to impairment of financial assets are also provided in the following.

- Disclosures for significant estimates Judgements and assumptions - Note 2.36
- Financial risk disclosures - Notes 43b in the financial statements.

i) **Write-off**

After a full evaluation of a non-performing exposure, in the event that either one or all of the following conditions apply, such exposure is recommended for write-off (either partially or in full):

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

All credit facility write-offs require endorsement by the Board Credit and Risk Committee, as defined by the Company. Credit write-off approval is documented in writing and properly initialed by the Board Credit and Risk Committee. The gross carrying amount of an asset is written off (either fully or partially) to the extent that there is no realistic prospect of recovery. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to credit loss expense. This is generally the case when the Company determines that the counterparty does not have assets or sources of income that could generate sufficient cashflows to repay the amount subject to write off. However, the financial assets that are subjected to write off could still be subject to enforcement activities in other to comply with the Company's procedures for recovery of amount due.

j) **Forward looking information**

In its ECL models, the Company relies on a broad range of forward-looking information as economic inputs, such as:

- Inflation rate
- Prime lending rate
- Crude oil price

The inputs and models used for calculating ECLs may not always capture all characteristics of the market at the date of the financial statements. To reflect this, qualitative adjustments or overlays are occasionally made as temporary adjustments when such differences are significantly material.

NOTES TO THE FINANCIAL STATEMENTS - continued

k) **Derecognition of financial assets**

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or when it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all the risks and rewards of ownership and it does not retain control of the financial asset. Any interest in such derecognised asset financial asset that is created or retained by the Company is recognised as a separate asset or liability. Impaired debts are derecognised when they are assessed as uncollectible.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset transferred), and consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

l) **Derecognition of financial liabilities**

The Company derecognises financial liabilities when, and only when its contractual obligations are discharged or cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in profit or loss.

m) **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.

2.5 Interest Income and expenses

Interest income and expenses are recognised in profit or loss using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

2.5.1 The gross carrying amount of the financial asset; or

2.5.2 The amortised cost of the financial liability.

When calculating the effective interest rate for financial instruments other than purchase or originated credit-impaired assets, the Company estimates future cash flows considering all contractual terms of the financial instrument, but not expected credit losses. For purchase or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated using estimated future cash flows including expected credit losses. The EIR (and therefore, the amortised cost of the asset) is calculated by taking into account any discount or premium on acquisition, fees and costs that are an integral part of the EIR. The Company recognizes interest income using a rate of return that represents the best estimate of a constant rate of return over the expected life of the loan. Hence, it recognises the effect of potentially different interest rates charged at various stages, and other characteristics of the product life cycle (including prepayments, penalty interest and charges).

If expectations regarding the cash flows on the financial asset are revised (excluding modifications) for reasons other than credit risk, the adjustment is booked as a positive or negative adjustment to the carrying amount of the asset in the statement of financial position with an increase or reduction in interest income. The adjustment is subsequently amortised through interest income in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS - continued

a) **Amortised cost and gross carrying amount.**

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured on initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount and the maturity amount and, for financial assets, adjusted for any expected credit loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any expected credit loss allowance.

b) **Calculation of interest income and expenses**

The Company calculates interest income and expense by applying the effective interest rate to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability.

However, for financial asset that have become credit-impaired subsequent to initial recognition and is, therefore, regarded as 'Stage 3', the Company calculates interest income by applying the effective interest rate to the net amortised cost of the financial asset. If the financial assets cure and is no longer credit-impaired, then the Company reverts to calculating interest income on a gross basis.

2.5 **Impairment of non-financial assets**

The carrying amounts of the Company's non-financial assets other than deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that are largely independent from other assets and groups. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

2.6 **Leases**

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.

I. Company as a lessee

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.

✓ **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). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities 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 right-of-use assets are also subject to impairment. Refer to the accounting policies in section (s) Impairment of non-financial assets.

NOTES TO THE FINANCIAL STATEMENTS - continued

✓ 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 if 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 (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses the interest rate implicit in the lease if that rate can be determined. If that rate cannot be determined, the Company shall use its incremental borrowing rate. 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.

The Company's lease liabilities are included in other liabilities (Note 29).

ii. Company as a lessor

Finance lease receivables are recognised when the Company transfers substantially all the risks and rewards of ownership of the leased assets to the lease. Investment in finance lease at commencement is initially recorded as an asset and a liability at the lower of the fair value of the asset and the present value of the minimum lease payments (discounted at the interest rate implicit in the lease, if practicable, or else at the entity's incremental borrowing rate. The finance lease is recorded as a receivable, at an amount equal to the net investment in the lease.

Interest income on investment in finance lease is recognised in the profit or loss as investment income in the period the interest is receivable. An investment in finance lease is impaired using IFRS 9 expected credit loss model.

2.7 Investment property

Investment property is property (land or a building or part of a building or both) held (by the owner or by the lessee under a finance lease) to earn rentals or for capital appreciation or both. Investment property, including interest in leasehold land (held by a lessee), is initially recognised at cost. Subsequently, investment property is carried at fair value at the reporting date determined by annual valuations carried out by external registered valuers. Gains or losses arising from changes in the fair value are included in determining the profit or loss for the year to which they relate.

Subsequent expenditure on investment property where such expenditure increases the future economic value in excess of the original assessed standard of performance is added to the carrying amount of the investment property. All other subsequent expenditure is recognised as expense in the year in which it is incurred.

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

NOTES TO THE FINANCIAL STATEMENTS - continued

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

2.8 Intangible assets

Intangible assets comprise computer software purchased from third parties. They are measured at cost less accumulated amortisation and accumulated impairment losses. Purchased computer software are capitalised on the basis of the costs incurred to acquire and bring into use the specific software. These costs are amortised on straight line basis over the useful life of the asset.

Expenditure that is reliably measurable and meets the definition of an assets is capitalized.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful life of the software, from the date that it is available for use. The residual values and useful lives are reviewed at the end of each reporting period and adjusted, if appropriate. An Intangible 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 estimated useful lives for the current and comparative period are as follows: Computer software 10 years 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.

2.9. Property, plant and equipment

i. Recognition and measurement

All property, plant and equipment are initially recorded at cost. They are subsequently stated at cost less accumulated depreciation and impairment losses, except for land and buildings which is at the revalued amount. Historical costs include expenditure that is directly attributable to the acquisition of the assets. An asset is recognized when it is probable that the economic benefits associated with the item flow to the entity and cost can be reliably measured.

ii. Subsequent costs

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

iii. Depreciation

Depreciation is recognised in the statement of profit or loss on a straight-line basis over the estimated useful lives of each item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives. Depreciation begins when an asset is available for use and ceases at the earlier of the date that the asset is derecognised or classified as held for sale in accordance with IFRS 5, Non-current Assets Held for Sale and Discontinued Operations.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost or re-valued amounts over their estimated useful lives.

NOTES TO THE FINANCIAL STATEMENTS - continued

The estimated depreciation percentage for the current and comparative period are as follows:

Plant and machinery	12.5%
Buildings	2% of cost/valuation
Furniture, fittings and office equipment	10%
Computer equipment	33 1/3%
Motor vehicles	25%

The assets' residual values and useful lives are reviewed at the end of each reporting period and adjusted, if appropriate. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

iv. **Revaluation of land and building**

Property, plant & equipment are initially recorded at cost. Land and building are subsequently carried at revalued amount being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are made with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

When a property is revalued, any increase in its carrying amount (as a result of revaluation) is transferred to a revaluation reserve, except to the extent that it reverses a revaluation decrease of the same property previously recognised as an expense in the profit or loss.

When the value of a property is as a result of a revaluation, the decrease is charged against any related credit balance in the revaluation reserve in respect of that property. However, to the extent that it exceeds any surplus, it is recognised as an expense in profit or loss.

When revalued assets are being depreciated, part of the surplus is being realized as the asset is used. The amount of the surplus realized is the difference between the depreciation charged on the revalued amount and the lower depreciation which could have been charged on cost now reclassified from property revaluation reserve to accumulated losses but not through profit or loss.

The revaluation of land and building is carried out every three (3) years or when there are indications of significant changes in the value of the property whichever is shorter.

v. **De-recognition**

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

2.10 Statutory deposit

Statutory deposit represents a fixed deposit with the Central Bank of Nigeria in accordance with section 10(3) of the Insurance Act, 2003. The deposit is recognised at the cost in the statement of financial position being 10% of the statutory minimum capital requirement of N3 billion for General(non-life) insurance business.

NOTES TO THE FINANCIAL STATEMENTS - continued

2.11 Insurance and reinsurance contracts classification (Policy with effect from 1 January 2023)

The Company issues insurance contracts in the normal course of business, under which it accepts significant insurance risk from its policyholders. 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. Insurance contracts can also transfer financial risk. The Company issues non-life insurance to individuals and businesses. Non-life insurance products offered include fire and special peril, burglary and house breaking insurance, motor insurance, money insurance, marine insurance, plant all risk insurance, workmen's compensation insurance, contractors' all risk, professional indemnity, general accident, engineering, bond, and oil & gas/special risks. These products offer protection of policyholder's assets and indemnification of other parties that have suffered damage as a result of a policyholder's accident.

The Company also issues reinsurance contracts in the normal course of business to compensate other entities for claims arising from one or more insurance contracts issued by those entities. The Company does not issue any contracts with direct participating features.

2.11.1 Separating components from insurance and reinsurance contracts

The Company assesses its non-life insurance and reinsurance products to determine whether they contain distinct components which must be accounted for under another IFRS instead of under IFRS 17. After identifying and separating any distinct components, the Company applies IFRS 17 to all remaining components of the (host) insurance contract. Currently, the Company's products do not include any distinct components that require separation.

2.11.2 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. IFRS 17 requires the company to determine 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 Fire insurance, General accident, Motor insurance, Employer's liability, Marine insurance, Aviation, Oil and Energy, Engineering all risk, Bond, Goods-in-transit, Terrorism, Medclaim, Agriculture insurance and Salary protection. 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 remainder. This means that, for determining the level of aggregation, the Company identifies a contract as the smallest 'unit', i.e., the lowest common denominator. However, the Company makes an evaluation of whether a series of contracts need to be treated together as one unit based on reasonable and supportable information, or whether a single contract contains components that need to be separated and treated as if they were stand-alone contracts. As such, what is treated as a contract for accounting purposes may differ from what is considered as a contract for other purposes (i.e., legal or management). IFRS 17 also requires that no group for level of aggregation purposes may contain contracts issued more than one year apart.

The Company has elected to group together those contracts that would fall into different groups only because 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.

NOTES TO THE FINANCIAL STATEMENTS - continued

The Company applied a full retrospective approach for transition to IFRS 17. 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 profitability of groups of contracts is assessed by actuarial valuation models that take into consideration existing and new business. For contracts that are not onerous, the Company assesses, at initial recognition, that there is no significant possibility of becoming onerous subsequently by assessing the likelihood of changes in applicable facts and circumstances. The Company considers facts and circumstances to identify whether a group of contracts are onerous based on:

- Historical loss ratio
- Pricing information
- Results of similar contracts it has recognized
- 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.

Contract boundary

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 assessment 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.

NOTES TO THE FINANCIAL STATEMENTS – continued

2.12.3 Measurement - Premium Allocation Approach

	IFRS 17 Options	Adopted approach
<i>Premium Allocation Approach (PAA) Eligibility</i>	Subject to specified criteria, the PAA can be adopted as a simplified approach to the IFRS 17 general model	All the Company's products with coverage period of one year or less are measured using the PAA. Where a contract has a coverage period of more than a year, the company will perform the PAA eligibility test as required, where the materiality level for difference in the liability for remaining coverage has been set at +/- 5%
<i>Insurance acquisition Cash flows for insurance contracts issued</i>	<p>Where the coverage period of all contracts within a group is not longer than one year, insurance acquisition cash flows can either be expensed as incurred, or allocated, using a systematic and rational method, to groups of insurance contracts (including future groups containing insurance contracts that are expected to arise from renewals) and then amortised over the coverage period of the related group. For groups containing contracts longer than one year, insurance acquisition cash flows must be allocated to related groups of insurance contracts and amortised over the coverage period of the related group.</p> <p>Where there is no significant financing component in relation to the LFRC, or where the time between providing each part of the services and the related premium due date is no more than a year, an entity is not required to make an adjustment for accretion of interest on the LFRC.</p>	The company absorbs (expense) the insurance acquisition expense in the year of occurrence to groups of insurance contracts.
<i>Liability for Remaining Coverage (LFRC), adjusted for financial risk and time value of money</i>		<p>For general business, LFRC would not be discounted except for certain contract (e.g. construction contract).</p> <p>Where contracts have a coverage of more than one year, and where the time between the premium due date and start of coverage period exceeds one year, allowance must be made for accretion of interest on the LFRC (i.e. LFRC will be discounted).</p>

NOTES TO THE FINANCIAL STATEMENTS – continued

<i>Liability for Incurred Claims, (LFIC) adjusted for time value of money</i>	Where claims are expected to be paid within a year of the date that the claim is incurred, it is not required to adjust these amounts for the time value of money.	Not all claims incurred are settled within a year as such when the claims are settled after a year period, time value of money will be considered. The company has decided not to adjust for time value of money if the cashflow is expected within a year.
<i>Insurance finance income and expense</i>	There is an option to disaggregate part of the movement in LFIC resulting from changes in discount rates and present this in OCI and there is another option to recognize the insurance finance income and expense under profit or loss.	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. The company has elected to recognize all insurance finance income and expense under profit or loss.

2.12.2 Insurance contracts – initial measurement

The Company applies the premium allocation approach (PAA) to all the 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 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.

NOTES TO THE FINANCIAL STATEMENTS – continued

For contracts beyond one year, the liability for remaining coverage is discounted to reflect the time value of money and the effect of financial risk. For all other contracts, there is no allowance for time value of money as the premiums are received within one year of the coverage period.

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 cashflows. A loss component is established by the Company for the liability for remaining coverage for such onerous group depicting the losses recognised.

2.12.3 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.

2.12.4 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
- Plus, any amounts relating to the amortisation of the insurance acquisition cash flows recognised as an expense in the reporting period for the group
- Plus any adjustment to the financing component, where applicable
- Minus the amount recognised as insurance revenue for the services provided in the period
- Minus any investment component paid or transferred to the liability for incurred claims

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

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

2.12.5 Reinsurance contracts held – subsequent measurement.

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

Where the Company has established a loss-recovery component, the Company subsequently reduces the loss- recovery component to zero in line with reductions in the onerous group of underlying insurance contracts in order to reflect

NOTES TO THE FINANCIAL STATEMENTS – continued

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 entity expects to recover from the group of reinsurance contracts held.

2.12.6 Insurance acquisition cash flows

Insurance acquisition cash flows arise from the costs of selling, underwriting and starting a group of insurance contracts (issued or expected to be issued) that are directly attributable to the portfolio of insurance contracts to which the group belongs.

The Company uses a systematic and rational method to allocate:

- (a) Insurance acquisition cash flows that are directly attributable to a group of insurance contracts:
 - (i) to that group; and
 - (ii) to groups that include insurance contracts that are expected to arise from the renewals of the insurance contracts in that group.
- (b) Insurance acquisition cash flows directly attributable to a portfolio of insurance contracts that are not directly attributable to a group 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 derecognised 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 cash flows allocated to expected future contract renewals.

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

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

2.12.9 Insurance contracts – modification and derecognition

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.

NOTES TO THE FINANCIAL STATEMENTS – continued

2.12.10 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.

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.

2.13 Trade payables

Trade payables (i.e., insurance payables) are recognised when due and measured on initial recognition at fair value less directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest rate method. Trade payables include payables to agents and brokers, payables to reinsurance companies, payables to coinsurance companies and commission payable.

The fair value of a non-interest-bearing liability is its repayment amount. Trade payables are derecognised when the obligation under the liability is settled, cancelled or expired.

2.14 Provisions and other payables

Provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Provisions are measured at the best of estimate of the expenditure required to settle the obligation at the end of the reporting period. The provisions are reviewed at the end of the reporting period and adjusted to reflect the current best estimate.

Other payables are recognised initially at fair value and subsequently measured at amortised cost using effective interest method.

2.15 Retirement obligations and employee benefits

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

Defined benefit gratuity scheme

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

NOTES TO THE FINANCIAL STATEMENTS – continued

The Company recognizes the following changes in the net defined benefit obligation under “the employee benefit expense”. Service costs comprising current service costs, past services costs, gains and losses on curtailment and non-routine settlements.

Employees are entitled to gratuity after completing a minimum of five continuous full years of service. The gratuity obligation is calculated annually by Independent Actuaries using the projected unit credit method. The present value of the gratuity obligation is determined by discounting the estimated future cash outflows using market yields on high quality corporate bonds. The liability recognized in the statement of financial position in respect of defined benefit gratuity plan is the present value of the defined benefit obligation at the reporting date less the fair value of plan assets.

Re-measurement arising from actuarial gains and losses are immediately recognized in the statement of financial position with corresponding debit or credit recognized in the retained earnings through OCI in periods in which they occur. Re-measurements are not reclassified in subsequent periods. Past service costs are recognized in the profit or loss on the earlier of:

- The date of plan amendment or curtailment and.
- The date that the Company recognizes related restructuring costs.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset using the rate at the beginning of the period. The Company recognizes the net interest in the net defined benefit obligation under “the employee benefit expense”.

Defined contribution pension scheme

The Company operates a defined contributory pension scheme for eligible employees. The Company and employees contribute 10% and 8% respectively of the employees' Basic, Housing and Transport allowances in line with the provisions of the Pension Reform Act 2014. The Company pays the contributions to a pension fund administrator. 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.

Short-term benefits

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

2.16 Income taxes - Company Income Tax and Deferred Tax Liabilities

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity or in other comprehensive income. Current income tax is the estimated income tax payable on taxable income for the year, using tax rates enacted or substantively enacted at reporting date, and any adjustment to tax payable in respect of previous years.

The tax currently payable is based on taxable results for the year. Taxable results differ from results as reported in the profit or loss because it includes not only items of income or expense that are taxable or deductible in other years, but it further excludes items that are never taxable or deductible. 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.

NOTES TO THE FINANCIAL STATEMENTS – continued

Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability differs from its tax base. Deferred taxes are recognized using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes (tax bases of the assets or liability). The amount of deferred tax provided is

based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities using tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend is recognised.

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 taxes 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 carryforwards 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.

2.17 Share capital and share premium

Shares are classified as equity when there is no obligation to transfer cash or other assets. Any amounts received over and above the par value of the shares issued are classified as 'share premium' in equity. Incremental costs directly attributable to the issue of equity instruments are shown in equity as a deduction from the proceeds, net of tax.

2.18 Dividend on ordinary shares

Dividends on the Company's ordinary shares are recognised in equity in the period in which they are paid or, if earlier, approved by the Company's shareholders. Dividends for the year that are declared after the reporting date are dealt with in the subsequent events note.

2.19 Statutory contingency reserve

In compliance with Section 21 (2) of Insurance Act, CAP I17 LFN 2004, the contingency reserve is credited with the greater of 3% of gross premium written, or 20% of the net profits. This shall accumulate until it reaches the amount of greater of minimum paid-up capital or 50 percent of net premium.

2.20 Retained earnings

This reserve represents amount set aside out of the profits of the Company which shall at the discretion of the Directors be applicable for meeting contingencies, repairs or maintenance of any works connected with the business of the Company, for equalising dividends, for special dividend or bonus, or such other purposes for which the profits of the Company may lawfully be applied.

2.21 Fair value reserve

The fair value reserve comprises the cumulative net change in the fair value of the equity instruments designated at fair value through other comprehensive income. This amount cannot be recycled to profit or loss in subsequent period even if the instruments are derecognized.

NOTES TO THE FINANCIAL STATEMENTS – continued

2.22 Property revaluation reserve

Subsequent to initial recognition, an item of property, plant and equipment may be revalued to fair value. However, if such item is revalued, the whole class of asset to which that asset belongs has to be revalued. The revaluation surplus is recognized in equity, unless it reverses a decrease in the fair value of the same asset, which was previously recognized as an expense, in which case it is recognized in profit or loss. A subsequent decrease in the fair value is charged against this reserve to the extent that there is a credit balance relating to the same asset, with the balance being recognized in profit or loss.

2.23 Gratuity valuation reserve

The gratuity valuation reserve comprises the cumulative net change in the re-measurement gain/(loss) on defined benefit plans.

2.24 Prepayments and other receivables

a) Prepayments:

Prepayments are payments made in advance for services to be enjoyed in future. The amount is initially capitalized in the reporting period in which the payment is made and subsequently amortised over the period in which the service is to be enjoyed.

b) Other receivables:

Other receivables are recognised upon the occurrence of event or transaction as they arise, and derecognised when payment is received or utilised.

2.25 Contingent assets and liabilities

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or the Company has a present obligation as a result of past events but is not recognized because it is not likely that an outflow of resources will be required to settle the obligation; or the amount cannot be reliably estimated.

Contingent liabilities and contingent assets are never recognized rather they are disclosed in the financial statements when they arise.

2.26 Insurance revenue (Policy applicable with effect from 1 January 2023)

The insurance revenue for the period is the amount of expected premium receipts (excluding any investment component) allocated to the period. The Company allocates the expected premium receipts to each period of insurance contract services on the basis of the passage of time (pro-rata basis). but if the expected pattern of release of risk during the coverage period differs significantly from the passage of time, then 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.

For the periods presented, all revenue has been recognised on the basis of the passage of time.

NOTES TO THE FINANCIAL STATEMENTS – continued

2.26.1 Loss Components

The Company assumes that no contracts are onerous at initial recognition unless facts and circumstances indicate otherwise. Where this is not the case, and if at any time during the coverage period, facts and circumstances indicate that a group of insurance contracts is onerous, the Company establishes a loss component as the excess of the fulfilment cash flows that relate to the remaining coverage of the group over the carrying amount of the liability for remaining coverage of the group. Accordingly, by the end of the coverage period of the group of contracts the loss component will be zero.

2.26.2 Loss recovery components

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

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

2.26.3 Insurance finance income and expenses

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

2.26.3.1 The effect of the time value of money and changes in the time value of money; and

2.26.3.2 The effect of financial risk and changes in financial risk.

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.

i. 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.

2.27 Other Operating Expenses

Other operating expenses are expenses other than claims, investment expenses, employee benefits, expenses for marketing and administration and underwriting expenses. They include wages, professional fee, depreciation expenses and other non-operating expenses. Other Operating expenses are accounted for on accrual basis and recognized in the statement of profit or loss upon utilization of the service or at the date of their origin.

NOTES TO THE FINANCIAL STATEMENTS – continued

2.28 Finance income and expenses

Finance income and expense for all interest-bearing financial instruments are recognised within 'finance income' and 'finance costs' in the profit or loss using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial asset or liability (or group of assets and liabilities) and of allocating the finance income or finance costs over the relevant period. The effective interest rate is the rate that exactly discounts the expected future cash payments or receipts through the expected life of the financial instrument, or when appropriate, a shorter period, to the net carrying amount of the instrument.

The application of the method has the effect of recognising income (and expense) receivable (or payable) on the instrument evenly in proportion to the amount outstanding over the period to maturity or repayment. In calculating effective interest, the Company estimates cash flows considering all contractual terms redemption, are included in the calculation to the extent that they can be measured and are considered to be an integral part of the effective interest rate.

Cash flows arising from the direct and incremental costs of issuing financial instruments are also taken into account in the calculation. Where it is not possible to otherwise estimate reliably the cash flows or the expected life of a financial instrument, effective interest is calculated by reference to the payments or receipts specified in the contract, and the full contractual term. Once a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, interest income is recognized using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

2.29 Income tax expense

Income tax expense comprises current income tax, education tax, police development levy, information technology development level and deferred tax. (See note 2.18).

2.30 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. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

2.31 Trade Receivables

Trade receivables are recognized when due. The premium receivables arising from insurance contracts issued and include amounts due from agents, brokers and insurance contract holders. Premium receivables are those for which credit notes issued by brokers are within 30days, in conformity with the “NO PREMIUM NO COVER” NAICOM policy.

2.32 Statement of Cash Flows

A statement of cash flows, when used in conjunction with the rest of the financial statements, provides information that enables users to evaluate the changes in net assets of an entity, its financial structure (including its liquidity and solvency) and its ability to affect the amounts and timing of cash flows in order to adapt to changing circumstances and opportunities.

NOTES TO THE FINANCIAL STATEMENTS – continued

According to IAS 7 Statement of Cash Flows, an entity shall report cash flows from operating activities using either:

- (a) the direct method, whereby major classes of gross cash receipts and gross cash payments are disclosed; or
- (b) the indirect method, whereby profit or loss is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments, and items of income or expense associated with investing or financing cash flows.

The Company has adopted the direct method in reporting cash flows from operating activities because it provides more details about operating cashflows which may be useful in estimating future cash flows.

2.33 Changes in accounting policies and disclosures

2.33a New and amended IFRS standards that are effective for the current year.

The financial statements are prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standard Board (IASB) and in the manner required by the Companies and Allied Matters Act of Nigeria, the Financial Reporting Council of Nigeria Act, the Banks and other Financial Institutions Act of Nigeria, and relevant Central Bank of Nigeria circulars. The same accounting policies and methods of computation are followed in the financial statements as compared with the most recent annual financial statements.

i) Classification of liabilities as current or Non-current and Non-current Liabilities with Covenants – Amendments to IAS 1

The amendments to IAS 1 affect only presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items

The amendments clarify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period. The amendments also clarify that the classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability and make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

The amendments are expected to be effective for annual periods beginning on or after 1 January 2024 with early adoption permitted.

The standards does not affect the presentation or classification of the company's financial statements.

ii) Disclosures: Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7

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

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 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.

NOTES TO THE FINANCIAL STATEMENTS – continued

The company does not have any supplier finance arrangement as at the end of the financial period and does not foresee entering into any of such arrangements in the future

iii) **Lease Liability in a Sale and Leaseback – Amendments to IFRS 16**

In September 2022, the Board issued Lease Liability in a Sale and Leaseback (Amendments to IFRS 16). The amendment to IFRS 16 Leases specifies the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains.

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

The date of initial application is the beginning of the annual reporting period in which an entity first applied IFRS 16. The amendment does not have a material impact on the Company's financial statements as it is not a seller leasee in any lease agreement as at the end of the current financial year. The amendment will be applied when the company become a party in any sale and leaseback arrangement.

iv) **IAS 8 (Amendment): Definition of Accounting Estimates**

IAS 8 (Amendment): Definition of Accounting Estimates (effective for annual reporting periods beginning on or after 1 January 2023). The amendment replaces the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition,

Accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". Entities develop accounting estimates if accounting policies require items in the financial statements to be measured in a way that involves measurement uncertainty. The amendments clarify that a change in accounting estimate that results from new information or new developments is not the correction of an error. There was no impact on the Financial Statements from the adoption of this amendment.

v) **IFRS 9 - Derecognition of a financial liability settled through electronic transfer.**

The application guidance in IFRS 9 is amended to clarify the date of initial recognition or derecognition of financial assets and financial liabilities.

The existing application guidance states that a financial liability is derecognised at its settlement date, being the date on which the liability is extinguished because the obligation specified in the contract is discharged, cancelled or expires, or the liability otherwise qualifies for derecognition.

As an alternative to this requirement, the amendments permit an entity to deem a financial liability (or part of it) that will be settled in cash using an electronic payment system to be discharged before the settlement date if, and only if, the entity has initiated a payment instruction that has resulted in:

- the entity having no practical ability to withdraw, stop or cancel the payment instruction
- the entity having no practical ability to access the cash to be used for settlement as a result of the payment instruction
- the settlement risk associated with the electronic payment system being insignificant.

An entity that elects to apply the derecognition alternative for financial liabilities is required to apply it to all settlements made through the same electronic payment system.

NOTES TO THE FINANCIAL STATEMENTS – continued

vi) IAS 12 Income Taxes - Deferred Tax (Pillar Two Model Rules)

IAS 12 clarifies that the Standard applies to income taxes arising from tax law enacted or substantively enacted to implement, the Pillar Two model rules published by the OECD, including tax law that implements qualified domestic minimum top up taxes described in those rules. The amendments introduce a temporary exception to the accounting requirements for deferred taxes in IAS 12, so that an entity would neither recognise nor disclose information about deferred tax assets and liabilities related to Pillar Two income taxes.

IAS 12 - Deferred Tax related to Assets and Liabilities arising from a Single Transaction

IAS 12 (Amendments): Deferred Tax related to Assets and Liabilities arising from a Single Transaction (effective for annual reporting periods beginning on or after 1 January 2023). These amendments clarify and narrow the scope of the exemption provided by the IAS 12 “Income Taxes” standard allowing institutions not to recognise any deferred tax during the initial recognition of an asset and a liability. All leases and decommissioning obligations are excluded from the exemption scope for which companies recognise both an asset and a liability and will now have to recognise deferred taxes. From the date of first application of IFRS 16 “Leases”, the Bank have considered the right of use assets and the lease-related liabilities as a single transaction. Consequently, on the initial recognition date, the amount of deferred tax asset offsets the amount of deferred tax liability. The net temporary differences resulting from later variations in the right of use assets and lease liabilities subsequently result in a deferred tax asset as reporting date which is subject to the recoverability criteria of IAS 12 “Income Taxes”.

There was no impact on the Financial Statements from the adoption of these amendments.

Vii) IFRS 17 Insurance Contracts

IFRS 17 (Amendment): Initial Application of IFRS 17 and IFRS 9 – Comparative Information (effective for annual periods beginning on or after 1 January 2023). The amendment is a transition option relating to comparative information about financial assets presented on initial application of IFRS 17. The amendment is aimed at helping entities to avoid temporary accounting mismatches between financial assets and insurance contract liabilities, and therefore improve the usefulness of comparative information for the users of financial statements. The core of IFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

The main features of the accounting model for insurance contracts are as follows:

- The measurement of the present value of future cash flows, incorporating an explicit risk adjustment, remeasured every reporting period (the fulfilment cash flows)
- A Contractual Service Margin (CSM) that is equal and opposite to any day one gain in the fulfilment cash flows of a group of contracts, representing the unearned profit of the insurance contracts to be recognised in profit or loss over the service period (i.e., coverage period)
- Certain changes in the expected present value of future cash flows are adjusted against the CSM and thereby recognised in profit or loss over the remaining contractual service period"
- The effect of changes in discount rates will be reported in either profit or loss or other comprehensive income, determined by an accounting policy choice.
- The presentation of insurance revenue and insurance service expenses in the statement of comprehensive income based on the concept of services provided during the year under review.
- Amounts that are paid to a policyholder in all circumstances, regardless of whether an insured event happens (non-distinct investment components) are not presented in the income statement, but are recognised directly on the balance sheet.
- Insurance services results (earned revenue less incurred claims) are presented separately from the insurance finance income or expense

NOTES TO THE FINANCIAL STATEMENTS – continued

- Extensive disclosures to provide information on the recognised amounts from insurance contracts and the nature and extent of risks arising from these contracts"

2.33 b Amendments and Standards issued but not yet effective

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the company's financial statements are disclosed below. The company intends to adopt these standards, if applicable, when they become effective.

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

The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

The effective date of the amendments is yet to be set by the Board; however, earlier application of the amendments is permitted. In December 2015, the IASB postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting.

b) Lack of exchangeability – Amendments to IAS 21

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.

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

The amendments which is not expected to have any impact on the financial statements as the reporting currency and functional currency (the Nigerian Naira) is adequately exchangeable for any other currency, 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

c) IFRS 18 - Presentation and Disclosure in Financial Statements

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

NOTES TO THE FINANCIAL STATEMENTS – continued

Entities will be required to classify income and expenses in the categories (operating, investing, financing, income taxes and discontinued operations). 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 note.

d) **IFRS 19 - Subsidiaries without Public Accountability: Disclosures**

In May 2024, the Board issued IFRS 19 Subsidiaries without Public Accountability: Disclosures (IFRS 19), which allows eligible entities to elect to apply reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other IFRS accounting standards. Unless otherwise specified, eligible entities that elect to apply IFRS 19 will not need to apply the disclosure requirements in other IFRS accounting standards. An entity applying IFRS 19 is required to disclose that fact as part of its general IFRS accounting standards compliance statement. IFRS 19 requires an entity whose financial statements comply with IFRS accounting standards including IFRS 19 to make an explicit and unreserved statement of such compliance

An entity may elect to apply IFRS 19 if at the end of the reporting period:

- It is a subsidiary as defined in IFRS 10 Consolidated Financial Statements;
- It does not have public accountability; and
- It has a parent (either ultimate or intermediate) that prepares consolidated financial statements, available for public use, which comply with IFRS accounting standards

An entity 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; or it holds assets in a fiduciary capacity for a broad group of outsiders as one of its primary businesses (i.e., not for reasons incidental to its primary business). The disclosure requirements in IFRS 19 are organized into subheadings per IFRS accounting standards and where disclosure requirements in other IFRS Accounting Standards remain applicable, these are specified under the subheading of each IFRS accounting standard. IFRS 19 disclosures exclude IFRS 8 Operating Segments, IFRS 17 Insurance Contracts and IAS 33 Earnings per Share.

Therefore, if an entity that applies IFRS 19 is required to apply IFRS 17 or elects to apply IFRS 8 and/or IAS 33, that entity would be required to apply all the relevant disclosure requirements in those standards. IFRS 19 is effective for reporting periods beginning on or after 1 January 2027 and earlier adoption is permitted. If an eligible entity chooses to apply the standard earlier, it is required to disclose that fact. An entity is required, during the first period (annual and interim) in which it applies the standard, to align the disclosures in the comparative period with the disclosures included in the current period under IFRS 19, unless IFRS 19 or another IFRS accounting standard permits or requires otherwise.

e) **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

The amendments will be effective for annual reporting periods beginning on or after 1 January 2026. Entities can early adopt the amendments that relate to the classification of financial assets plus the related disclosures and apply the other

NOTES TO THE FINANCIAL STATEMENTS – continued

amendments later. The new requirements will be applied retrospectively with an adjustment to opening retained earnings. Prior periods are not required to be restated and can only be restated without using hindsight. An entity is required to disclose information about financial assets that change their measurement category due to the amendments.

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

In December 2024, the Board issued Contracts Referencing Nature-dependent Electricity (Amendments to IFRS 9 and IFRS 7). The amendments include:

- Clarifying the application of the 'own-use' requirements
- Permitting hedge accounting if these contracts are used as hedging instruments
- Adding new disclosure requirements to enable investors to understand the effect of these contracts on a company's financial performance and cash flows.

The clarifications regarding the 'own use' requirements must be applied retrospectively, but the guidance permitting hedge accounting have to be applied prospectively to new hedging relationships designated on or after the date of initial application. The amendments will be effective for annual reporting periods beginning on or after 1 January 2026.

g) **IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information**

IFRS S1 sets out overall requirements for sustainability-related financial disclosures with the objective to require an entity to disclose information about its sustainability-related risks and opportunities that is useful to primary users of general purpose financial reports in making decisions relating to providing resources to the entity. The Company is currently assessing the impact of the standards which will be effective from 1 January 2028 in order to ascertain the significance of impact to have on its financial statements in providing adequate disclosure on this in line with the requirements

h) **IFRS S2 Climate-related Disclosures**

IFRS S2 sets out the requirements for identifying, measuring and disclosing information about climate-related risks and opportunities that is useful to primary users of general purpose financial reports in making decisions relating to providing resources to the entity. The Company is currently assessing this in order to ascertain the significance of impact to have on its financial statements in providing adequate disclosure on this in line with the requirements

2.34 **Significant accounting judgements estimates and assumptions**

In the application of the Company's accounting policies, the Directors are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. 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.

2.34.1 **Critical judgments in applying the Company's accounting policies.**

The following are the critical judgments, apart from those involving estimations (which are dealt with separately below), that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

a) **Insurance product classification and contract liabilities**

The Company's non-life insurance contracts are classified as insurance contracts. As permitted by IFRS 17, Insurance contracts are those contracts where the Company (the insurer) has accepted significant insurance risk from another party (the policyholders) by agreeing to compensate the policyholders if a specified uncertain future event (the insured event) adversely affects the policyholders. As a general guideline, the Company

NOTES TO THE FINANCIAL STATEMENTS – continued

determines whether it has significant insurance risk, by comparing benefits paid with benefits payable if the insured event did not occur. Insurance contracts can also transfer financial risk. Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its lifetime, even if the insurance risk reduces significantly during this period, unless all rights and obligations are extinguished or expire.

b) **Liability for remaining coverage**

The company uses the following key assumption for its liability for remaining coverage. Earnings pattern for LRC (Liability for Remaining coverage) includes two (2) options under the PAA, they are:

- Pro-rata temporis (passage of time)
- Risk based curve

For insurance contracts which automatically qualify for PAA (i.e., with coverage period not exceeding 1 year), the passage of time or pro-rata temporis pattern will be used. This approach is almost identical to the 365th method that is currently used for determining IFRS 4 unearned premium reserves (UPR). However, contracts which automatically qualify for PAA does not necessarily imply that the uniform earnings curve will be appropriate. For example, seasonality of claim incidence under certain class of policy would normally require calibration of the earnings curve. But the default curve will be uniform unless facts and circumstances indicate otherwise, i.e., there is sufficient credible data and grounds that the incidence of risk may not be linear.

For contracts with coverage period exceeding 1-year, actuarial investigations will be conducted by deriving the claims incidence pattern using historical claims data. Actual observed claims incidence curve is tested for goodness of fit by applying standard statistical techniques. In the absence of credible claims data, an equivalent risk incidence curve will be sourced from our international reinsurers. If external risk curve is not available, then by default a uniform earnings curve will apply.

The yield curve published by Nigeria Actuary Society (NAS) will be applied to both insurance and reinsurance contracts.

c) **Claims payment pattern for liability for incurred claims.**

In estimating the claims payment pattern for liability for incurred claims, the company sets:

1. An assumption regarding the future timing of claim settlement is required as the IFRS 17 requires the determination of probability weighted future cash flows. Weighted future cash flows will include expected claim payment, expected cost of settling the claims, unallocated claim expenses that are integral to the claim cost but due to system limitations they cannot be allocated to individual claims (e.g. cost of pool of contract cars), legal costs incurred or expected to be incurred for litigated claims, motor recoveries from third party insurers, salvage and subrogation and directly attributable maintenance expenses. For reinsurers' LIC, same cashflows shall apply as described above but the cashflows are apportioned according to reinsurance arrangement.

Run off triangles are used to project future claims payment generated by direct insurance contracts and claim recovered from reinsurance contracts. Actual claims paid and outstanding claim reserves are grouped by accident year cohorts.

Methodology used for claims reserving is defined by the Company's Reserving Policy and Reserving Guidance, and it relies on the Basic Chain Ladder as well as the Bornhuetter-Ferguson method. Same methodology is applied to claims generated by direct contracts and claim recovered from reinsurance contracts.

The best estimate for claims development or payment to ultimate is determined by the link ratio estimator for each period of development. This is achieved by selecting the weighted averages or simple averages of

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link ratios for each period of claims development until the ultimate period when the claims development is deemed to be fully run off. For each reserving class that best estimate claim payment pattern is derived separately on a gross basis Insurance contracts and reinsurers' share (claim recovered from reinsurance contracts). The process of selecting link ratios often involves identifying outliers and excluding them. Analysis of Actual versus Expected claim reserves is carried out to assess adequacy of best estimate payment pattern estimated in prior year/period. Where significant deviations are noted, further investigations are carried out to ascertain whether this is indicative of a new trend in the underlying claim development process or whether this is caused by the occurrence of abnormally large claims that tend to distort the latest link ratios or whether it was caused by certain specific events impacting the claims process that are not expected to recur in the future (e.g. restructuring of claims department, or installing a new admin system or claim backlog). If the cause of the deviation is driven by changes in the claims development process which is expected to be recurring or be permanent in the future (e.g., application of new case reserving practice), then judgement is applied in choosing the link ratio for the most recent accident year cohort.

Consideration is also given on the need to allow for a tail factor for projecting claims payment beyond the available data horizon.

2. Claim payment pattern will be derived for each reserving class or portfolio (portfolio if there is only one reserving class).
3. Basically, the payment pattern provides probabilities to project the settlement of claims in future time periods.
4. 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.
5. Existing reserving models (primarily the Basic Chain Ladder) will be used to derive the payment probabilities from the link ratios obtained from paid triangles.
6. 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.
7. 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.
8. 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. non-life claims backlog can be quite common arising from dispute in settlement amount or change in policy administration system. occurrence of major external systemic events such as a pandemic related lockdown will impact the development factors- hence invalidate existing payment pattern.
9. It is to be noted that, for consistency, the same payment pattern as used for claim projection will be applied in the projection of Risk Adjustment estimates. The same approach would be used to derive the payment pattern for modelling the LIC cashflows for a portfolio of reinsurance contracts.
10. 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,

NOTES TO THE FINANCIAL STATEMENTS – continued

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.

Insurance acquisition cash flows

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

Onerous groups

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

Time value of money on liability for remaining coverage

For Engineering contracts and Marine cargo contracts, the Company adjusts the carrying amount of the liability for remaining coverage to reflect the time value of money and the effect of financial risk using discount rates that reflect the characteristics of the cash flows of the group of insurance contracts at initial recognition. While for other business lines, the company has elected not to discount the liability for remaining coverage.

Discount rates

Insurance contract liabilities are calculated by discounting expected future cash flows at a risk-free rate, plus an illiquidity premium where applicable. Risk free rates are determined by reference to the yields of highly liquid high grade rated sovereign securities in the currency of the insurance contract liabilities. The illiquidity premium is determined by reference to observable market rates.

Risk adjustment for non-financial risk

The risk adjustment for non-financial risk is the compensation that the Company requires for bearing the uncertainty about the amount and timing of the cash flows of groups of insurance contracts. The risk adjustment reflects an amount that an insurer would rationally pay to remove the uncertainty that future cash flows will exceed the expected value amount.

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

2.34.2 Estimates and assumptions

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 described 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 beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

a) Estimating the incremental borrowing rate

The Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental

NOTES TO THE FINANCIAL STATEMENTS – continued

borrowing rate ('IBR') to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Company 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease.

The Company estimates the IBR using observable inputs (such as FGN Bond interest rates) and is required to make certain entity-specific adjustments (such as the Company's stand-alone credit rating, or to reflect the terms and conditions of the lease) and assets specific adjustment (such as property yield).

b) Fair value of financial instruments using valuation techniques

The Directors use their judgment in selecting an appropriate valuation technique. Where possible, financial instruments are marked at prices quoted in active markets. In the current market environment, such price information is typically not available for all instruments and the Company uses valuation techniques to measure such instruments. These techniques use "market observable inputs" where available, derived from similar assets in similar and active markets, from recent transaction prices for comparable items or from other observable market data. For positions where observable reference data are not available for some or all parameters the Company estimates the non-market observable inputs used in its valuation models.

Other financial instruments are valued using a discounted cash flow analysis based on assumptions supported, where possible, by observable market prices or rates although some assumptions are not supported by observable market prices or rates.

c) Valuation of non-life insurance contract liabilities

For non-life insurance contract, estimates have to be made for the expected ultimate cost of all future payments attaching to incurred claims at the reporting date. These include incurred but not reported ("IBNR") claims. Due to the nature of insurance business, ultimate cost of claims is often not established with certainty until after the reporting date and therefore considerable judgement, experience and knowledge of the business is required by management in the estimation of amounts due to contract holders. Actual results may differ resulting in positive or negative change in estimated liabilities.

The ultimate cost of outstanding claims is estimated by using a range of standard actuarial claims projection techniques, such as Loss ratio method and BCL methods. The BCL method assumes that past experience is indicative of future experience i.e., claims recorded to date will continue to develop in a similar manner in the future while Loss ratio method is used for classes with limited claims payments or history and therefore a BCL method would be inappropriate. The loss ratio method allows for an estimate of the average ultimate loss ratio which needs to be assumed, it uses the incurred and paid to date loss ratio that have been experienced to date in previous accident years.

Additional qualitative judgement is required as significant uncertainties remain such as future changes in inflation, economic conditions, attitude to claiming, foreign exchange rates, judicial decisions and operational process.

Similar judgements, estimates and assumptions are employed in the assessment of losses attaching to unearned premium exposures. The methods used are based on time apportionment principles together with significant judgement to assess the adequacy of these liabilities and the attached uncertainty. The carrying value at the reporting date of non-life insurance contract liabilities is N15,362,940,000 (2024: N 16,514,277,000).

d) Taxes

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level

NOTES TO THE FINANCIAL STATEMENTS – continued

of future taxable profits, together with future tax planning strategies.

The carrying value at the reporting date of net deferred tax liabilities is N416,142,000 (2024: N387,616,000). Further details on taxes are disclosed in Note 12 to the financial statements.

e) Valuation of pension benefit obligation

The cost of defined benefit pension plans, and other post-employment benefits, and the present value of the pension obligation are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rate of return on assets, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. Details of the key assumptions used in the estimates are contained in Note 29 to the financial statements.

The carrying value at the reporting date of gratuity benefit obligation is Nil (2024: N323,908,000).

f) Valuation of investment properties

The Company carries its investment properties at fair value, with changes in fair value being recognised in profit or loss. The Company engaged an independent valuation specialist to assess fair value as at 31 December 2024. A valuation methodology based on discounted cash flow model was used as there is a lack of comparable market data because of the nature of the properties.

The determined fair value of the investment properties is most sensitive to the estimated yield as well as the long-term vacancy rate. The key assumptions used to determine the fair value of the investment properties are further explained in Note 21 to the financial statements.

g) Impairment losses on financial assets

The measurement of impairment losses both under IFRS 9 across all categories of financial assets in scope requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk.

These estimates are driven by a number of factors, changes in which can result in different levels of allowances. The Company's ECL calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgements and estimates include:

- i. S&P credit grading model of obligors which assigns PDs to the individual grades
- ii. The Company's criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a LTECL basis and the qualitative assessment
- iii. Development of ECL models, including the various formulas and the choice of inputs
- iv. Determination of associations between macroeconomic scenarios and, economic inputs, such as unemployment rates, inflation rate, GDP growth rate and crude oil price, and the effect on PDs, EADs and LGDs

It has been the Company's policy to regularly review its models in the context of actual loss experience and adjust when necessary.

The determination of whether a financial asset is credit impaired focuses exclusively on default risk, without taking into consideration the effect of credit risk mitigants such as collateral or guarantees. Specifically, the financial asset is credit impaired and in stage 3 when: The Company considers the obligor is unlikely to pay its credit obligations to the Company. The termination may include forbearance actions, where a concession has been granted to the borrower or economic or legal reasons that a qualitative indicators of credit impairment;

NOTES TO THE FINANCIAL STATEMENTS – continued

or contractual payments of either principal or interest by the obligor are past due by more than 90 days.

For financial assets considered to be credit impaired, the ECL allowance covers the amount of loss the Company is expected to suffer. The estimation of ECLs is done on a case-by-case basis for non-homogenous portfolios, or by applying portfolio-based parameters to individual financial assets in this portfolio by the Company's ECL model for homogenous portfolios.

Forecast of future economic conditions when calculating ECLs are considered. The lifetime expected losses are estimated based on the probability – weighted present value of the difference between:

- 1) The contractual cash flows that are due to the Company under the contract; and
- 2) The cash flows that the Company expects to receive.

Elements of ECL models that are considered accounting judgements and estimates include:

- The Company's criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a LTECL basis and the qualitative assessment
- The development of ECL models, including the various formulas and the choice of inputs Determination of associations between macroeconomic scenarios and, economic inputs, such as unemployment levels and collateral values, and the effect on PDs, EADs and LGDs
- Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models.

2.34.2 Estimates and assumptions

i) Regulatory authority and financial reporting

The Company is regulated by the National Insurance Commission (NAICOM) under the National Insurance Act of Nigeria. The Act specifies certain provisions which have impact on financial reporting as follows:

- I. Section 20 (1a) provides that provisions for unexpired risks shall be calculated on a time apportionment basis of the risks accepted in the year.
- II. Section 20 (1b) which requires the provision of 10 percent for outstanding claims in respect of claims incurred but not reported at the end of the year under review.
- III. Sections 21 (1a) and 22 (1b) require maintenance of contingency reserves for general and life businesses respectively at specified rates as set out under note (32) and note 2.22 to cover fluctuations in securities and variation in statistical estimates.
- IV. Section 24 requires the maintenance of a margin of solvency to be calculated in accordance with the Act as set out under note 4(c).
- V. Section 10(3) requires insurance companies in Nigeria to deposit 10 percent of the minimum paid-up share capital with the Central Bank of Nigeria as set out under note 24;
- VI. Section 25 (1) requires an insurance Company operating in Nigeria to invest and hold investment in Nigeria assets equivalent to not less than the amount of policy holders' funds in such accounts of the insurer. See note 17 for assets allocation that covers policy holders' funds.

The Financial Reporting Council of Nigeria Act No. 6, 2011 which requires the adoption of IFRS by all listed and significant public interest entities provides that in matters of financial reporting, if there is any inconsistency between the Financial Reporting Council of Nigeria Act No. 6, 2011 and other Acts which are listed in Section 59(1) of the Financial Reporting Council of Nigeria Act No. 6, 2011, the Financial Reporting Council of Nigeria Act

No. 6, 2011 shall prevail. The Financial Reporting Council of Nigeria acting under the provisions of the Financial Reporting Council of Nigeria Act No. 6, 2011 has promulgated IFRS as the national financial reporting framework for Nigeria. Consequently, the following provision of the National Insurance Act, 2003 which conflict with the provisions of IFRS have not been adopted:

- (i) Section 22(1a) which requires additional 25 percent of net premium to general reserve fund.

2.35 Segment Reporting

Operating segment is reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segment, has been identified as the Board of Directors of Prestige Assurance Plc. It is the Board of Directors that has responsibility for planning and controlling the activities of the Company. Prestige Assurance Plc is a one segment i.e. non-life insurance business.

PRESTIGE ASSURANCE PLC
Shareholding Structure/Free Float Status

Company Name:	Prestige Assurance Plc
Board Listed:	Main Board
Year End:	31st December
Reporting Period:	Full Year Ended 31st December 2025
Share Price at end of reporting period:	N1.58K (2024: N1.21K)

DESCRIPTION	31-December-2025		31-December-2024	
	UNIT	PERCENTAGE	UNIT	PERCENTAGE
Issued Share Capital	13,252,561,888	100%	13,252,561,888	100%
Substantial Shareholdings (5% and above)				
New India Assurance Company Limited	10,379,522,933	78.32	10,379,522,933	78.32
Leadway Assurance Company	807,389,393	6.09	807,389,393	6.09
Total Substantial Shareholdings	11,186,912,326	84.41	11,186,912,326	84.41
Directors' Shareholdings (direct and indirect), excluding directors with substantial interests				
Mrs. Aderonke Adedeji	-	-	-	-
Mrs. Neerja Kapur	-	-	-	-
Mrs. Smita Srivastava	-	-	-	-
Mr. N.S.R. Chandra Prasad	4,415,594	0.03	4,415,594	0.03
Mr. Rajesh Kamble	-	-	-	-
Mr. Vivek Kalla	-	-	-	-
Mrs. Funmi Oyetunji (Direct)	11,844	0.00	11,844	0.00
Dr. Nosike Agoike	102	0.00	102	0.00
Total Directors' Shareholdings	4,427,540	0.03	4,427,540	0.03
Other Influential Shareholdings - Governments				
Dev. Finance & Investment Co. Ltd – Imo State	4,834	0.00	4,834	0.00
Ministry of Finance Incorporated – Bayelsa State	9,658,169	0.07	9,658,169	0.07
Total Other Influential Shareholdings /Governments	9,663,003	0.07	9,663,003	0.07
Free Float in Units and Percentage	2,051,559,019	15.39	2,051,559,019	15.39
Free Float in Value	3,241,463,250.02			

DECLARATION:

(A) Prestige Assurance Plc with a free float percentage of 15.48% as at 31st December 2025, this is not yet in compliant with the Exchange's free float requirements for companies listed on the Main Board. The company has already written letter to The Nigeria Stock Exchange for extension of period to complied with rules.
(B) Prestige Assurance Plc with a free float value of N3,241,463,250.02k as at 31st December 2025, is not yet in compliant with The Exchange's free float requirements for companies listed on the Main Board.



PRESTIGE ASSURANCE PLC

**THE UNAUDITED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED
31ST DECEMBER 2025**

Prestige Assurance Plc
Statement of profit or loss and other comprehensive income
For the year ended 31st December, 2025

In NGN 000	Notes	December 2025	December 2024	% change
Insurance revenue	3	25,160,603	19,585,520	28
Insurance service expenses	4	(21,236,087)	(20,043,927)	6
Insurance service result before reinsurance contracts held		3,924,516	(458,407)	(956)
Net expense from reinsurance contracts held	5	(4,686,821)	586,138	(900)
Insurance service result		(762,305)	127,731	(697)
Investment income				
Interest income calculated using the effective interest method	6	1,938,583	1,710,478	13
Other investment income	7	505,278	527,191	(4)
Net fair value gain/(loss) on financial assets at FVTPL	19a	242,220	65,195	272
Net fair value gain/(loss) on investment property	24	775,967	422,821	84
Credit loss (expense)/reversal	8	(93,155)	(36,356)	156
Net foreign exchange income/(expense)	9	(283,770)	1,894,358	(115)
Total investment income		3,085,123	4,583,687	(33)
Insurance finance expenses for insurance contracts issued	10	(48,086)	(414,554)	(88)
Reinsurance finance income for reinsurance contracts held	11	552,433	365,094	51
Net insurance finance expense		504,347	(49,460)	(1,120)
Net insurance & investment income		2,827,165	4,661,958	(39)
Other operating income	12	33,848	6,812	397
Finance costs	13	(850)	(2,099)	(60)
Management expenses	14	(2,118,824)	(1,576,761)	34
Profit before income tax expense		741,339	3,089,910	(76)
Income tax expense	15	(132,013)	146,459	(190)
Profit for the year		609,326	3,236,369	(81)
Other comprehensive income				
Items within OCI that will not be reclassified to profit or loss in subsequent periods net of tax:				
Revaluation gain on equity instruments at FVTOCI(net of tax)		256,735	249,013	3
Re-measurement gain on staff gratuity benefit scheme (net of tax)		-	24,188	(100)
Gain on revaluation of buidings(net of tax)			180,310	(100)
Total other comprehensive income for the year (net of tax)		256,735	453,511	(43)
Total comprehensive income for the year ;net of tax		866,061	3,689,880	(77)
Basic earnings per ordinary share (kobo)		4.60	24.42	(81)
Diluted earnings per share (kobo)		4.60	24.24	(81)

The accompanying summary of significant accounting policies and notes to the financial statements form an integral part

Prestige Assurance Plc
Unaudited IFRS Financial Statements
For the year ended 31st December, 2025

Statement of Financial Position as at 31st December, 2025

	Notes	December 2025 N'000	December 2024 N'000
Assets			
Cash and cash equivalents	18	1,371,483	1,762,855
Financial Assets:			
Fair value through profit or loss	19a	537,988	295,768
Equity instruments at fair value through OCI	19b	5,102,116	4,816,853
Debt instruments at amortised cost	19c	12,835,340	13,704,034
Trade receivables	20	446,646	633,776
Prepayment & other receivables	21	284,828	254,703
Reinsurance assets	22	10,509,227	11,171,684
Investment in finance lease	23	354,743	174,675
Investment property	24	3,910,000	3,134,033
Intangible assets	25	40,695	50,050
Property, plant and equipment	26	1,632,312	1,705,982
Statutory deposit	27	321,518	300,000
Total Assets		37,346,896	38,004,413
Liabilities			
Insurance contract liabilities	28	15,362,940	16,514,277
Other reinsurance contract liabilities	29	22,388	149,412
Trade payables	30	121,318	-
Provisions and other payables	31	1,027,860	1,088,864
Retirement benefits obligations	32	-	323,908
Current income tax liabilities	33	150,989	165,767
Deferred tax liabilities	34	416,142	387,616
Total liabilities		17,101,637	18,629,844
Equity			
Issued and paid up share capital	35	6,626,281	6,626,281
Share premium	36	36,623	36,623
Contingency reserves	37	4,853,693	4,179,488
Revenue reserve	38	3,371,562	3,431,812
Property revaluation reserves	39	903,122	903,122
Reserve on actuarial valuation of gratuity	40	2,293	2,293
Fair value reserve	41	4,451,685	4,194,950
Total Equity		20,245,260	19,374,569
Total liabilities and reserves		37,346,897	38,004,413

These unaudited financial statements were approved by the Board of Directors and authorized for issue on 28th January 2026 and signed on its behalf by:



.....
 Mrs. Funmi Oyetunji
Chairman
 FRC/2018/PRO/DIR/003/00000017879



.....
 Mr. Umesh Rathod
Managing Director/CEO
 FRC/2025/PRO/DIR/003/598029



.....
 Mr. Oluwadare Emmanuel
Chief Finance Officer
 FRC/2013/PRO/ICAN/001/00000003649

Prestige Assurance Plc
Unaudited IFRS Financial Statements
For the year ended 31st December, 2025

Statement of Changes in Equity

	Share Capital	Share Premium	Statutory Contingency Reserve	Retained Earnings	Fair Value Reserve	Gratuity Valuation Reserve	Property Revaluation Reserve	Total
	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Balance as at 1st January 2025	6,626,281	36,623	4,179,488	3,431,812	4,194,950	2,293	903,123	19,374,569
Profit for the period	-	-	-	609,326	-	-	-	609,326
Reversal of unutilised provision for NITDL	-	-	-	4,630	-	-	-	4,630
Other comprehensive income(net of tax)	-	-	-	-	256,735	-	-	256,735
Total comprehensive income(net of tax)	-	-	-	613,956	256,735	-	-	870,691
Transactions with equity holders, recorded directly in equity								
Transfer to statutory contingency reserve	-	-	674,206	(674,206)	-	-	-	-
Dividend(Proposed)	-	-	-	-	-	-	-	-
Balance as at 31st December, 2025	6,626,281	36,623	4,853,694	3,371,562	4,451,685	2,293	903,123	20,245,260

Prestige Assurance Plc
Statement of Changes in Equity
For the year ended 31st December, 2024

	Share Capital	Share Premium	Statutory Contingency Reserve	Retained Earnings	Fair Value Reserve	Gratuity Valuation Reserve	Property Revaluation Reserve	Total
	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Balance as at 1st January 2024	6,626,281	36,623	3,503,652	1,121,661	3,945,937	(21,895)	737,567	15,949,825
Profit for the period	-	-	-	3,236,369	-	-	-	3,236,369
Other comprehensive income(net of tax)	-	-	-	-	249,013	24,188	180,310	453,511
Total comprehensive income(net of tax)	-	-	-	3,236,369	249,013	24,188	180,310	3,689,880
Transfer from property revaluation reserve	-	-	-	14,754	-	-	(14,754)	-
Transfer to statutory contingency reserve	-	-	675,836	(675,836)	-	-	-	-
Dividend(Proposed)	-	-	-	(265,136)	-	-	-	(265,136)
Balance as at 31st December, 2024	6,626,281	36,623	4,179,488	3,431,812	4,194,950	2,293	903,123	19,374,569

Prestige Assurance Plc
Unaudited IFRS Financial Statements
For the year ended 31st December, 2025

Statement of Cash flows

	December 2025 N'000	December 2024 N'000
Cash Flows from Operating Activities		
Premium received from policy holders	25,882,574	22,079,795
Commission received	3,186,995	2,803,611
Commission paid	(4,654,353)	(3,929,671)
Reinsurance premium paid	(15,005,069)	(12,515,640)
Claims Paid	(15,528,840)	(11,036,364)
Claims Recovered	8,630,606	6,900,030
Other operating cash payments	(4,167,883)	(2,839,147)
Other operating cash receipts	30,174	5,332
Cash flows (used in)/generated from operating activities	(1,625,796)	1,467,946
Company income tax paid	(146,791)	(71,661)
Benefits paid	(323,908)	(3,485)
Net cash consumed by operating activities	(2,096,495)	1,392,800
Cash flows from investing activities		
Purchase of property, plant & equipment	(47,135)	(113,095)
Prepaid lease payments	(11,584)	(57,627)
Proceeds on disposal of property, plant & equipment	3,600	9,255
Repayment of finance lease assets	(479,784)	312,511
Additions to finance lease assets	660,881	-
Purchase of debt instruments at amortised cost	(2,137,000)	(4,507,562)
Proceeds on redemption of debt instrument at amortised cost	1,170,986	144,835
Purchase of financial assets	-	13,202
Proceeds from sale of financial assets at FVTPL	-	97,798
Interest received	1,938,583	1,469,709
Other investment income	60,763	74,825
Rental income on investment property	159,517	101,122
Dividends received	284,998	292,071
Net Cash inflow/(outflow) from investing activities	1,603,825	(2,162,956)
Cash Flows from Financing activities		
Repayment of interest portion of lease liabilities	(850)	-
Repayment of principal portion of lease liabilities	-	-
Dividend paid	-	(265,137)
Net Cash inflow/outflow from financing activities	(850)	(265,137)
Net increase in cash and cash equivalents	(493,519)	(1,035,293)
Cash and cash equivalents at the beginning	1,762,855	2,859,463
Effects of exchange rate changes on cash and cash equivalents	-	(61,315)
Cash and cash equivalents at the year end	1,371,483	1,762,855

Prestige Assurance Plc
Unaudited IFRS Financial Statements
For The Year Ended 31 December, 2025

Notes to the Financial Statements

	December 2025 N'000	December 2024 N'000
3 Insurance Revenue		
Gross premium written	25,695,444	22,473,524
(Increase)/decrease in unearned Premium	(534,841)	(2,888,004)
Expected benefits incurred	<u>25,160,603</u>	<u>19,585,520</u>
4 Insurance Service Expenses		
Claims paid	15,528,840	11,367,176
Changes in best estimate related to LIC	(1,404,899)	2,812,746
Claims expenses	14,123,941	14,179,922
Acquisition cashflows (4.1)	4,654,353	3,929,670
Changes in risk adjustment related to LIC	(329,366)	286,618
Incurred fulfillment expenses (4.2)	2,787,160	1,647,717
	<u>21,236,087</u>	<u>20,043,927</u>
4.1 Insurance acquisition cashflows		
Aviation	129,224	188,327
Bond	18,966	13,145
Employers' Liability	10,087	3,887
Engineering	110,607	104,028
Fire	1,884,334	1,531,098
General Accident	243,614	203,156
Goods In Transit	181,409	163,355
Marine	839,091	584,897
Medicclaim	4,891	1,370
Motor	311,659	353,001
Oil and Energy	832,994	749,291
PSPS	560	1,119
Prestige Agric	2,971	4,520
Terrorism and Political Risk	83,946	28,476
	<u>4,654,353</u>	<u>3,929,670</u>
4.2 Incurred Fulfillment Expenses		
Wages & salaries-Technical staff	669,941	389,891
Vat on commission	281,962	169,628
Wht on commission	26,454	17,109
Stamp duty	29,721	-
Insurance levy	255,906	158,388
Travelling	233,443	146,102
Risk inspection survey	107,289	42,003
Local transport	45,551	28,145
Motor running expenses	93,407	46,732
Entertainment & hotel expenses	93,739	34,618
Marketing expenses	949,750	615,101
	<u>2,787,160</u>	<u>1,647,717</u>

Prestige Assurance Plc
Unaudited IFRS Financial Statements
For The Year Ended 31 December, 2025

Notes to the Financial Statements

	December 2025 N'000	December 2004 N'000		
Allocation of reinsurance premiums				
5 Reinsurance ceded premium	15,005,069	7,539,292		
Change in reinsurance premium	198,372	(281,241)		
	15,203,441	7,258,051		
Amount recovered from reinsurance	(8,630,606)	(6,293,407)		
Changes in best estimate related to reinsurance LIC				
Changes in risk adjustment to reinsurance LIC	976,575	2,131,848		
Fees & commission	324,406	(18,584)		
	(3,186,995)	(2,491,770)		
	4,686,821	586,138		
6 Interest income calculated using the effective interest method				
Interest income on bonds & treasury bills	1,872,497	1,655,989		
Interest income on call and deposit accounts	3,315	3,483		
Interest income on statutory deposit	58,906	48,415		
Interest income on staff and other loans	3,865	2,591		
	1,938,583	1,710,478		
7 Other investment income				
Dividend income	284,998	292,071		
Finance lease rentals	60,763	74,825		
Rental income on investment property	159,517	101,122		
Realised gains on sales of financial assets at FVTPL	-	59,173		
	505,278	527,191		
8 Credit loss (reversal)/expense on financial assets				
The table below shows the ECL charges on financial instruments for the year ended 31st December, 2025 in p				
	2025			
	Stage 1	Stage 2	Stage 3	Total
Cash & cash equivalents	851	-	-	851
Finance lease receivables	1,030	-	-	8,056
Debt instruments measured at amortised costs	8,056	-	-	1,030
Impairment on claims recoverable	-	-	83,218	83,218
Total impairment loss	9,937	-	83,218	93,155
	N'000			N'000
9 Net gain/(loss) on foreign exchange				
Gain on foreign exchange - Currency	144,984			1,894,358
Loss on foreign exchange - Currency	(158,343)			
Loss on foreign exchange	(270,412)			-
Net gain/(loss)	(283,770)			1,894,358

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Notes to the Financial Statements

	December 2025 N'000	December 2024 N'000
10 INSURANCE FINANCE EXPENSES		
Aviation	(69,916)	(2,728)
Bond	11,124	9,985
Employers' Liability	49	1,182
Engineering	(100,791)	19,627
Fire	352,299	204,049
General Accident	42,338	26,025
Goods In Transit	45,674	39,648
Marine	109,589	43,412
Mediclaime	1,061	4,883
Motor	41,015	41,511
Oil and Energy	(390,374)	24,006
PSPS	1,959	563
Prestige Agric	1,440	1,407
Terrorism and Political Risk	2,617	984
TOTAL	48,086	414,554

	December 2025 N'000	December 2024 N'000
11 REINSURANCE FINANCE INCOME/(EXPENSE)		
Aviation	13	7,466
Bond	7,632	5,041
Employers' Liability	181	(179)
Engineering	26,473	10,598
Fire	295,090	303,142
General Accident	(1,665)	1,932
Goods In Transit	(6,548)	(4,531)
Marine	88,050	71,402
Mediclaime	(861)	(834)
Motor	(8,784)	(7,614)
Oil and Energy	152,734	(20,882)
PSPS	(157)	(515)
Prestige Agric	(487)	54
Terrorism and Political Risk	763	14
TOTAL	552,433	365,094

12 Other operating income		
Profit on disposal of property, plant and equipment	3,600	1,480
Insurance claims recovery	74	-
Sundry income	30,174	5,332
	33,848	6,812

13 Finance costs	N'000	N'000
interest on lease liabilities	850	2,099

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Notes to the Financial Statements

	December 2025 N'000	December 2024 N'000
14 Management expenses		
Wages & salaries-Administrative staff	548,134	376,956
Office expenses	191,677	190,651
Depreciation of property, plant, equipments & rights of use	190,879	152,065
Other administrative expenses	524,547	455,509
Professional fees	222,557	79,524
Directors expense	165,535	65,680
Subscription	37,135	29,175
Printing expense	29,401	35,288
Auditor's remuneration	43,000	34,500
Insurance	47,031	34,834
Advertisement and publicity	20,246	11,106
Productivity bonus	-	31,365
Penalty for late filing	11,860	-
Bank charges	49,214	41,383
Amortisation	9,355	9,983
Residential rates and other expenses	28,254	28,742
	2,118,824	1,576,761

15 Taxation

Per statement of profit or loss:

Minimum tax	132,013	223,061
Tertiary education tax@ 3% of assessable profit	-	6,692
National information development levy@1% of assessable profit	(4,630)	-
Police fund levy@0.005% of assessable profit	-	-
	127,383	229,753
Deferred tax charge	-	-
Income tax expense	127,383	229,753

16 Earnings per share (EPS)

Basic EPS amounts are calculated by dividing the net profit for the year attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year.

The following reflects the income and share data used in the basic earnings per share computations:

	2025	2024
Net profit attributable to ordinary shareholders (=N='000)	609,326	3,236,369
Weighted average number of shares for the year	13,252,562	13,252,562
Basic earnings per share (kobo)	4.60	24.42
Diluted earnings per share (kobo)	4.60	24.42

17 Cash dividends on ordinary shares declared and paid:

Final dividend for for 2025 N0.0k: (2024: Nil)	-	265,137
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Prestige Assurance Plc
Unaudited IFRS Financial Statements
For The Year Ended 31 December, 2025

Notes to the Financial Statements

	December 2025 N'000	December 2024 N'000
18 Cash and cash equivalents		
Balance with local banks	945,728	1,753,674
Balance with foreign bank	9,518	10,047
Deposits and Placements with local banks	417,955	-
	<u>1,373,201</u>	<u>1,763,721</u>
Less: Allowance for impairment losses	(1,717)	(866)
	<u><u>1,371,483</u></u>	<u><u>1,762,855</u></u>
19a Financial Assets		
a Financial assets at fair value through profit or loss		
Balance at the beginning of the year	295,768	255,998
Addition during the period	-	13,201
Disposal during the period	-	(97,798)
Realised gains on financial assets at FVTPL	-	59,172
	<u>295,768</u>	<u>230,573</u>
Diminution/Appreciation during the period	242,220	65,195
Total	<u>537,988</u>	<u>295,768</u>
	<u><u>537,988</u></u>	<u><u>295,768</u></u>
b Equity instruments at fair value through OCI		
Leadway PFA scheme share	3,773,949	3,558,603
Leadway Leola Hotel Ltd	351,904	244,213
Nigerian Insurers Association Pool	493,111	493,111
Waica Reinsurance Corporation	483,152	520,926
	<u>5,102,116</u>	<u>4,816,853</u>
c Debt instruments at amortised cost		
FGN bonds	10,909,039	10,758,577
Corporate bonds	300,000	91,414
Treasury bills	1,621,000	2,896,913
Staff loans and advances	69,267	104,454
	<u>12,899,306</u>	<u>13,851,358</u>
Less: Allowance for credit losses	(63,966)	(147,324)
Total debt instruments at amortised cost	<u>12,835,340</u>	<u>13,704,034</u>
	<u><u>12,835,340</u></u>	<u><u>13,704,034</u></u>
20 Trade Receivables		
Amount due from brokers	446,646	633,776
Amount due from insurance companies	-	-
	<u>446,646</u>	<u>633,776</u>
Age analysis of trade receivables		
Days		
Within 14days	188,188	569,104
Within 15-30days	208,031	64,672
Total	<u>446,646</u>	<u>633,776</u>
	<u><u>446,646</u></u>	<u><u>633,776</u></u>
21 Prepayment & other receivables		
Prepaid insurance- company's assets	49,311	43,931
Prepaid Insurance- minimum deposit premium	-	43,010
Prepaid internet	41,100	48,492
WHT receivables	106,947	93,297
Other receivables	123,227	61,730
	<u>320,585</u>	<u>290,460</u>
Less Impairment	(35,757)	(35,757)
Balance at end of period	<u>284,828</u>	<u>254,703</u>
	<u><u>284,828</u></u>	<u><u>254,703</u></u>

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Notes to the Financial Statements

	December 2025 N'000	December 2024 N'000
22 Reinsurance contract assets		
Agric	11,668	10,644
Aviation	1,448,620	291,043
Bond	12,778	95,837
Employers' Liability	3,077	604
Engineering	185,662	544,428
Fire	4,619,349	5,453,380
General Accident	42,236	61,004
Goods In Transit	2,087	15,287
Marine	2,372,446	1,647,185
Medicclaim	-	-
Motor	41,823	102,942
Oil and Energy	1,653,175	2,909,080
PSPS	-	-
Terrorism & Political Risk	116,309	40,250
Total	10,509,227	11,171,684
23 Finance lease receivables		
At 1 January	178,508	391,740
Additions during the period	660,881	99,279
Repayment during the year	(479,784)	(312,511)
	359,605	178,508
Less: Allowance for credit losses	(4,863)	(3,833)
	354,743	174,675
24 Investment Property		
Balance at beginning of the year	3,134,033	2,711,212
Additions	-	-
Disposal	-	-
	3,134,033	2,711,212
Appreciation/(Diminution)	775,967	422,821
	3,910,000	3,134,033
25 Intangible Assets		
Cost:		
Balance at beginning of the year	108,828	78,728
Additions	-	30,100
	108,828	108,828
Acc.charges	58,778	48,796
Amortisation	9,355	9,982
	68,133	58,778
	40,695	50,050

Notes to the Financial Statements

10 Property, Plant and Equipment
31st December, 2025

	Plant and Machinery N'000	Leasehold Land N'000	Building N'000	Furniture and fittings N'000	Computer equipment N'000	Motor Vehicles N'000	Right -of-Use Assets N'000	Total N'000
Cost/valuation								
At 1st January 2025	70,556	450,000	1,124,001	136,596	157,493	460,353	156,125	2,555,124
Additions	8,250	-	-	8,644	20,982	68,000	11,584	117,460
Disposals	(450)	-	-	-	-	-	-	(450)
At 31 December 2025	78,356	450,000	1,124,001	145,240	178,475	528,353	167,709	2,672,134
Depreciation								
At 1st January 2025	48,233	-	154,519	82,287	132,127	328,128	103,548	848,842
Charge for the year	5,764	-	39,144	9,452	15,535	80,402	40,581	190,879
Disposals	-	-	-	-	-	100	-	100
At 31 December 2025	53,997	-	193,663	91,739	147,662	408,630	144,129	1,039,821
Net book values at:								
At 31 December 2025	24,359	450,000	930,338	53,501	30,813	119,723	23,579	1,632,312

Property, Plant and Equipment
31st December 2024

	Plant and Machinery N'000	Leasehold Land N'000	Building N'000	Furniture and fittings N'000	Computer equipment N'000	Motor Vehicles N'000	Right -of-Use Assets N'000	Total N'000
Cost/valuation								
At 1st January 2024	69,257	450,000	925,277	128,788	135,480	378,378	121,411	2,208,591
Additions	1,299	-	-	7,808	22,013	81,975	57,627	170,722
Disposals	-	-	-	(300)	-	-	(22,913)	(23,213)
Revaluation	-	-	198,724	-	-	-	-	198,724
At 31st December 2024	70,556	450,000	1,124,001	136,296	157,493	460,353	156,125	2,554,824
Depreciation								
At 1st January 2024	43,160	-	123,774	73,340	119,164	261,198	91,579	712,215
Charge for the year	5,073	-	30,745	8,947	13,126	66,930	27,244	152,065
Disposals	-	-	-	-	(163)	-	(15,275)	(15,438)
At 31 December 2024	48,233	-	154,519	82,287	132,127	328,128	103,548	848,842
Net book value at December 2024	22,323	450,000	969,482	54,009	25,366	132,225	52,577	1,705,982

Notes to the Financial Statements

	December 2,025 N'000	December 2024 N'000
27 Statutory deposit	300,000	300,000
Interest due accrued for the year	21,518	-
Balance at the beginning and end of the year	<u>321,518</u>	<u>300,000</u>
<p>This represents amount deposited with the Central Bank of Nigeria at the financial year end in accordance with the provisions of sections 9(1) and 10(3) of the Insurance Act, CAP I17, LFN 2004.</p>		
28 Insurance Contract Liabilities	December 2025	December 2024
Agric	17,866	17,251
Aviation	1,006,093	1,042,104
Bond	18,333	124,511
Employers' Liability	38,816	22,228
Engineering	237,325	618,081
Fire	5,631,909	6,100,139
General Accident	415,067	672,531
Goods In Transit	665,629	939,126
Marine	2,640,513	1,902,692
Medicclaim	116,211	97,992
Motor	1,375,858	1,547,566
Oil and Energy	3,077,436	3,356,337
Salary protection	1,495	17,907
Terrorism & Political Risk	120,388	55,812
Total	<u>15,362,939</u>	<u>16,514,277</u>
Other reinsurance contract liabilities		
29 Due to insurance	22,388	-
	<u>22,388</u>	<u>-</u>
30 Other contract liabilities		
Due to brokers	121,318	104,125
Due to direct insured	-	45,287
	<u>121,318</u>	<u>149,412</u>
31 Other liabilities		
Industrial training fund	10,388	9,673
Insurance levy	256,044	224,874
profit sharing	31,364	34,289
Other payables	566,754	761,631
WHT	6,233	1,224
VAT	155,143	56,090
Lease liability	1,934	1,084
	<u>1,027,860</u>	<u>1,088,865</u>
32 Retirement benefits obligations		
Balance at the beginning of the year	323,908	296,260
Current service cost	-	19,962
Interest cost	-	45,725
Benefits paid	(323,908)	(3,485)
Actuarial (gain)/ loss	-	(34,554)
Balance at the end of the period	<u>-</u>	<u>323,908</u>
33 Current income taxation		
At 1 January	165,767	90,282
Charged to profit or loss	127,383	147,146
Unutilised NITDL	4,630	-
Payment during the year	(146,791)	(71,661)
	<u>150,989</u>	<u>165,767</u>
34 Deferred Tax Liabilities		
Deferred tax (assets)liabilities are attributable to the following items		
As at 1 January	387,616	624,772
Accelerated depreciation	-	- 336,875
Impairment on financial assets	-	21,532
Fair value on investment properties	-	42,282
	<u>387,616</u>	<u>351,711</u>
Recognised in other comprehensive income during the year		
Employee benefits	-	(10,160)
Equity instruments at FVOCI	28,526	27,668
Fair value gain on PPE revaluation	-	18,397
	<u>28,526</u>	<u>35,905</u>
Net	<u>416,142</u>	<u>387,616</u>

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	December 2025 N'000	December 2024 N'000
35 Share Capital		
i Authorised:		
13,252,562,188 ordinary shares of 50k per share	6,626,281	6,626,281
ii Issued and fully paid:		
13,252,562,188 ordinary shares of 50k per share	6,626,281	6,626,281
36 Share Premium		
Balance at the beginning of the year	36,623	36,623
Balance at the end of the period	36,623	36,623
37 Contingency Reserve		
Balance at the beginning of the year	4,179,488	3,503,652
Transfer from profit and loss account	674,206	675,836
Balance at the end of the period	4,853,693	4,179,488
38 Retained Earnings		
Balance at the beginning of the year	3,431,812	1,121,661
Transfer to Contingency reserves	(674,206)	(675,836)
Transfer from property revaluation reserve	-	14,754
Transfer from/to profit and loss	609,326	3,236,369
Reversal of over provision on NITDL	4,630	
Dividend paid/(proposed)	-	(265,136)
Balance at the end of the period	3,371,562	3,431,812
39 Property revaluation reserves		
Balance at the beginning of the year	903,122	737,566
Transfer to retained earnings	-	(14,754)
	903,122	903,122
40 Reserves on Actuarial Valuation of Gratuity		
Balance at the beginning of the year	2,293	(21,895)
Actuarial gain/(loss) during the year	-	24,188
Balance at the end of the period	2,293	2,293
41 Fair value reserve		
Balance at the beginning of the year	4,194,950	3,945,939
Gain on valuation during the period	256,735	249,011
Balance at the end of the period	4,451,685	4,194,950