



# **Cornerstone Insurance Plc**

**ANNUAL REPORT**

**31 DECEMBER 2021**

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## Corporate Information

<b>Directors</b>	Mr. Segun Adebajji Mr. Ganiyu Musa Mr. Steve Iwenjora Mr. Ekwunife Okoli Mrs. Elizabeth Amadiume Mr. Anthony Egbuna Dr. Ogechi Adeola Mr. Tokunbo Bello Mr. Chidiebere Nwokeocha *Appointed on 23 February, 2021 **Retired on 31 January, 2022 ***Deceased 1 January, 2022	Chairman Group Managing Director/CEO Non-Executive Director Independent Non-Executive Director Independent Non-Executive Director Non-Executive Director*** Independent Non-Executive Director* Executive Director** Executive Director
<b>Company Secretary</b>	PAC Solicitors 16, Kofo Abayomi Street, Victoria Island, Lagos.	
<b>Registered Office</b>	Cornerstone Insurance Plc 136, Lewis Street, Lagos Island Lagos. Tel: 01-2806500 Website: www.cornerstone.com.ng	
<b>Corporate Head Office</b>	Cornerstone Insurance Plc 21, Water Corporation Drive, Victoria Island, Lagos Tel: 01-2806500 Website: www.cornerstone.com.ng E-mail: enquiries@cornerstone.com.ng	
<b>Registrars</b>	Lighthouse Registrars Limited, 2/4 Davies Street, Marina, Lagos.	
<b>Auditor</b>	KPMG Professional Services KPMG Tower, Bishop Aboyade Cole Street, Victoria Island, P.M.B 40014, Falomo, Ikoyi, Lagos. Website: www.kpmg.com/ng	
<b>Bankers</b>	Access Bank Plc First Bank of Nigeria Limited Standard Chartered Bank Limited Guaranty Trust Bank Plc Wema Bank Plc United Bank for Africa Plc Stanbic IBTC Bank Plc First City Monument Bank Limited Heritage Bank Plc Polaris Bank Limited Union Bank Plc	

Zenith Bank Plc  
Accion Microfinance Bank  
Ecobank  
Fidelity Bank Plc  
FSDH Merchant Bank Limited  
Keystone Bank  
Sun Trust Bank  
Sterling Bank Plc

**Actuary** O & A Hedge Actuarial Consulting  
Suite 21, 1st Floor, Motorways Center  
Alausa, Ikeja,  
Lagos.  
FRC/2019/00000012909

**Custodian for Annuity Fund** Access Pension Fund Custodian Limited  
18, Ahmadu Bello Way,  
Victoria Island,  
Lagos.

**Lagos Branches** 1.) 136, Lewis Street, Lagos. Tel: 01-2632863, 2630722, 2631832  
2.) 6, Adeniyi Jones Avenue, (Opp. Wahum) Ikeja, Lagos. Tel: 08028339619  
3.) Polysonic Mall (2nd floor), 42/44, Warehouse Road, Apapa, Lagos. Tel: 08034419914  
4.) 191, Herbert Macaulay Street, Yaba. Tel: 08033809494, 07029043354

**Other Branches** 1.) 67, Aboderin Layout, Oni & Sons Area, Ring Road, Ibadan. Tel: 08029094320  
2.) 222, Aba/Portharcourt Road, Portharcourt, Rivers State. Tel: 08030609056, 08098609056  
3.) 34, Gana Street, Maitama, Abuja. Tel: 08035026956, 07028415441  
4.) 103, Hadejia Road, Fagge, Kano. Tel: 08157223541  
5.) Km 4, Refinery Road, Thomas House, Ekpan, Warri, Delta State.  
Tel: 08020602974, 08033889679  
6.) Jay-Cee Plaza, Otiotio Road, Yenezue - Cene Yenegoa, Bayelsa State Tel. 0803741444

NAICOM Number RIC 008  
TIN Number 00842273-0001  
RC No 163170

## Consolidated Results at a Glance

*In thousands of naira*

<b>As at 31 December</b>	<b>2021</b>	<b>2020</b>	<b>Change</b>	<b>%</b>
<b>Financial Position</b>				
Cash and cash equivalents	14,402,330	11,662,703	2,739,627	23
Financial assets	18,563,816	18,402,727	161,089	1
Trade receivables	300,788	154,580	146,208	95
Other receivables and prepayments	1,273,809	612,224	661,586	108
Reinsurance assets	9,369,713	7,719,422	1,650,291	21
Deferred acquisition cost	853,729	567,596	286,133	50
Investment in joint venture	510	271,295	(270,785)	(100)
Deferred tax assets	861,211	838,000	23,211	3
Investment property	625,000	602,000	23,000	4
Property and equipment	1,838,314	1,780,020	58,294	3
Intangible assets	11,805	17,648	(5,843)	(33)
Statutory deposit	1,200,000	1,200,000	-	-
<b>Total assets</b>	<b>49,301,025</b>	<b>43,828,215</b>	<b>5,472,811</b>	<b>12</b>
Insurance contract liabilities	19,736,834	18,746,225	990,609	5
Investment contract liabilities	3,735,317	3,674,861	60,456	2
Trade payables	2,739,704	1,619,695	1,120,009	69
Deferred commission income	981,777	770,626	211,151	27
Other payables and accruals	1,058,082	842,765	215,317	26
Income tax payable	475,575	445,799	29,776	7
Deferred tax liabilities	88,026	-	88,026	-
Employee benefit obligations	13,553	3,793	9,760	257
<b>Total liabilities</b>	<b>28,828,868</b>	<b>26,103,764</b>	<b>2,725,104</b>	<b>10</b>
Share capital	9,083,196	9,083,196	-	-
Share premium	183,165	183,165	-	-
Treasury shares	(67,130)	(58,440)	(8,690)	14.87
AFS Fair value reserve	387,889	1,132,194	(744,305)	(66)
Contingency reserve	4,735,167	4,017,271	717,896	18
Retained earnings	5,855,597	3,101,415	2,754,182	89
<b>Shareholders' funds</b>	<b>20,177,884</b>	<b>17,458,801</b>	<b>2,719,083</b>	<b>16</b>
Non-controlling interest	294,274	265,650		
<b>Total equity</b>	<b>20,472,158</b>	<b>17,724,451</b>	<b>2,747,707</b>	<b>16</b>
<b>Total liabilities and equity</b>	<b>49,301,025</b>	<b>43,828,215</b>	<b>5,472,811</b>	<b>12</b>

## Profit or Loss and Other Comprehensive Income

*In thousands of naira*

<b>For the year ended 31 December</b>	<b>2021</b>	<b>2020</b>	<b>Change</b>	<b>%</b>
Gross premium written	20,920,553	17,539,219	3,381,334	19
Gross premium income	17,792,619	15,718,711	2,073,908	13
Net premium income	8,666,266	5,603,018	3,063,248	55
Other income	4,694,514	6,165,281	(1,470,767)	(24)
<b>Total income</b>	<b>13,360,780</b>	<b>11,768,299</b>	<b>1,592,481</b>	<b>14</b>
Claim expenses (net)	(2,595,128)	(3,955,271)	1,360,143	(34)
Underwriting expenses	(3,048,827)	(2,176,487)	(872,340)	40
Other expenses	(3,975,818)	(3,869,448)	(106,370)	3
<b>Total benefits, claims and other expenses</b>	<b>(9,619,773)</b>	<b>(10,001,206)</b>	<b>381,433</b>	<b>(4)</b>
<b>Profit before tax</b>	<b>3,741,007</b>	<b>1,767,093</b>	<b>1,973,914</b>	<b>112</b>
Income tax (credits)/ expense	(202,639)	427,764	(630,403)	(147)
<b>Profit for the year</b>	<b>3,535,935</b>	<b>2,194,857</b>	<b>1,341,078</b>	<b>61</b>

## Directors' Report

For the year ended 31 December 2021

The Directors present their annual report on the affairs of Cornerstone Insurance Plc ("the Company") and its subsidiary companies ("the Group"), together with the consolidated and separate financial statements and the independent auditor's report for the year ended 31 December 2021.

### 1. Legal form and principal activity:

The Company was incorporated on 26 July 1991 as a private limited liability company and converted to a public limited liability company on 17 June 1997.

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

The Company has three subsidiaries - FIN Insurance Company Limited, Hilal Takaful Nigeria Limited previously called Cornerstone Takaful Nigeria Limited and Cornerstone Leasing & Investment Limited. FIN Insurance Company Limited is a private limited liability company incorporated in Nigeria and its primary activity is the provision of general insurance business. Cornerstone Insurance Plc acquired 96.68% equity interest in Fin Insurance Company Limited in 2015 thereby qualifying Fin Insurance Company Limited as a subsidiary. Hilal Takaful Nigeria Limited previously called Cornerstone Takaful Nigeria Limited is a Company incorporated in Nigeria and its primary activity is the provision of Takaful insurance business. Cornerstone Takaful Nigeria Limited commenced operation on 1 April 2020, with Cornerstone Insurance Plc owning 99.99% equity interest in Cornerstone Takaful Nigeria Limited. Cornerstone Leasing and Investment Limited commenced operations on 1 July 2004 and provided convenient asset acquisition options to both corporate organizations and individuals. Cornerstone Insurance Plc has 100% equity interest in Cornerstone Leasing and Investment Limited which is currently dormant. The consolidated financial statements include the results of its three subsidiaries.

### 2. Operating results:

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

<i>In thousands of naira</i>	Group 2021	Group 2020	Company 2021	Company 2020	Group YOY% Growth	Company YOY% Growth
Gross premium written	20,920,553	17,539,219	18,288,139	15,787,124	19%	16%
Gross premium income	17,792,619	15,718,711	15,347,798	14,210,849	13%	8%
Profit before tax	3,741,007	1,767,093	2,852,366	1,277,126	112%	123%
Income tax expense	(202,639)	427,764	(109,122)	461,045	-147%	-124%
Profit for the year	3,535,935	2,194,857	2,740,811	1,774,919	61%	54%

### 3. Dividend

The Board is pleased to recommend to Shareholders at the forthcoming Annual General Meeting (AGM), the declaration of a total dividend of N908,319,636.25, that is, 5 (five) kobo only per ordinary share of Fifty (50) kobo each for the year ended 31 December 2021 (2020: Nil).

### 4. Director's shareholding

The Directors of the Company who held the office during the year, together with their direct and indirect interests in the issued share capital of the Company as recorded in the Register of Directors' shareholding and as notified by the Directors in line with section 301 and 302 of the Companies and Allied Matters Act (CAMA), 2020 and the listing requirements of the Nigerian Stock Exchange, were as follows:

Names of Directors	Direct Shareholding		Indirect Shareholding	
	2021	2020	2021	2020
Mr. Segun Adebajji*	-	-	-	-
Mr. Ganiyu Musa	-	-	-	-
Mr. Steve Iwenjora*	-	-	-	-
Mr. Ekwunife Okoli	2,958,664	2,958,664	-	-
Mrs. Elizabeth Amadiume	-	-	-	-
Mr. Anthony Egbuna*	-	-	-	-
Mr. Tokunbo Bello	10,000,000	620,811	-	-
Mr. Chidiebere Nwokeocha	-	-	-	-
Dr. Ogechi Adeola	-	-	-	-

\* These Directors represent the interest of Banc-Assure and Capasure Limited on the Board of the Company.

#### 5. Directors' interest in contracts

None of the Directors has notified the Company for the purpose of Section 302 of the Company and Allied Matters Act, 2020 of any disclosable interest in contracts in which the Company was involved during the year ended 31 December 2021.

#### 6. Substantial interest in shares

According to the Register of Members at 31 December 2021, no shareholder held more than 5% of the issued share capital of the Company except as disclosed as follows:

	31 December 2021		31 December 2020	
	Number of shares	%	Number of shares	%
Banc-assure Limited	8,803,503,588	48.46	8,803,503,588	48.46
Capasure Limited	5,547,786,518	30.54	5,547,786,518	30.54
	14,351,290,106	79.00	14,351,290,106	79.00

#### 7. Shareholding Analysis

The analysis of the shareholding of the Company as at 31 December 2021 is as follows:

Range	Number of shareholders	Number of shares held	% of number of shareholders	% of number of shares held
1-500	1,081	219,531	3.81	0.00
501-1,000	985	680,437	3.47	0.00
1,001 - 5,000	5,501	14,839,304	19.37	0.08
5,001 - 10,000	5,611	38,283,676	19.76	0.21
10,001 - 20,000	5,349	72,914,337	18.83	0.40
20,001 - 50,000	4,645	144,410,597	16.35	0.79
50,001 - 100,000	2,291	155,342,819	8.07	0.86
100,001 - 500,000	2,391	440,518,178	8.42	2.42
500,001 - 1,000,000	243	161,781,138	0.86	0.89
Above 1,000,000	305	17,137,402,708	1.07	94.34
<b>Total</b>	<b>28,402</b>	<b>18,166,392,725</b>	<b>100.00</b>	<b>100.00</b>

The analysis of the shareholding of the Company as at 31 December 2020 is as follows:

Range	Number of shareholders	Number of shares held	% of number of shareholders	% of number of shares held
1-500	1,081	219,531	3.81	0.00
501-1,000	985	680,437	3.47	0.00
1,001 - 5,000	5,501	14,839,304	19.37	0.08
5,001 - 10,000	5,611	38,283,676	19.76	0.21
10,001 - 20,000	5,349	72,914,337	18.83	0.40
20,001 - 50,000	4,645	144,410,597	16.35	0.79
50,001 - 100,000	2,291	155,342,819	8.07	0.86
100,001 - 500,000	2,391	440,518,178	8.42	2.42
500,001 - 1,000,000	243	161,781,138	0.86	0.89
Above 1,000,000	305	17,137,402,708	1.07	94.34
<b>Total</b>	<b>28,402</b>	<b>18,166,392,725</b>	<b>100.00</b>	<b>100.00</b>

#### 8. Property and Equipment

Information relating to changes in property and equipment is given in Note 15 to the consolidated and separate financial statements. In the opinion of the directors, the market value of the Group's properties is not less than the value shown in the consolidated and separate financial statements.

## 9. Acquisition of own shares

The shares of the Company are held in accordance with the Articles of Association of the Company. The details of the Company's interest in its own shares is given in Note 25(c).

## 10. Employment and Employees:

### *Human Capital*

The Company's Human Capital unit is responsible for driving and enhancing the performance of the organisation as well as attracting high potential professionals. All Human Capital policies of the Company are subject to local laws and regulations in Nigeria. One of the objectives of the unit is to provide a work environment that is conducive for both personal and professional growth and ensure that Management aligns with global best practice.

### *Employees' health, safety and environment*

The Company continues to maintain strict health and safety rules and practices in the work environment which are reviewed periodically. Health, safety and fire drills are regularly organised to keep employees alert at all times. Employees are adequately insured against occupational hazards. In addition, the Company provides health insurance for its employees and their immediate families at its expense.

### *Employment of physically challenged persons*

The Company operates a non-discriminatory policy in the consideration of applications for employment, including those received from physically challenged persons. The Company's policy is that the most qualified and experienced persons are recruited for appropriate job levels irrespective of an applicant's state of origin, ethnicity, religion or physical condition. In the event that an employee becomes physically challenged in the course of employment, the Group is in a position to arrange appropriate training to ensure the continuous employment of such a person without subjecting him/her to any disadvantage in his/her career development. As at 31 December 2021, the Company had no physically challenged persons in its employment (2020: None).

### *Employees' Involvement and Training*

The Company places considerable value on the involvement of its employees and has continued the practice of keeping them informed on matters affecting them as employees and in various factors affecting the performance of the Company. Employees are consulted regularly on a wide range of matters affecting their current and future interests.

Management decisions are communicated to employees on matters that are of concern to them by utilising various means of internal communication, including internal memoranda, email, intranet portal, company-wide team building interactions, management meetings and business performance sessions among others.

The Company encourages the involvement of employees in the Company's performance through:

- Reward & Recognition schemes such as staff promos; awards for the best performing staff in different areas of the organization (Marketing & Support team);
- Profit sharing;
- No claim bonus for Company drivers; and
- Performance pay (Variable pay) for Middle to Senior Management staff.

For the 2021 financial year, a total of 157 employees attended 51 various training programs. The trainings were conducted using the following methods:

- e-Learning
- Virtual and classroom sessions
- Compliance trainings
- Local & international conferences
- Open programmes

### *Gender Equality in Employment*

The Company is an equal opportunity employer that adheres strictly to the principles of equality in all employment decisions and interventions. In order to provide equal employment opportunities to all individuals, employment decisions are based on merit, available vacancies and organizational priority.

### *Staff breakdown*

Group	2021		2020	
	Number	%	Number	%
Male	136	87	123	79
Female	91	58	91	58
<b>Total</b>	<b>227</b>	<b>145</b>	<b>214</b>	<b>137</b>

Company Gender	Number	%	Number	%
Male	95	61	89	57
Female	62	39	67	43
<b>Total</b>	<b>157</b>	<b>100</b>	<b>156</b>	<b>100</b>

## 11. Donations and Charitable gifts

### Group

Donations during the year ended 31 December 2021 amounted to ₦6,850,000 (2020: ₦38,201,739) as follows:

Description	Organisation	Amount (₦)
Sponsoring of investiture of new chairman	Nigeria Insurance Association (NIA)	2,000,000
Support for the construction of the CIIN office	Chartered Insurance Institute of Nigeria (CIIN)	500,000
Sponsoring of investiture of new chairman and meetings	Nigerian Council of Registered Insurance Brokers	3,000,000
Sponsoring of academic program	Ijma Anglican Science Secondary School, Iyara	250,000
Sponsoring of 37th council of bureaux and ECOWAS brown card	Nigerian National Bureau, ECOWAS Brown Card	1,000,000
Support for Aviation and Cargo conference	Travellers Weekend	100,000
		<b>6,850,000</b>

### Company

Donations during the year ended 31 December 2021 amounted to ₦6,750,000 (2020: ₦20,840,000) as follows:

Description	Organisation	Amount (₦)
Sponsoring of investiture of new chairman	Nigeria Insurance Association (NIA)	2,000,000
Support for the construction of the CIIN office	Chartered Insurance Institute of Nigeria (CIIN)	500,000
Sponsoring of investiture of new chairman and meetings	Nigerian Council of Registered Insurance Brokers (NCRIB)	3,000,000
Sponsoring of academic program	Ijma Anglican Science Secondary School, Iyara	250,000
Sponsoring of 37th council of bureaux and ECOWAS brown card	Nigerian National Bureau, ECOWAS Brown Card Scheme	1,000,000
		<b>6,750,000</b>

## 12. Complaints and Feedback

### Introduction

At Cornerstone Insurance Plc, one of our core values is Empathy and this is reflected in the quality of our service delivery to our customers at all times. Our customers are the reason we are in business, to this end, we focus on delivering quality service at all times. We engage our customers and utilise feedback received to constantly improve on our service delivery, products offerings and distribution channels.

### Complaints Channels

We take all feedbacks received from our customers as an opportunity to allow us serve them better, hence we channel a lot of resources to distilling the feedbacks and using the outcome to improve on our services and product offerings to our customers. Our mode of collating customers' feedback includes but not limited to:

- Customer service representatives at our corporate head office and our various branches
- Complaint email channel: [complaint@cornerstone.com.ng](mailto:complaint@cornerstone.com.ng)
- Our website platform: [www.cornerstone.com.ng](http://www.cornerstone.com.ng)
- Customer service online: [enquiries@cornerstone.com.ng](mailto:enquiries@cornerstone.com.ng)

### Resolution Mechanism

At Cornerstone Insurance Plc, we have put in place a standard system to ensure that customers' feedback is received and resolved promptly. True to this, we have a dedicated customer service unit, which is responsible for the prompt investigation and resolution of customers' complaints within the approved period. The unit interacts with other segments within the organisation to ensure that complaints are satisfactorily resolved.

Customers' complaints are stream-lined based on the type of the complaints to provide an enabling environment for proper monitoring, proper documentation and effective feedback process of received complaints. The process flow of customer complaint and resolution is as follows:

- The customer care officer acknowledges and attends to the various customers' complaints;
- The complaint is reviewed and addressed if it can be resolved at first level;
- Where the complaint can be resolved at the first level, a resolution is immediately provided to the customer;
- If such complaint cannot be resolved at the first level, the customer care officer forwards the complaint to the appropriate unit to handle;

- Upon resolution, the customer is contacted and the resolution is communicated to him. Thereafter, the case is closed and marked as resolved.

#### Customers' Opinions on Products

To enrich our customers' experience, we also periodically evaluate public/customer opinion about our services, products and policies. The evaluation is conducted in various ways including:

- One-on-one focus meetings with key customers
- Interviews with selected customers

#### Feedback on Customers' Complaints to Cornerstone Insurance Plc

Feedback on customers' complaints is provided to Management and other relevant units in the organisation. The feedback gathered ensures that:

- Cornerstone retains her customers as they feel appreciated and respected
- Quality service delivery is maintained and made uniform across the Cornerstone Group
- Identified improvement opportunities are presented to Management for implementation

The feedback is circulated to management staff through the Company's internal information channel.

Below is a report of complaints received and resolved by the Company during the year ended 31 December 2021.

Month	Complaints received during the year	Number of complaints resolved	Number of complaints unresolved**	Number of unresolved complaints with SLA*
January	-	-	-	-
February	3	1	2	-
March	4	4	-	-
April	1	1	-	-
May	1	1	-	-
June	4	3	1	-
July	3	3	-	-
August	-	-	-	-
September	1	1	-	-
October	-	-	-	-
November	8	8	-	-
December	1	1	-	-
<b>Total</b>	<b>26</b>	<b>23</b>	<b>3</b>	<b>-</b>

\*Service Level Agreement

Complaints not resolved within the approved period, can be attributed mainly to unavailability of the customers via mail or phone call after the resolution of their complaint but all complaints are usually treated within 48 hours depending on the nature of the complaint.

The quantity of complaints received in 2021 was low as a result of our commitment to constantly engage our customers to understand and treat their concerns before they became complaints.

#### Complaints Management Policy

The Company has adopted a Complaint Management policy in compliance with the requirements of the Securities and Exchange Commission (SEC) rules and regulations. The policy sets out a broad framework by which the Company and its Registrars will manage shareholder enquiries and complaints in a fair, impartial, efficient and timely manner. The policy is available for viewing on the Company's website at [www.cornerstone.com.ng](http://www.cornerstone.com.ng)

### 13. Code of Business Conduct and Business Ethics

In order to further strengthen the Company's Corporate Governance policies, the Company approved and implemented the following internal policies and practices which are reviewed periodically:

**Code of Ethics:** The Board has approved a Code of Business Ethics which requires that the Company and its employees, directors and all its stakeholders must operate in a manner that is consistent with the highest standards of conduct. The Code enunciates the Company's core values of Integrity, Empathy, Professionalism, Innovation and Team spirit.

The Code contains extensive provisions on the use of confidential information, conflict of interest, fair dealing, insider trading, anti-discrimination and harassment and other matters as stipulated in the SEC Code of Corporate Governance.

The Code of Ethics has been adequately communicated to all employees and each employee is required to read and execute same. Its implementation is adequately monitored.

**Whistle Blowing Policy:** The Whistle Blowing Policy of the Company specifically mandates members of staff to timely disclose any illegal, immoral or illegitimate practices including suspicious activities thereof that may adversely affect the Company and/or its stakeholders. The Company has a window for anonymous disclosures under this policy via a dedicated portal in addition to other channels through which employees may wish to make whistleblowing disclosures anonymously.

**Employment Hand Book:** The Employee Hand Book of the Company regulates the conduct and affairs of members of staff.

**Service Delivery:** To facilitate quality service delivery to customers, the Company has in place Service Level Agreements (SLA), which regulate the contractual relationships among different units of the Company and their external vendors.

**Fraud Policy:** The Company's fraud policy is aimed at facilitating the development of controls that will aid the detection and prevention of fraud against the Company. The Company maintains its zero tolerance to fraud and non-compliance practices.

#### 14. Events after the reporting date

There were no events after the reporting date which could have a material effect on the financial position of the Group and Company as at 31 December 2021 and the financial performance for the year ended on that date that have not been adequately provided for or disclosed in the consolidated and separate financial statements.

#### 15. Enterprise Risk Management

##### *Overview*

The Company's Enterprise Risk Management (ERM) model originates from a compendium of International risk standards. Foremost of the three (3) models is the ISO 31000 - Risk Management - Principles and Guidelines. The definition of risk represents the foundation of the Company's risk management philosophy as contained in the ERM framework document. Corresponding supporting frameworks include:

- The COSO integrated framework
- The three (3) lines of risk defense model - Risk owners, ERM & Internal Control/Audit

In addition to developing veritable structures in responding to the traditional Insurance Industry risks of claims management and underwriting risks among others, the Board of Directors and Management appreciate the dynamism risk of the business. For this reason, risk management structures have been implemented to administer material changes in the corporate risk management framework. These risks include: compliance/ regulatory, health and safety, strategic, reputational, operational and financial risks.

The Board is vested with the overall responsibility of overseeing the Company's risk management and internal control mechanism. The Company's internal Audit/Control function is instituted to strategically manage overall risks rather than exclude material risks in relation to the attainment of corporate objectives. The Company promotes the culture of risk awareness through policy directives, communication and training. Management is responsible for identifying, assessing and addressing material risks, and designing internal controls accordingly. Standard operating procedures and inherent controls are subject to periodic reviews by the Enterprise Risk Management unit, Management and Board Committees. The key financial and non-financial risks and uncertainties faced by the Company, have been considered during the year, and our approaches to managing them, are described below.

##### *The Cornerstone Enterprise Risk Management (ERM) Programme*

The Company's Enterprise Risk Management (ERM) Programme comprises instituted structures designed to manage a myriad of uncertainties and threats and equally explore opportunities in enhancing the Company's performance standards. The Company's ERM practice involves a cross-functional and multi-dimensional approach to corporate risk management. An ERM unit has been specifically charged with the function of identifying, evaluating, monitoring and reporting uncertainties (risks and opportunities) that may impact on corporate objectives (ISO: 31000) using the RAG (Red, Amber and Green) rating methodology.

The Company's risk context delineates the scope of the risk management process and sets the standards against which risks will be assessed in accordance with the Company's primary objective to be the leading insurance based financial services Group that transforms. The Group appreciates the myriad of uncertainties inherent in underwriting insurance and managing ancillary risks and how such risks potentially impact achievement of business objectives if left unaddressed via a structured /multi-dimensional risk management approach. It is to this end that the Group's ethics, philosophy and risk culture are embodied in our integrated risk management and control function.

##### *Enterprise Risk Management (ERM) Governance*

A system of risk governance is realised by establishing standards related to organisational structure, risk strategy, written policies, limit systems, documentation and reporting. These structures ensure the timely movement of risk-related information and a structured approach towards decision-making and implementation.

##### *The Governance Risk and Compliance Group*

The Governance, Risk, Compliance (GRC) committee functions as a management committee that addresses broad issues of corporate governance, enterprise risk management, corporate compliance.

Its other functions include but are not limited to the following:

- Promotion of the overall risk management culture and awareness, maturity level in the company;
- Act in advisory capacity to Executive management on Governance risk compliance and control standards;
- Ensure overall compliance with regulatory requirements.

The operational framework of the G.R.C is governed by the ERM Committee charter as approved by the Board of Directors.

#### *Risk Management Philosophy*

The key elements of the Group's risk management philosophy are as follows:

- The Group considers sound risk management as the foundation of a long lasting financial institution.
- The Group shall continue to adopt a holistic and integrated approach to risk management.
- Risk officers shall be empowered to perform their duties professionally and independently without undue interference.
- Risk management shall be governed by policies which are well defined and clearly communicated Group-wide.
- Risk management represents a shared responsibility. Therefore, the Group aims to build a shared perspective on risks that is grounded on consensus.

#### *Risk Culture*

The Board and senior management set the tone-at-the-top, by promoting accountable approaches to risks which are targeted at ensuring that the long-term rewards and the reputation of the Group is not jeopardized in a bid to achieve set objectives.

- The primary responsibility for risk management and control is fully vested in the Board of Directors.
- The Group's management shall promote risk awareness and risk management practice across the enterprise.
- The Group advocates risk event reporting and whistle blowing, in the quest to gain greater insights into unethical practices.
- The Group shall maintain a firm obligation to ethical principles, which shall be demonstrated in the ethical performance of staff and in the decision making process.

#### *Risk Management and Internal Control Integrated Framework*

The ERM and Internal Audit/Control practice of the Group derives its functionality from the Committee of Sponsoring Organizations of the Treadway Commission (COSO) Enterprise Risk Management – Integrated Framework. The framework highlights the nucleus of the Enterprise Risk Management process, the synergy of operations amongst the Board of Directors, management and other personnel across the enterprise.

The Group's ERM/internal control integrated framework primarily consists of the following five (5) constituents in accordance with best practices:

- Control environment
- Risk assessment
- Control activities
- Information & communication
- Monitoring

#### **Control environment**

The Group's control environment refers to established standards and structures that provide a foundation for the risk management/internal control and actions to thrive across the Group. The Board of Directors and senior management institutes the tone at the top regarding the importance of internal control. Furthermore, the control environment comprises our five (5) corporate values of integrity, empathy, professionalism, innovation and team spirit that exhibit the Group's commitment to essential values. These values provide the necessary advantages that enables Management establish the mode of business operations and the Board of Directors to effectively execute its independent oversight functions by setting the tone at the top. The operating and corporate governance structure, establishment of standards of conduct, enforcement of accountability through structures and authorities represent critical success factors responsible for the thriving risk management culture within the Group thus far.

#### **Risk assessment**

Risk assessment involves an iterative method of identifying and evaluating risks that could constitute threats to the enterprise as a whole, usually emanating from business units and are capable of impacting the Group's objectives. Designated risk champions and risk officers are responsible for risk identification/reporting, while the ERM unit conducts an evaluation and assessment of risk identified, with the intention of developing action plans for implementation and assessing the effectiveness thereof. Risk assessment reports are presented at the quarterly Board meetings of the Enterprise Risk Management and Governance Committee.

The 2021 risk assessment was administered via the Risk Control Self-Assessment exercise. The objective is to identify risks across the enterprise via process owners and risk officers and evaluate the adequacy of internal control vis-a-vis risks identified using probability and impact metrics (RAG methodology). The Group shall ensure that risks are kept as low as reasonably practicable with similar emphasis on potential risk embedded therein.

#### **Control activities**

Control activities are actions instituted through internal practices that help safeguard the implementation of the Group's directives to mitigate risk exposures and or promote business opportunities that may possibly influence the achievement of corporate strategic objectives. Control activities are entity-specific and are performed at all levels across the Group at various stages within business processes and over the technology environment.

## **Information and Communication**

The Group firmly appreciates that management of information is critical for the enterprise to proficiently implement internal control functions and has developed and utilises information from internal and external sources to underpin the current internal control system. This information also supports business decision-making.

## **Monitoring**

The current corporate governance structure enables the Group to evaluate the efficacy of its policies and procedures, adherence to its internal control and risk management measures and communicates inherent and potential vulnerabilities in a timely manner to the authorities responsible for taking risk-based corrective actions, including Senior Management and Board Committees.

### *Reputational Risk Management*

The Group maintains a zero tolerance policy against all unethical behaviour. Furthermore, the Group's corporate values continually promote a responsible approach to avoiding and mitigating reputational risks and ensure that the long term survival and brand image of the Group is not jeopardized.

### *Operational Risk Management*

Operational risks represent the risk of losses that emanate from inadequate or failed internal processes, people and systems or from external events including legal and compliance risks.

The operational risk management approach hinges on prompt identification and proactive management of operational risks via an interactive of all "the lines of defense" functions.

The Group recognizes the pervasiveness of several types of operational risks in our business process; hence policies and tools have been instituted to ensure that resultant impacts are kept as-low-as-reasonably-practicable (ALARP). Some of these policies and tools are:

#### **i. Risk and Control Self-Assessment (RCSA)**

The Risk and Control Self-Assessment tool is employed to manage operational risks using a combination probability and impact measurement to calculate risk scores. Risk officers working in designated departments are primarily responsible for risk identification in line with our first line of defence model, assessment, proffering action plans for implementing and determining the efficacy of these plans in order to mitigate risk exposures.

#### **ii. Risk Acceptance Criteria (RAC)**

The RAC tool ensures that risks are adequately profiled by the Technical team before such risks are underwritten. The essence of this tool is to ensure that the Company only accepts risks that are within its risk appetite. The output from the use of the tool also helps the Company to make informed decisions on all insurance policies to be underwritten.

#### **iii. Risk Appetite Dashboard (RAD)**

The RAD provides at a glance the acceptable business risk threshold for identified risk metrics. The dashboard once updated with particular risks, triggers the business owners whenever acceptable risk limits are exceeded. All business risk ratios are profiled on the risk dashboard and are meticulously tracked daily.

#### **iv. Occupational Health and Safety Management System**

The Group reviewed its Occupational Health and Safety Management System (OHSAS) design, in order to meet the requirements of the international standard for OHSAS 1800:2007. The review was necessitated by the need to establish measures aimed at upholding the Group's policy on low risk tolerance against occupational health and safety risks. Risk awareness via communication to staff remains a veritable medium to promote company-wide health and safety.

**v. Anti-Money Laundering and Combating Financing of Terrorism (AML/ CFT) Risk Profiling**

The AML/CFT risk based profiling was developed to enhance the company's internal standards towards compliance with assessment of AML/CFT risks and applying a risk-based approach as provided by the 2017 Financial Action Task Force (FATF) recommendations.

**Regulatory Reporting on ERM Activities**

The Group submitted the Financial Condition Report (FCR) and Own Risk and Solvency Assessment (ORSA) report, in compliance with regulatory reporting priorities of NAICOM.

**Environmental and Social Risk Management**

The Group's activity is classified as a Category C based on the 2017 Environmental and Social (E&S) monitoring exercise. This categorization is based on available information that the Group's operational activities have minimal or no adverse environmental and social impact.

The Group is committed to improving identified areas in its E&S performance via the Environmental and Social Action Plan (ESAP).

**16. Independent Auditor**

KPMG Professional Services, having satisfied the relevant corporate governance rules on their tenure in office, have indicated their willingness to continue in office as auditor to the Group. In accordance with section 401(1) & (2) of the Companies and Allied Matters Act (CAMA), 2020 the auditor will be re-appointed at the next annual general meeting of the Company without any resolution being passed.

BY THE ORDER OF THE BOARD OF DIRECTORS



**PAC SOLICITORS**  
Company Secretary

**Onwubere Chidinma Ihuoma**  
FRC/2015/NBA/00000011359  
For: PAC Solicitors (Company Secretary)  
16, Kofo Abayomi Street  
Victoria Island  
Lagos, Nigeria  
25 February, 2022

## Corporate Governance Report

### Introduction

Governance is central to the operations and structure of the Company and good corporate governance is an essential part of the spirit of the Board. The Company's governance structures and practices align with applicable local legislation and international best practices including compliance with the Code of Corporate Governance issued by the National Insurance Commission (NAICOM) for the Insurance Industry in Nigeria and the Code of Corporate Governance for Public Companies issued by the Securities and Exchange Commission. Further, we ensure continuous review of our governance approach and practices to promote accountability and transparency.

The Board also ensures that its governance approach is reflected throughout the organisation and has developed a culture where managers at every level are accountable and stakeholder views are taken seriously. The Board determines the governance culture of the organisation and ensures that it leads by example by exhibiting responsible behaviour which is expected from every stakeholder in the organisation.

### Governance Structure

The governance of the Company resides with the Board of Directors who are accountable to shareholders for creating and delivering sustainable value through the management of the Company's business.

The Board is responsible for the efficient operation of the Company and ensures the Company fully discharges its legal, financial and regulatory responsibilities. These oversight functions of the Board of Directors are exercised through its various Committees.

The matters which are more specifically reserved for the Board to ensure that it maintains full and effective control over appropriate strategic, financial, operational and compliance issues are:

- Maintenance of clear investment objectives and risk management policies;
- Formulation and Monitoring of the Group's strategy and Implementation of that strategy;
- Monitoring all business activities of the Company from analysis of investment performance to review of quarterly management accounts;
- Capital raising and Budget Allocation
- Accounting policies, and financial reporting
- Internal Control
- Approval of material acquisitions and disposal of assets
- Consideration and approval of Board and Senior Management appointments or removals
- Shareholder communication
- Authorisation of Directors' conflicts or possible conflicts of interest;
- Review of terms of reference and membership of Board Committees;

The Board delegates the operational management of the Group's businesses to the Group Chief Executive Officer who reports to the Board and who can sub-delegate any of his powers as appropriate.

### Board Composition

The Board of Directors of Cornerstone Insurance Plc is comprised of experienced people with significant achievements in their respective professions. The Board is composed of nine (9) Directors comprising one (1) Non-Executive Chairman, five (5) Non-Executive Directors and three (3) Executive Directors including the Group Managing Director. Three (3) of the non-executive Directors are independent Directors.

The composition of the Board as at 31 December 2021 is presented as follows:

#### Non-Executive Directors

Name	Position
Mr. Segun Adebajji	Chairman
Mr. Anthony Egbuna	Non-Executive Director
Mr. Steve Iwenjora	Non-Executive Director
Mr. Ekwunife Okoli	Independent Non-Executive Director
Ms. Elizabeth Amadiume	Independent Non-Executive Director
Dr. Ogechi Adeola - (Appointed on 23 February, 2021)	Independent Non-Executive Director

#### Executive Directors

Name	Position
Mr. Ganiyu Musa	Managing Director/CEO
Mr. Tokunbo Bello -(Retired on 31 January, 2022)	Executive Director
Mr. Chidiebere Nwokeocha	Executive Director

### Board Appointment, Induction and Training

The Board through the Enterprise Risk Management (ERM) and Governance Committee is responsible for determining the required knowledge, skills and experience, required for the Board as a whole and for individual members. Members are expected to meet the standard requirements set by the Board and should also possess expertise and insights in the industry and other areas relevant to the Company.

All new non-executive Directors appointed to the Board are issued a letter of appointment which contains their fiduciary duties as Directors, their roles and responsibilities, remuneration and information on Board meetings among other things. On appointment, Directors receive information about Cornerstone Insurance including financial data and key policies supporting the Company's business practices. They also receive copies of the Terms of Reference of the Board and committees to which they have been appointed and the Company's Memorandum and Articles of Association. All new Directors are required to disclose their memberships on other Boards and any real or potential conflict of interest situations which they are aware of.

Directors are encouraged to update their skills and knowledge and the Board and individual Directors receive ongoing training as required. In 2021, Board members were trained on "Ensuring Effective Board Oversight Regarding AML/CFT, Governance and Data Privacy and Data Protection". Directors also attended an ERM Workshop facilitated by Ernst and Young.

### Meetings of the Board

The Board formally met five (5) times in 2021. The Board meets at least once every quarter to perform its oversight function and to monitor the performance of management. Special Board meetings are scheduled whenever business exigencies arise which require the urgent attention of the Board. Between meeting dates, the Board maintains regular contact with management.

Details of attendance by each of the Directors at Board meetings are shown in the table below.

Meetings	1	2	3	4	5
Names	23-Feb-21	27-Apr-21	27-Jul-21	26-Oct-21	9-Dec-21
Mr. Segun Adebajji	✓	✓	✓	✓	✓
Mr. Ganiyu Musa	✓	✓	✓	✓	✓
Mr. Steve Iwenjora	✓	✓	✓	✓	✓
Mr. Anthony Egbuna	✓	✓	✓	✓	X
Mr. Ekwunife Okoli	✓	✓	✓	✓	✓
Ms. Elizabeth Amadiume	✓	✓	✓	✓	✓
Dr. Ogechi Adeola*	NYA	✓	✓	✓	✓
Mr. Tokunbo Bello	X	✓	✓	✓	✓
Mr. Chidiebere Nwokeocha	✓	✓	✓	✓	✓

Key:

✓ - Present    X - Absent    NYA- Not Yet  
Appointed

\*Dr. Ogechi Adeola was appointed at the Board meeting held on 23rd February 2021

### Annual Board Evaluation

In compliance with the NAICOM Code of Corporate Governance, the Company appointed DCSL Corporate Services Limited to conduct the annual Board evaluation exercise for the year ended 31 December 2020. An abridged report of the Board evaluation is contained in the published 2020 Annual Report.

During the year, the ERM and Governance Committee considered the full report of the Board evaluation carried out for the year ended 31 December 2020 and identified areas of specific focus.

### Board Committees

The Board is supported by a number of committees which underpin the Board's assurance and oversight of the organisation. The Board committees are part of the Company's formal governance structure and provide the Board with regular reporting and formal assurance.

This helps the Board to spend a significant proportion of its time on strategic decision-making, whilst obtaining proper assurance that decisions across the organisation have been made effectively based on the correct information. The Chairman of each committee reports to the Board on their activities following each meeting of their respective committee.

The following are the current standing committees of the Board:

- i. Enterprise Risk Management and Governance Committee
- ii. Audit and Compliance Committee
- iii. Finance, Investments and General Purpose Committee
- iv. Statutory Audit Committee

All the Committees have Terms of Reference that guide Committee members in the execution of their duties. The Committees report to the Board and provide recommendations to the Board on matters reserved for Board approval.

### Enterprise Risk Management (ERM) and Governance Committee

The Enterprise Risk Management and Governance Committee which has taken on the risk management function of the former Financial Performance and ERM Committee, assists the Board to oversee the Group's overall risk management systems, risk appetite and risk tolerance. The Committee also assists the Board in discharging its governance responsibilities as well as its responsibilities for the management of human resources to ensure that recruitment and remuneration policies and practices are designed to attract, retain and reward fairly and responsibly with a clear link to corporate and individual performances.

The Committee meets at least four (4) times in a year. The relevant members of the senior executive management team in attendance at the Committee's meetings include the Head of Human Capital, the Head of Legal and Head of Enterprise Risk Management.

The members of the Committee are:

Ms. Elizabeth Amadiume - Chairperson

Mr. Anthony Egbuna

Mr. Ekwunife Okoli

Dr. Ogechi Adeola

The details of the meeting attendance is as follows:

Meetings	1	2	3	4
Names	17-Feb-21	21-Apr-21	19-Jul-21	20-Oct-21
Ms. Elizabeth Amadiume	✓	✓	✓	✓
Mr. Anthony Egbuna	✓	✓	✓	✓
Mr. Ekwunife Okoli	✓	✓	✓	✓
Dr. Ogechi Adeola*	NYA	NYA	✓	✓

Key:

✓ - Present

X - Absent

NYA - Not Yet  
Appointed

\*Dr. Ogechi Adeola was appointed to the Committee on the 24th of May 2021

### Audit and Compliance Committee

The Audit and Compliance Committee is established as a Committee of the Board and is responsible for the integrity of the Group's financial reporting, including scrutinising accounting policies and monitoring the effectiveness of the Company's internal control and risk management systems. The Committee also reviews the effectiveness and objectivity of the Company's internal and external auditors among other things.

The Committee meets at least four (4) times a year and each of these meetings is to be attended by relevant members of the Company's management team including the Managing Director, the Chief Operating Officer, the Internal Auditor, the General Manager - Risk Management, Chief Financial Officer, Head of Legal and where necessary, the External Auditors.

The members of the Committee are:

Mr. Anthony Egbuna - Chairman

Ms. Elizabeth Amadiume

Mr. Steve Iwenjora

The details of the meeting attendance is as follows:

Meetings	1	2	3	4
Names	18-Feb-21	20-Apr-21	22-Jul-21	21-Oct-21
Mr. Anthony Egbuna	✓	✓	✓	✓
Ms. Elizabeth Amadiume	✓	✓	✓	✓
Mr. Steve Iwenjora	✓	✓	✓	✓

Key:

✓ - Present

X - Absent

### Finance, Investment and General Purpose Committee

The Finance, Investment, and General Purpose Committee assists the Board in its oversight responsibilities over the Company's financial and investment strategy. The Committee also assists with establishing a framework or broad policy for investment and monitors the implementation of the Company's investment policies and procedures. The Committee oversees the Board's responsibilities in relation to the financial affairs of the Company and acts as a general purpose committee with power to act on all day-to-day matters not within the province of any other committee of the Company.

The Managing Director, the Chief Operating Officer, Chief Financial Officer, Head of Treasury and Investment, Head of Leasing, the Head of Marketing and Corporate Communications and Head of Legal are usually in attendance at the Committee's meetings to provide answers to the Committee on questions that may arise in the course of the meeting.

The members of the Committee are:

Mr. Steve Iwenjora - Chairman  
Mr. Ganiyu Musa  
Mr. Anthony Egbuna  
Mr. Ekwunife Okoli  
Dr. Ogechi Adeola  
Mr. Tokunbo Bello  
Mr. Chidiebere Nwokeocha

The details of the meeting attendance is as follows:

Meetings	1	2	3	4	5
Names	18-Feb-21	20-Apr-21	27-Jul-21	21-Oct-21	9-Nov-21
Mr. Steve Iwenjora	✓	✓	✓	✓	✓
Mr. Ganiyu Musa	✓	✓	✓	✓	✓
Mr. Anthony Egbuna	✓	✓	✓	✓	✓
Mr. Ekwunife Okoli	✓	✓	✓	✓	✓
Dr. Ogechi Adeola*	NYA	NYA	✓	✓	✓
Mr. Tokunbo Bello	✓	✓	✓	✓	✓
Mr. Chidiebere Nwokeocha	✓	✓	✓	✓	✓

Key: ✓ - Present    X - Absent    NYA - Not Yet Appointed

\*Dr. Ogechi Adeola was appointed to the Committee on the 24th of May 2021

#### Statutory Audit Committee

The Statutory Audit Committee of the Group is a requirement of Section 404 (2) & (3) of the Companies and Allied Matters Act, 2020. The Committee consist of five (5) members comprising of two (2) Non-Executive Directors and three (3) members of the shareholders.

The Committee's terms of reference are stated in Section 404(4) of the Companies and Allied Matters Act, 2020. The Committee is also guided by the provisions of Section 30 of the Code of Corporate Governance for Public Companies issued by the Securities and Exchange Commission.

The Committee meets at least four (4) times a year and each of these meetings are attended by relevant members of the Company's management team including the Managing Director, the Chief Operating Officer, the Internal Auditor, the General Manager - Risk Management, Chief Finance Officer, the Head of Finance and Performance Management, the Head of Legal and where necessary, the External Auditors.

The roles and responsibilities of the Statutory Audit Committee are to:

- Ascertain whether the accounting and reporting policies of the Company are in accordance with legal requirements and agreed ethical practices;
- Review the scope and planning of audit requirements;
- Review the findings on Management matters in conjunction with the external auditor and departmental responses thereon;
- Keep under review the effectiveness of the Company's system of accounting and internal control;
- Make recommendations to the Board with regard to the appointment, removal and remuneration of the external auditors of the Company;
- Authorise the internal auditor to carry out investigations into any activities of the Company which may be of interest or concern to the Committee.
- Review the Company's whistle-blowing policy
- Monitor and review the effectiveness of the Company's internal audit function in the context of the Company's overall risk management system.

The members of the Statutory Audit Committee are:

Mr. Henry Olayemi - Chairman  
Mr. Chibuzor Eke  
Mr. Oyetunde Olaitan Emilius  
Mr. Anthony Egbuna  
Ms. Elizabeth Amadiume



## Risk Management Declaration 2021

We, the Directors on behalf of Cornerstone Insurance Plc, hereby endorse to the best of our knowledge and belief, having made appropriate enquiries that:

- a. The Company has instituted an operational structure aimed at adhering to the guidelines established by the National Insurance Commission in relation to establishing a risk management framework for insurers and reinsurers in Nigeria;
- b. The Board is satisfied with the efficacy of the methods surrounding the production of financial information of the Company; and
- c. The Enterprise Risk Management and Internal Control Structure functions are embedded in the Company's operational framework and are functioning effectively.



Mr. Segun Adebani  
Chairman

FRC/2014/ICAN/00000008434



Mr. Ganiyu Musa  
Group Managing Director/CEO

FRC/ 2013/ICAN/00000003110

## Report of the Statutory Audit Committee

To the Shareholders of **Cornerstone Insurance Plc**

In compliance with the provisions of Section 404(7) of the Companies and Allied Matters Act (CAMA), 2020, the members of the Statutory Audit Committee of Cornerstone Insurance Plc report on the consolidated and separate financial statements for the year ended 31 December 2021 as follows:

- We confirm that the accounting and reporting policies of the company are in accordance with legal requirements and agreed ethical practices;
- We have reviewed the scope and planning of audit requirements;
- We have reviewed the findings on management matters in conjunction with the external auditor and departmental responses thereon;
- We have kept under review the effectiveness of the company's system of accounting and internal control;
- We have made recommendations to the board with regard to the appointment, removal and remuneration of the external auditors of the company, and

**SIGNED ON BEHALF OF THE COMMITTEE BY:**

  
\_\_\_\_\_  
Mr. Henry Olayemi  
Chairman, Statutory Audit Committee  
FRC/2013/CISN/00000005191  
25 February, 2022

Members of the Statutory Audit Committee are:

Mr. Henry Olayemi	Shareholders' representative	Chairman
Mr. Chibuzor Eke	Shareholders' representative	Member
Mr. Oyetunde Olaitan Emilius	Shareholders' representative	Member
Mr. Anthony Egbuna	Non-Executive Director	Member
Ms. Elizabeth Amadiume	Non-Executive Director	Member
Mr. Steve Iwenjora	Non-Executive Director	Member

## Statement of Directors' Responsibilities in Relation to the Financial Statements for the year ended 31 December 2021

The Directors accept responsibility for the preparation of the annual consolidated and separate financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) and in the manner required by the Companies and Allied Matters Act (CAMA), 2020, the Financial Reporting Council of Nigeria Act, 2011, the Insurance Act, 2003 and relevant National Insurance Commission ("NAICOM") circulars.

The Directors further accept responsibility for maintaining adequate accounting records as required by the Companies and Allied Matters Act (CAMA), 2020 and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement whether due to fraud or error.

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


Signed on behalf of the Directors by:

  
Mr. Segun Adebunji

Chairman

FRC/2014/ICAN/00000008434

25 February, 2022

  
Mr. Ganiyu Musa

Group Managing Director/CEO

FRC/2013/ICAN/00000003110

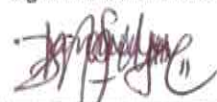
25 February, 2022

## Statement of Corporate Responsibility for the Financial Statements for the year ended 31 December 2021

Further to the provisions of section 405 of the Companies and Allied Matters Act (CAMA), 2020, we, the Group Managing Director and Chief Financial Officer, hereby certify the financial statements of Cornerstone Insurance Plc for the year ended 31 December 2021 as follows:

- a) That we have reviewed the audited consolidated and separate financial statements of the Company for the year ended 31 December 2021.
- b) That the audited consolidated and separate financial statements do not contain any untrue statement of material fact or omit to state a material fact which would make the statements misleading, in the light of the circumstances under which such statement was made.
- c) That the audited consolidated and separate financial statements and all other financial information included in the statements fairly present, in all material respects, the financial condition and results of operation of the Company as of and for, the year ended 31 December 2021.
- d) That we are responsible for establishing and maintaining internal controls and have designed such internal controls to ensure that material information relating to the Company and its subsidiaries is made known to us by other officers of the companies, during the period end 31 December 2021.
- e) That we have evaluated the effectiveness of the Company's internal controls within 90 days prior to the date of audited consolidated and separate financial statements, and certify that the Company's internal controls are effective as of that date
- f) That there were no significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our evaluation, including any corrective action with regard to significant deficiencies and material weaknesses.
- g) That we have disclosed the following information to the Company's Auditors and Audit Committee:
  - (i) there are no significant deficiencies in the design or operation of internal controls which could adversely affect the Company's ability to record, process, summarise and report financial data, and have identified for the Company's auditors any material weaknesses in internal controls, and
  - (ii) there is no fraud that involves management or other employees who have a significant role in the Company's internal control.

Signed on behalf of the Directors by:



Mr. Ganiyu Musa  
Group Managing Director/CEO  
FRC/2013/ICAN/00000003110  
25 February, 2022



Mr. Kehinde Olorundare  
Chief Financial Officer  
FRC/2013/ICAN/00000000731  
25 February, 2022



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## INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Cornerstone Insurance Plc

### Report on the Audit of the Consolidated and Separate Financial Statements

#### Opinion

We have audited the consolidated and separate financial statements of Cornerstone Insurance Plc ("the Company") and its subsidiaries (together, "the group"), which comprise:

- the consolidated and separate statements of financial position as at 31 December 2021;
- the consolidated and separate statements of profit or loss and other comprehensive income;
- the consolidated and separate statements of changes in equity;
- the consolidated and separate statements of cash flows for the year then ended; and
- the notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated and separate financial statements give a true and fair view of the consolidated and separate financial position of the Company and its subsidiaries as at 31 December 2021, and of its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and in the manner required by the Companies and Allied Matters Act (CAMA) 2020, the Financial Reporting Council of Nigeria Act, 2011, *the Insurance Act 2003 and relevant National Insurance Commission of Nigeria ("NAICOM") Circulars.*

#### Basis for Opinion

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

#### Key Audit Matters

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

#### Partners:

Adegoke A. Oyalami	Ayodele H. Othiwiwa	Joseph O. Tegbe	Dianika I. James	Tayo I. Ogungbiero
Adekunle A. Elebute	Bolanle S. Afolabi	Kabir O. Okunlola	Olufemi A. Babem	Temitope A. Onitiri
Adetola P. Adeyemi	Chibuzor N. Anyanechi	Lawrence C. Amadi	Olumide O. Olayinka	Tolulope A. Odukale
Adewale K. Ajayi	Chineme B. Nwigbo	Martins I. Arogie	Olusegun A. Sowande	Uzodinma G. Nwankwo
Ajibola O. Olomola	Elijah O. Oladunmoye	Mohammed M. Adams	Olutoyin I. Ogunlowo	Victor U. Onyenkpa
Akinyemi Ashade	Goodluck C. Obi	Nneka C. Eluma	Oluwafemi O. Awoteye	
Ayobami L. Salami	Ibitomi M. Adepoju	Olabimpe S. Afolabi	Oluwafemi A. Gbagi	
Ayodele A. Soyinka	Ijeoma T. Erhezie-Ezigbo	Oladimeji I. Salaudeen	Oseme J. Obalaje	



### **Insurance Contract Liabilities**

- The actuarial valuation of life and non-life insurance contract liabilities involves high estimation uncertainties and the application of significant judgment over uncertain future outcomes.
- Provisions for reported claims are based on historical experience, however, the eventual liabilities may differ from the estimated amounts.
- In respect of non-life insurance contract liabilities, the estimated liabilities for claims that have been incurred but not yet reported and unexpired risk reserve involves economic assumptions in the determination of projected cash flows, claims development, ultimate loss ratios, inflation rates and discount rates. In addition, key assumptions such as mortality rates and discount rates are key inputs used to estimate life insurance contract liabilities.
- The level of complexity, the judgments and assumptions involved in estimating these liabilities make the actuarial valuation of insurance contract liabilities a matter of significance to our audit.
- This is considered a key audit matter in both the consolidated and separate financial statements.

### **How the matter was addressed in our audit**

Our audit procedures included the following:

- We evaluated the design and implementation of key controls implemented by the Group and Company around the collection of data including management review of data used for the valuation of insurance contract liabilities.
- We tested the accuracy and completeness of the underlying data such as outstanding claims, claims paid, claims recoveries and underwriting data used in the actuarial valuations on a sample basis by agreeing it to relevant source documentation.
- We engaged our actuarial specialist to assess the reasonableness of the methodology used by the Group and Company's external actuaries in determining the insurance contract liabilities by assessing the appropriateness of the valuation methods and the inputs applied by comparing them against standard actuarial practices.
- With the assistance of our actuarial specialist, we evaluated the reasonableness of the assumptions used by the Group and Company's external actuaries including the basic chain ladder runoff period, discount rates and inflation rate for non-life insurance contract liabilities. For life insurance contract liabilities, we evaluated the reasonableness of key assumptions used by the Group's external actuaries including assumptions on the mortality rate, inflation rate, and discount rate by comparing them against observable data.

Refer to the Group's accounting policy on insurance contract liabilities (Note 3.2), critical accounting estimates and judgments (Note 4(a)) and related disclosures on insurance risk (Note 48) of the consolidated and separate financial statements.

### **Other Information**

The Directors are responsible for the other information. The other information comprises the Corporate Information, Consolidated Results at a Glance, Directors' Report, Corporate Governance Report, Risk Management Declaration, Report of the Statutory Audit Committee, Statement of Directors' Responsibilities, Statement of Corporate Responsibility and Other National Disclosures, which we obtained prior to the date of this auditor's report. It also comprises the Chairman's Statement, List and Profiles of the Directors and Management Staff, Annual Board Evaluation Report, Management List, Returned and Unclaimed Dividend, Share Capital History, Dividend History and proxy form (together "the outstanding reports") which are expected to be made available to us after the date of this auditor's report, but does not include the consolidated and separate financial statements and our auditor's report thereon.



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

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

#### ***Responsibilities of the Directors for the Consolidated and Separate Financial Statements***

The Directors are responsible for the preparation of consolidated and separate financial statements that give a true and fair view in accordance with IFRSs and in the manner required by the Companies and Allied Matters Act (CAMA), 2020, the Financial Reporting Council of Nigeria Act, 2011 *the Insurance Act 2003 and relevant National Insurance Commission of Nigeria ("NAICOM") Circulars*, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

#### ***Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements***

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

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

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



- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

### **Report on Other Legal and Regulatory Requirements**

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

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

### *Penalties*

The Company did not pay any penalty in respect of contraventions of the requirements of the National Insurance Commission of Nigeria Guidelines and Circulars during the year ended 31 December 2021.

Akinyemi J. Ashade, FCA  
FRC/2013/ICAN/0000000786  
For: KPMG Professional Services  
Chartered Accountants  
09 March 2022  
Lagos, Nigeria



## Company information and statement of accounting policies

### 1.1 Reporting entity

Cornerstone Insurance Plc (the Company) was incorporated on 26 July 1991 as a private limited liability company and converted to a public limited liability company on 17 June 1997. The Company's principal activity continues to be the provision of risk underwriting and related financial services to its customers. Such service includes the provision of Life and Non-life insurance services for both corporate and individual customers.

The Company has three subsidiaries - Fin Insurance Company Limited, Hilal Takaful Nigeria Limited previously called Cornerstone Takaful Nigeria Limited and Cornerstone Leasing & Investment Limited. Cornerstone Leasing and Investment Limited commenced operations on 1 July 2004 and provides convenient asset acquisition options to both corporate organisations and individuals. Fin Insurance Company Limited was incorporated in 1981 as Yankari Insurance Company Limited. The name was changed to Fin Insurance Company Limited in 2008. The main activity of the subsidiary is the provision of General Insurance business. This includes Marine Insurance, Motor Insurance, Accident Insurance, Fire Insurance and other Non-life insurance services. Hilal Takaful Nigeria Limited previously called Cornerstone Takaful Nigeria Limited is a company incorporated in Nigeria and its primary activity is the provision of Takaful insurance business. Cornerstone Takaful Nigeria Limited commenced operation on 1 April 2020. Cornerstone Insurance Plc has 99.99% equity interest in Hilal Takaful Nigeria Limited.

The Company currently has authorized share capital of ₦9.25 billion divided into 18.5 billion units of ordinary shares of 50k each with a fully paid up capital of ₦9.083 billion. The Company currently has its corporate head office at Victoria Island, Lagos with branches spread across major cities and commercial centres in Nigeria. These consolidated financial statements comprise the financial records of Company and its subsidiaries (together referred to as "the Group").

The Company and group is domiciled in Nigeria with registered address at 136, Lewis street, Lagos Island, Lagos and Corporate head office at 21 Water Corporation drive, Victoria Island Lagos.

### 1.2 Principal activities

The Group is engaged in various business lines ranging from property-casualty insurance, life/ health insurance and leasing. The Group's products are classified at inception, for accounting purposes, as either Insurance contracts or Investment contracts.

A contract that is classified as insurance contract 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. Investment contracts can, however, be reclassified as insurance contracts after inception if insurance risk becomes significant.

### 1.3 Going concern

These consolidated and separate financial statements have been prepared using appropriate accounting policies, supported by reasonable judgments and estimates. The Directors have a reasonable expectation, based on an appropriate assessment of a comprehensive range of factors, that the Group has adequate resources to continue as going concern for the foreseeable future and has no intention or need to reduce substantially its business operations. Liquidity ratio and continuous evaluation of current ratio of the Group is carried out to ensure that there are no going concern threats to the operation of the Group.

### 2.1 Basis of accounting

#### *Statement of compliance*

The consolidated and separate financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB) and in the manner required by the Companies and Allied Matters Act (CAMA), 2020, the Financial Reporting Act, 2011, the Insurance Act 2003 and relevant National Insurance Commission (NAICOM) circulars. The financial statements were authorised by the Board of directors on 25 February, 2022.

### 2.2 Functional and presentation currency

These consolidated and separate financial statements are presented in Nigerian Naira, which is the Group's and Company's functional and presentation currency. Except as indicated, financial information presented in Naira has been rounded to the nearest thousand.

### 2.3 Basis of measurement

These consolidated and separate financial statements have been prepared under the historical cost basis except for the following items which are measured on an alternative basis on each reporting date:

- financial instruments at fair value through profit or loss measured at fair value.
- available-for-sale financial instruments measured at fair value
- insurance contract liabilities measured at present value of projected cash flows
- investment properties measured at fair value

## 2.4 Use of estimates and judgements

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

Information about significant areas of estimation uncertainties and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated and separate financial statements are described in note 4.

## 2.5 Reporting period

The financial statements have been prepared for a 12-month period from 1 January 2021 to 31 December 2021.

## 2.6 Changes in significant accounting policies

The Group has consistently applied the accounting policies as set out in note 3 to all periods presented in these financial statements. The effective standards that have been adopted for financial year ended 31 December 2021 which had no material impact on the disclosures or on the amounts reported in the financial statements are as follows:

The Company has not early adopted any other Standards, interpretations or amendments that has been issued but not yet effective.

### (i) Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4, and IFRS 16 - Interest Rate Benchmark Reform

The amendments address issues that might affect financial reporting as a result of the reform of an interbank rate benchmark, including the effects of changes of contractual cash flows or hedging relationships arising from the replacement of an interest rate benchmark with an alternative benchmark rate. The amendments provide practical relief from certain requirements in IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 relating to:

- Changes in the basis for determining contractual cash flows of financial assets, financial liabilities and lease liabilities.

### (ii) Amendments to IFRS 16 - COVID-19-Related Rent Concessions beyond 30 June 2021

## 2.7 Effective standards not yet adopted by the Group

### **IFRS 9 Financial Instruments**

IFRS 9 became effective for financial year commencing on or after 1 January 2018 but the standard has not been adopted in preparing these financial statements as the Group elected to adopt the deferral approach available to insurance companies.

IFRS 9 is part of the IASB's project to replace IAS 39 *Financial Instruments: Recognition and Measurement*. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and de-recognition of financial instruments from IAS 39.

IFRS 9 replaces the multiple classification and measurement models in IAS 39 with a single model that has only three classification categories: amortised cost, fair value through OCI and fair value through profit or loss.

Furthermore for non-derivative financial liabilities designated at fair value through profit or loss, it requires that the credit risk component of fair value gains and losses be separated and included in OCI rather than in the income statement.

#### *Classification and Measurement*

The standard uses one primary approach to determine whether to measure a financial asset at amortised cost, fair value through other comprehensive income (FVTOCI), or fair value through profit or loss (FVTPL) as against the IAS 39 classifications of FVTPL, Available-for-Sale (AFS) financial assets, Loans and Receivables and Held-to-Maturity (HTM) investments. The Group's business model is the determining factor for classifying its financial assets. Financial assets are measured at amortised cost if the business objective is to hold the asset in order to collect contractual cash flows that are solely payments of principal and interest (SPPI). Financial assets are measured at fair value through OCI if the business's objective is to collect contractual cash flows as well as cash flows from selling the asset.

The final category of financial assets are those assets where the business model is neither to hold for solely to collect the contractual cashflows nor selling to collect the cashflows and therefore classified as at fair value through profit or loss. These are financial assets that are held with the objective of trade and to realize fair value changes. The Group can also designate some of its financial assets at fair value through profit or loss if this helps to eliminate an accounting mismatch.

The table below provides the expected changes in classification on adoption of IFRS 9:

<b>FINANCIAL ASSETS</b> <b>31 December 2021</b>	<b>IAS 39</b> <b>classification</b>	<b>IFRS 9</b> <b>classification</b>	<b>Group</b> <b>Carrying</b> <b>Amount</b> <b>31 Dec 2021</b>	<b>Company</b> <b>Carrying</b> <b>Amount</b> <b>31 Dec 2021</b>
Cash and cash equivalents	Loans and receivables	Amortised cost	14,402,330	9,732,527
Financial assets at fair value through profit or loss	FVTPL	FVTPL	9,065,439	9,065,439
Available-for-sale financial assets:				
- Government & corporate bonds	AFS	FVTOCI	2,972,220	2,972,220
- Unquoted equity securities	AFS	FVTPL	87,500	87,500
- Quoted equity securities	AFS	FVTPL	1,319,822	618,366
Loans and receivables	Loans and receivables	Amortised cost	293,283	293,283
Held-to-Maturity investments	Held to maturity	Amortised cost	3,317,585	-
Trade receivables	Loans and receivables	Amortised cost	300,788	255,793
Other receivables (less prepayments and other assets)	Loans and receivables	Amortised cost	571,203	566,802
Reinsurance assets (less prepaid reinsurance, outstanding claims and IBNR)	Loans and receivables	Amortised cost	1,305,181	1,244,759

<b>FINANCIAL ASSETS</b> <b>31 December 2020</b>	<b>IAS 39</b> <b>classification</b>	<b>IFRS 9</b> <b>classification</b>	<b>Group</b> <b>Carrying</b> <b>Amount</b> <b>31 Dec 2020</b>	<b>Company</b> <b>Carrying</b> <b>Amount</b> <b>31 Dec 2020</b>
Cash and cash equivalents	Loans and receivables	Amortised cost	11,662,703	8,175,263
Financial assets designated at fair value	FVTPL	FVTPL	7,206,517	7,171,687
– Available-for-sale assets				
- Government & corporate bonds	AFS	FVTOCI	4,541,445	4,027,596
- Unquoted equity securities	AFS	FVTPL	87,500	87,500
- Quoted equity securities	AFS	FVTPL	1,163,716	604,331
Loans and receivables	Loans and receivables	Amortised cost	288,274	288,274
Held-to-Maturity investments	Loans and receivables	Amortised cost	3,681,466	629,868
Trade receivables	Loans and receivables	Amortised cost	154,580	108,675
Other receivables (less prepayments and other assets)	Loans and receivables	Amortised cost	84,492	310,628
Reinsurance assets (less prepaid reinsurance, outstanding claims and IBNR)	Loans and receivables	Amortised cost	550,591	497,233

### *Impairment*

IFRS 9 also requires that credit losses expected at the balance sheet date (rather than those incurred as at year-end) are reflected at the date of reporting on all financial assets. This approach is an expected credit loss (ECL) model as opposed to the incurred credit loss model under IAS 39. This approach does not require a credit loss event to have occurred before the recognition of the loss at the reporting date. The amount of the expected credit losses is expected to be updated at each reporting date to reflect changes in credit risks since initial recognition.

ECL is determined by multiplying the Exposure At Default (EAD) by the Probability of Default (PD) and the Loss Given Default (LGD).

The Group and Company do not currently have an Expected Credit Loss (ECL) model for financial assets; hence the potential impact of the ECL impairment on profit or loss and equity has not been estimated. However, it is not expected that the impact would be significant due to the nature of the financial assets in the Group and Company.

### *Amendments to IFRS 4 Applying IFRS 9 financial instruments with IFRS 4 insurance contracts*

In September 2016, the IASB published an amendment to IFRS 4 which addresses the concerns of insurance companies about the different effective dates of IFRS 9 *Financial instruments* and the forth-coming new insurance contracts standard, IFRS 17. The amendment provides two different solutions for insurance companies: a temporary exemption from IFRS 9 (i.e. The deferral approach) for entities that meet specific requirements (applied at the reporting entity level), and the 'overlay approach'. Both approaches are optional. The effective date is 1 January 2018 or when the entity first applies IFRS 9. IFRS 4 (including the amendments) will be superseded by the forth-coming new insurance contracts standard, IFRS 17. Accordingly, both the temporary exemption and the 'overlay approach' are expected to cease to be applicable when the new insurance standard becomes effective.

In response to concerns regarding temporary accounting mismatches and volatility, and increased costs and complexity, the IASB issued amendments to IFRS 4 *Insurance Contracts*.

The amendments reduce the impacts, but companies need to carefully consider their IFRS 9 implementation approach to decide if and how to use them. The two optional solutions raise some considerations which require detailed analysis and management judgement.

The optional solutions are:

1. Temporary exemption from IFRS 9 – Some Companies will be permitted to continue to apply IAS 39 *Financial Instruments: Recognition and Measurement*. To qualify for this exemption the company's activities need to be predominantly connected with insurance. A company's activities are predominantly connected with insurance if, and only if:
  - (a) the amount of its insurance liabilities is significant compared with its total amount of liabilities; and
  - (b) the percentage of its liabilities connected with insurance relative to its total amount of liabilities is:
    - (i) greater than 90 percent; or
    - (ii) less than or equal to 90 percent but greater than 80 percent, and the Company does not engage in a significant activity unconnected with insurance.

Liabilities connected with insurance include investment contracts measured at FVTPL, and liabilities that arise because the insurer issues, or fulfils obligations arising from these contracts (such as deferred tax liabilities arising on its insurance contracts).

2. Overlay approach – This solution provides an overlay approach to alleviate temporary accounting mismatches and volatility. For designated financial assets, a company is permitted to reclassify between profit or loss and other comprehensive income (OCI), the difference between the amounts recognised in profit or loss under IFRS 9 and those that would have been reported under IAS 39.

With respect to IFRS 9 above, the Group is eligible to apply IFRS 9 deferral approach since IFRS 9 has not been previously applied by the Group and the activities of the Group are predominantly connected with insurance. To determine if the Group's activities are predominantly connected with insurance, The Group has assessed the ratio of the Group's liabilities connected with insurance - including investment contracts liabilities - compared with its total liabilities. See the assessment below:

LIABILITIES	AS REPORTED (A)	Admissible for Predominance Test (B)	AS REPORTED (A)	Admissible for Predominance Test (B)
	Group 31-Dec-15	Group 31-Dec-15	Company 31-Dec-15	Company 31-Dec-15
Investment contract liabilities	1,712,048	1,712,048	1,712,048	1,712,048
Insurance contract liabilities	5,619,756	5,619,756	4,862,365	4,862,365
Trade payables	384,017	384,017	331,222	331,222
Other payables and accruals	826,647	-	616,758	-
Current tax liabilities	340,539	-	246,725	-
Employees benefit obligations	7,523	-	7,523	-
Liabilities directly associated with assets classified as held-for-sale	5,497	-	-	-
	<b>8,896,027</b>	<b>7,715,821</b>	<b>7,776,641</b>	<b>6,905,635</b>

Score = (B/A)% 86.7% 88.8%

The Group has elected to apply the temporary exemption from IFRS 9 (deferral approach) and qualifies for the temporary exemption based on the following:

- Its activities are predominantly connected with insurance contracts;
- As at 31 December 2015, which is the reporting date that immediately precedes 1 April 2016, the carrying amount of its liabilities arising from insurance contracts was ₦7.715b (Company: ₦6.91b) which was 86.7% (Company: 88.8%) of the total carrying amount of all its liabilities as at that date.
- The Group's activities have remained the same and are predominantly connected with insurance contracts. The majority of the activities from which the Group earns income and incur expenses are insurance-related.

Based on the above, the Group will apply IFRS 9 together with IFRS 17 in 2023.

#### Fair value disclosures

- Financial assets with contractual terms that give rise to cash flows that are solely payments of principal and interest (SPPI)

The Group's financial assets with contractual terms that give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding are as follows:

- Cash and cash equivalents
- Available-for-sale financial assets (Bonds)
- Loans and receivables
- Held-to-Maturity financial assets
- Trade receivables
- Reinsurance assets (less prepaid reinsurance and reinsurers' share of outstanding claims and IBNR)
- Other receivables (only financial receivables)
- Fair value through profit or loss (Bonds)

- Financial assets with contractual terms that do not give rise to cash flows that are solely payments of principal and interest.

These are financial assets that meet the definition of financial assets designated at fair value through profit or loss in line with IFRS 9; or that are managed and whose performance is evaluated on a fair value basis. These are:

- Financial assets measured through profit and loss (Investment in MTN shares)
- Equity securities and Investment funds

The expected fair value changes from the adoption of IFRS 9 are disclosed below.

Group - 31 December 2021

Category	Financial assets that meet the SPPI criteria			All other financial assets		
	IAS 39 Carrying Amount	IFRS 9 Fair Value	Fair Value Change (2020 Impact)	IAS 39 Carrying Amount	IFRS 9 Fair Value	Fair Value Change (2020 Impact)
	A	B	C = B - A	A	B	C = B - A
<b>Cash and cash equivalents (note 6)</b>						
- Cash	805	805	-	-	-	-
- Balances with banks	2,558,320	2,558,320	-	-	-	-
- Short-term deposits	11,843,205	11,843,205	-	-	-	-
	<b>14,402,330</b>	<b>14,402,330</b>	-	-	-	-
<b>Available-for-Sale (note 7(a))</b>						
- Bonds	2,972,220	2,972,220	-	-	-	-
- Quoted equity securities	-	-	-	1,319,822	1,319,822	-
- Unquoted equity securities measured at fair value	-	-	-	-	-	-
- Unquoted equity securities measured at cost *	-	-	-	87,500	87,500	-
- Investment in CAPIC funds measured at cost *	-	-	-	1,823,500	1,458,800	(364,700)
- Investment in insurance pool measured at cost *	-	-	-	101,654	101,654	-
	<b>2,972,220</b>	<b>2,972,220</b>	-	<b>3,332,476</b>	<b>2,967,776</b>	<b>(364,700)</b>
<b>Fair value through P/L (note 7(b))</b>						
- Bonds measured at fair value	5,964,617	5,964,617	-	-	-	-
- MTN ordinary shares	-	-	-	3,100,822	3,100,822	-
	<b>5,964,617</b>	<b>5,964,617</b>	-	<b>3,100,822</b>	<b>3,100,822</b>	-
<b>Loans and receivables (note 7(c))</b>						
- Loans to policy holders	293,283	293,283	-	-	-	-
	<b>293,283</b>	<b>293,283</b>	-	-	-	-
<b>Held-to-Maturity (note 7(d))</b>						
- Treasury bills	-	-	-	-	-	-
- Bonds	3,317,585	3,317,585	-	-	-	-
- Long term deposit	-	-	-	-	-	-
	<b>3,317,585</b>	<b>3,317,585</b>	-	-	-	-
<b>Trade receivables (note 8)</b>						
- Premium receivable	300,788	300,788	-	-	-	-
	<b>300,788</b>	<b>300,788</b>	-	-	-	-
<b>Other receivables (note 9)</b>						
- Dividend receivable	9,833	9,833	-	-	-	-
- Receivables from Meristem	9,312	9,312	-	-	-	-
- Insurance recoverable	3,221	3,221	-	-	-	-
- Due from Staff	23,601	23,601	-	-	-	-
- Other receivables	500,293	500,293	-	-	-	-
	<b>546,260</b>	<b>546,260</b>	-	-	-	-

<b>Reinsurance assets (note 10)</b>							
-	Reinsurance assets excluding prepaid reinsurance and reinsurers' share of outstanding claims and IBNR	1,305,181	1,305,181	-	-	-	-
		<b>1,305,181</b>	<b>1,305,181</b>	-	-	-	-
<b>Total</b>		<b>29,102,264</b>	<b>29,102,264</b>	-	<b>6,433,298</b>	<b>6,068,598</b>	<b>(364,700)</b>

\* The fair values of these financial assets approximate their cost.

**Company - 31 December 2021**

Category	Financial assets that meet the SPPI criteria			All other financial assets		
	IAS 39 Carrying Amount	IFRS 9 Fair Value	Fair Value Change (2020 Impact)	IAS 39 Carrying Amount	IFRS 9 Fair Value	Fair Value Change (2020 Impact)
	A	B	C = B - A	A	B	C = B - A
<b>Cash and cash equivalents (note 6)</b>						
-	Cash	495	495	-	-	-
-	Balances with banks	1,937,507	1,937,507	-	-	-
-	Short-term deposits	7,794,525	7,794,525	-	-	-
		<b>9,732,527</b>	<b>9,732,527</b>	-	-	-
<b>Available-for-Sale (note 7(a))</b>						
-	Bonds	2,972,220	2,972,220	-	-	-
-	Quoted equity securities	-	-	-	618,366	618,366
-	Unquoted equity securities measured at fair value	-	-	-	-	-
-	Unquoted equity securities measured at cost *	-	-	-	87,500	87,500
-	Investment in CAPIC funds measured at cost *	-	-	-	1,823,500	1,458,800
-	Investment in insurance pool measured at cost *	-	-	-	101,654	101,654
		<b>2,972,220</b>	<b>2,972,220</b>	-	<b>2,631,020</b>	<b>(364,700)</b>
<b>Fair value through P/L (note 7(b))</b>						
-	Bonds measured at fair value	5,964,617	5,964,617	-	-	-
-	MTN ordinary shares	-	-	-	3,100,822	3,100,822
		<b>5,964,617</b>	<b>5,964,617</b>	-	<b>3,100,822</b>	-
<b>Loans and receivables (note 7(c))</b>						
-	Loans to policy holders	293,283	293,283	-	-	-
		<b>293,283</b>	<b>293,283</b>	-	-	-
<b>Held-to-Maturity (note 7(d))</b>						
-	Bonds	-	-	-	-	-
-	Long term deposit	-	-	-	-	-
		-	-	-	-	-
<b>Trade receivables (note 8)</b>						
-	Premium receivable	255,793	255,793	-	-	-
		<b>255,793</b>	<b>255,793</b>	-	-	-

<b>Other receivables (note 9)</b>							
-	Due from subsidiaries	240,333	240,333	-	-	-	-
-	Dividend receivable	-	-	-	-	-	-
-	Receivables from Meristem	9,312	9,312	-	-	-	-
-	Insurance recoverable	3,221	3,221	-	-	-	-
-	Due from Staff	22,112	22,112	-	-	-	-
-	Other receivables	424,302	424,302	-	-	-	-
		<b>699,280</b>	<b>699,280</b>	-	-	-	-
<b>Reinsurance assets (note10)</b>							
-	Reinsurance assets excluding prepaid reinsurance and reinsurers' share of outstanding claims and IBNR	1,244,759	1,244,759	-	-	-	-
		<b>1,244,759</b>	<b>1,244,759</b>	-	-	-	-
<b>Total</b>		<b>21,162,479</b>	<b>21,162,479</b>	-	<b>5,731,842</b>	<b>5,367,142</b>	<b>(364,700)</b>

\* The fair values of these financial assets approximate their cost.

## 2.8 List of Standards, Amendments to Standards and Interpretations effective for a 31 December 2021 year-end

The effective interpretations and standards that need to be considered for financial years ended 31 December 2021 are listed below:

- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 - Interest Rate Benchmark Reform
- Amendment to IFRS 16 - COVID-19-Related Rent Concessions beyond 30 June 2021

List of Standards and Interpretations not yet effective (but available for early adoption) for a 31 December 2021 year-end  
Effective for the financial year commencing 1 January 2022

Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)

- Annual Improvements to IFRS Standards 2018-2020
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)
- Reference to the Conceptual Framework (Amendments to IFRS 3)

Effective for the financial year commencing 1 January 2023

IFRS 17 Insurance Contracts, including amendments Initial application of IFRS 17 and IFRS 9 –Comparative Information  
Classification of liabilities as current or non-current (Amendments to IAS 1)

- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)
- Definition of Accounting Estimate (Amendments to IAS 8)
- Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction – Amendments to IAS 12 Income taxes

Effective at the option of the entity (effective date has been deferred indefinitely)

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

## 2.9 New standards, interpretations and amendments to existing standards not yet adopted by the Group

The following new or revised standards or amendments which have a potential impact on the Group are not yet effective for the year ended 31 December 2021 and have not been applied in preparing these financial statements. The Group is currently assessing the impact of the new or revised standards or amendments.

<i>Standard/Interpretation</i>	<i>Date issued</i>	<i>Effective date Periods beginning on or after</i>	<i>Summary of the requirements and impact assessment</i>
<b><i>Amendments to IAS 37 Onerous Contracts – Cost of Fulfilling a Contract</i></b>	May-20	1-Jan-22	<p>The amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets clarify that costs of fulfilling a contract comprise both:</p> <ul style="list-style-type: none"> <li>• the incremental costs – e.g. direct labour and materials; and</li> <li>• an allocation of other direct costs – e.g. an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract.</li> </ul> <p>This clarification is applicable for companies that apply the ‘incremental cost’ approach and they will need to recognise bigger and potentially more provisions. The amendments are effective for annual reporting periods beginning on or after 1 January 2022 to contracts at the date when the amendments are first applied. The standard does not have significant impact on the Company and Group’s activities.</p>
<b><i>Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41 Annual improvements 2018-2020</i></b>	May-20	1-Jan-22	<p>IFRS 1 First Time Adoption of International Financial Reporting Standards - The amendment permits a subsidiary (as a first-time adopter of IFRS that applies IFRS later than its parent) that applies IFRS 1.D16(a) to measure cumulative translation differences using the amounts reported by its parent, based on the parent’s date of transition to IFRSs.</p> <ul style="list-style-type: none"> <li>• IFRS 9 Financial Instruments - The amendment clarifies that for the purpose of performing the ‘10 per cent test’ for derecognition of financial liabilities – in determining those fees paid net of fees received, a borrower includes only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other’s behalf.</li> <li>• IFRS 16 Leases – The amendment removes the illustration of payments from the lessor relating to leasehold improvements. As currently drafted, this example is not clear as to why such payments are not a lease incentive.</li> <li>• IAS 41 Agriculture - The amendment removes the requirement to exclude cash flows for taxation when measuring fair value, thereby aligning the fair value measurement requirements in IAS 41 with those in IFRS 13 Fair Value Measurement.</li> </ul> <p>The amendments are effective for annual reporting periods beginning on or after 1 January 2022, with earlier application permitted. The amendments does have not significant impact on the Company and Group’s activities.</p>

<p><b><i>Amendments to IAS 16 Property, Plant and Equipment: Proceeds before Intended Use</i></b></p>	<p>May-20</p>	<p>1-Jan-22</p>	<p>The amendment prohibits deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before its intended use by management. As such, proceeds from selling items before the related item of property, plant and equipment is available for use should be recognised in profit or loss, together with the costs of producing those items. IAS 2 Inventories should be applied in identifying and measuring these production costs.</p> <p>Companies will therefore need to distinguish between:</p> <ul style="list-style-type: none"> <li>• costs associated with producing and selling items before the item of property, plant and equipment is available for use; and</li> <li>• costs associated with making the item of property, plant and equipment available for its intended use.</li> </ul> <p>Making this allocation of costs may require significant estimation and judgement. The amendments also clarify that testing whether an item of PPE is functioning properly means assessing its technical and physical performance rather than assessing its financial performance – e.g. assessing whether the PPE has achieved a certain level of operating margin</p> <p>The amendments apply for annual reporting periods beginning on or after 1 January 2022, with earlier application permitted. The amendments apply retrospectively, but only to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented in the financial statements in which the company first applies the amendments. The amendments has no significant impact on the Company and Group's activities.</p>
<p><b><i>Amendments to IFRS 3 Reference to the Conceptual Framework</i></b></p>	<p>May-20</p>	<p>1-Jan-22</p>	<p>The amendment has:</p> <ul style="list-style-type: none"> <li>• updated IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework;</li> <li>• added to IFRS 3 a requirement that, for transactions and other events within the scope of IAS 37 or IFRIC 21, an acquirer applies IAS 37 or IFRIC 21 (instead of the Conceptual Framework) to identify the liabilities it has assumed in a business combination and</li> <li>• added to IFRS 3 an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.</li> </ul> <p>The amendment is effective for annual periods beginning on or after 1 January 2022. Early application is permitted if an entity also applies all other updated references (published together with the updated Conceptual Framework) at the same time or earlier</p>

<p><b>IFRS 17 including amendments</b> <b>Initial application of IFRS 17 and IFRS 9 – Comparative Information</b> <b>Insurance Contracts</b></p>	<p>May 2017, June 2020 and December 2021 for the amendments</p>	<p>1-Jan-23</p>	<p>IFRS 17 supersedes IFRS 4 Insurance Contracts and aims to increase comparability and transparency about profitability. The new standard introduces a new comprehensive model (“general model”) for the recognition and measurement of liabilities arising from insurance contracts. In addition, it includes a simplified approach and modifications to the general measurement model that can be applied in certain circumstances and to specific contracts, such as:</p> <ul style="list-style-type: none"> <li>• Reinsurance contracts held;</li> <li>• Direct participating contracts; and</li> <li>• Investment contracts with discretionary participation features.</li> </ul> <p>Under the new standard, investment components are excluded from insurance revenue and service expenses. Entities can also choose to present the effect of changes in discount rates and other financial risks in profit or loss or OCI.</p> <p>The new standard includes various new disclosures and requires additional granularity in disclosures to assist users to assess the effects of insurance contracts on the entity’s financial statements. The standard is effective for annual periods beginning on or after 1 January 2023. The Company is in the process of adoption.</p>
<p><b>Amendments to IAS 1</b> <b>Classification of liabilities as current or non-current</b></p>	<p>Jan-20</p>	<p>1-Jan-23</p>	<p>Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period. As part of its amendments, the Board has removed the requirement for a right to be unconditional and instead, now requires that a right to defer settlement must have substance and exist at the end of the reporting period.</p> <p>There is limited guidance on how to determine whether a right has substance and the assessment may require management to exercise interpretive judgement.</p> <p>The existing requirement to ignore management’s intentions or expectations for settling a liability when determining its classification is unchanged.</p> <p>The amendments also clarify how a company classifies a liability that includes a counterparty conversion option, which could either be recognised as either equity or liability separately from the liability component under IAS 32 Financial Instruments:</p> <p>Presentation</p> <p>The standard is effective for annual periods beginning on or after 1 January 2023. Early adoption is permitted.</p>

<p><b><i>Amendments to IAS 1 and IFRS Practice Statement Disclosure Initiative: Accounting Policies</i></b></p>	<p>Feb-21</p>	<p>1-Jan-23</p>	<p>The amendments were issued to assist companies provide useful accounting policy disclosures. The key amendments to IAS 1 include:</p> <ul style="list-style-type: none"> <li>• requiring companies to disclose their material accounting policies rather than their significant accounting policies;</li> <li>• clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and</li> <li>• clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company’s financial statements;</li> </ul> <p>The amendments are consistent with the refined definition of material: “Accounting policy information is material if, when considered together with other information included in an entity’s financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements”.</p> <p>The amendments are effective from 1 January 2023</p>
<p><b><i>Amendments to IAS 8 Definition of Accounting Estimates</i></b></p>	<p>Feb-21</p>	<p>1-Jan-23</p>	<p>This amendment provides clarifications to companies on how to distinguish changes in accounting policies from changes in accounting estimates, with a primary focus on the definition of and clarifications on accounting estimates.</p> <p>The amendment introduces a new definition for accounting estimates: clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty. The amendments also clarifies the following:</p> <ul style="list-style-type: none"> <li>• an entity develops an accounting estimate to achieve the objective set out by an accounting policy.</li> <li>• developing an accounting estimate includes both selecting a measurement technique (estimation or valuation technique) and choosing the inputs to be used when applying the chosen measurement technique.</li> <li>• a change in accounting estimate that results from new information or new developments is not the correction of an error.</li> </ul> <p>In addition, the effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors.</p> <ul style="list-style-type: none"> <li>• a change in an accounting estimate may affect only the current period’s profit or loss, or the profit or loss of both the current period and future periods. The effect of the change relating to the current period is recognised as income or expense in the current period. The effect, if any, on future periods is recognised as income or expense in those future periods.</li> </ul> <p>The definition of accounting policies remains unchanged.</p> <p>The amendments are effective for periods beginning on or after 1 January 2023, and will apply prospectively to changes in</p>

<p><b><i>Amendment to IAS 12 Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction</i></b></p>	<p>May-21</p>	<p>1-Jan-23</p>	<p>The amendment clarifies that the initial recognition exemption does not apply to transactions that give rise to equal and offsetting temporary differences such as leases and decommissioning obligations. As a result, companies will need to recognise a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition arising from these transactions.</p> <p>The standard is effective for annual periods beginning on or after 1 January 2023. For leases and decommissioning liabilities, the associated deferred tax asset and liabilities will need to be recognised from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. If an entity previously accounted for deferred tax on these transactions using the net approach, then the impact on transition is likely to be limited to the separate presentation of the deferred tax asset and the deferred tax liability</p>
<p><b><i>Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i></b></p>	<p>Sep-14</p>	<p>Deferred indefi</p>	<p>The amendments require the full gain to be recognised when assets transferred between an investor and its associate or joint venture meet the definition of a 'business' under IFRS 3 Business Combinations. Where the assets transferred do not meet the definition of a business, a partial gain to the extent of unrelated investors' interests in the associate or joint venture is recognised. The definition of a business is key to determining the extent of the gain to be recognised.</p> <p>When a parent loses control of a subsidiary in a transaction with an associate or joint venture (JV), there is a conflict between the existing guidance on consolidation and equity accounting. Under the consolidation standard, the parent recognises the full gain on the loss of control. But under the standard on associates and JVs, the parent recognises the gain only to the extent of unrelated investors' interests in the associate or JV.</p> <p>In either case, the loss is recognised in full if the underlying assets are impaired. The IASB has decided to defer the effective date for these amendments indefinitely</p>

### 3 Significant Account Policies

Accounting policies are the specific principles, bases, conventions, rules and practices applied by an entity in preparing and presenting financial statements.

Except for the changes explained in note 2.6, the accounting policies set out below have been consistently applied to all periods presented in these financial statements.

#### 3.1 Basis of Consolidation

##### ***Business combination and goodwill***

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

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

### ***Subsidiaries***

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group reassesses whether it has control if there are changes to one or more of the elements of control. This includes circumstances in which protective rights held (e.g. those resulting from a lending relationship) become substantive and lead to the Group having power over an investee. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Following the licence approval for Hilal Takaful Nigeria Limited (HTNL) and its subsequent commencement of operations as a stand alone Company, the financial position of HTNL has been consolidated and therefore included in the Group statement of financial position as at 31 December 2021.

### ***Loss of control***

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related Non-controlling interest (NCI) and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

### ***Non- controlling interests***

Non-controlling Interest (NCI) are measured at their proportionate share of the acquiree's identifiable net assets at the acquisition date.

### ***Transaction eliminated on consolidation***

Intra-group balances and transactions, and any unrealised income and expenses (except for foreign currency transaction gains or losses) arising from intra-group transactions, are eliminated.

Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

## **3.2 Insurance contracts**

### **(i) Classification**

IFRS 4 requires contracts written by insurers to be classified as either 'insurance contracts' or 'investment contracts' depending on the level of insurance risk transferred.

Insurance contracts are those contracts when 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.

The Group's insurance contract liabilities represent its liability to the policy holders. Liabilities for unpaid claims are estimated on case by case basis. The liabilities recognised for claims fluctuate based on the nature and severity of the claim reported. Claims incurred but not reported are determined using statistical analyses and the Group deems liabilities reported as adequate. The liability comprises reserves for unexpired risk, outstanding claims and incurred but not reported claims.

Financial guarantee contracts are recognised as insurance contracts. Liability adequacy testing is performed to ensure that the carrying amount of the liability for financial guarantee contracts is sufficient.

At the end of each accounting period, the insurance contract liability is reflected as determined by the actuarial valuation report.

The Group also insure events associated with human life (for example, death or survival) over a long duration and has short term life insurance contracts which protect the Company's policyholders from the consequences of events (such as death or disability) that would affect the ability of the insured or his/her dependants to maintain their current level of income. Guaranteed benefits paid on occurrence of the specified insurance event are either fixed or linked to the extent of the economic loss suffered by the insured or the beneficiary.

A number of insurance and investment contracts contain a Discretionary Participation Feature (DPF). This feature entitles the holder to receive, as a supplement to guaranteed benefits, additional benefits or bonuses:

- That is likely to be a significant portion of the total contractual benefits.
- Whose amount or timing is contractually at the discretion of the Company; and
- That are contractually based on:
  - the performance of a specified pool of contracts or a specified type of contract
  - realised and /or unrealized investment returns on a specified pool of assets held by the Company
  - the profit or loss of the Company, fund or other entity that issues the contract.

Long-term insurance business (i.e. long-term insurance contracts with fixed and guaranteed terms, and long-term insurance contracts without fixed terms and with discretionary participation features -DPF) includes insurance business of all or any of the following classes, namely; life insurance business, superannuation business and business incidental to any such class of business. For contracts with DPF features, the actuary calculates the bonus due to the policy holders and is accounted for as part of the insurance or investment contract liabilities.

Life assurance business means the business of, or in relation to, the issuing of, or the undertaking of liability to pay money on death (not being death by accident or in specified sickness only) or on the happening of any contingency dependent on the termination or continuance of human life (either with or without provision for a benefit under a continuous disability insurance contract), and include a contract which is subject to the payment of premiums for a term dependent on the termination or continuation of human life and any contract securing the grant of an annuity for a term dependent upon human life.

## **(ii) Recognition and Measurement of Insurance contracts**

### *Premium*

Premium income is recognised on assumption of risks.

Gross written premiums for insurance contracts comprise premiums received in cash as well as premiums that have been received and confirmed as being held on behalf of the Company by insurance brokers and have been duly certified. Gross written premiums are stated gross of taxes payable and stamp duties that are payable to relevant regulatory bodies respectively.

Unearned premiums represent the proportions of premiums written in the year that relate to the unexpired risk of policies in force at the reporting date.

Gross premium income is gross written premiums less changes in unearned premium.

### *Claims*

Claims incurred comprise claims and claims handling expenses incurred during the financial year and changes in the provision for outstanding claims. Claims and claims handling expenses are charged to profit or loss as incurred.

For long term insurance business, benefits are recorded as an expense when they are incurred. Claims arising on maturing policies are recognized when the claims become due for payment. Death claims are accounted for on notification. Surrenders are accounted for on payment.

Outstanding claims represent the estimated ultimate cost of settling all claims arising from incidents occurring prior to the end of reporting date, but not settled at that date.

Adjustments to the amount of claims provisions established in prior years are accounted for prospectively in the financial statements for the period in which the adjustments are made, and disclosed separately if material.

Claims and loss adjustment expenses are recognised in statement of profit or loss when incurred based on the estimated liability for compensation owed to contract holders or third parties damaged by the contract holders.

### *Salvage and subrogation reimbursement*

Some insurance contracts permit the Group to sell (usually damaged) property acquired in settling a claim (for example salvage). The

Company may also have the right to pursue third parties for payment of some or all costs (for example subrogation).

Salvaged property is recognized in other assets when the amount that can reasonably be recovered from the disposal of the property has been established and salvage recoveries are included as part of claims recoveries. Subrogation reimbursements are recognized in claim recoveries when the amount to be recovered from the liable third party has been established.

### **(iii) Insurance contract liabilities**

These represent the Company's liabilities to the policyholders. They comprise the unearned premium, outstanding claims and the incurred but not reported claims. At the end of each reporting period, these liabilities are reflected as determined by an actuarial valuation.

#### *Unearned premium provision*

The provision for unearned premiums represents the proportion of premiums written in the periods up to the accounting date that relate to the unexpired terms of policies in force at the end of the reporting date. This is estimated to be earned in subsequent financial periods, computed separately for each insurance contract using a time apportionment basis. The change in the provision is recorded in the income statement to recognise revenue over the period of the risk.

#### *Reserve for unexpired risk*

A provision for additional unexpired risk reserve is recognised for an underwriting year where it is envisaged that the estimated cost of claims and expenses exceed the unearned premium provision.

#### *Reserve for outstanding claims*

Outstanding claims represent the estimated ultimate cost of settling all claims arising from incidents occurring prior to the end of reporting date, but not settled at that date.

#### *Reserve for incurred but not reported claims (IBNR)*

A provision is made for claims incurred but not yet reported as at the end of the financial year. This provision is based on the liability adequacy test report from the registered actuary engaged by the Group.

#### *Liability adequacy test*

At the end of each reporting period, liability adequacy tests are performed to ensure that material and reasonably foreseeable losses arising from existing contractual obligations are recognised. In performing these tests, current best estimates of future contractual cash flows, claims handling and administration expenses, investment income backing such liabilities are considered. Long-term insurance contracts are measured based on assumptions set out at the inception of the contract. Any deficiency is recognised in profit or loss by increasing the carrying amount of the related insurance liabilities.

The Liability Adequacy Test (LAT) was carried out by a recognized firm of actuaries, O&A Hedge Actuarial Consulting (FRC/2019/00000012909)

#### *Actuarial valuation*

An actuarial valuation of the insurance contract liabilities is conducted annually to determine the liabilities on the existing policies as at the date of the valuation. Actuarial valuation of the life fund is conducted annually to determine the liabilities on the existing policies and the adequacy of the assets representing the insurance fund as at the date of valuation. All surpluses and deficits arising therefrom are charged to profit or loss. See note 48 for further details on actuarial valuation techniques, methodologies, assumptions etc.

### **3.3 Revenue recognition**

#### **(i) Gross premium written**

Gross premium written comprises the premiums on insurance contracts entered into during the year, irrespective of whether they relate in whole or in part to a later accounting period. It is recognized at the point of attachment of risk to a policy, gross of commission expense, and before deducting cost of reinsurance cover and unearned portion of the premium. Gross premium written and unearned premiums are measured in accordance with the policies set out in 3.2(ii) of the statement of accounting policies respectively.

#### **(ii) Gross premium income**

This represents the earned portion of premium received and is recognized as revenue including changes in unearned premium. Premiums are earned from the date of attachment of risk, over the insurance period, based on the pattern of risk underwritten. Outward reinsurance premiums are recognized as an expense in accordance with the pattern of risk reinsured.

#### **(iii) Fees and commission income**

Fees and commission income consists primarily of insurance agency and brokerage commission, reinsurance and profit commissions, policyholder administration fees and other contract fees. Reinsurance commissions receivable are deferred in the same way as acquisition costs. All other fee and commission income are recognized as the services are provided.

**(iv) Investment income on financial assets**

Investment income on financial assets is composed of interest income and dividend income.

Interest income is recognized in profit or loss as it accrues and is calculated by using the effective interest rate method. Fees and commissions that are an integral part of the effective yield of the financial asset or liability are recognized as an adjustment to the effective interest rate of the instrument. The effective interest rate is the rate that exactly discounts estimated 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 financial asset or financial liability.

Dividend income from investments is recognized when the shareholders' rights to receive payment have been established.

**(v) Realized gains and losses and unrealized gains and losses**

Realized gains and losses on investments include gains and losses on financial assets and investment properties. Gains and losses on the sale of investments are calculated as the difference between net sales proceeds and the original or amortized cost and are recorded on occurrence of the sale transaction.

Unrealized gains or losses represent the difference between the carrying value at the year end and the carrying value at the previous year end or purchase value during the year, less the reversal of previously recognized unrealized gains and losses in respect of disposals during the year.

**(vi) Other operating income**

Other operating income represents income generated from sources other than premium revenue and investment income. It includes rental income and profit on disposal of property and equipment. Rental income is recognized on an accrual basis. This also includes mudarabah income from the Takaful insurance

**3.4 Expense recognition**

**(i) Claims expenses**

Claims expenses consist of claims and claims handling expenses incurred within the reporting period, less the amount recoverable from the reinsurance companies.

**(ii) Insurance claims and claims incurred**

Gross claims consist benefits and claims paid/payable to policyholders, which include changes in the gross valuation of insurance contract liabilities, except for gross change in the unearned premium provision which are recorded in premium income. It further includes internal and external claims handling costs that are directly related to the processing and settlement of claims. Amounts receivable in respect of salvage and subrogation are also considered.

**(iii) Underwriting expenses**

Underwriting expense include acquisition costs and maintenance expense. Acquisition costs comprise direct and indirect costs associated with the writing of insurance contracts. These include commission expenses and other technical expenses. Maintenance expenses are expenses incurred in servicing existing policies and clients. All underwriting expenses are charged to profit or loss as they accrue or become payable.

**(iv) Management expenses**

Management expenses are recognised in profit or loss when goods are received or services rendered. They are expenses other than claims, maintenance and underwriting expenses and include employee benefits, depreciation charges and other operating expenses.

**3.5 Reinsurance contracts**

Contracts entered into by the Company with reinsurers under which the Company is compensated for losses on one or more contracts issued by the Company and that meet the definition requirements for insurance contracts are reclassified as reinsurance contracts. Insurance contracts entered into by the Company under which the contract holder is another insurer are covered as insurance contracts.

*Reinsurance assets and liabilities*

Reinsurance assets consist of short-term balances due from reinsurers, as well as longer term receivables that are dependent on the expected claims and benefits arising under the related reinsured insurance contracts. Amounts recoverable from or due to reinsurers are measured consistently with the amounts associated with the reinsured insurance contracts and in compliance with the terms of each reinsurance contracts. Reinsurance liabilities are primarily premiums payable for the reinsurance contracts and are recognized as an expense when due.

#### *Reinsurance expense*

Reinsurance expense represents outward reinsurance premiums and are accounted for in the same accounting period as the premiums for the related direct insurance or reinsurance business assumed.

#### *Prepaid reinsurance premiums*

Prepaid reinsurance premiums are those proportions of premiums written in a year that relate to periods of risk after the statement of financial position date. Unearned reinsurance premiums are deferred over the term of the underlying direct insurance policies for risks-attaching contracts and over the term of the reinsurance contract for losses-occurring contracts.

#### *Insurance claims recoverable from reinsurance companies*

Insurance claims recoverables from reinsurance companies are estimated in manner consistent with the outstanding claims provision and claims incurred associated with the reinsurer's policies and are in accordance with the related insurance contract. They are measured at their carrying amount less impairment charges. Amounts recoverable under reinsurance contracts are assessed for impairment at each reporting date. If there is objective evidence of impairment, the Company reduces the carrying amount of its insurance assets to its recoverable amount and recognizes the impairment loss in profit or loss as a result of an event that occurred after its initial recognition, that the Company may not recover all amounts due and that the event has a reliably measurable impact on the amounts that the Company will receive from the reinsurer.

### **3.6 Investment contracts**

Investment contracts are those contracts that transfer financial risks with no significant insurance risk.

Financial risk is the risk of a possible future change in one or more of a specified interest rate, security price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract.

The Group enters into investment contracts with guarantee returns and other businesses of savings nature. Those contracts are termed investment contract liabilities and are initially measured at fair value and subsequently at amortised cost.

Finance cost on investment contract liabilities is recognised as an expense in profit or loss using the effective interest rate.

### **3.7 Deferred acquisition costs**

The incremental costs directly attributable to the acquisition of new business which has not expired at the reporting date, are deferred by recognizing an asset. Acquisition costs include both incremental acquisition costs and other indirect costs of acquiring and processing new businesses.

Deferred acquisition costs are amortised systematically over the life of the contracts at each reporting date.

### **3.8 Cash and cash equivalents**

Cash and cash equivalents include cash in hand, bank and call deposits and other short-term highly liquid investments with original maturities of three months or less, which are subject to insignificant risk of changes in their fair value and used by the Group to manage its short term commitments. Cash and cash equivalents are measured at amortised cost in the statement of financial position.

### **3.9 Financial Instruments**

#### *Classification*

The classification of the Group's financial assets depends on the nature and purpose of the financial assets and are determined at the time of initial recognition. The financial assets have been recognised in the statement of financial position and measured in accordance with their assigned classifications.

The Group classifies its financial assets into the following categories:

- financial assets at fair value through profit or loss (FVTPL);
- held-to-maturity financial assets; and
- loans and receivables.
- available-for-sale financial assets

The Group's financial liabilities are classified as other financial liabilities. They include trade and other payables.

#### *Initial recognition*

All financial instruments are initially recognized at fair value, which includes directly attributable transaction costs for financial instruments not classified as fair value through profit and loss.

#### *Subsequent Measurement*

Subsequent to initial recognition, financial assets are measured either at fair value or amortised cost, depending on their categorization as follows:

### **Financial Assets at Fair Value through Profit or Loss (FVTPL)**

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

### **Held-to-maturity investments**

Held-to-maturity financial assets are non-derivative assets with fixed or determinable payments and fixed maturity that the Group has the positive intent and ability to hold to maturity, and which are not designated at fair value through profit or loss or available-for-sale.

Held-to-maturity financial assets are carried at amortised cost using the effective interest method. Any sale or reclassification of a significant amount of held-to-maturity investments not close to their maturity would result in the reclassification of all held-to-maturity investments as available-for-sale and this prevents the Group from classifying investment securities as held-to-maturity for the current and the following two financial years.

However, sales and reclassifications in any of the following circumstances would not trigger a reclassification:

- Sales or reclassification that are so close to maturity that changes on the market rate of interest would not have a significant effect on the financial asset's fair value.
- Sales or reclassification after the Group has collected substantially all the asset's original principal.
- Sales or reclassification attributable to non-recurring isolated events beyond the Group's control that could not have been reasonably anticipated.

### **Loans and receivables**

Loans and receivables on the statement of financial position comprise trade receivables and other receivables.

Loans and receivables, after initial measurement, are measured at amortized cost, using the effective interest rate method less any impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the effective interest rate.

When the asset is impaired, the impairment losses are carried on the statement of financial position as a deduction from the carrying amount of the loans and receivables and recognised in profit or loss as impairment losses.

### **Available-for-sale financial assets**

Available-for-sale investments are non-derivative investments that are not designated as another category of financial assets. Unquoted equity securities whose fair value cannot be reliably measured are carried at cost. All other available-for-sale investments are carried at fair value.

Interest income is recognised in profit or loss using the effective interest method. Dividend income is recognised in profit or loss when the Group becomes entitled to the dividend. Foreign exchange gains or losses on available-for-sale debt security investments are recognised in profit or loss.

Other fair value changes are recognised directly in other comprehensive income until the investment is sold or impaired where upon the cumulative gains and losses previously recognised in other comprehensive income are recognised to profit or loss as a reclassification adjustment. As at the reporting date, the Group's investment in quoted equities are classified as available for sale financial assets except for investment in MTN Nigeria which is classified as fair value through profit or loss.

### *Amortised cost measurement*

The amortised cost of a financial asset or liability is the amount at which the financial asset or liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount recognised and the maturity amount, minus any reduction for impairment.

### *Fair value measurement*

Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

When available, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Group uses a valuation technique that maximises the use of relevant observable inputs and minimize the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price i.e. the fair value of the consideration given or received. If the Group determines that the fair value at initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique that uses only data from observable markets, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value at initial recognition and the transaction price. Subsequently, that difference is recognized in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

If an asset or a liability measured at fair value has a bid price and an ask price, then the Group measures assets and long positions at a bid price and liabilities and short positions at an ask price.

Portfolios of financial assets and financial liabilities that are exposed to market risk and credit risk and managed by the Group on the basis of the net exposure to either market or credit risk are measured on the basis of a price that would be received to sell a net long position (or paid to transfer a net short position) for a particular risk exposure. Those portfolio-level adjustments are allocated to the individual assets and liabilities on the basis of the relative risk adjustment of each of the individual instruments in the portfolio.

The fair value of a demand deposit is not less than the amount payable on demand, discounted from the first date on which the amount could be required to be paid.

#### *Identification and measurement of impairment*

At each reporting date, the Group assesses whether there is objective evidence that financial assets not carried at fair value through profit or loss are impaired. Financial assets are impaired when objective evidence demonstrates that a loss event has occurred after the initial recognition of the asset and that the loss event has an impact on the future cash flows on the asset that can be estimated reliably. The Group considers evidence of impairment for loans and receivables and held-to-maturity investments individually and collectively. Assets showing signs of deterioration are assessed for individual impairment. All individually significant loans and receivables and held-to-maturity investments found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified by grouping together financial assets (carried at amortised cost) with similar risk characteristics.

Objective evidence that financial assets are impaired include significant financial difficulty of the obligor, default or delinquency by a borrower resulting in a breach of contract, restructuring of a loan or advance by the Group on terms that the Group would not otherwise consider, indications that a borrower or issuer will enter bankruptcy, the disappearance of an active market for a security, or other observable data relating to a group of assets such as adverse changes in the payment status of borrowers or issuers in the group, or economic conditions that correlate with defaults in the group. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below cost is objective evidence of impairment.

Impairment losses on available-for-sale investment securities are recognised by transferring the difference between the carrying amount and current fair value out of equity to profit or loss. If, in a subsequent period, the fair value of an impaired available-for-sale debt security increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit and loss, the impairment loss is reversed, with the amount of the reversal recognised in profit and loss. However, any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognised in other comprehensive income. The Group writes off certain loans and receivables when they are determined to be uncollectible.

#### *Offsetting*

Financial assets and liabilities are set off and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to set off the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted under IFRSs, or for gains and losses arising from a group of similar transactions.

#### *De-recognition*

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial assets in a transaction in which substantially all the risks and rewards of ownership of the financial assets are transferred or in which the Group 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 transferred financial assets that qualify for de-recognition that is created or retained by the Group is recognised as a separate asset or liability in the statement of financial position. On de-recognition of the financial assets, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset transferred), and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit and loss. The Group enters into transactions whereby it transfers assets recognised on its financial position, but retains either all or substantially all of the risks and rewards of the transferred assets or a portion of them. If all or substantially all risks and rewards are retained, then the transferred assets are not derecognised from the financial position.

In transactions in which the Group neither retains nor transfers substantially all the risks and rewards of ownership of a financial asset and it retains control over the asset, the Group continues to recognise the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset. The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expired.

### **3.10 Trade receivables**

Trade receivables comprise premium receivables. Premium receivables are those for which credit notes issued by brokers are within 30 days after the reporting date, in conformity with the “NO PREMIUM, NO COVER” NAICOM policy.

### **3.11 Foreign currency transactions**

Foreign currency transactions are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the exchange rate ruling at the reporting date. Foreign currency differences are generally recognised in profit or loss.

Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction.

### **3.12 Trade and other payables**

#### ***Trade payables***

Trade payables are recognized when due. These include amounts due to agents, reinsurers and co-assurers. Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method. The fair value of a non-interest bearing liability is its discounted repayment amount. If the due date is less than one year, discounting is not applied.

#### ***Other payables and Accruals***

Other payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest rate method. The fair value of a non-interest bearing liability is its discounted repayment amount. If the due date is less than one year, discounting is not applied.

### **3.13 Other receivables and prepayments**

Other receivables principally consist of accrued income, intercompany receivable and sundry debtors. Prepayments are essentially prepaid rents, prepaid insurance and other prepaid balances. Other receivables are measured at amortised cost.

### **3.14 Investment properties**

Investment properties are properties held to earn rentals or for capital appreciation (including property under construction for such) or for both purposes, but not for sale in the ordinary course of business.

#### ***Recognition and measurement***

Investment properties are measured initially at cost plus any directly attributable expenses.

Subsequent to initial recognition, investment properties are measured at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair value of investment properties are included in profit or loss in the period in which they arise. Fair values of the investment properties are evaluated and assessed annually by an accredited external valuer.

#### *De-recognition*

An investment property is derecognized upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on de-recognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognized in profit or loss in the period of de-recognition. The carrying amount of the asset represents the fair value of the asset as at the date of the latest valuation before disposal.

#### *Transfers*

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. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property and equipment up to the date of change. Subsequently, the property is re-measured to fair value and reclassified as investment property.

### **3.15 Investment in joint venture**

A joint venture is an arrangement in which the Group has joint control as well as rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Interests in associates and the joint venture are accounted for using the equity method. They are initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and OCI of equity-accounted investees, until the date on which the joint control ceases. The Group evaluates its investment in joint venture in line with the provisions of IFRS11 - Joint Venture.

### **3.16 Property and equipment**

#### *Recognition and measurement*

Items of property and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost includes expenditure that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalised borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalised as part of equipment. When parts of an item of property or equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

#### *Subsequent costs*

The cost of replacing part of an item of property or 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 Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property and equipment are recognised in profit or loss as incurred.

#### *Depreciation*

Depreciation is recognised in the statement of profit or loss and other comprehensive income on a straight-line basis to write down the cost of each asset, to their residual values over the estimated useful lives of each part of an item of property and equipment. Leased assets under finance lease 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. Available for use is the date the asset is available for use. A non-current asset or disposal group is not depreciated while it is classified as held for sale.

Depreciation is calculated over their estimated useful lives at the following rates:

Land	Not depreciated
Building	50 years
Leasehold improvements	Over the shorter of the useful life of the item or the lease period
Office equipments	4 years
Furniture and fittings	5 years
Computer equipment	3 years
Motor vehicles	4 years

Depreciation methods, useful lives and residual values are reassessed at each reporting date and adjusted if appropriate.

#### *De-recognition*

An item of property 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.

#### *Impairment*

Assets that are subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell or the value in use.

### **3.17 Intangible assets**

#### *Computer software*

Software acquired by the Group is stated at cost less accumulated amortisation and accumulated impairment losses. Expenditure on internally developed software is recognised as an asset when the Group is able to demonstrate its intention and ability to complete the development and use the software in a manner that will generate future economic benefits and can reliably measure the costs to complete the development. The capitalised costs of internally developed software include all costs directly attributable to developing the software and are amortised over its useful life. Internally developed software is stated at capitalised cost less accumulated amortisation and impairment. Subsequent expenditure on software assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

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 since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful life of software is five years. Amortisation method, useful lives, and residual values are reviewed at each financial year-end and adjusted if appropriate.

Intangible assets are derecognised on disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition is included in profit or loss in the year the asset is derecognised.

### **3.18 Impairment of non-financial assets**

The carrying amounts of the Group'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 group of assets that generates cash flows that are largely independent from other assets. Impairment losses are recognised in profit or loss.

The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

### **3.19 Income and deferred tax**

#### *Current tax*

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted at the reporting date. Current tax also includes any tax arising from dividends.

#### *Minimum tax*

The Company is subject to the Finance Act (amendments made to Companies Income Tax Act (CITA)). Total amount of tax payable under the new Finance Act shall not be less than 0.5% of the Company's gross premium. Taxes based on taxable profit for the period are treated as income tax in line with IAS 12; whereas Minimum tax which is based on a gross amount is outside the scope of IAS 12 and therefore, are not presented as part of income tax expense in the profit or loss.

Where the minimum tax charge is higher than the Company Income Tax (CIT), a hybrid tax situation exists. In this situation, the CIT is recognized in the income tax expense line in the profit or loss and the excess amount is presented above the income tax line as Minimum tax.

#### *Deferred tax*

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised for:

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

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. 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.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

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

In determining the amount of current and deferred tax, the Group considers the impact of tax exposures, including whether additional taxes and interest may be due. This assessment relies on estimates and assumptions and may involve a series of judgments about future events. New information may become available that causes the Group to change its judgment regarding the adequacy of existing tax liabilities; such changes to tax liabilities would impact tax expense in the period in which such a determination is made.

### **3.20 Statutory deposits**

Statutory deposits are cash balances held with the Central Bank of Nigeria (CBN) in compliance with the Insurance Act 2003. The deposits are only available as a last resort to the Group if it goes into liquidation. Statutory deposits are measured at amortised cost.

### **3.21 Hypothecation of assets**

The Company structured its assets to meet the requirements of the Insurance Act 2003 such that policyholders' assets and funds are not co-mingled with shareholders'.

In particular, investment securities and insurance funds hypothecated to policyholders are distinguished from those owned by the shareholders. The assets hypothecated are shown in note 44 of the financial statements.

### **3.22 Provisions**

A provision is recognised if, as a result of a past event, the Group 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 determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and where appropriate, the risks specific to the liability.

A provision for restructuring is recognised when the Group has approved a detailed and formal restructuring plan, and the restructuring either has commenced or has been announced publicly. Future operating costs are not provided for.

A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with that contract.

### 3.23 Employee benefits

#### *Short-term employee benefits/Personnel expenses*

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

#### *Defined contribution plans*

Obligations for contributions to defined contribution pension plans are recognised as an expense in profit or loss when they are due in respect of service rendered before the end of the reporting period. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available. The Group contributes to a defined contribution pension scheme for its employees. Obligations in respect of the Group's contributions to the scheme are recognised as an expense in the profit and loss account on an annual basis. The employee and the Group contribute 8% and 10% respectively of basic salary, housing, and transport allowance to each employee's retirement savings account maintained with their nominated Pension Fund Administrators in line with the Pension Reform Act 2014 and circulars of the National Pension Commission.

### 3.24 Earnings/loss per share

The Group presents basic and diluted earnings per share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group 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. Earnings per share is determined by dividing the profit or loss attributable to ordinary shareholders by the weighted number of ordinary shares adjusted for any bonus shares issued.

### 3.25 Leases

#### **Determining the lease term of contracts with renewal and termination options – Company as lessee**

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The Company applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

The Company included the renewal period as part of the lease term for leases of office spaces and plant and machinery with shorter non-cancellable period (i.e., three to five years) where this is expressly stated in the lease contract or enforceable at law per the lease contract. The Company typically exercises its option to renew for these leases because there will be a significant negative effect on its operation if a replacement asset is not readily available. The renewal periods for leases of office spaces are not included as part of the lease term as these are not reasonably certain to be exercised.

Furthermore, the periods covered by termination options are included as part of the lease term only when they are reasonably certain not to be exercised.

#### **Property lease classification – Company as lessor**

The Group has entered into commercial property leases on its investment property portfolio. The Company has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economic life of the commercial property and the present value of the minimum lease payments not amounting to substantially all of the fair value of the commercial property, that it retains all the significant risks and rewards of ownership of these properties and accounts for the contracts as operating leases.

### 3.26 Segment reporting

Operating segments are identified and reported in consonance with the internal reporting policy of the Group that are regularly reviewed by the Chief Executive who allocates resources to the segment and assesses their performance thereof.

The Group's reportable segments, for management purpose, are organized into business units based on the products and services offered as follows:

- Non-life insurance
- Life insurance
- Takaful insurance
- Fin Insurance
- Leasing
- Life deposit administration/investment contracts

### 3.27 Contingent liabilities and assets

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 Group or the Group has a present obligation as a result of past events which is not recognized because it is not probable that an outflow of resources will be required to settle the obligation; or the amount cannot be reliably estimated. Contingent liabilities normally comprise of legal claims under arbitration or court process in respect of which a liability may crystallize.

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 Group.

Contingent assets are never recognised but are disclosed in the financial statements when they arise.

### 3.28 Share capital and other reserves

#### *Share capital*

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

Where any of the Group entities purchases the Company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes), is deducted from equity attributable to the Company's equity holders. Where such shares are subsequently sold, reissued or otherwise disposed of, any consideration received is included in equity attributable to the Company's equity holders, net of any directly attributable incremental transaction costs and the related income tax effects.

#### *Share premium*

This represents the excess amount paid by shareholders on the nominal value of the shares. This amount is distributable to the shareholders at their discretion. The share premium is classified as an equity instrument in the statement of financial position.

#### *Treasury shares*

Own equity instruments which are acquired (treasury shares) are deducted from equity. No gain or loss is recognised in the income statement on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration is recognised in other capital reserves. Voting rights related to treasury shares are nullified for the Group and no dividends are allocated to them respectively.

#### *Retained earnings/Accumulated deficit*

Retained earnings/Accumulated losses comprises undistributed profit/(loss) from previous years and the current year. Retained earnings/Accumulated losses is classified as part of equity in the statement of financial position.

#### *Contingency reserve*

The Nigerian Insurance regulations require the Group to make an annual appropriation to a statutory reserve. As stipulated by section 21(1) of Insurance Act 2003, the contingency reserve for Non-life insurance business is credited with the greater of 3% of total premium, or 20% of the net profits. This shall accumulate until it reaches the greater of minimum paid-up capital and 50% percent of the net premium. For life business, the contingency reserve is credited with an amount equal to 1% of gross premium or 10% of net profit (whichever is greater) and accumulated until it reaches the amount of minimum paid-up capital.

#### *AFS fair value reserve*

The fair value reserve comprises the cumulative net change in the fair value of available-for-sale financial assets until the assets are derecognised or impaired.

### 3.29 Discontinued operation

For discontinued operations, the Group presents discontinued operations in a separate line in the Income statement if an entity or a component of an entity has been disposed of or is classified as held for sale and: (a) represents a separate major line of business or geographical area of operations; (b) is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or (c) is a subsidiary acquired exclusively with a view to resale. Net profit from discontinued operations includes the net total of operating profit and loss before tax from operations, including net gain or loss on sale before tax or measurement to fair value less costs to sell and discontinued operations tax expense. A component of an entity comprises operations and cash flows that can be clearly distinguished, operationally and for financial reporting purposes, from the rest of the Group's operations and cash flows. If an entity or a component of an entity is classified as a discontinued operation, the Group restates prior periods in the Income statement.

### 3.30 Deferred Commission income

Deferred Commission income represents a proportion of commission received on reinsurance contracts which are booked during a financial year and are deferred to the extent that they are recoverable out of future revenue margins. For commission income received in advance, the proportion not yet earned is recognised in the statement of financial position and subsequently released to the statement of profit or loss and other income in a time based apportionment when the policies have become effective. It is now amortised over the life of the policy.

#### 4 Critical accounting estimates, judgement and assumptions

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates under different assumptions and conditions.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

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

##### (a) Valuation of insurance contract liabilities

###### *Long term insurance contract liabilities*

The liability for long term insurance contracts is either based on current assumptions or on assumptions established at inception of the contract, reflecting the best estimate at the time increased with a margin for risk and adverse deviation. All contracts are subject to a liability adequacy test, which reflect management's best current estimate of future cash flows.

Certain acquisition costs related to the sale of new policies are recorded as deferred acquisition costs (DAC) and are amortised to the income statement over time. If the assumptions relating to future profitability of these policies are not realised, the amortisation of these costs could be accelerated and this may also require additional impairment write-offs to the income statement.

The main assumptions used relate to mortality, morbidity, longevity, investment returns, expenses, lapse and surrender rates and discount rates. The Group bases mortality on standard industry rates published in the UK assured lives mortality tables A67/70 which reflect historical experiences, adjusted when appropriate to reflect the Group's unique risk exposure, product characteristics, target markets and own claims severity and frequency experiences. For those contracts that insure risk related to longevity, prudent allowance is made for expected future mortality improvements as well as wide ranging changes to life style, which could result in significant changes to the expected future mortality exposure.

Estimates are also made as to future investment income arising from the assets backing long term insurance contracts. These estimates are based on current market returns as well as expectations about future economic and financial developments.

Assumptions on future expense are based on current expense levels, adjusted for expected expense inflation if appropriate.

Lapse and surrender rates are based on the Group's historical experience of lapses and surrenders.

Discount rates are based on current industry risk rates, adjusted for the Group's own risk exposure.

The valuation of the long term insurance contract liabilities was done by Mr. Layemo B. Abraham (FRC/2016/NAS/00000015764) of O & A Hedge Actuarial Consultant (FRC/2019/00000012909).

###### *Short term insurance contract liabilities*

For short term insurance contracts, estimates have to be made both for the expected ultimate cost of claims reported at the reporting date and for expected ultimate cost of claims incurred but not yet reported at the reporting date (IBNR). It can take a period of time before the ultimate claims cost can be established with certainty. An assessment is also performed to confirm if an additional reserve is required to be held if the unearned premium reserve is inadequate to cover all the future expected claims cost. Unearned premium (UPR) is assessed on a time apportioned basis.

The ultimate cost of outstanding claims is estimated by using one of the range of standard actuarial claims projection techniques - Chain Ladder method.

The main assumption underlying this technique is that a Company's past claims development experience can be used to project future claims development and hence ultimate claims costs. As such, this method extrapolates the development of paid and incurred losses, average costs per claim and claim numbers based on the observed development of earlier years and expected loss ratios. Historical claims development is mainly analysed by accident years, but can also be further analysed by geographical area, as well as by significant business lines and claim types. Large claims are usually separately addressed, either by being reserved at the face value of loss adjuster estimates or separately projected in order to reflect their future development. In most cases, no explicit assumptions are made regarding future rates of claims inflation or loss ratios. Instead, the assumptions used are those implicit in the historical claims development data on which the projections are based. Additional qualitative judgment is used to assess the extent to which past trends may not apply in future, (for example to reflect one-off occurrences, changes in external or market factors such as public attitudes to claiming, economic conditions, levels of claims inflation, judicial decisions and legislation, as well as internal factors such as portfolio mix, policy features and claims handling procedures) in order to arrive at the estimated ultimate cost of claims that present the likely outcome from the range of possible outcomes, taking account of all the uncertainties involved.

The Liability Adequacy Test (LAT) was carried out by Mr. Layemo B. Abraham (FRC/2016/NAS/00000015764) of O & A Hedge Actuarial Consultant (FRC/2019/00000012909). The claims reserve was calculated using the Discounted Inflation Adjusted Basic Chain Ladder method.

Sensitivity analysis has been included in note 48.

**(b) Fair value measurement**

The Group measures fair values using the following hierarchy of methods:

Level 1: Quoted market price in an active market for an identical instrument

Level 2: Valuation techniques based on observable inputs. This category includes instruments valued using quoted market prices in active markets for similar instruments; quoted prices for similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Level 3: This includes financial instruments, the valuation of which incorporate significant inputs for the asset or liability that is not based on observable market data (unobservable inputs). Unobservable inputs are those not readily available in an active market due to market illiquidity or complexity of the product. These inputs are generally determined based on inputs of a similar nature, historic observations on the level of the input or analytical techniques.

*Valuation of land and building*

On a determined basis, the Group engages the services of external, independent and qualified valuers to determine the fair value of the land and buildings depending on the measurement model adopted by the entities within the Group.

*Valuation of investment properties*

The Group's investment property is held for the purpose of capital appreciation and rental income generation. The Group's investment properties were revalued by an external, independent firm of estate surveyors and valuers, John Odiba & Partners with FRC number (FRC/2022/00000014211). The name of the principal valuer is Mr. Odiba John Malik. Fair value gains have been recognized in the income statement in line with the fair value model of IAS 40.

**(c) Income taxes**

***Non-life business***

The current income tax charge is calculated on taxable income on the basis of the tax laws enacted or substantively enacted at the reporting date. The Company applies Section 16 of the Company Income Tax Act as amended by the Finance Act 2020. It states that an Insurance business shall be taxed as:

- an insurance company, whether proprietary or mutual, other than a life insurance company; or
- a Nigerian company whose profit accrued in part outside Nigeria

The profit on which tax may be imposed, shall be ascertained by taking the gross premium, interest and other income receivable in Nigeria less reinsurance expenses. The following shall also be deducted from the balance so arrived at:

- a reserve fund for unexpired risks in the financial year computed on a time apportionment basis of the risks accepted during the financial year.
- claims and outgoings provided that any amount not utilised towards settlement of claims and outgoings shall be added to the total profits of the following year.

***Life Business***

The profits on which tax may be imposed in an insurance company is a life insurance company, whether proprietary or mutual, other than a Nigerian company which carries on business through a permanent establishment in Nigeria shall:

- be the investment income captured for tax purposes to income derived from the investment of shareholders' fund.

The Directors have adopted current tax practices in computing the tax liabilities. Actual results may differ from these estimates based on the interpretation by the tax authorities. The Directors acknowledge that changes in the application of the current tax practices can have a significant impact on the tax expense and tax liabilities recorded in the financial statements.

**(d) Deferred tax assets**

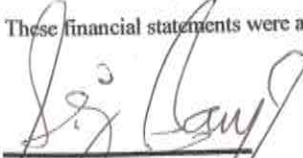
Deferred tax assets are recognised for all unused tax losses, temporary differences between carrying amounts and tax bases of assets and liabilities to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

**Consolidated and Separate Statements of Financial Position**  
*As at 31 December*

<i>In thousands of naira</i>	<i>Note</i>	<b>Group 2021</b>	<b>Group 2020</b>	<b>Company 2021</b>	<b>Company 2020</b>
<b>Assets</b>					
Cash and cash equivalents	6	14,402,330	11,662,703	9,732,527	8,175,263
Financial assets	7	18,563,816	18,402,727	14,321,092	14,065,366
Trade receivables	8	300,788	154,580	255,793	108,675
Other receivables and prepayments	9	1,273,809	612,224	1,213,181	789,101
Reinsurance assets	10	9,369,713	7,719,422	8,618,365	7,197,096
Deferred acquisition costs	11	853,729	567,596	708,289	466,196
Investment in joint venture	12	510	271,295	280	137,738
Deferred tax assets	23(c)	861,211	838,000	861,211	838,000
Investment in subsidiaries	13	-	-	3,620,847	3,620,847
Investment properties	14	625,000	602,000	-	-
Property and equipment	15	1,838,314	1,780,020	582,447	570,093
Intangible assets	16	11,805	17,648	3,397	13,500
Statutory deposit	17	1,200,000	1,200,000	500,000	500,000
<b>Total Assets</b>		<b>49,301,025</b>	<b>43,828,215</b>	<b>40,417,429</b>	<b>36,481,875</b>
<b>Liabilities</b>					
Insurance contract liabilities	19	19,736,834	18,746,225	17,812,613	17,203,861
Investment contract liabilities	18	3,735,317	3,674,861	3,268,015	3,226,593
Trade payables	20	2,739,704	1,619,695	2,410,119	1,403,882
Deferred commission income	22	981,777	770,626	879,264	704,472
Other payables and accruals	21	1,058,081	842,765	790,444	676,315
Current tax liabilities	23(b)	475,575	445,799	345,704	276,964
Deferred tax liabilities	23(c)	88,026	-	23,211	-
Employees benefit obligations	24	13,553	3,793	11,529	1,769
<b>Total liabilities</b>		<b>28,828,867</b>	<b>26,103,764</b>	<b>25,540,899</b>	<b>23,493,856</b>
<b>Equity</b>					
Share capital	25(a)	9,083,196	9,083,196	9,083,196	9,083,196
Share premium	25(b)	183,165	183,165	183,165	183,165
Treasury shares	25(c)	(67,130)	(58,440)	(67,130)	(58,440)
Contingency reserve	25(e)	4,735,167	4,017,271	3,844,841	3,305,027
Fair value reserves	25(f)	387,889	1,132,194	63,261	906,871
Retained Earnings/(Accumulated Deficit)	25(d)	5,855,597	3,101,415	1,769,197	(431,800)
<b>Shareholders' funds</b>		<b>20,177,884</b>	<b>17,458,801</b>	<b>14,876,530</b>	<b>12,988,019</b>
Non-controlling interest	25(g)	294,274	265,650	-	-
<b>Total equity</b>		<b>20,472,158</b>	<b>17,724,451</b>	<b>14,876,530</b>	<b>12,988,019</b>
<b>Total liabilities and equity</b>		<b>49,301,025</b>	<b>43,828,215</b>	<b>40,417,429</b>	<b>36,481,875</b>

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

These financial statements were approved by the Board on 25 February, 2022 and signed on its behalf by:

  
**Mr. Segun Adebajji**  
Chairman  
FRC/2014/ICAN/00000008434

Additionally certified by:  
  
**Mr. Kehinde Olorundare**  
Chief Financial Officer  
FRC/2013/ICAN/00000000731

  
**Mr. Ganiyu Musa**  
Group Managing Director/CEO  
FRC/2013/ICAN/00000003110

**Consolidated and Separate Statements of Profit or Loss and Other Comprehensive Income**  
*For the year ended 31 December*

<i>In thousands of naira</i>	<i>Note</i>	<b>Group 2021</b>	<b>Group 2020</b>	<b>Company 2021</b>	<b>Company 2020</b>
Gross premium written	26(a)	20,920,553	17,539,219	18,288,139	15,787,124
Changes in unearned premium	26(b)	(3,127,934)	(1,820,508)	(2,940,341)	(1,576,275)
<b>Gross premium income</b>	26(b)	<b>17,792,619</b>	<b>15,718,711</b>	<b>15,347,798</b>	<b>14,210,849</b>
Changes in life fund	26(c)	928,394	(634,469)	936,826	(634,469)
Changes in life annuity fund	26(c)	913,703	(1,902,099)	913,703	(1,902,099)
Reinsurance expense	26(d)	(10,968,450)	(7,579,125)	(9,645,696)	(6,877,674)
<b>Net premium income</b>		<b>8,666,266</b>	<b>5,603,018</b>	<b>7,552,631</b>	<b>4,796,607</b>
Fees and commission income	27	2,227,978	1,617,999	1,957,456	1,447,461
<b>Net underwriting income</b>		<b>10,894,244</b>	<b>7,221,017</b>	<b>9,510,087</b>	<b>6,244,068</b>
Gross claims incurred	28(a)	(4,700,817)	(7,264,175)	(4,082,679)	(6,693,005)
Insurance claims recoveries from reinsurers	28(b)	2,105,689	3,308,904	1,875,158	3,201,106
<b>Net claims expenses</b>		<b>(2,595,128)</b>	<b>(3,955,271)</b>	<b>(2,207,521)</b>	<b>(3,491,899)</b>
Acquisition cost	29(a)	(2,020,130)	(1,709,394)	(1,597,103)	(1,447,008)
Maintenance cost	29(b)	(1,028,697)	(467,093)	(921,359)	(328,792)
<b>Underwriting expenses</b>		<b>(3,048,827)</b>	<b>(2,176,487)</b>	<b>(2,518,462)</b>	<b>(1,775,800)</b>
<b>Underwriting results</b>		<b>5,250,289</b>	<b>1,089,259</b>	<b>4,784,104</b>	<b>976,369</b>
Gain/(Loss) on deposit administration / investment contracts	18(a)	33,808	258,008	33,808	258,008
Investment income	30	1,609,351	1,157,830	1,091,964	732,354
Fair value changes in investment property	14	23,000	42,000	-	-
Fair value changes in financial assets - FVTPL	31	(742,348)	1,799,740	(742,348)	1,799,740
Net exchange gain	32(a)	1,385,923	1,349,534	713,817	935,838
Net trading income	32(b)	-	255,394	-	45,101
Other operating income	33	61,570	225,794	59,896	113,053
Share of profit/(loss) in joint venture	12(a)	95,232	(283,010)	68,201	(155,378)
Impairment losses on financial assets	34	(75,315)	(841,519)	(75,315)	(868,832)
Personnel expenses	35	(2,243,538)	(1,868,699)	(1,763,689)	(1,465,209)
Depreciation	15	(198,940)	(219,289)	(155,105)	(168,018)
Amortisation	16	(13,405)	(16,927)	(10,402)	(16,568)
Other Operating Expenses	36	(1,382,579)	(1,128,368)	(1,105,961)	(881,196)
Finance cost	37	(62,041)	(52,654)	(46,604)	(28,136)
<b>Profit before income and minimum tax</b>		<b>3,741,007</b>	<b>1,767,093</b>	<b>2,852,366</b>	<b>1,277,126</b>
Minimum tax	23(a)	(2,433)	-	(2,433)	-
<b>Profit after minimum tax</b>		<b>3,738,574</b>	<b>1,767,093</b>	<b>2,849,933</b>	<b>1,277,126</b>
Income tax (expense)/ credit	23(a)	(202,639)	427,764	(109,122)	461,045
<b>Profit for the year from continuing operations</b>		<b>3,535,935</b>	<b>2,194,857</b>	<b>2,740,811</b>	<b>1,738,171</b>
<b>Profit from discontinued operations</b>	5.8	-	-	-	<b>36,748</b>
<b>Profit for the year</b>		<b>3,535,935</b>	<b>2,194,857</b>	<b>2,740,811</b>	<b>1,774,919</b>
<b>Attributable to shareholders</b>		<b>3,511,220</b>	<b>2,181,077</b>	<b>2,740,811</b>	<b>1,774,919</b>
<b>Attributable to non-controlling interest holders</b>		<b>24,715</b>	<b>13,780</b>	<b>-</b>	<b>-</b>
		<b>3,535,935</b>	<b>2,194,857</b>	<b>2,740,811</b>	<b>1,774,919</b>
<b>Other comprehensive income, net of tax</b>					
<i>Items within OCI that may be reclassified to profit or loss</i>					
Fair value (losses)/ gains on available-for-sale securities	7(a)(iv)	(739,022)	707,043	(843,610)	672,249
		<b>(739,022)</b>	<b>707,043</b>	<b>(843,610)</b>	<b>672,249</b>
Revaluation gain on property and equipment		52,830	-	-	-
Related tax		(5,283)	-	-	-
		<b>47,547</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Other comprehensive (loss)/ income, net of tax</b>		<b>(691,475)</b>	<b>707,043</b>	<b>(843,610)</b>	<b>672,249</b>
<b>Total comprehensive income for the year</b>		<b>2,844,460</b>	<b>2,901,900</b>	<b>1,897,201</b>	<b>2,447,168</b>
<b>Attributable to shareholders</b>		<b>2,815,837</b>	<b>2,886,965</b>	<b>1,897,201</b>	<b>2,447,168</b>
<b>Attributable to non-controlling interest</b>		<b>28,623</b>	<b>14,935</b>	<b>-</b>	<b>-</b>
		<b>2,844,460</b>	<b>2,901,900</b>	<b>1,897,201</b>	<b>2,447,168</b>
Basic and diluted earning per share (Kobo)	38	19	12	15	10

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

## Consolidated and Separate Statements of Changes in Equity

For the year ended 31 December 2021

Group

<i>In thousands of naira</i>	Share Capital	Share Premium	Treasury Shares	Contingency Reserve	Fair Value Reserves	Retained Earnings	Shareholders' Equity	Non Controlling Interest	Total
<b>At 1 January 2021</b>	9,083,196	183,164	- 58,440	4,017,271	1,132,194	3,101,415	17,458,800	265,650	17,724,450
<b>Total comprehensive income for the year</b>									
Profit for the year	-	-	-	-	-	3,511,220	3,511,220	24,717	3,535,937
Fair value changes on available-for-sale securities	-	-	-	-	744,305	-	744,305	3,908	740,397
<b>Total other comprehensive income for the year</b>	-	-	-	-	744,305	3,511,220	2,766,915	28,625	2,795,540
<b>Transactions with owners, recorded directly in equity</b>									
Transfer to contingency reserve	-	-	-	717,896	-	717,896	-	-	-
Deferred tax liability transfer	-	-	-	-	-	39,142	39,142	-	39,142
Addition to treasury shares	-	-	8,690	-	-	-	8,690	-	8,690
<b>Total contributions by and distributions to equity holders</b>	-	-	8,690	717,896	-	757,038	47,832	-	47,832
<b>Balance as at 31 December 2021</b>	<b>9,083,196</b>	<b>183,164</b>	<b>- 67,130</b>	<b>4,735,167</b>	<b>387,889</b>	<b>5,855,597</b>	<b>20,177,883</b>	<b>294,275</b>	<b>20,472,158</b>

For the year ended 31 December 2020

Group

<i>In thousands of naira</i>	Share Capital	Share Premium	Treasury Shares	Contingency Reserve	Fair Value Reserves	Retained Earnings	Shareholders' Equity	Non Controlling Interest	Total
<b>At 1 January 2020</b>	7,364,754	1,947,166	- 48,175	3,545,360	426,306	1,392,250	14,627,661	250,715	14,878,376
<b>Total comprehensive income for the year</b>									
Profit for the year	-	-	-	-	-	2,181,076	2,181,076	13,780	2,194,856
Fair value changes on available-for-sale securities	-	-	-	-	705,888	-	705,888	1,155	707,043
<b>Total other comprehensive income for the year</b>	-	-	-	-	705,888	2,181,076	2,886,964	14,935	2,901,899
<b>Transactions with owners, recorded directly in equity</b>									
Transfer to contingency reserve	-	-	-	471,911	-	471,911	-	-	-
Bonus issues transferred from Share Premium	1,718,442	- 1,718,442	-	-	-	-	-	-	-
Share issuing cost	-	45,560	-	-	-	-	45,560	-	45,560
Addition to treasury shares	-	-	10,265	-	-	-	10,265	-	10,265
<b>Total contributions by and distributions to equity holders</b>	1,718,442	- 1,764,002	10,265	471,911	-	471,911	55,825	-	55,825
<b>Balance as at 31 December 2020</b>	<b>9,083,196</b>	<b>183,164</b>	<b>- 58,440</b>	<b>4,017,271</b>	<b>1,132,194</b>	<b>3,101,415</b>	<b>17,458,800</b>	<b>265,650</b>	<b>17,724,450</b>

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

## Consolidated and Separate Statements of Changes in Equity

For the year ended 31 December 2021

Company

<i>In thousands of naira</i>	Share Capital	Share Premium	Treasury Shares	Contingency Reserve	AFS Fair Value Reserve	Retained Earnings (Accumulated Deficit)	Shareholders' Equity	Total
<b>At 1 January 2021</b>	9,083,196	183,164	(58,440)	3,305,027	906,871	(431,800)	12,988,018	12,988,018
<b>Total comprehensive income for the year</b>								
Profit for the year	-	-	-	-	-	2,740,811	2,740,811	2,740,811
Fair value changes on available-for-sale securities	-	-	-	-	(843,610)	-	(843,610)	(843,610)
<b>Total other comprehensive income for the year</b>	-	-	-	-	(843,610)	2,740,811	1,897,201	1,897,201
<b>Transactions with owners, recorded directly in equity</b>								
Transfer to contingency reserve	-	-	-	539,814	-	(539,814)	-	-
Addition to treasury shares	-	-	(8,690)	-	-	-	(8,690)	(8,690)
Total contributions by and distributions to equity holders	-	-	(8,690)	539,814	-	(539,814)	(8,690)	(8,690)
<b>Balance as at 31 December 2021</b>	<b>9,083,196</b>	<b>183,164</b>	<b>(67,130)</b>	<b>3,844,841</b>	<b>63,261</b>	<b>1,769,197</b>	<b>14,876,529</b>	<b>14,876,529</b>

For the year ended 31 December 2020

Company

<i>In thousands of naira</i>	Share Capital	Share Premium	Treasury Shares	Contingency Reserve	AFS Fair Value Reserve	Accumulated Deficit	Shareholders' Equity	Total
<b>At 1 January 2020</b>	7,364,754	1,947,166	(48,175)	2,942,312	234,622	(1,844,004)	10,596,675	10,596,675
<b>Total comprehensive income for the year</b>								
Loss for the year	-	-	-	-	-	1,774,919	1,774,919	1,774,919
Fair value changes on available-for-sale securities	-	-	-	-	672,249	-	672,249	672,249
<b>Total other comprehensive income for the year</b>	-	-	-	-	672,249	1,774,919	2,447,168	2,447,168
<b>Transactions with owners, recorded directly in equity</b>								
Transfer to contingency reserve	-	-	-	362,715	-	(362,715)	-	-
Bonus issues transferred from Share Premium	1,718,442	(1,718,442)	-	-	-	-	-	-
Share issue cost	-	(45,560)	-	-	-	-	(45,560)	(45,560)
Addition to treasury shares	-	-	(10,265)	-	-	-	(10,265)	(10,265)
Total contributions by and distributions to equity holders	1,718,442	(1,764,002)	(10,265)	362,715	-	(362,715)	(55,825)	(55,825)
<b>Balance as at 31 December 2020</b>	<b>9,083,196</b>	<b>183,164</b>	<b>(58,440)</b>	<b>3,305,027</b>	<b>906,871</b>	<b>(431,800)</b>	<b>12,988,018</b>	<b>12,988,018</b>

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

**Consolidated and Separate Statements of Cash Flows**  
*For the year ended 31 December*

<i>In thousands of naira</i>	<i>Note</i>	<b>Group 2021</b>	<b>Group 2020</b>	<b>Company 2021</b>	<b>Company 2020</b>
<b>Cash flows from operating activities</b>					
Insurance premium received	45(i)	19,378,260	17,448,946	16,745,086	15,740,673
Premium deposits received	20(a)	2,535,584	1,728,814	2,530,882	1,707,196
Deposit liabilities - contributions during the year	18	1,782,020	1,396,936	1,472,755	1,205,513
Deposit liabilities - withdrawals during the year	18	(1,887,409)	(1,293,203)	(1,597,178)	(1,129,608)
Reinsurance premium paid	45(v)	(11,774,266)	(11,068,738)	(10,421,801)	(10,322,823)
Commission received	22(a)	2,439,129	2,123,552	2,132,249	1,919,973
Claims paid during the year	28(a)	(4,996,046)	(4,601,817)	(4,563,740)	(4,142,858)
Reinsurance claims recovered	10(b)(iv)	1,254,492	2,320,790	1,114,052	2,320,790
Commission paid	45(vi)	(2,319,029)	(1,981,876)	(1,851,963)	(1,668,722)
Maintenance cost paid	29(b)	(1,028,697)	(467,093)	(921,359)	(328,792)
Other operating income	33	61,431	189,280	59,896	113,053
Personnel and employee expenses	35&24	(2,233,778)	(1,868,483)	(1,753,929)	(1,464,993)
Other operating cash payments		(2,309,121)	(2,043,933)	(1,840,364)	(2,416,143)
		902,570	1,883,175	1,104,586	1,533,259
Income tax paid	23(b)	(154,906)	(102,231)	(42,817)	(80,021)
<b>Net cash flows from operating activities</b>		<b>747,664</b>	<b>1,780,944</b>	<b>1,061,769</b>	<b>1,453,238</b>
<b>Investing activities:</b>					
Interest received	30(a)	1,257,177	439,463	1,065,757	331,059
Dividend received	45(ii)	263,987	331,086	195,466	264,097
Rent received	30	12,500	-	-	-
Purchase of property and equipment	15	(283,078)	(147,444)	(191,460)	(122,255)
Purchase of intangibles	16.00	(7,562)	(5,211)	(298)	(704)
Redemptions on loans to policyholders	7(c)(iii)	39,605	103,373	39,605	103,373
Proceeds from sale of property and equipment	45(iii)	140	48,000	-	15,000
Purchase of Available For Sale financial assets	7(a)(iv)	(34,830)	-	-	-
Purchase of Fair Value Through Profit or Loss financial assets	7(b)(i)	(2,451,023)	(3,732,530)	(2,451,023)	(3,711,977)
Investment in subsidiary	13(i)	-	-	-	(200,000)
Addition to loans to policy holders	7(c)(iii)	(41,109)	(60,665)	(41,109)	(60,665)
Purchase of Held to Maturity investments	7(d)(i)	(2,013,736)	(3,424,111)	-	(619,542)
Proceeds from sale of financial assets	45(iv)	3,432,988	3,788,892	899,865	2,614,239
<b>Net cash flows from investing activities</b>		<b>175,059</b>	<b>(2,659,147)</b>	<b>(483,197)</b>	<b>(1,387,375)</b>
<b>Financing activities:</b>					
Share issuing cost	25(b)	-	(45,559)	-	(45,559)
Treasury share	25(c)	(8,690)	(10,265)	(8,690)	(10,265)
Finance cost	37.00	(62,041)	(52,654)	(46,604)	(28,136)
<b>Net cash flows from financing activities</b>		<b>(70,731)</b>	<b>(108,478)</b>	<b>(55,294)</b>	<b>(83,960)</b>
Net increase/(decrease) in cash and cash equivalents		851,992	(986,681)	523,278	(18,097)
Effect of exchange rate changes on cash and cash equivalents		1,887,635	-	1,033,986	-
Cash and cash equivalents, beginning of the year		11,662,703	12,649,384	8,175,263	8,193,360
Cash and cash equivalents, end of the year		14,402,330	11,662,703	9,732,527	8,175,263

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

**Life Business Revenue Account**  
*For the year ended 31 December*

<i>In thousands of naira</i>	<i>Note</i>	<b>Individual life</b>	<b>Annuity</b>	<b>Group Life</b>	<b>Total 2021</b>	<b>Total 2020</b>
Gross premium written	26(a)	299,797	383,812	4,683,987	5,367,596	5,544,913
Changes in unearned premium		-	-	(1,674,217)	(1,674,217)	-
Changes in life and life annuity funds	26(c)	-	913,703	936,826	1,850,529	(2,536,568)
Gross premium income		299,797	1,297,515	3,946,596	5,543,908	3,008,345
Reinsurance expense		(28,529)	-	(2,002,173)	(2,030,702)	(1,596,114)
Net premium		271,268	1,297,515	1,944,423	3,513,206	1,412,231
Fees and commission income	27(c)	44,108	-	689,133	733,241	571,466
		315,376	1,297,515	2,633,556	4,246,447	1,983,697
Gross claims incurred	28(a)(i)	(123,493)	(370,384)	(1,929,443)	(2,423,320)	2,027,167
Insurance claims recoveries from reinsurers	28(b)(i)	-	-	1,230,139	1,230,139	(888,435)
Net claims expenses		(123,493)	(370,384)	(699,304)	(1,193,181)	1,138,732
Underwriting expenses		(13,780)	-	(215,299)	(229,079)	(704,087)
<b>Underwriting results</b>		178,103	927,131	1,718,953	2,824,187	140,878

**Life Deposit Administration/Investment Contracts Revenue Account**  
*For the year ended 31 December*

<i>In thousands of naira</i>	<i>Note</i>	<b>2021</b>	<b>2020</b>
<b>Income</b>			
Interest income	18(a)	199,653	422,435
<b>Expenses</b>			
Guaranteed interest	18(a)	(165,845)	(164,427)
<b>Gain on deposit administration / investment contracts</b>		<b>33,808</b>	<b>258,008</b>

**Non-life Business Revenue Account**  
*For the year ended 31 December*

<i>In thousands of naira</i>	Note	Motor	Fire	Accident	Bond	Engineering	Oil & Gas & Aviation	Marine	Total 2021	Total 2020
<b>Income</b>										
Gross premium written	26(a)	1,704,011	2,089,002	789,240	18,442	3,212,099	4,518,896	588,853	12,920,543	10,242,211
Changes in unearned premium	26(b)	(44,617)	(424,543)	(51,049)	723	(308,237)	(428,095)	(10,306)	(1,266,124)	(1,576,275)
<b>Gross premium earned</b>		<b>1,659,394</b>	<b>1,664,459</b>	<b>738,191</b>	<b>19,165</b>	<b>2,903,862</b>	<b>4,090,801</b>	<b>578,547</b>	<b>11,654,419</b>	<b>8,665,936</b>
Reinsurance cost	26(d)	(48,373)	(1,094,358)	(201,552)	(11,435)	(2,781,697)	(3,525,532)	(248,635)	(7,911,582)	(6,802,450)
Movement in prepaid reinsurance cost		(105,225)	159,531	54,018	(424)	(5,324)	198,086	(4,074)	296,588	1,520,890
<b>Net premium earned</b>		<b>1,505,796</b>	<b>729,632</b>	<b>590,657</b>	<b>7,306</b>	<b>116,841</b>	<b>763,355</b>	<b>325,838</b>	<b>4,039,425</b>	<b>3,384,376</b>
Commission earned	27(c)	8,410	247,478	49,421	2,355	630,467	213,258	72,826	1,224,215	875,995
<b>Total income</b>		<b>1,514,206</b>	<b>977,110</b>	<b>640,078</b>	<b>9,661</b>	<b>747,308</b>	<b>976,613</b>	<b>398,664</b>	<b>5,263,640</b>	<b>4,260,371</b>
<b>Expenses</b>										
Gross claims paid		(804,776)	(547,314)	(376,864)	-	(51,496)	(289,590)	(56,285)	(2,126,325)	(2,135,311)
Movement in outstanding claims		64,124	(697,585)	357,629	(1,172)	38,787	672,946	32,237	466,966	(2,530,527)
<b>Gross claims incurred</b>	<b>28(a)(i)</b>	<b>(740,652)</b>	<b>(1,244,899)</b>	<b>(19,235)</b>	<b>(1,172)</b>	<b>(12,709)</b>	<b>383,356</b>	<b>(24,048)</b>	<b>(1,659,359)</b>	<b>(4,665,838)</b>
Reinsurance claims recoveries	28(b)(i)	64,859	1,150,857	(108,784)	59	(52,796)	(395,045)	(14,131)	645,019	2,312,669
<b>Net claims incurred</b>		<b>(675,793)</b>	<b>(94,042)</b>	<b>(128,019)</b>	<b>(1,113)</b>	<b>(65,505)</b>	<b>(11,689)</b>	<b>(38,179)</b>	<b>(1,014,340)</b>	<b>(2,353,169)</b>
Acquisition cost		(162,859)	(258,716)	(137,912)	(3,433)	(480,157)	(307,527)	(98,048)	(1,448,652)	(975,094)
Maintenance cost	29(b)	(110,879)	(135,930)	(51,355)	(1,200)	(209,009)	(294,042)	(38,316)	(840,731)	(96,619)
<b>Underwriting expenses</b>		<b>(273,738)</b>	<b>(394,646)</b>	<b>(189,267)</b>	<b>(4,633)</b>	<b>(689,166)</b>	<b>(601,569)</b>	<b>(136,364)</b>	<b>(2,289,383)</b>	<b>(1,071,713)</b>
<b>Total expenses</b>		<b>(949,531)</b>	<b>(488,688)</b>	<b>(317,286)</b>	<b>(5,746)</b>	<b>(754,671)</b>	<b>(613,258)</b>	<b>(174,543)</b>	<b>(3,303,723)</b>	<b>(3,424,882)</b>
<b>Underwriting results</b>		<b>564,675</b>	<b>488,422</b>	<b>322,792</b>	<b>3,915</b>	<b>(7,363)</b>	<b>363,355</b>	<b>224,121</b>	<b>1,959,917</b>	<b>835,489</b>

## Notes to the Financial Statements

*For the year ended 31 December 2021*

### 5 Segment Information

IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the Chief Executive Officer to allocate resources to the segments and to assess their performance.

The Group's reportable segments are identified as follows;

- Non-life insurance
- Life insurance
- Hilal Takaful Nigeria Limited
- Fin Insurance Company Limited
- Cornerstone Leasing and Investment Limited

The reportable segments are components of the Group for which discrete financial information is available.

No operating segments have been aggregated to form the above reportable operating segments.

The accounting policies of the reportable segments are the same as the Group's accounting policies. Segment profit represents the profit earned by each segment without allocation of certain expenses, certain finance costs and income taxes which are managed on a group basis.

This is the measure reported to the Group's Chief Executive for the purposes of resource allocation and assessment of segment performance.

## Notes to the Financial Statements (cont'd)

For the year ended 31 December 2021

### 5.1 Segment statement of profit or loss as at 31 December 2021

	Non-life Insurance	Life Insurance	Elimination of intra-business transactions	Company	Fin Insurance	Hilal Takaful Insurance	Cornerstone Leasing & Investment	Elimination of inter-segment transactions	Group
<i>In thousands of naira</i>									
<b>Income</b>									
Gross premium written	12,920,543	5,367,596	-	18,288,139	2,242,850	389,564	-	-	20,920,553
Changes in unearned premium	(1,266,124)	(1,674,217)	-	(2,940,341)	(143,922)	(43,671)	-	-	(3,127,934)
<b>Gross premium income</b>	<b>11,654,419</b>	<b>3,693,379</b>	<b>-</b>	<b>15,347,798</b>	<b>2,098,928</b>	<b>345,893</b>	<b>-</b>	<b>-</b>	<b>17,792,619</b>
Changes in life fund	-	936,826	-	936,826	-	(8,432)	-	-	928,394
Changes in life annuity fund	-	913,703	-	913,703	-	-	-	-	913,703
Reinsurance expenses	(7,614,994)	(2,030,702)	-	(9,645,696)	(1,184,361)	(138,393)	-	-	(10,968,450)
<b>Net premium income</b>	<b>4,039,425</b>	<b>3,513,206</b>	<b>-</b>	<b>7,552,631</b>	<b>914,567</b>	<b>199,068</b>	<b>-</b>	<b>-</b>	<b>8,666,266</b>
Fees and Commission Income	1,224,215	733,241	-	1,957,456	245,653	24,869	-	-	2,227,978
<b>Net underwriting income</b>	<b>5,263,640</b>	<b>4,246,447</b>	<b>-</b>	<b>9,510,087</b>	<b>1,160,220</b>	<b>223,937</b>	<b>-</b>	<b>-</b>	<b>10,894,244</b>
<b>Claims expenses:</b>									
Insurance claims and benefits - Gross	(1,659,359)	(2,423,320)	-	(4,082,679)	(543,852)	(74,286)	-	-	(4,700,817)
Insurance claims recoverable from reinsurers	645,019	1,230,139	-	1,875,158	222,874	7,657	-	-	2,105,689
<b>Net claims expenses</b>	<b>(1,014,340)</b>	<b>(1,193,181)</b>	<b>-</b>	<b>(2,207,521)</b>	<b>(320,978)</b>	<b>(66,629)</b>	<b>-</b>	<b>-</b>	<b>(2,595,128)</b>
Acquisition cost	(1,448,652)	(148,451)	-	(1,597,103)	(366,861)	(56,166)	-	-	(2,020,130)
Maintenance cost	(840,731)	(80,628)	-	(921,359)	(102,578)	(4,760)	-	-	(1,028,697)
<b>Underwriting expenses</b>	<b>(2,289,383)</b>	<b>(229,079)</b>	<b>-</b>	<b>(2,518,462)</b>	<b>(469,439)</b>	<b>(60,926)</b>	<b>-</b>	<b>-</b>	<b>(3,048,827)</b>
<b>Underwriting results</b>	<b>1,959,917</b>	<b>2,824,187</b>	<b>-</b>	<b>4,784,104</b>	<b>369,803</b>	<b>96,382</b>	<b>-</b>	<b>-</b>	<b>5,250,289</b>
Investment income	405,945	686,019	-	1,091,964	424,927	92,460	-	-	1,609,351
Fair value changes in investment property	-	-	-	-	23,000	-	-	-	23,000
Share of loss of investment in joint venture	-	68,201	-	68,201	27,031	-	-	-	95,232
Fair value changes on financial assets - FVTPL	334,805	(1,077,153)	-	(742,348)	-	-	-	-	(742,348)
Net exchange gain and trading income	466,763	247,054	-	713,817	672,106	-	-	-	1,385,923
Other operating income	59,896	-	-	59,896	1,674	-	-	-	61,570
Profit/(loss) from investment contracts	-	33,808	-	33,808	-	-	-	-	33,808
Impairment losses on financial assets	(75,315)	-	-	(75,315)	-	-	-	-	(75,315)
Management expenses	(677,698)	(2,357,459)	-	(3,035,157)	(665,987)	(155,566)	-	18,248	(3,838,462)
Finance cost	(43,623)	(2,981)	-	(46,604)	(14,621)	(816)	-	-	(62,041)
<b>Profit before tax</b>	<b>2,430,690</b>	<b>421,676</b>	<b>-</b>	<b>2,852,366</b>	<b>837,933</b>	<b>32,460</b>	<b>-</b>	<b>18,248</b>	<b>3,741,007</b>
Tax expense	(329,162)	217,607	-	(111,555)	(93,517)	-	-	-	(205,072)
<b>Segment profit</b>	<b>2,101,528</b>	<b>639,283</b>	<b>-</b>	<b>2,740,811</b>	<b>744,416</b>	<b>32,460</b>	<b>-</b>	<b>18,248</b>	<b>3,535,935</b>

### 5.2 Segment statement of profit or loss as at 31 December 2020

	Non-life Insurance	Life Insurance	Elimination of intra-business transactions	Company	Fin Insurance	Hilal Takaful Insurance	Cornerstone Leasing & Investment	Elimination of inter-segment transactions	Group
<i>In thousands of naira</i>									
<b>Income</b>									
Gross premium written	10,242,211	5,544,913	-	15,787,124	1,561,069	191,026	-	-	17,539,219
Changes in unearned premium	(1,576,275)	-	-	(1,576,275)	(210,118)	(34,114)	-	(1)	(1,820,508)
<b>Gross premium income</b>	<b>8,665,936</b>	<b>5,544,913</b>	<b>-</b>	<b>14,210,849</b>	<b>1,350,951</b>	<b>156,912</b>	<b>-</b>	<b>(1)</b>	<b>15,718,711</b>
Changes in life fund	-	(634,469)	-	(634,469)	-	-	-	-	(634,469)
Changes in life annuity fund	-	(1,902,099)	-	(1,902,099)	-	-	-	-	(1,902,099)
Reinsurance expenses	(5,281,560)	(1,596,114)	-	(6,877,674)	(668,094)	(33,357)	-	-	(7,579,125)
<b>Net premium income</b>	<b>3,384,376</b>	<b>1,412,231</b>	<b>-</b>	<b>4,796,607</b>	<b>682,857</b>	<b>123,555</b>	<b>-</b>	<b>(1)</b>	<b>5,603,018</b>
Fees and Commission Income	875,995	571,466	-	1,447,461	151,257	19,281	-	-	1,617,999
<b>Net underwriting income</b>	<b>4,260,371</b>	<b>1,983,697</b>	<b>-</b>	<b>6,244,068</b>	<b>834,114</b>	<b>142,836</b>	<b>-</b>	<b>(1)</b>	<b>7,221,017</b>
<b>Claims expenses:</b>									
Insurance claims and benefits paid - Gross	(4,665,838)	(2,027,167)	-	(6,693,005)	(533,832)	(37,338)	-	-	(7,264,175)
Insurance claims recoverable from reinsurers	2,312,669	888,437	-	3,201,106	99,810	7,990	-	(2)	3,308,904
<b>Net Claims expenses</b>	<b>(2,353,169)</b>	<b>(1,138,730)</b>	<b>-</b>	<b>(3,491,899)</b>	<b>(434,022)</b>	<b>(29,348)</b>	<b>-</b>	<b>(2)</b>	<b>(3,955,271)</b>
Acquisition cost	(975,094)	(471,914)	-	(1,447,008)	(221,171)	(41,215)	-	-	(1,709,394)
Maintenance cost	(96,619)	(232,173)	-	(328,792)	(77,253)	(61,048)	-	-	(467,093)
<b>Underwriting expenses</b>	<b>(1,071,713)</b>	<b>(704,087)</b>	<b>-</b>	<b>(1,775,800)</b>	<b>(298,424)</b>	<b>(102,263)</b>	<b>-</b>	<b>-</b>	<b>(2,176,487)</b>
<b>Underwriting results</b>	<b>835,489</b>	<b>140,880</b>	<b>-</b>	<b>976,369</b>	<b>101,668</b>	<b>11,225</b>	<b>-</b>	<b>(3)</b>	<b>1,089,259</b>
Investment income	339,025	393,329	-	732,354	356,905	68,571	-	-	1,157,830
Fair value changes in investment property	-	-	-	-	42,000	-	-	-	42,000
Share of loss of investment in joint venture	-	(155,378)	-	(155,378)	(127,632)	-	-	-	(283,010)
Fair value changes on financial assets - FVTPL	46,276	1,753,464	-	1,799,740	-	-	-	-	1,799,740
Net exchange gain and trading income	408,580	572,359	-	980,939	623,989	-	-	-	1,604,928
Other operating income	98,832	10,947	-	109,779	76,227	36,514	-	3,274	225,794
Profit/(loss) from investment contracts	-	258,008	-	258,008	-	-	-	-	258,008
Impairment losses on financial assets	(283,102)	(585,730)	-	(868,832)	27,313	-	-	-	(841,519)
Management expenses	(484,572)	(2,043,145)	-	(2,527,717)	(627,617)	(74,909)	-	(3,041)	(3,233,284)
Finance cost	(24,842)	(3,294)	-	(28,136)	(24,518)	-	-	-	(52,654)
<b>Profit before tax</b>	<b>935,686</b>	<b>341,440</b>	<b>-</b>	<b>1,277,126</b>	<b>448,335</b>	<b>41,401</b>	<b>-</b>	<b>230</b>	<b>1,767,092</b>
Tax expense	337,784	123,261	-	461,045	(33,281)	-	-	-	427,764
<b>Segment profit</b>	<b>1,273,470</b>	<b>464,701</b>	<b>-</b>	<b>1,738,171</b>	<b>415,054</b>	<b>41,401</b>	<b>-</b>	<b>230</b>	<b>2,194,856</b>

### 5.3 Segment Statement of Financial Position as at 31 December 2021

	Non-life Insurance	Life Insurance	Elimination of intra-business transactions	Company	Fin Insurance	Hilal Takaful Insurance	Cornerstone Leasing & Investment	Elimination of inter-segment transactions	Group
<i>In thousands of naira</i>									
<b>Assets</b>									
Cash and cash equivalents	7,922,877	1,809,650	-	9,732,527	4,337,563	320,795	11,445	-	14,402,330
Financial assets	6,720,387	7,600,703	-	14,321,090	3,383,987	858,737	-	2	18,563,816
Trade receivables	179,270	76,523	-	255,793	44,995	-	-	-	300,788
Other receivables and prepayments	744,215	5,169,044	(4,729,595)	1,183,664	255,959	45,002	-	(210,816)	1,273,809
Reinsurance assets	6,470,260	2,148,105	-	8,618,365	690,926	60,422	-	-	9,369,713
Deferred acquisition cost	591,891	116,398	-	708,289	126,180	19,260	-	-	853,729
Investment in joint venture	-	280	-	280	230	-	-	-	510
Deferred tax assets	-	861,211	-	861,211	-	-	-	-	861,211
Investment in subsidiaries	3,620,847	-	-	3,620,847	-	-	-	(3,620,847)	-
Investment properties	-	-	-	-	625,000	-	-	-	625,000
Property and equipment	611,384	580	-	611,964	1,697,150	20,211	-	(491,011)	1,838,314
Intangible assets	2,230	1,167	-	3,397	8,408	-	-	-	11,805
Statutory deposit	300,000	200,000	-	500,000	500,000	200,000	-	-	1,200,000
<b>Total assets</b>	<b>27,163,361</b>	<b>17,983,661</b>	<b>(4,729,595)</b>	<b>40,417,427</b>	<b>11,670,398</b>	<b>1,524,427</b>	<b>11,445</b>	<b>(4,322,672)</b>	<b>49,301,025</b>
<b>Liabilities</b>									
Investment contract liabilities	-	3,268,015	-	3,268,015	-	467,302	-	-	3,735,317
Insurance contract liabilities	11,612,224	6,200,389	-	17,812,613	1,725,268	198,953	-	-	19,736,834
Trade payables	789,930	1,620,189	-	2,410,119	240,648	88,937	-	-	2,739,704
Other payables and accruals	4,938,428	581,611	(4,729,595)	790,444	232,706	260,927	624,764	(850,760)	1,058,081
Deferred commission income	491,771	387,493	-	879,264	102,513	-	-	-	981,777
Current tax liabilities	258,807	86,897	-	345,704	99,307	-	9,813	20,751	475,575
Deferred tax liabilities	23,211	-	-	23,211	25,673	-	-	39,142	88,026
Employees benefit obligations	9,788	1,741	-	11,529	-	-	2,024	-	13,553.00
<b>Total liabilities</b>	<b>18,124,159</b>	<b>12,146,335</b>	<b>(4,729,595)</b>	<b>25,540,899</b>	<b>2,426,115</b>	<b>1,016,119</b>	<b>636,601</b>	<b>(790,867)</b>	<b>28,828,867</b>
<b>Equity</b>									
Share capital	5,897,186	3,186,010	-	9,083,196	5,000,000	200,000	100,000	(5,300,000)	9,083,196
Share premium	-	183,165	-	183,165	93,878	-	-	(93,878)	183,165
Treasury shares	(67,130)	-	-	(67,130)	-	-	-	-	(67,130)
Retained Earnings/(Accumulated deficit)	712,728	1,056,469	-	1,769,197	1,776,139	196,790	(725,156)	2,838,627	5,855,597
Contingency reserve	2,837,209	1,007,632	-	3,844,841	1,306,982	76,569	-	(493,225)	4,735,167
Fair value reserves	(340,791)	404,052	-	63,261	1,075,690	34,954	-	(786,016)	387,889
<b>Shareholders' funds</b>	<b>9,039,202</b>	<b>5,837,328</b>	-	<b>14,876,530</b>	<b>9,252,689</b>	<b>508,313</b>	<b>(625,156)</b>	<b>(3,834,492)</b>	<b>20,177,884</b>
Non-controlling interest	-	-	-	-	-	-	-	294,274	294,274
<b>Total equity</b>	<b>9,039,202</b>	<b>5,837,328</b>	-	<b>14,876,530</b>	<b>9,252,689</b>	<b>508,313</b>	<b>(625,156)</b>	<b>(3,540,218)</b>	<b>20,472,158</b>
<b>Total liabilities and equity</b>	<b>27,163,361</b>	<b>17,983,663</b>	-	<b>40,417,429</b>	<b>11,678,804</b>	<b>1,524,432</b>	<b>11,445</b>	<b>(4,331,085)</b>	<b>49,301,025</b>

### 5.4 Segment Statement of Financial Position as at 31 December 2020

	Non-life Insurance	Life Insurance	Elimination of intra-business transactions	Company	Fin Insurance	Hilal Takaful Insurance	Cornerstone Leasing & Investment	Elimination of inter-segment transactions	Group
<i>In thousands of naira</i>									
<b>Assets</b>									
Cash and cash equivalents	3,939,131	4,236,132	-	8,175,263	3,127,813	348,182	11,445	-	11,662,703
Financial assets	3,033,500	11,031,866	-	14,065,366	3,601,407	735,954	-	-	18,402,727
Trade receivables	37,129	71,546	-	108,675	45,905	-	-	-	154,580
Other receivables and prepayments	666,671	2,177,633	(2,055,203)	789,101	69,011	-	-	(245,888)	612,224
Reinsurance assets	6,052,045	1,145,051	-	7,197,096	468,970	53,358	-	(2)	7,719,422
Deferred acquisition cost	466,196	-	-	466,196	89,042	12,358	-	-	567,596
Investment in joint venture	-	137,738	-	137,738	133,557	-	-	-	271,295
Deferred tax (liabilities)/assets	206,507	631,491	-	837,998	-	-	-	2	838,000
Investment in subsidiaries	-	3,620,847	-	3,620,847	-	-	-	(3,620,847)	-
Investment properties	-	-	-	-	602,000	-	-	-	602,000
Property and equipment	569,537	556	-	570,093	1,614,567	3,850	-	(408,491)	1,780,019
Intangible assets	11,750	1,750	-	13,500	4,148	-	-	-	17,648
Statutory deposit	300,000	200,000	-	500,000	500,000	200,000	-	-	1,200,000
<b>Total assets</b>	<b>15,282,466</b>	<b>23,254,610</b>	<b>(2,055,203)</b>	<b>36,481,873</b>	<b>10,256,420</b>	<b>1,353,702</b>	<b>11,445</b>	<b>(4,275,226)</b>	<b>43,828,214</b>
<b>Liabilities</b>									
Investment contract liabilities	-	3,226,593	-	3,226,593	-	448,268	-	-	3,674,861
Insurance contract liabilities	10,813,065	6,390,796	-	17,203,861	1,338,171	204,193	-	-	18,746,225
Trade payables	967,866	436,016	-	1,403,882	161,523	54,290	-	-	1,619,695
Other payables and accruals	2,391,310	340,209	(2,055,203)	676,316	222,039	175,492	624,764	(855,846)	842,765
Deferred commission income	477,504	226,968	-	704,472	66,154	-	-	-	770,626
Current tax liabilities	191,000	85,964	-	276,964	159,021	-	9,813	-	445,799
Deferred tax liabilities	-	-	-	-	(4,200)	-	-	4,200	-
Employees benefit obligations	1,418	351	-	1,769	-	-	2,024	-	3,793
<b>Total liabilities</b>	<b>14,842,163</b>	<b>10,706,897</b>	<b>(2,055,203)</b>	<b>23,493,857</b>	<b>1,942,708</b>	<b>882,243</b>	<b>636,601</b>	<b>(851,646)</b>	<b>26,103,764</b>
<b>Total equity</b>				<b>12,988,016</b>					<b>17,724,450</b>
<b>Total liabilities and equities</b>				<b>36,481,873</b>					<b>43,828,214</b>

## Notes to the Financial Statements (cont'd)

For the year ended 31 December 2021

### 5.5 Revenue from major products and services

The Group's revenue from major products and services is disclosed in the segment revenue tables(see note 5.1).

### 5.6 Geographical information

The Group's revenue and information about its segment net assets by geographical location are as follows:

<i>In thousands of naira</i>	Revenue		Net assets	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
Within Nigeria	17,792,619	15,718,711	20,472,158	17,724,451
Outside Nigeria	-	-	-	-
	17,792,619	15,718,711	20,472,158	17,724,451

### 5.7 Information about major customers

The Group does not derive revenue from an individual policyholder or intermediary that represents 10% or more of the Group's total revenue.

## 5.8 Discontinued business segment and recognition of Takaful line of business as a subsidiary of Cornerstone Insurance Plc

Sequel to the approval and issuance of operating license by NAICOM to Cornerstone to commence Takaful Insurance business on the 10th of March 2020, the Company ceases to operate Takaful Insurance as a business segment under Cornerstone Insurance Plc with effect from 31 March 2020.

Consequently all the related assets and liabilities relating to the Takaful operations in the books of Cornerstone Insurance Plc have been derecognised in these financial statements and transferred to the newly licensed entity known as Hilal Takaful Nigeria Limited previously called Cornerstone Takaful Nigeria Limited, a wholly owned subsidiary of Cornerstone Insurance Plc. The net assets of the Takaful business segment has been recognised as an investment in subsidiary in Cornerstone Insurance Plc. A separate audited financial statements for period ended 31 December 2020 was prepared for this entity and the result has been consolidated into this group financial statements.

### a Analysis of the result of discontinued operations

	<b>Company</b> <b>31/12/2021</b> <b>12 Months</b>	<b>Company</b> <b>31/03/2020</b> <b>3 Months</b>
<b>Gross contribution written</b>	-	47,264
Changes in unearned contribution	-	688
Takaful contribution earned	-	46,576
Retakaful share of contributions	-	6,828
<b>Net earned contribution</b>	-	<b>39,748</b>
Retakaful fee income	-	1,219
<b>Total takaful income</b>	-	<b>40,967</b>
<b>Takaful Expenses:</b>		
Gross claims incurred	-	12,860
<b>Net claims incurred</b>	-	<b>12,860</b>
Underwriting Expenses	-	20,158
<b>Underwriting Result</b>	-	<b>7,949</b>
Investment income	-	19,439
Other Income	-	27,417
	-	<b>54,805</b>
Management and administrative expenses	-	18,056
<b>Profit from discontinued operation</b>	-	<b>36,748</b>
Tax expense	-	-
Profit for the year	-	<b>36,748</b>
Basic and diluted earning per share (Kobo) on discontinued operation	-	<b>0.20</b>

### b. Analysis of assets and liabilities transferred

	<b>Company</b> <b>31/12/2021</b>	<b>Company</b> <b>31/03/2020</b>
<b>Assets :</b>		
Cash and cash equivalents	-	96,921
Financial assets	-	714,252
Deferred acquisition cost	-	9,276
Prepayments and other receivables	-	35,786
Property, plant and equipment	-	5,011
Statutory deposit	-	200,000
<b>Total Assets</b>	-	<b>1,061,246</b>

<b>Liabilities</b>		
Takaful contract liabilities	-	139,327
Takaful investment contract	-	434,857
Retakaful payables	-	-
Other payables and accruals	-	20,963
<b>Total Liabilities</b>	<b>-</b>	<b>595,147</b>
<b>Net Assets transferred</b>	<b>-</b>	<b>466,099</b>
<b>c. Analysis of statement of cash flow</b>		
	<b>Company</b>	<b>Company</b>
	<b>31/12/2021</b>	<b>31/03/2020</b>
<b>Cash flows from operating activities</b>		
Gross contribution written	-	47,264
Retakaful share of contributions	-	(6,828)
Retakaful fee income	-	1,219
Claims paid during the year	-	(12,860)
Commission paid	-	(20,158)
Operating cash payments	-	(23,194)
Tax paid	-	(14,557)
<b>Net cash flows from operating activities</b>	<b>-</b>	<b>(14,557)</b>
<b>Investing activities:</b>		
Dividend received	-	19,439
<b>Net cash flows from investing activities</b>	<b>-</b>	<b>19,439</b>
Net increase in cash and cash equivalents	-	4,882
Cash and cash equivalents, beginning of the year	-	92,039
Cash and cash equivalents, end of the year	<b>-</b>	<b>96,921</b>

**Notes to the Financial Statements (cont'd)**  
*For the year ended 31 December 2021*

**6 Cash and cash equivalents**

<i>In thousands of naira</i>	<b>Group 2021</b>	<b>Group 2020</b>	<b>Company 2021</b>	<b>Company 2020</b>
Cash	805	813	495	467
Balances with banks	2,558,320	3,483,133	1,937,507	1,969,187
Short-term deposits	11,843,205	8,178,757	7,794,525	6,205,609
	<b>14,402,330</b>	<b>11,662,703</b>	<b>9,732,527</b>	<b>8,175,263</b>
Current	14,402,330	11,662,703	9,732,527	8,175,263
Non-current	-	-	-	-
	<b>14,402,330</b>	<b>11,662,703</b>	<b>9,732,527</b>	<b>8,175,263</b>

The short-term deposits are made for varying periods of between one day and ninety days, depending on the immediate cash requirements of the Group. The carrying amounts disclosed above reasonably approximate the fair value at the reporting date.

**7 Financial assets**

<i>In thousands of naira</i>	<b>Group 2021</b>	<b>Group 2020</b>	<b>Company 2021</b>	<b>Company 2020</b>
Available-for-Sale (AFS) financial assets (see note (a) below)	5,887,509	7,226,470	4,962,370	5,975,537
Financial assets at fair value through profit or loss (FVTPL) (see note (b) below)	9,065,439	7,206,517	9,065,439	7,171,687
Loans and receivables (see note (c) below)	293,283	288,274	293,283	288,274
Held-to-Maturity investments (see note (d) below)	3,317,585	3,681,466	-	629,868
	<b>18,563,816</b>	<b>18,402,727</b>	<b>14,321,092</b>	<b>14,065,366</b>
Current	830,234	2,423,766	830,234	629,868
Non-current	17,733,582	15,978,961	13,490,858	13,435,498
	<b>18,563,816</b>	<b>18,402,727</b>	<b>14,321,092</b>	<b>14,065,366</b>

**(a) Available-for-Sale (AFS) financial assets**

<i>In thousands of naira</i>	<b>Group 2021</b>	<b>Group 2020</b>	<b>Company 2021</b>	<b>Company 2020</b>
Quoted equity securities measured at fair value	1,319,822	1,163,716	618,366	604,331
Unquoted equity securities measured at cost *	87,500	87,500	87,500	87,500
Investment in CAPIC funds measured at cost *(see note (i) below)	1,823,500	1,823,500	1,823,500	1,823,500
Investment in Valualliance fund measured at fair value	269,130	172,575	269,130	172,575
Investment in insurance pool measured at cost *	101,654	94,720	101,654	94,720
Investment in arm ethical fund at fair value	39,571	34,634	-	-
Investment in lotus halal fixed income fund at fair value	143,726	143,065	-	-
Bonds measured at fair value (see note (ii) below)	2,972,220	4,541,445	2,972,220	4,027,596
	6,757,123	8,061,155	5,872,370	6,810,222
Impairment of CAPIC fund	(910,000)	(834,685)	(910,000)	(834,685)
	<b>5,847,123</b>	<b>7,226,470</b>	<b>4,962,370</b>	<b>5,975,537</b>

(i) This represents the Company's subscription and total commitment of USD 5million into the partnership arrangement of Capital Alliance Property Investment Company (CAPIC). The Partnership was set up to directly and indirectly acquire, develop, hold, manage and dispose of investments in real estate. During the year, this investment recorded an impairment of N75.315million (2020: N834.685million) due to the impact of COVID-19 pandemic on the real estate market.

(ii) This represents the total fair value of the Group's investment in bonds which includes FGN Bonds, Eurobonds, State Government bonds and Corporate bonds classified as available-for-sale.

The nature of AFS bonds measured at fair value is as follows:

<i>In thousands of naira</i>	<b>Group 2021</b>	<b>Group 2020</b>	<b>Company 2021</b>	<b>Company 2020</b>
<b>Federal government bonds</b>				
FGN 6.5 % 2027 Euro Bond	392,366	416,283	392,366	416,283
FGN 7.63%2025 Eurobond	93,255	95,661	93,255	95,661
FGN 7.7% 2038 Eurobond	165,374	199,068	165,374	199,068
FGN 14.80% 2049 bond	105,927	171,860	105,927	171,860
FGN 14.20% 2024 bond	6,272	7,346	6,272	7,346
FGN 12.50% 2026 bond	186,504	224,241	186,504	224,241
FGN 16.29% 2027 bond	407,726	523,879	407,726	523,879

FGN 13.98% 2028 bond	55,725	75,429	55,725	75,429
FGN 12.15% 2034 bond	435,276	595,492	435,276	595,492
FGN 12.40% 2036 bond	829,213	1,188,265	829,213	1,188,265
FGN 16.25% 2037 bond	131,520	198,243	131,520	198,243
FGN Ijara sukuk 16.47% 2024 bond	-	229,597	-	-
FGN Ijara sukuk 15.74% 2025 bond	-	284,251	-	-
	2,809,158	4,209,615	2,809,158	3,695,767

<b>State bonds</b>				
Lagos State 15.85% 2024	67,414	75,304	67,414	75,304
Lagos state bond	-	16,507	-	16,507
	67,414	91,811	67,414	91,811

<b>Corporate bonds</b>				
Eco Bank 9.5% 2024 Euro Bond	95,649	95,431	95,649	95,431
FCMB Corporate bond		144,585	-	144,585
	95,649	240,016	95,649	240,016

<b>Bonds measured at fair value</b>	2,972,221	4,541,442	2,972,221	4,027,594
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- (iii) The above financial assets have been assessed for impairment and there was no objective evidence that the assets were impaired as at year end except for investment in CAPIC funds which was subjected to an impairment of N75.315million (2020: N834.6million).

\* Available for sale financial instruments designated at cost are measured as such because the fair value could not be reliably determined.

(iv) **Movement in Available-for-Sale financial assets**

<i>In thousands of naira</i>	Group 2021	Group 2020	Company 2021	Company 2020
Balance, beginning of the year	7,226,471	7,860,055	5,975,538	6,873,592
Additions during the year	34,830	-	-	-
Disposals/Redemptions during the year	(746,688)	(874,574)	(187,578)	(275,420)
Fair value gains/(loss)	(739,022)	707,043	(843,610)	672,249
Accrued interest on bonds	80,401	290,799	26,889	161,944
Derecognition of Takaful Insurance	-	-	-	(699,975)
Exchange gain recognised in the income statement	66,446	77,833	66,446	77,833
Impairment of CAPIC fund	(75,315)	(834,685)	(75,315)	(834,685)
Balance, end of the year	5,847,123	7,226,471	4,962,370	5,975,538

(b) **Financial assets at fair value through profit or loss (FVTPL)**

<i>In thousands of naira</i>	Group 2021	Group 2020	Company 2021	Company 2020
Bonds measured at fair value (see note (iv) below)	5,964,617	4,497,425	5,964,617	4,497,425
Investment in MTN ordinary shares	3,100,822	2,709,092	3,100,822	2,674,262
	9,065,439	7,206,517	9,065,439	7,171,687

(i) **Movement in financial assets at fair value through profit or loss (FVTPL)**

<i>In thousands of naira</i>	Group 2021	Group 2020	Company 2021	Company 2020
Balance, beginning of the year	7,206,517.00	1,989,247.00	7,171,687.00	1,989,247.00
Addition during the year - bonds	2,451,023.00	3,732,530.00	2,451,023.00	3,711,977.00
Derecognition of Takaful Insurance	-	-	-	(14,277.00)
Fair value gains/(loss) (see note(ii) below)	(742,348.00)	1,676,711.00	(742,348.00)	1,676,711.00
Exchange gain	267,496.00	123,029.00	267,496.00	123,029.00
Disposal (see note(iii) below)	(117,249.00)	(315,000.00)	(82,419.00)	(315,000.00)
<b>Balance, end of the year</b>	<b>9,065,439.00</b>	<b>7,206,517.00</b>	<b>9,065,439.00</b>	<b>7,171,687.00</b>

- (ii) This represents the fair value gain on the Company's investment in MTN shares. It also includes gain from bonds designated at FVTPL

- (iii) This represents disposal of bonds at maturity (2020: MTN shares)

- (iv) The nature of FVTPL bonds measured at fair value is as follows:

<i>In thousands of naira</i>	Group 2021	Group 2020	Company 2021	Company 2020
<b>Federal government bonds</b>				

FGN 8.75% 2031 Eurobond	708,159	479,116	708,159	479,116
FGN 6.5 % 2027 Euro Bond	393,294	173,212	393,294	173,212
FGN 7.63%2025 Eurobond	434,170	430,292	434,170	430,292
FGN 7.14% 2030 Eurobond	175,205	176,458	175,205	176,458
FGN 5.63%2022 Eurobond	307,932	297,739	307,932	297,739
FGN 6.125% 2028 Eurobond	639,020	-	639,020	-
FGN 6.75% 2021 Eurobond	-	82,419	-	82,419
FGN 14.80% 2049 bond	1,575,604	2,366,879	1,575,604	2,366,879
FGN 12.98% 2050 bond	117,909	-	117,909	-
FGN Series IV Sovereign Sukuk 13%	100,071	-	100,071	-
	4,451,364	4,006,115	4,451,364	4,006,115

#### State bonds

LASG Series IV 13% 2031	191,300	-	191,300	-
	191,300	-	191,300	-

#### Corporate bonds

UBA 7.75% 2022 Eurobond	177,253	164,474	177,253	164,474
FIDBAN 10.5% 2022 Eurobond	353,511	326,835	353,511	326,835
ECOTRAC 7.13% 2026 Eurobond	791,188	-	791,188	-
	1,321,952	491,309	1,321,952	491,309

Bonds measured at fair value	5,964,616	4,497,424	5,964,616	4,497,424
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#### (c) Loan and receivables

<i>In thousands of naira</i>	Group 2021	Group 2020	Company 2021	Company 2020
Loans to policyholders (see note (ii) below)	302,116	297,107	302,116	297,107
Allowance for impairment (see note (i) below)	(8,833)	(8,833)	(8,833)	(8,833)
	293,283	288,274	293,283	288,274

#### (i) Movement in allowance for impairment

<i>In thousands of naira</i>	Group 2021	Group 2020	Company 2021	Company 2020
Balance, beginning of the year	8,833	8,833	8,833	8,833
Balance, end of the year	8,833	8,833	8,833	8,833

- (ii) The Group grants cash loans to policyholders in line with the policy provisions (terms and conditions). The maximum loan amount that can be granted to policyholders is 70% of the policy cash value except for endowment policies where the policy holder can obtain a maximum of 90% of the policy cash surrender value. The cash value is the cash amount due to the policyholder upon surrender of the insurance contract as at the date of determination and it is used as collateral on policy cash loan granted.

As at year-end, unsubstantiated policyholders loans amounting to ₦8.8 million were fully impaired.

The tenor of the loan is not beyond the policy duration and such policy must be in force and has acquired cash value before loan application can be considered. A pre-determined interest rate (compounded daily) is applied on the loan. The rate is currently within the range of 6-12% per annum depending on the type of policy and it is reviewed periodically.

The rate is determined after due consideration on the interest rate used by the actuary for premium benefit calculation, allowance for documentation and other expenses on the policy, margin for contingencies and profit loadings. Policy loans are not impaired as balances are set-off against benefits accruable to the policyholder. However, when policy loans are unsubstantiated, such balances may be subject to impairment.

(iii) **Movement in Loans and receivables**

<i>In thousands of naira</i>	<b>Group 2021</b>	<b>Group 2020</b>	<b>Company 2021</b>	<b>Company 2020</b>
Balance, beginning of the year	288,274	327,781	288,274	327,781
Additions during the year	41,109	60,665	41,109	60,665
Accrued interest	3,505	3,201	3,505	3,201
Redemptions during the year	(39,605)	(103,373)	(39,605)	(103,373)
<b>Balance, end of the year</b>	<b>293,283</b>	<b>288,274</b>	<b>293,283</b>	<b>288,274</b>

(d) **Held-to-Maturity(HTM) investments**

<i>In thousands of naira</i>	<b>Group 2021</b>	<b>Group 2020</b>	<b>Company 2021</b>	<b>Company 2020</b>
Bonds (see note (ii) below)	3,317,585	1,257,700	-	-
Long-term deposits	-	2,423,766	-	629,868
	<b>3,317,585</b>	<b>3,681,466</b>	<b>-</b>	<b>629,868</b>

(i) **Movement in Held-to-Maturity investments**

<i>In thousands of naira</i>	<b>Group 2021</b>	<b>Group 2020</b>	<b>Company 2021</b>	<b>Company 2020</b>
Balance, beginning of the year	3,681,466	2,484,225	629,868	1,978,718
Additions	2,013,736	3,424,111	-	619,542
Disposals	(2,569,051)	(2,343,924)	(629,868)	(1,978,718)
Accrued interest	191,434	117,054	-	10,326
Balance, end of the year	<b>3,317,585</b>	<b>3,681,466</b>	<b>-</b>	<b>629,868</b>

(ii) The nature of HTM bonds is as follows:

<i>In thousands of naira</i>	<b>Group 2021</b>	<b>Group 2020</b>	<b>Company 2021</b>	<b>Company 2020</b>
<b>Federal government bonds</b>				
FGN 8.747% 2031 Eurobond	1,138,508	710,730	-	-
FGN 6.125% 2028 Eurobond	257,255	-	-	-
FGN 9.248% 2049 bond	293,951	-	-	-
FGN 7.875% 2032 bond	347,159	-	-	-
FGN 13.0% 2031 sukuk series iv bond	105,298	-	-	-
FGN Ijara sukuk 16.47% 2024 bond	221,251	-	-	-
FGN Ijara sukuk 15.74% 2025 bond	274,583	-	-	-
	<b>2,638,005</b>	<b>710,730</b>	<b>-</b>	<b>-</b>
<b>Corporate bonds</b>				
Access bank 10.50% 2021 Eurobond	-	147,859	-	-
UBANL 7.75% 2022 Eurobond	213,253	196,077	-	-
8800364 FIDBAN 10.50% 2022 Eurobond	221,493	203,034	-	-
Ecobank 7.125% 2026 Eurobond	244,833	-	-	-
	<b>679,579</b>	<b>546,970</b>	<b>-</b>	<b>-</b>
	<b>3,317,584</b>	<b>1,257,700</b>	<b>-</b>	<b>-</b>

**8 Trade receivables**

(a) Trade receivables comprise:

<i>In thousands of naira</i>	<b>Group 2021</b>	<b>Group 2020</b>	<b>Company 2021</b>	<b>Company 2020</b>
Due from brokers, agents and other insurance companies	1,616,129	1,469,921	1,379,541	1,232,423
	1,616,129	1,469,921	1,379,541	1,232,423
Allowance for impairment (see note (c) below)	(1,315,341)	(1,315,341)	(1,123,748)	(1,123,748)
	<b>300,788</b>	<b>154,580</b>	<b>255,793</b>	<b>108,675</b>
Current	300,788	154,580	255,793	108,675
	<b>300,788</b>	<b>154,580</b>	<b>255,793</b>	<b>108,675</b>

(i) Trade receivables by insurance institutions:

<i>In thousands of naira</i>	<b>Group 2021</b>	<b>Group 2020</b>	<b>Company 2021</b>	<b>Company 2020</b>
Due from brokers	1,588,868	1,469,921	1,352,280	1,232,423
Due from other insurance companies	27,261	-	27,261	-
Total gross amount	1,616,129	1,469,921	1,379,541	1,232,423
Allowance for impairment (see note (c) below)	(1,315,341)	(1,315,341)	(1,123,748)	(1,123,748)
	<b>300,788</b>	<b>154,580</b>	<b>255,793</b>	<b>108,675</b>

(b) The age analysis of gross insurance trade receivables as at year-end is as follows:

<b>Group</b>	<b>Group</b>	<b>Company</b>	<b>Company</b>
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<i>In thousands of naira</i>	2021	2020	2021	2020
Within 30 days	300,788	154,580	255,793	108,675
More than 30 days (see note (i) below)	1,315,341	1,315,341	1,123,748	1,123,748
	1,616,129	1,469,921	1,379,541	1,232,423

(i) Trade receivables due more than 30 days are those previously impaired but not written off from the books as efforts are still on to recover the amount.

(c) The movement in allowance for impairment of trade receivables is as follows:

<i>In thousands of naira</i>	Group 2021	Group 2020	Company 2021	Company 2020
Balance, beginning of the year	1,315,341	1,319,465	1,123,748	1,127,872
Write-back during the year	-	(4,124)	-	(4,124)
Balance, end of the year	1,315,341	1,315,341	1,123,748	1,123,748

## 9 Other receivables and prepayments

<i>In thousands of naira</i>	Group 2021	Group 2020	Company 2021	Company 2020
<b>Non-financial</b>				
Prepaid rent	32,184	-	29,517	-
Prepaid insurance	29,359	40,134	29,359	40,134
Withholding tax receivable	1,068	959	-	-
Stock of stationery	5,496	5,496	5,496	5,496
VAT control	130,098	235,250	130,098	235,250
Prepaid housing allowance	71,322	74,433	50,201	55,341
Subscription	150,367	139,993	150,367	139,993
Other prepaid balances (see note (a) below)	300,433	49,188	261,595	12,513
	720,327	545,453	656,633	488,727
<b>Financial</b>				
Due from subsidiaries (see note (39))	-	-	240,333	245,888
Dividend receivable	9,833	9,833	-	-
Receivables from Meristem	9,312	9,312	9,312	9,312
Insurance recoverable	3,221	3,221	3,221	3,221
Due from Staff (see note (g) below)	23,601	28,910	22,112	26,124
Due from Mingol Properties Ltd (see note (f) below)	415,266	-	227,989	-
Other receivables (see note (c) below)	500,293	423,539	424,302	386,550
	961,526	474,815	927,269	671,095
Total other receivables and prepayments	1,681,853	1,020,268	1,583,902	1,159,822
Allowance for impairment (see note (e) below)	(408,044)	(408,044)	(370,721)	(370,721)
	1,273,809	612,224	1,213,181	789,101
Current	1,273,809	612,224	1,213,181	789,101
Non-current	-	-	-	-
	1,273,809	612,224	1,213,181	789,101

(a) Other prepaid balances comprise email, software application and server protection license prepayments.

(b) Due from subsidiaries comprises receivable from its subsidiaries, Fin Insurance Company Limited and Cornerstone Takaful Nigeria. See note 39.

(c) Other receivables comprise receivables from its investment brokers which include WSTC Financial Services, RENCAP Securities, Reward Investment and from other third parties.

(d) The movement in allowance for impairment on other receivables is analysed below

(e) The impairment allowance on, and the carrying amount of, other receivables are analysed as follows:

Group - 2021

	<b>Impairment allowance</b>					
	<b>Gross amount</b>	<b>Opening balance</b>	<b>Addition</b>	<b>Write-off/Write back/Reclass</b>	<b>Closing balance</b>	<b>Carrying amount</b>
Prepaid insurance	29,359	4,233	-	-	4,233	25,126
Withholding tax receivable	1,068	169	-	-	169	899
Stock of stationery	5,496	5,496	-	-	5,496	-
VAT control	130,098	4,589	-	-	4,589	125,509
Prepaid housing allowance	71,322	-	-	-	-	71,322
Subscription	150,367	-	-	-	-	150,367
Other prepaid balances	300,433	-	-	-	-	300,433
Dividend receivable	9,833	-	-	-	-	9,833
Receivables from Meristem	9,312	-	-	-	-	9,312
Insurance recoverable	3,221	-	-	-	-	3,221
Due from Staff	23,601	-	-	-	-	23,601
Other receivables	500,293	390,323	-	-	390,323	109,970
	<b>1,234,403</b>	<b>404,810</b>	<b>-</b>	<b>-</b>	<b>404,810</b>	<b>829,593</b>

Company - 2021

	<b>Impairment allowance</b>					
	<b>Gross amount</b>	<b>Opening balance</b>	<b>Addition</b>	<b>Write-off/Write back</b>	<b>Closing balance</b>	<b>Carrying amount</b>
Prepaid rent	-	-	-	-	-	-
Prepaid insurance	29,359	-	-	-	-	29,359
Withholding tax receivable	-	-	-	-	-	-
Stock of stationery	5,496	5,496	-	-	5,496	-
VAT control	130,098	-	-	-	-	130,098
Prepaid housing allowance	50,201	-	-	-	-	50,201
Subscription	150,367	-	-	-	-	150,367
Other prepaid balances	261,595	-	-	-	-	261,595
Due from subsidiaries	240,333	-	-	-	-	240,333
Dividend receivable	-	-	-	-	-	-
Receivables from Meristem	9,312	4,589	-	-	4,589	4,723
Insurance recoverable	3,221	169	-	-	169	3,052
Due from Staff	22,112	-	-	-	-	22,112
Other receivables	424,302	360,467	-	-	360,467	63,835
	<b>1,326,396</b>	<b>370,721</b>	<b>-</b>	<b>-</b>	<b>370,721</b>	<b>955,675</b>

Group - 2020

	<b>Impairment allowance</b>					
	<b>Gross amount</b>	<b>Opening balance</b>	<b>Addition</b>	<b>Write-off/Write back/Reclass</b>	<b>Closing balance</b>	<b>Carrying amount</b>
Withholding tax receivable	959	4,233	-	-	4,233	(3,274)
Insurance recoverable	3,221	169	-	-	169	3,052
Stock of stationery	5,496	5,496	-	-	5,496	-
Receivables from Meristem	9,312	4,589	-	-	4,589	4,723
Dividend receivable	9,833	-	-	-	-	9,833
Due from Staff	28,910	3,234	-	-	3,234	25,676
Prepaid insurance	40,134	-	-	-	-	40,134
Other prepaid balances	49,188	-	-	-	-	49,188
VAT control	235,250	-	-	-	-	235,250
Other receivables	423,539	417,636	-	(27,313)	390,323	33,216
	<b>805,842</b>	<b>435,357</b>	<b>-</b>	<b>(27,313)</b>	<b>408,044</b>	<b>397,798</b>

Company - 2020

Impairment allowance

	Gross amount	Opening balance	Addition	Write-off/Write back	Closing balance	Carrying amount
Prepaid rent	-	-	-	-	-	-
Prepaid insurance	40,134	-	-	-	-	40,134
Stock of stationery	5,496	5,496	-	-	5,496	-
VAT control	235,250	-	-	-	-	235,250
Other prepaid balances	12,513	-	-	-	-	12,513
Due from subsidiaries	245,888	-	-	-	-	245,888
Receivables from Meristem	9,312	4,589	-	-	4,589	4,723
Insurance recoverable	3,221	169	-	-	169	3,052
Due from Staff	26,124	-	-	-	-	26,124
Other receivables	386,550	360,467	-	-	360,467	26,083
	964,488	370,721	-	-	370,721	593,767

- (f) Due from Mingol Properties Ltd comprises of receivables from disposed Joint Venture arrangement and has been settled as at the date of signing this financial statements.

	Group 2021	Group 2020	Company 2021	Company 2020
<i>In thousands of naira</i>				
Balance, beginning of the year	408,044	435,357	370,721	370,721
Charge during the year	-	-	-	-
Write-off	-	(27,313)	-	-
Balance, end of the year	408,044	408,044	370,721	370,721

- (g) Due from staff comprises of staff IOU and other advance payments. This balance was not included in solvency margin computation

10 Reinsurance assets

- (a) Reinsurance assets are analysed as follows:

	Group 2021	Group 2020	Company 2021	Company 2020
<i>In thousands of naira</i>				
Prepaid reinsurance - Non-life	3,397,936	2,949,493	2,980,815	2,683,937
Prepaid reinsurance - Life	1,031,399	667,822	1,031,399	667,824
Additional Unexpired Risk Reserve (AURR) - Non-life	12,218	25,144	10,865	11,155
Prepaid reinsurance - Life and Non-life	4,441,553	3,642,459	4,023,079	3,362,916
Reinsurers' share of outstanding claims - Non-life (see note (ii) below)	2,823,513	2,741,250	2,608,941	2,576,541
Reinsurers' share of outstanding claims - Life (see note (iii) below)	318,995	371,603	318,995	371,603
Reinsurers' share of Incurred but not reported - Non-life (see note (iv) below)	877,116	805,128	819,236	780,412
Reinsurers' share of Incurred but not reported - Life (see note (v) below)	100,588	105,624	100,588	105,624
Reinsurers' share of claims paid - receivable - Non-life (see note (vi) below)	547,636	497,233	547,636	497,233
Reinsurers' share of claims paid - receivable - Takaful (see note (vi) below)	60,422	53,358	-	-
Reinsurers' share of claims paid - receivable - Life (see note (vii) below)	697,123	-	697,123	-
	9,866,946	8,216,655	9,115,598	7,694,329
Allowance for impairment (see note (viii) below)	(497,233)	(497,233)	(497,233)	(497,233)
	9,369,713	7,719,422	8,618,365	7,197,096
Current	9,369,713	7,719,422	8,618,365	7,197,096
Non-current	-	-	-	-
	9,369,713	7,719,422	8,618,365	7,197,096

- (b) Summary of reinsurance assets

	Group 2021	Group 2020	Company 2021	Company 2020
<i>In thousands of naira</i>				
Prepaid reinsurance (see note (i) below)	4,441,553	3,642,459	4,023,079	3,362,916
Reinsurers' share of outstanding claims (see note (ii) below)	3,142,508	3,112,853	2,927,936	2,948,144
Reinsurers' share of incurred but not reported (see note (iii) below)	977,704	910,752	919,824	886,036
Reinsurers' share of claims paid - receivable (see note (iv) below)	1,305,181	550,591	1,244,759	497,233
	9,866,946	8,216,655	9,115,598	7,694,329
Allowance for impairment (see note (viii) below)	(497,233)	(497,233)	(497,233)	(497,233)
	9,369,713	7,719,422	8,618,365	7,197,096

- (i) The movement in prepaid reinsurance is shown below:

	Group 2021	Group 2020	Company 2021	Company 2020
<i>In thousands of naira</i>				
Balance, beginning of the year	3,642,459	1,543,007	3,362,916	1,398,974
Additions during the year (see note (26)(d))	11,767,544	9,678,577	10,305,859	8,841,616
Amortisation during the year	(10,968,450)	(7,579,125)	(9,645,696)	(6,877,674)

Balance, end of the year	4,441,553	3,642,459	4,023,079	3,362,916
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(ii) The movement in reinsurers' share of outstanding claims is shown below:

<i>In thousands of naira</i>	Group 2021	Group 2020	Company 2021	Company 2020
Balance, beginning of the year	3,112,853	1,981,407	2,948,144	1,786,691
Increase during the year (see note (28)(b))	29,655	1,524,281	(20,208)	1,161,454
Balance, end of the year	3,142,508	3,112,853	2,927,936	2,948,144

(iii) The movement in reinsurers' share of incurred but not reported is shown below:

<i>In thousands of naira</i>	Group 2021	Group 2020	Company 2021	Company 2020
Balance, beginning of the year	910,752	926,972	886,036	886,036
Increase during the year	66,952	(16,220)	33,788	-
Balance, end of the year	977,704	910,752	919,824	886,036

(iv) The movement in reinsurers' share of claims paid is shown below:

<i>In thousands of naira</i>	Group 2021	Group 2020	Company 2021	Company 2020
Balance, beginning of the year	550,591	1,171,205	497,233	1,171,205
Additions during the year	2,009,082	1,700,176	1,861,578	1,646,818
Payments received during the year	(1,254,492)	(2,320,790)	(1,114,052)	(2,320,790)
Balance, end of the year	1,305,181	550,591	1,244,759	497,233

(v) Movement in allowance for impairment

<i>In thousands of naira</i>	Group 2021	Group 2020	Company 2021	Company 2020
Balance, beginning of the year	497,233	497,233	497,233	497,233
Addition/(Write-back) during the year	-	-	-	-
Balance, end of the year	497,233	497,233	497,233	497,233

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#### Deferred Acquisition Costs

<i>In thousands of naira</i>	Group 2021	Group 2020	Company 2021	Company 2020
Balance, beginning of the year	567,596	257,866	466,196	219,592
Derecognition of Takaful portion	-	-	-	(9,197)
Acquisition cost incurred during the year	2,306,262	2,019,042	1,839,196	1,702,809
Acquisition cost during the year	(2,020,130)	(1,707,686)	(1,597,103)	(1,447,008)
	853,729	567,596	708,289	466,196
Current	853,729	567,596	708,289	466,196
Non-current	-	-	-	-
	853,729	567,596	708,289	466,196

The breakdown of deferred acquisition cost by class of business is as follows:

<i>In thousands of naira</i>	Group 2021	Group 2020	Company 2021	Company 2020
Deferred acquisition cost - Fire	138,526	55,084	99,613	40,068
Deferred acquisition cost - Motor vehicle	114,781	91,382	80,491	58,077
Deferred acquisition cost - General Accident	376,108	324,680	345,803	306,281
Deferred acquisition cost - Marine & Aviation	53,641	36,689	40,142	26,277
Deferred acquisition cost - Agric	3,565	2,046	-	-
Deferred acquisition cost - Oil & Gas	50,710	57,715	25,842	35,493
Deferred acquisition cost - Group Life	116,398	-	116,398	-
	853,729	567,596	708,289	466,196

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#### Investment in joint venture

This represent the Company's investment in joint venture, Mingol Properties Ltd after the liquidation of CAP Phoenix Limited.

(a) The movement in the investment in joint venture is as follows:

<i>In thousands of naira</i>	Group 2021	Group 2020	Company 2021	Company 2020
Balance, beginning of the year	271,295	554,305	137,738	293,116
Additional cash paid for equity interest during the year	-	-	-	-
Receivable from Mingol Properties Ltd (see note (b) below)	(415,266)	-	(227,989)	-

Current year share of profit/ (loss) of the joint venture (see note (b) below)	95,232	(283,010)	68,201	(155,378)
Exchange gain	49,249	-	22,330	-
Dividends paid during the year	-	-	-	-
Balance, end of the year	510	271,295	280	137,738

(b) The analysis of the carrying amount of the investment in joint venture is as follows:

<i>In thousands of naira</i>	<b>Group 2021</b>	<b>Group 2020</b>	<b>Company 2021</b>	<b>Company 2020</b>
At 1 January 2020	271,295	554,305.00	137,738	293,116.00
	271,295	554,305	137,738	293,116
Current year share of profit/(loss) of the joint venture (see note (iii) below)	95,232	(283,010)	68,201	(155,378)
Receivable from Mingol Properties Ltd	(415,266)	-	(227,989)	-
Exchange gain	49,249	-	22,330	-
	510	271,295	280	137,738
Current	-	-	-	-
Non-current	510	271,295	280	137,738
	510	271,295	280	137,738

(ii) The following information, which relates to the joint venture (2020: Mingol Properties Limited), details the analysis of the share of the profit/loss of the venture:

<i>In thousands of naira</i>	<b>2021</b>	<b>2020</b>
Assets	-	2,416,196
Liabilities	-	1,191,854
Revenue	-	20,829
Loss from continuing operation	-	(554,921)

The loss from the joint venture arising mainly from the retention on disposal of the investment property, was shared by the participating companies as follows:

	<b>% holding</b>	<b>2021</b>	<b>2020</b>
Cornerstone Insurance Plc	28	-	(155,378)
Fin Insurance Company Limited	23	-	(127,632)
Cornerstone Group	51	-	(283,010)
CAP Phoenix Limited	49	-	(271,912)
<b>Loss from continuing operation</b>	<b>100</b>	<b>-</b>	<b>(554,922)</b>

(iii) The analysis of the gain from investment in joint venture is as follows:

<i>In thousands of naira</i>	<b>Group 2021</b>	<b>Group 2020</b>	<b>Company 2021</b>	<b>Company 2020</b>
Receivable from Mingol Properties Ltd	415,266	-	227,989	-
Exchange gain	(49,249)	-	(22,330)	-
Opening carrying amount	(271,295)	-	(137,738)	-
Closing carrying amount	510	-	280	-
	95,232	-	68,201	-

### 13 Investment in subsidiaries

<i>In thousands of naira</i>	<b>Group 2021</b>	<b>Group 2020</b>	<b>Company 2021</b>	<b>Company 2020</b>
Fin Insurance Company Limited (see note (a)(i) below)	-	-	3,154,748	3,154,748
Hilal Takaful Nigeria Limited previously called Cornerstone Takaful Nigeria Li	-	-	466,099	466,099
Cornerstone Leasing and Investment Limited	-	-	100,000	100,000
	-	-	3,720,847	3,720,847
Impairment allowance (see note (a) below)	-	-	(100,000)	(100,000)
	-	-	3,620,847	3,620,847

Current	-	-	-	-
Non-current	-	-	3,620,847	3,620,847
	-	-	3,620,847	3,620,847

- (a) The Company assessed its investment in its subsidiaries for impairment during the year. The investment in Cornerstone Leasing and Investment Limited has been fully impaired from prior years and there was no change to the impairment allowance during the year. The movement in the allowance for impairment during the year was as follows:

<i>In thousands of naira</i>	<b>Group 2021</b>	<b>Group 2020</b>	<b>Company 2021</b>	<b>Company 2020</b>
Balance, beginning of the year	-	-	100,000	100,000
Write-back during the year (see note (a)(iv) below)	-	-	-	-
	-	-	100,000	100,000

(i) **Fin Insurance Company Limited**

<i>In thousands of naira</i>	<b>Group 2021</b>	<b>Group 2020</b>	<b>Company 2021</b>	<b>Company 2020</b>
Balance, beginning of the year	-	-	3,154,748	2,954,748
Addition during the year (see note (a)(iii) below)	-	-	-	200,000
	-	-	3,154,748	3,154,748

- (ii) In the year 2020, the Company discontinued its Takaful Insurance business segment following the approval and license to operate Takaful Insurance as a separate stand alone Company. Consequently, the net asset of NGN466.09million for Takaful Insurance on the date of discontinuation were derecognised against investment in the newly formed Takaful Company which is a wholly owned subsidiary of Cornerstone Insurance Plc. Detailed disclosure regarding the computation of net assets which as at the date of commencement was the deemed cost of the subsidiary is stated in note 5.

- (iii) In the year 2020, the Company invested additional N200million in Fin Insurance Company Limited through right issue of shares.

(b) **Principal subsidiary undertakings**

The Group is controlled by Cornerstone Insurance Plc ("the Parent Company") which is incorporated in Nigeria. The controlling interests of Cornerstone Insurance Plc in the group entities are as follows:

<b>Company name</b>	<b>Country of incorporation</b>	<b>Nature of business</b>	<b>% equity holdings</b>
Fin Insurance Company Limited	Nigeria	Non-life insurance business	96.68%
Cornerstone Leasing and Investment Limited	Nigeria	Leasing services	100.00%
Hilal Takaful Nigeria Limited previously called Cornerstone Takaful Nigeria	Nigeria	Takaful insurance business	100.00%

(c) **Other information on subsidiaries**

- (i) Cornerstone Leasing and Investment Limited commenced operation on 1 July 2004 as part of the parent company's ultimate strategic plan to provide world class leasing services. The Company was formerly a subsidiary of Cornerstone Asset Management Limited who later in 2009 transferred its shareholding in the company to the ultimate parent, Cornerstone Insurance Plc. Cornerstone Leasing and Investment Limited provides convenient asset acquisition options to both corporate organisations and individuals. The Company's primary place of business is Lagos, Nigeria.
- (ii) Fin Insurance Company Limited is a private limited liability company incorporated in Nigeria and its primary activity is the provision of Non-life insurance business. Cornerstone Insurance Plc acquired 96.68% equity interest in Fin Insurance Company Limited in 2015. The acquisition was made in a bid to increase the market share of the Non-life Insurance business of the entity. The Company's primary place of business is Lagos, Nigeria. The proportion of the equity interest of the Company owned by the non-controlling interest is 3.32%.

(d) **Significant restrictions**

The Group does not have significant restrictions on its ability to access or use its assets and settle its liabilities other than those resulting from the regulatory frameworks under which the insurance business operates. The regulatory frameworks require all insurance companies to maintain certain levels of regulatory capital and liquid assets and comply with other ratios such as the solvency margin.

(e) **Condensed results of consolidated entities**

The condensed financial data of the consolidated entities are as follows:

**31 December 2021**

*Condensed statement of profit or loss*

<i>In thousands of naira</i>	<b>Cornerstone Insurance Plc</b>	<b>Hilal Takaful Nigeria</b>	<b>Fin Insurance Company Limited</b>	<b>Cornerstone Leasing and Investment</b>	<b>Elimination entries</b>	<b>Group balances</b>
Total income	20,279,112	463,222	3,466,288	-	-	24,208,622
Total expenses	(17,426,746)	(422,330)	(2,628,355)	-	18,248	(20,459,183)
Profit before tax	2,852,366	40,892	837,933	-	18,248	3,749,439
Tax expense	(111,555)	-	(93,517)	-	-	(205,072)
Profit from continued operation	2,740,811	40,892	744,416	-	18,248	3,544,367

*Condensed statement of financial position*

<i>In thousands of naira</i>	<b>Cornerstone Insurance Plc</b>	<b>Hilal Takaful Nigeria</b>	<b>Fin Insurance Company Limited</b>	<b>Cornerstone Leasing and Investment</b>	<b>Elimination entries</b>	<b>Group balances</b>
Total assets	40,417,429	1,524,427	11,670,398	11,445	(4,322,674)	49,301,025
Total liabilities	25,540,899	1,016,119	2,426,115	636,601	(790,867)	28,828,867
Shareholders' funds	14,876,530	508,308	9,244,283	(625,156)	(3,531,807)	20,472,158

**31 December 2020**

*Condensed statement of profit or loss*

<i>In thousands of naira</i>	<b>Cornerstone Insurance Plc</b>	<b>Hilal Takaful Nigeria</b>	<b>Fin Insurance Company Limited</b>	<b>Cornerstone Leasing and Investment</b>	<b>Elimination entries</b>	<b>Group balances</b>
Total income	16,744,554	281,278	2,601,329	-	-	19,627,161
Total expenses	(15,467,428)	(239,877)	(2,152,994)	-	(3,043)	(17,863,342)
Profit before tax	1,277,126	41,401	448,335	-	(3,043)	1,763,819
Tax expense	461,045	-	(33,281)	-	-	427,764
Profit for the year	1,738,171	41,401	415,054	-	(3,043)	2,191,583

*Condensed statement of financial position*

<i>In thousands of naira</i>	<b>Cornerstone Insurance Plc</b>	<b>Hilal Takaful Nigeria</b>	<b>Fin Insurance Company Limited</b>	<b>Cornerstone Leasing and Investment</b>	<b>Elimination entries</b>	<b>Group balances</b>
Total assets	36,481,875	1,353,702	10,256,420	11,445	(4,275,228)	43,828,214
Total liabilities	23,493,856	882,243	1,942,708	636,601	(851,644)	26,103,764
Shareholders' funds	12,988,019	471,459	8,313,712	(625,156)	(3,423,584)	17,724,450

14 **Investment properties**

<i>In thousands of naira</i>	<b>Group 2021</b>	<b>Group 2020</b>	<b>Company 2021</b>	<b>Company 2020</b>
Balance, beginning of the year	602,000	560,000	-	-
Fair value gains	23,000	42,000	-	-
<b>Balance, end of the year</b>	<b>625,000</b>	<b>602,000</b>	<b>-</b>	<b>-</b>
Current	-	-	-	-
Non-current	625,000	602,000	-	-
	625,000	602,000	-	-

The balance in this account can be analysed as follows:

<i>In thousands of naira</i>	<b>Group 2021</b>	<b>Group 2020</b>	<b>Company 2021</b>	<b>Company 2020</b>
Cost	602,000	292,000	-	-
Fair value gain	23,000	310,000	-	-
	625,000	602,000	-	-

(a) The details of the investment properties of the Group are presented in the table below:

The investment properties are being carried in the name of Yankari Insurance Limited, which is Fin Insurance former business name.

<b>Details of the property</b>	<b>Documentation</b>	<b>taken for perfection</b>	<b>Owner</b>	<b>Carrying amount</b>
Land and Twin Duplex, Plot 667 (A&B) Umozi Street, off Ladoke Akintola Boulevant, Garki II, Abuja	C of O DD 02.08.2005	The Group has a certified true copy of C of O, though its in the name of Yankari Insurance Co. Ltd.	Fin Insurance Company Limited	570,000
Land and Two Blocks Flats, House no 16&18, 2nd Avenue, 21(D) Road by Babangida market, beside Dominion Chapel, FHA Estate, Lugbe, Abuja	FHA allocation letter FHA/ES/FCT/lg/nhp/33 DD 09.11.2001	The Group has a certified true copy of letter of allocation in the name of Yankari Insurance Co. Ltd.	Fin Insurance Company Limited	32,000
				602,000

(b) **Measurement of fair values**

(i) **Fair value hierarchy**

The fair value of investment properties was determined by an external, independent property valuer, having appropriate recognised professional qualifications and recent experience in the location and category of the property being valued. The independent valuer, John Odibah & Partners with FRC number FRC/2022/00000014211 valued the properties on the basis of open market value as at 31 December 2021. The principal valuer is Mr. Odiba John Malik.

The fair value measurement for the investment properties of ₦625 million (2020: ₦602 million) has been categorised as a Level 3 fair value based on the inputs into the valuation technique used.

(ii) **Valuation technique and significant unobservable inputs**

The following table shows the valuation technique used in measuring the fair value of investment property, as well as the significant unobservable inputs used.

<b>Valuation technique</b>	<b>Significant unobservable inputs</b>	<b>Inter-relationship between key unobservable inputs and fair value measurement</b>
The fair values are determined by applying the direct market evidence comparative method of valuation to derive the open market value. This valuation model reflects the current price on actual transaction for similar properties in the neighbourhood in recent time. References were made to prices of land and comparable properties in the neighbourhood. The data obtained were analysed and adjustment was made to reflect differences in site area and the actual location, quality of construction and off-site facilities.	-Prices per square meter -Rate of development in the area -Quality of the building -Influx of people and/or business to the area	The estimated fair value would increase/(decrease) if the rate of development in the area increases/(decreases), quality of the building increases/(decreases), influx of people and/or business to the area increases/(decreases).

## Notes to the Financial Statements (cont'd)

### 15 Property and equipment

#### (a) Group

31 December 2021

<i>In thousands of naira</i>	Land	Buildings	Right of use assets	Leasehold improvements	Motor vehicles	Equipment	Furniture & fittings	Total
<b>Cost</b>								
At 1 January 2020	1,265,808	585,339	88,943	64,877	718,123	613,759	197,536	3,534,385
Additions	-	1,775	-	-	247,776	31,259	2,268	283,078
Disposals	-	-	-	-	(129,853)	(2,378)	(1,370)	(133,601)
Reclassification	-	-	(88,943)	-	-	-	-	(88,943)
At 31 December 2021	1,265,808	587,114	-	64,877	836,046	642,640	198,434	3,594,919
<b>Accumulated depreciation</b>								
At 1 January 2020	72,017	295,165	63,100	22,289	545,822	574,657	181,315	1,754,365
Charge for the year	-	9,824	-	5,189	148,296	31,225	4,406	198,940
Reversal on impairment	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	(129,853)	(2,378)	(1,369)	(133,600)
Reclassification	-	-	(63,100)	-	-	-	-	(63,100)
At 31 December 2021	72,017	304,989	-	27,478	564,265	603,504	184,352	1,756,605
<b>Net book value</b>								
At 31 December 2021	1,193,791	282,125	-	37,399	271,781	39,136	14,082	1,838,314
At 31 December 2020	1,193,791	290,174	25,843	42,588	172,301	39,102	16,221	1,780,020

#### Group

31 December 2020

<i>In thousands of naira</i>	Land	Buildings	Right of use assets	Leasehold improvements	Motor vehicles	Equipment	Furniture & fittings	Total
<b>Cost</b>								
At 1 January 2020	1,288,808	602,339	26,710	64,877	721,729	586,875	198,223	3,489,561
Additions	-	-	62,233	-	56,682	27,453	1,076	147,444
Disposals	(23,000)	(17,000)	-	-	(60,288)	(569)	(1,763)	(102,620)
At 31 December 2020	1,265,808	585,339	88,943	64,877	718,123	613,759	197,536	3,534,385
<b>Accumulated depreciation</b>								
At 1 January 2020	72,017	281,677	-	17,482	491,476	544,146	178,551	1,585,349
Charge for the year	-	14,186	63,100	4,807	97,762	30,882	8,552	219,289
Reversal on impairment	-	-	-	-	-	-	(5,229)	(5,229)
Disposals	-	(698)	-	-	(43,416)	(371)	(559)	(45,044)
At 31 December 2020	72,017	295,165	63,100	22,289	545,822	574,657	181,315	1,754,365
<b>Net book value</b>								
At 31 December 2020	1,193,791	290,174	25,843	42,588	172,301	39,102	16,221	1,780,020
At 31 December 2019	1,216,791	320,662	26,710	47,395	230,253	42,729	19,672	1,904,212

(b) **Company**  
**31 December 2021**

<i>In thousands of naira</i>	<b>Land</b>	<b>Buildings</b>	<b>Right of use assets</b>	<b>Leasehold improvements</b>	<b>Motor vehicles</b>	<b>Equipment</b>	<b>Furniture &amp; fittings</b>	<b>Total</b>
<b>Cost</b>								
At 1 January 2020	135,321	294,423	75,100	64,877	537,690	494,380	137,795	1,739,586
Additions	-	-	-	-	164,106	25,510	1,844	191,460
Disposals	-	-	-	-	(123,913)	-	-	(123,913)
Reclassification	-	-	(75,100)	-	-	-	-	(75,100)
At 31 December 2021	135,321	294,423	-	64,877	577,883	519,890	139,639	1,732,033
<b>Accumulated depreciation</b>								
At 1 January 2020	-	122,379	51,099	22,290	386,849	452,691	134,185	1,169,493
Charge for the year	-	4,569	-	5,189	118,029	25,190	2,127	155,104
Disposals	-	-	-	-	(123,913)	-	-	(123,913)
Reclassification	-	-	(51,099)	-	-	-	-	(51,099)
At 31 December 2021	-	126,948	-	27,479	380,965	477,881	136,312	1,149,585
<b>Net book value</b>								
At 31 December 2021	135,321	167,475	-	37,398	196,918	42,009	3,327	582,447
At 31 December 2020	135,321	172,044	24,001	42,587	150,841	41,689	3,610	570,093

**Company**  
**31 December 2020**

<i>In thousands of naira</i>	<b>Land</b>	<b>Buildings</b>	<b>Right of use assets</b>	<b>Leasehold improvements</b>	<b>Motor vehicles</b>	<b>Equipment</b>	<b>Furniture &amp; fittings</b>	<b>Total</b>
<b>Cost</b>								
At 1 January 2020	135,321	294,423	22,984	64,877	566,212	462,232	148,182	1,694,231
Additions	-	-	52,116	-	45,261	24,398	480	122,255
Disposals	-	-	-	-	(60,288)	(569)	(1,763)	(62,620)
Derecognition of Takaful Insurance	-	-	-	-	(13,495)	(278)	(507)	(14,280)
At 31 December 2020	135,321	294,423	75,100	64,877	537,690	494,380	137,795	1,739,586
<b>Accumulated depreciation</b>								
At 1 January 2020	-	116,987	-	17,482	360,461	429,663	130,329	1,054,922
Charge for the year	-	5,392.0	51,099.0	4,808.0	78,354.0	23,443.0	4,922.0	168,018
Derecognition of Takaful Insurance	-	-	-	-	(8,550)	(44)	(507)	(9,101)
Disposals	-	-	-	-	(43,416)	(371)	(559)	(44,346)
At 31 December 2020	-	122,379	51,099	22,290	386,849	452,691	134,185	1,169,493
<b>Net book value</b>								
At 31 December 2020	135,321	172,044	24,001	42,587	150,841	41,689	3,610	570,093
At 31 December 2019	135,321	177,436	22,984	47,395	205,751	32,569	17,853	639,309

- (i) The Group and Company had no capital commitments as at 31 December 2021 (2020: Nil)
- (ii) There were no capitalized borrowing costs related to the acquisition of property and equipment during the year (2020: Nil).
- (iii) There are no restrictions on the Group and Company's title to its property and equipment.
- (iv) All property and equipment items are non-current.

## Notes to the Financial Statements (cont'd)

Group summary of land and buildings are detailed below:

S/N	Description of Property	Location	Carrying Amount (N'000)
1	This property is bare land having C of O with File no. AD 10060:DD 06.06.2005	Plot No: 3459 Cadastral Zone A06 off Amazon Street Maitama	950,000
2	This property is a duplex with BQ and is formerly covered by C of O with File no OG 10050 and now covered by a registered Deed of Assignment in the name of FIN Insurance Company Limited.	34 Gana Street Maitama Abuja	650,000
4	This is a bare land covered by a C of O with no. BA/38894 in the name of FIN Insurance Company Limited	Plot (Plan) No.BA/38894, Sunshine International School Road, off Bauchi-Das Road, New GRA Bauchi	8,500
5	This property is a bare land with C of O: No 1652,DD.18.06.93	Plot No.A519 (Topo Bauchi State 187SW) Penninsula Estate Phase 11 New Karu	2,500
6	This property is a bare land with C of O: No 1653,DD.18.06.93	Plot No.A519(Topo Bauchi State 187SW) Penninsula Estate Phase 11 New Karu	2,500
7	This property is storey building at 136 Lewis Street, Lagos Island	136 Lewis Street, Lagos Island, Lagos	64,877
8	This property is 3 Duplex at Plot 21 Water Corporation Drive off Ligali Ayorinde Street, Victoria Island, Lagos. Elimination of revaluation surplus	Plot 21 Water Corporation Drive off Ligali Ayorinde Street, Victoria Island, Lagos.	429,744 (190,322)
<b>Total</b>			<b>1,917,799</b>

## Notes to the Financial Statements (cont'd)

### 16 Intangible assets

<i>In thousands of naira</i>	<b>Group 2021</b>	<b>Group 2020</b>	<b>Company 2021</b>	<b>Company 2020</b>
<b>Cost</b>				
Balance, beginning of the year	217,971	212,760	185,599	184,895
Additions	7,562	5,211	298	704
Balance, end of the year	225,533	217,971	185,897	185,599
<b>Amortisation</b>				
Balance, beginning of the year	200,323	183,396	172,099	155,531
Charge for the year	13,405	16,927	10,401	16,568
Balance, end of the year	213,728	200,323	182,500	172,099
<b>Carrying amount</b>	<b>11,805</b>	<b>17,648</b>	<b>3,397</b>	<b>13,500</b>

### 17 Statutory deposit

This represents the amount deposited with the Central Bank of Nigeria in accordance with section 9(1) and section 10(3) of Insurance Act 2003. The cash amount held is considered to be a restricted cash as Management does not have access to the balances in its day-to-day activities. Interest income earned on this deposit is discretionary and is included in investment income.

<i>In thousands of naira</i>	<b>Group 2021</b>	<b>Group 2020</b>	<b>Company 2021</b>	<b>Company 2020</b>
Non life business	800,000	800,000	300,000	300,000
Life business	200,000	200,000	200,000	200,000
Cornerstone Takaful Nigeria	200,000	200,000	-	-
	<b>1,200,000</b>	<b>1,200,000</b>	<b>500,000</b>	<b>500,000</b>
Current	-	-	-	-
Non-current	1,200,000	1,200,000	500,000	500,000
	<b>1,200,000</b>	<b>1,200,000</b>	<b>500,000</b>	<b>500,000</b>

### 18 Investment contract liabilities

<i>In thousands of naira</i>	<b>Group 2021</b>	<b>Group 2020</b>	<b>Company 2021</b>	<b>Company 2020</b>
Investment contract liabilities	3,735,317	3,674,861	3,268,015	3,226,593
The movement in investment contract liabilities is analysed below:				
Balance, beginning of the year	3,674,861	3,406,701	3,226,593	3,406,701
Contributions	1,782,020	1,396,936	1,472,755	1,205,513
Withdrawals	(1,887,409)	(1,293,203)	(1,597,178)	(1,129,608)
Guaranteed interest	165,845	164,427	165,845	164,427
Derecognition of Takaful DA	-	-	-	(420,440)
Balance, end of the year	3,735,317	3,674,861	3,268,015	3,226,593
Current	-	-	-	-
Non-current	3,735,317	3,674,861	3,268,015	3,226,593
	<b>3,735,317</b>	<b>3,674,861</b>	<b>3,268,015</b>	<b>3,226,593</b>

#### (a) Profit on investment contract liabilities

<i>In thousands of naira</i>	<b>Group 2021</b>	<b>Group 2020</b>	<b>Company 2021</b>	<b>Company 2020</b>
<b>Income</b>				
Interest income (See note 30)	199,653	422,435	199,653	422,435
Guaranteed interest	(165,845)	(164,427)	(165,845)	(164,427)
	<b>33,808</b>	<b>258,008</b>	<b>33,808</b>	<b>258,008</b>

**19 Insurance contract liabilities**

Insurance contract liabilities comprise:

	Carrying amount				Movement	
	Group 2021	Group 2020	Company 2021	Company 2020	Group	Company
<i>In thousands of naira</i>						
Outstanding claims (see note (i) below)	7,450,809	7,633,571	6,685,301	6,980,541	(182,762)	(295,240)
IBNR (see note (ii) below)	1,578,300	1,690,766	1,335,008	1,520,828	(112,466)	(185,820)
Unearned premium (see note (iv) below)	7,563,579	4,435,645	6,656,590	3,716,249	3,127,934	2,940,341
Life fund (see note (v) below)	663,765	1,592,159	655,333	1,592,159	(928,394)	(936,826)
Life annuity fund (see note (vi) below)	2,480,381	3,394,084	2,480,381	3,394,084	(913,703)	(913,703)
	19,736,834	18,746,225	17,812,613	17,203,861	990,609	608,752
Current	16,592,688	13,759,982	14,676,899	12,217,618		
Non-current	3,144,146	4,986,243	3,135,714	4,986,243		
	19,736,834	18,746,225	17,812,613	17,203,861		

The breakdown of insurance contract liabilities by business segment is as follows:

**(a) Life insurance contract liabilities**

	Group 2021	Group 2020	Company 2021	Company 2020
<i>In thousands of naira</i>				
Outstanding claims		1,206,047	1,230,872	1,206,047
IBNR		184,411	211,706	184,411
Unearned premium (see note (iv) below)		1,674,217	-	1,674,217
Life fund		663,765	1,600,683	655,333
Life annuity fund		2,480,381	3,394,084	2,480,381
	-	-	6,208,821	6,437,345
			6,200,389	6,390,796

**(b) Non-Life insurance contract liabilities**

	Group 2021	Group 2020	Company 2021	Company 2020
<i>In thousands of naira</i>				
Outstanding claims		6,244,762	6,402,699	5,479,254
IBNR		1,393,889	1,479,060	1,150,597
Unearned premium		5,889,362	4,427,121	4,982,373
	-	-	13,528,013	12,308,880
			11,612,224	10,813,065

**(i) Movement in outstanding claims:**

	Group 2021	Group 2020	Company 2021	Company 2020
<i>In thousands of naira</i>				
Balance, beginning of the year	7,633,571	5,384,537	6,980,541	4,916,763
Takaful Insurance	-	-	-	(59,663)
(Decrease)/ Increase during the year (see note 28(a))	(182,762)	2,249,037	(295,240)	2,123,443
Balance, end of the year	7,450,809	7,633,571	6,685,301	6,980,541

**(ii) Movement in IBNR:**

	Group 2021	Group 2020	Company 2021	Company 2020
<i>In thousands of naira</i>				
Balance, beginning of the year	1,690,766	1,059,441	1,520,828	893,696
Reclassification of Life IBNR	-	222,030	-	222,030
Takaful Insurance	-	-	-	(21,601)
Increase during the year (see note 28(a))	(112,466)	409,295	(185,820)	426,704
Balance, end of the year	1,578,300	1,690,766	1,335,008	1,520,828

**(iii) Movement in additional reserve on cost overruns:**

	Group 2021	Group 2020	Company 2021	Company 2020
<i>In thousands of naira</i>				
Balance, beginning of the year	-	-	-	-
Increase/ (Decrease) during the year	-	-	-	-
Balance, end of the year	-	-	-	-

(iv) Movement in unearned premium

<i>In thousands of naira</i>	Group 2021	Group 2020	Company 2021	Company 2020
Balance, beginning of the year	4,435,645	2,614,448	3,716,249	2,221,217
Takaful Insurance	-	-	-	(81,244)
Increase during the year (see note 26(b))	3,127,934	1,821,197	2,940,341	1,576,276
Balance, end of the year	7,563,579	4,435,645	6,656,590	3,716,249

(v) Movement in Life fund:

<i>In thousands of naira</i>	Group 2021	Group 2020	Company 2021	Company 2020
Balance, beginning of the year	1,592,159	1,179,719	1,592,159	1,179,719
Life	-	(222,030)	-	(222,030)
Additions during the year (see note 26(c))	(928,394)	634,469	(936,826)	634,469
Balance, end of the year	663,765	1,592,159	655,333	1,592,159

(vi) Movement in Life annuity fund:

<i>In thousands of naira</i>	Group 2021	Group 2020	Company 2021	Company 2020
Balance, beginning of the year	3,394,085	1,491,985	3,394,085	1,491,985
(Increase)/ Decrease during the year (see note 26(c))	(913,703)	1,902,100	(913,703)	1,902,100
Balance, end of the year	2,480,382	3,394,085	2,480,382	3,394,085

(c) During the year, the Company recognised additional deposits to the annuity liability plan of N383.8million in gross premium accounts and pay-outs of N370.3million in the claims paid account. The impact of the actuarial valuation of the annuity plan of N913.7million has also been recognised separately in the income statement.

(d) Aging analysis

(i) Age analysis of outstanding claims - Group

Outstanding claims per claimant	Number of Claimants	More than 360				Total
		0-90 days	91-180 days	181-360 days	days	
1-250,000	2,725	29,838	22,586	45,897	144,902	243,224
250,001 - 500,000	986	59,583	42,068	72,486	228,170	402,307
500,001 - 1,500,000	686	120,132	47,614	98,454	337,501	603,701
1,500,001 - 2,500,000	423	79,235	58,175	120,229	353,138	610,776
2,500,001 - 5,000,000	321	107,722	97,238	95,205	317,657	617,822
5,000,000 and Above	164	454,669	135,398	948,165	3,434,748	4,972,980
		<b>851,179</b>	<b>403,079</b>	<b>1,380,435</b>	<b>4,816,117</b>	<b>7,450,809</b>

(ii) Age analysis of outstanding claims - Company

Outstanding claims per claimant	Number of Claimants	More than 360				Total
		0-90 days	91-180 days	181-360 days	days	
1-250,000	2,473	25,716	19,373	39,967	136,116	221,172
250,001 - 500,000	927	51,958	39,874	66,057	219,176	377,065
500,001 - 1,500,000	640	107,797	46,286	93,903	320,060	568,046
1,500,001 - 2,500,000	343	66,931	58,175	59,400	290,063	474,568
2,500,001 - 5,000,000	307	77,022	97,238	94,705	300,312	569,277
5,000,000 and Above	142	361,559	135,398	789,364	3,188,852	4,475,173
		<b>690,983</b>	<b>396,344</b>	<b>1,143,395</b>	<b>4,454,580</b>	<b>6,685,301</b>

Though the Group and Company had outstanding claims of more than 90days at year end ranging from outstanding claims awaiting settlement decision, support documents and loss adjusters' reports, there were no outstanding claims with signed executed discharge voucher that were more than 90 days in accordance with Section 70 (1a) of the Insurance Act 2003.

(iii) The aging analysis of the Company's outstanding claims for the Non-life business is as follows:

Outstanding claims per claimant		More than 360				Total
		0-90 days	91-180 days	181-360 days	days	
1-250,000	1490	11,846	5,574	9,974	82,901	110,295
250,001 - 500,000	556	31,320	26,325	34,320	146,376	238,341
500,001 - 1,500,000	347	63,166	24,782	44,212	192,189	324,349
1,500,001 - 2,500,000	253	28,980	26,009	36,170	212,642	303,801
2,500,001 - 5,000,000	257	62,215	46,434	76,393	220,273	405,315
5,000,000 and Above	115	210,601	90,515	774,111	3,021,926	4,097,153
		<b>408,127</b>	<b>219,639</b>	<b>975,179</b>	<b>3,876,308</b>	<b>5,479,254</b>

(iv) The aging analysis of the outstanding claims for the Life business is as follows:

Outstanding claims per claimant		More than 360				Total
		0-90 days	91-180 days	181-360 days	days	
1-250,000	983	13,870	13,799	29,992	53,216	110,877
250,001 - 500,000	371	20,638	13,549	31,737	72,801	138,725
500,001 - 1,500,000	293	44,631	21,504	49,692	127,871	243,697
1,500,001 - 2,500,000	90	37,951	32,166	23,230	77,420	170,767
2,500,001 - 5,000,000	50	14,807	50,804	18,312	80,039	163,962
5,000,000 and Above	27	150,958	44,883	15,253	166,925	378,019
		<b>282,855</b>	<b>176,704</b>	<b>168,216</b>	<b>578,272</b>	<b>1,206,047</b>
Aging analysis for Non-Life and Life		<b>690,983</b>	<b>396,343</b>	<b>1,143,395</b>	<b>4,454,580</b>	<b>6,685,301</b>

## 20 Trade payables

Trade payables represent amounts payable for reinsurers, co-insurers, agents and brokers at year end. The carrying amounts disclosed below approximate the fair values at the reporting date.

<i>In thousands of naira</i>	Group 2021	Group 2020	Company 2021	Company 2020
Payables to reinsurers	247,522	234,129	39,895	135,722
Payables to coinsurers	6,405	26,520	6,405	26,520
Commission payable	41,422	54,190	41,422	54,190
Premium Deposits	2,444,355	1,304,856	2,322,397	1,187,450
	<b>2,739,704</b>	<b>1,619,695</b>	<b>2,410,119</b>	<b>1,403,882</b>
Current	2,739,704	1,619,695	2,410,119	1,403,882
Non-current	-	-	-	-
	<b>2,739,704</b>	<b>1,619,695</b>	<b>2,410,119</b>	<b>1,403,882</b>

(a) Premium deposits represent premiums received in advance but for which the policy risk period is yet to commence as at the reporting date as well as other premium payments by customers into the Group and Company's bank accounts which are yet to be matched with specific policies as at the reporting date due to unavailability of relevant policy information. These are usually reconciled and matched with the appropriate policies on a regular basis.

The movement in premium deposits during the year was as follows:

<i>In thousands of naira</i>	Group 2021	Group 2020	Company 2021	Company 2020
Balance, beginning of the year	1,304,856	1,806,891	1,187,450	1,705,946
Additions during the year	2,535,584	1,728,814	2,530,882	1,707,196
Transfers to premium income	- 1,396,085	- 2,230,849	- 1,395,935	- 2,225,692
Balance, end of the year	<b>2,444,355</b>	<b>1,304,856</b>	<b>2,322,397</b>	<b>1,187,450</b>

## 21 Other payables and accruals

<i>In thousands of naira</i>	<b>Group 2021</b>	<b>Group 2020</b>	<b>Company 2021</b>	<b>Company 2020</b>
<b>Financial</b>				
Performance bonus	12,317	100,014	693	55,761
Other staff payables	4,263	24,726	2,239	22,702
National Housing Fund payable	7,846	8,551	7,846	8,551
Accounts payable (see note (ii) below)	71,089	115,721	38,803	98,202
Professional fee payable (see note (iii) below)	8,907	43,360	8,907	26,322
NAICOM levy payable	171,795	121,300	149,593	121,300
Sundry creditors (see note (i) below)	354,964	33,968	173,997	13,612
	631,181	447,640	382,078	346,450
<b>Non-financial</b>				
Accrued expenses	379,612	307,367	365,362	242,107
PAYE	43,816	9,971	39,532	9,971
Withholding tax payable	3,472	77,787	3,472	77,787
	426,900	395,125	408,366	329,865
	1,058,081	842,765	790,444	676,315
Current	1,058,081	842,765	790,444	676,315
Non-current	-	-	-	-
	1,058,081	842,765	790,444	676,315

- (i) Sundry creditors comprise vat and other payables to vendors in the ordinary course of business.  
(ii) Accounts payables comprise audit fees and rent payable.  
(iii) Professional fees payables comprise of fees to Reward investment ltd and Cowry asset management ltd.

## 22 Deferred commission income

The analysis of deferred commission income by class is as follows:

<i>In thousands of naira</i>	<b>Group 2021</b>	<b>Group 2020</b>	<b>Company 2021</b>	<b>Company 2020</b>
Motor	5,957	12,270	3,143	3,251
Fire	121,064	59,724	73,603	41,885
General Accident	15,105	13,058	13,997	13,032
Bond	422	562	415	525
Engineering	354,101	365,834	324,384	347,169
Marine	27,982	28,148	18,076	18,815
Aviation	1,064	-	1,030	-
Agric	3,072	1,814	-	-
Oil and Gas	65,517	62,248	57,123	52,827
Group life	387,493	226,968	387,493	226,968
	981,777	770,626	879,264	704,472
Current	981,777	770,626	879,264	704,472
Non-current	-	-	-	-
	981,777	770,626	879,264	704,472

### (a) Movement in deferred commission income:

<i>In thousands of naira</i>	<b>Group 2021</b>	<b>Group 2020</b>	<b>Company 2021</b>	<b>Company 2020</b>
Balance, beginning of the year	770,626	265,073	704,472	231,960
Additions during the year	2,439,129	2,123,552	2,132,249	1,919,973
Fees and commissions earned during the year (see note 27)	(2,227,978)	(1,617,999)	(1,957,456)	(1,447,461)
Balance, end of the year	981,777	770,626	879,265	704,472

## 23 Taxation

### (a) Tax expense

The tax expense recognised in profit or loss is as follows:

<i>In thousands of naira</i>	<b>Group 2021</b>	<b>Group 2020</b>	<b>Company 2021</b>	<b>Company 2020</b>
Income tax based on the taxable profit/loss for the year	89,751	54,337	35,276	25,256
Tertiary Education Tax	48,562	4,200	37,982	-
Police Trust Fund Levy	182	95	142	95
Information technology development levy (NITDA)	36,560	12,681	28,528	12,681
Total current income tax for the year	175,055	71,313	101,928	38,032
Adjustment in respect of prior years	7,194	-	7,194	-
Deferred tax charge/ (credit) recognised in profit or loss	20,390	(499,077)	-	(499,077)
Income tax charge/(credit)	202,639	(427,764)	109,122	(461,045)
Minimum tax	2,433	-	2,433	-
Total tax charge/(credit) for the year	205,072	(427,764)	111,555	(461,045)

The charge for current income tax in these financial statements is based on the provisions of the Companies Income Tax Act, Cap C21, Laws of the Federation of Nigeria (LFN) 2004 as amended and Education Tax Act, Cap E4, Laws of the Federation of Nigeria 2004 along with other tax laws such as the Finance Act 2020, 2021 and 2022.

### (i) Amount recognised in OCI:

<b>Group</b>	<b>2021</b>		
<i>In thousands of naira</i>	<b>Before tax</b>	<b>Tax (expense)</b>	<b>Net of tax</b>
Fair value gain/(loss) on fair value financial assets (see note (7)(a)(iv))	(739,022)	-	(739,022)
	(739,022)	-	(739,022)

<b>Company</b>	<b>2021</b>		
<i>In thousands of naira</i>	<b>Before tax</b>	<b>Tax (expense)</b>	<b>Net of tax</b>
Fair value gain/(loss) on fair value financial assets (see note (7)(a)(iv))	(843,610)	-	(843,610)
	(843,610)	-	(843,610)

<b>Group</b>	<b>2020</b>		
<i>In thousands of naira</i>	<b>Before tax</b>	<b>Tax (expense)</b>	<b>Net of tax</b>
Fair value gain/(loss) on fair value financial assets (see note (7)(a)(iv))	707,043	-	707,043
	707,043	-	707,043

<b>Company</b>	<b>2020</b>		
<i>In thousands of naira</i>	<b>Before tax</b>	<b>Tax (expense)</b>	<b>Net of tax</b>
Fair value gain/(loss) on fair value financial assets (see note (7)(a)(iv))	672,249	-	672,249
	672,249	-	672,249

### (b) Current tax liabilities

The movement in current tax liabilities during the year is as follows:

<i>In thousands of naira</i>	<b>Group 2021</b>	<b>Group 2020</b>	<b>Company 2021</b>	<b>Company 2020</b>
Balance, beginning of the year	445,799	476,717	276,964	318,953
Income tax for the year (see note (a) above)	175,055	71,313	101,928	38,032
Adjustment in respect of prior years	7,194	-	7,194	-
Minimum tax	2,433	-	2,433	-
Payment during the year	(154,906)	(102,231)	(42,817)	(80,021)
Balance, end of the year	475,575	445,799	345,704	276,964
Current	475,575	445,799	345,704	276,964
Non-current	-	-	-	-
	475,575	445,799	345,704	276,964

**(c) Deferred taxation**

Deferred 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 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.

(i) The movement on the deferred tax assets account is as follows:

<i>In thousands of naira</i>	<b>Group 2021</b>	<b>Group 2020</b>	<b>Company 2021</b>	<b>Company 2020</b>
Balance, beginning of the year	838,000	338,923	838,000	338,923
Recognised in profit or loss	23,211	499,077	23,211	499,077
	861,211	838,000	861,211	838,000

(ii) The movement on the deferred tax liabilities account is as follows:

<i>In thousands of naira</i>	<b>Group 2021</b>	<b>Group 2020</b>	<b>Company 2021</b>	<b>Company 2020</b>
Balance, beginning of the year	-	-	-	-
Recognised in profit or loss	43,601	-	23,211	-
Prior year closing balance recognised in retained earnings	39,142	-	-	-
Recognised in other comprehensive income:				
- Revaluation gain on property and equipment	5,283	-	-	-
	88,026	-	23,211	-

(iii) Deferred tax assets are attributable to the following:

<i>In thousands of naira</i>	<b>Group 2021</b>	<b>Group 2020</b>	<b>Company 2021</b>	<b>Company 2020</b>
Property and equipment	-	17,051	-	17,051
Unrelieved tax losses	861,211	820,949	861,211	820,949
	861,211	838,000	861,211	838,000

(iv) Deferred tax liabilities are attributable to the following:

<i>In thousands of naira</i>	<b>Group 2021</b>	<b>Group 2020</b>	<b>Company 2021</b>	<b>Company 2020</b>
Unrealised exchange gain	43,601	-	23,211	-
Fair value gains on revalued investment properties	44,425	-	-	-
	88,026	-	23,211	-

Deferred tax assets as at 31 December 2021 are attributable to the following:

**Group**

<i>In thousands of naira</i>	<b>Opening</b>	<b>Recognised in profit or loss</b>	<b>Recognised in OCI</b>	<b>Net</b>	<b>Deferred tax assets 2021</b>	<b>Deferred tax liabilities 2021</b>
Property and equipment	17,051	(17,051)	-	-	-	44,425
Unrealised exchange gain	-	(23,211)	-	(23,211)	-	43,601
Unrelieved tax losses	820,949	40,262	-	861,211	861,211	-
	838,000	-	-	838,000	861,211	88,026

**Company**

<i>In thousands of naira</i>	<b>Opening</b>	<b>Recognised in profit or loss</b>	<b>Recognised in OCI</b>	<b>Net</b>	<b>Deferred tax assets 2021</b>	<b>Deferred tax liabilities 2021</b>
Property and equipment	17,051	(17,051)	-	-	-	-
Unrealised exchange gain	-	(23,211)	-	(23,211)	-	(23,211)
Unrelieved tax losses	820,949	40,262	-	861,211	861,211	-
	838,000	-	-	838,000	861,211	(23,211)

<b>Group</b>	<b>Opening</b>	<b>Recognised in profit or loss</b>	<b>Recognised in OCI</b>	<b>Net</b>	<b>Deferred tax assets 2020</b>	<b>Deferred tax liabilities 2020</b>
<i>In thousands of naira</i>						
Property and equipment	-	17,051	-	17,051	17,051	-
Unrealised exchange gain	-	-	-	-	-	-
Unrelieved tax losses	338,923	482,026	-	820,949	820,949	-
	338,923	499,077	-	838,000	838,000	-

<b>Company</b>	<b>Opening</b>	<b>Recognised in profit or loss</b>	<b>Recognised in OCI</b>	<b>Net</b>	<b>Deferred tax assets 2020</b>	<b>Deferred tax liabilities 2020</b>
<i>In thousands of naira</i>						
Property and equipment	-	17,051	-	17,051	17,051	-
Unrealised exchange gain	-	-	-	-	-	-
Unrelieved tax losses	338,923	482,026	-	820,949	820,949	-
	338,923	499,077	-	838,000	838,000	-

The Company's deferred tax asset which principally arise from property and equipment and unrelieved tax losses is N2,422 million as at 31 December, 2021. (31 December, 2020: N1,299million). Based on projected future taxable profits and expected growth of unrelieved tax losses, the Company has restricted the deferred tax asset recognised as at 31 December 2021 to N861 million. Thus, the Company has not recognised deferred tax asset of N1,601 million in these financial statements. The unrecognised deferred tax asset are attributable to:

<i>In thousands of naira</i>	<b>Group 2021</b>	<b>Group 2020</b>	<b>Company 2021</b>	<b>Company 2020</b>
Unrelieved tax losses	1,601,051	1,434,176	1,601,051	1,434,176
	1,601,051	1,434,176	1,601,051	1,434,176

The Company will continue to assess the recoverability of its deferred tax assets, and to ensure that only amount considered recoverable are recognised in the books and presented in the statement of financial position. The Company has not recognised deferred tax asset of N1.4 billion in the financial statement.

**(d) Reconciliation of effective tax rate**

<b>Group</b>	<b>31 December 2021</b>		<b>31 December 2020</b>	
<i>In thousands of naira</i>				
Profit/(loss) before tax	3,741,007		1,767,092	
Income tax using the domestic corporation tax rate	1,122,302	30%	530,128	30%
Non deductible expenses	125,015	3%	85,113	5%
Impact of Non-deductible claims expenses	357,871	10%	341,620	19%
Impact of Net Capital Allowance	(272,581)	-7%	-	0%
Impact of special reserve fund	(16,103)	0%	(41,804)	-2%
Tax exempt income	-	0%	(360,976)	-20%
Impact of Non-taxable net premium income	(1,401,720)	-37%	(423,669)	-24%
Impact of Non-taxable policy holders income	(228,721)	-6%	(818,369)	-46%
Education tax	37,982	1%	-	0%
Minimum tax	38,356	1%	25,256	1%
Police Trust Fund Levy	143	0%	95	0%
Carried Forward of tax losses	359,545	10%	755,599	43%
Impact of NITDF prior payment	(3,831)	0%	(9,021)	-1%
Impact of NITDF	28,528	1%	12,682	1%
Impact of temporary differences	(1,183,402)	-32%	(532,359)	-30%
Impact of prior years adjustment	7,194	0%	-	0%
Impact of unrecognised deferred tax	1,234,494	33%	-	0%
	205,072	5%	(435,706)	-25%

## Reconciliation of effective tax rate

### Company

*In thousands of naira*

	31 December 2021		31 December 2020	
Profit/(Loss) before tax	2,852,366		1,277,126.00	
Income tax using the domestic corporation tax rate	855,710	30%	383,138	30%
Impact of Non taxable income	(422,304)	-15%		
Impact of Non-deductible expenses	425,015	15%	85,113	7%
Impact of Non-deductible claims expenses	357,871	13%	341,620	27%
Impact of Net Capital Allowance	(272,581)	-10%	-	0%
Impact of special reserve fund	(16,103)	-1%	(41,804)	-3%
Tax exempt income	-	0%	(360,976)	-28%
Impact of Non-taxable net premium income	(1,054,721)	-37%	(423,669)	-33%
Impact of Non-taxable policy holders income	(228,721)	-8%	(729,999)	-57%
Impact of Education tax	37,982	1%	7,000	1%
Impact of Minimum tax	38,356	1%	24,013	2%
Police Trust Fund Levy	143	0%	64	0%
Carried Forward of tax losses	359,545	13%	755,599	59%
Impact of NITDF prior payment	(3,831)	0%	(9,021)	-1%
Impact of NITDF	28,528	1%	12,771	1%
Impact of temporary differences	(1,235,022)	-43%	(855,917)	-67%
Impact of prior years adjustment	7,194	0%	-	0%
Impact of unrecognised deferred tax	1,234,494	43%	-	0%
	111,555	4%	(812,068)	-64%

## 24 Employees' Retirement Obligations

This represents the Company's liabilities from its defined benefit contribution pension plan which is in compliance with the Pension Reform Act, 2014. All pension contributions are remitted to the relevant registered Pension Fund Administrators.

<i>In thousands of naira</i>	Group 2021	Group 2020	Company 2021	Company 2020
Balance, beginning of the year	3,793	3,577	1,769	1,553
Pension expense for the year	115,687	68,847	88,666	50,587
Payments made during the year	(105,927)	(68,631)	(78,906)	(50,371)
	13,553	3,793	11,529	1,769
Current	13,553	3,793	11,529	1,769
Non-current	-	-	-	-
	13,553	3,793	11,529	1,769

## 25 Equity

### (a) Share capital

<i>In thousands of naira</i>	Group 2021	Group 2020	Company 2021	Company 2020
Authorised:				
18,500,000,000 ordinary shares of 50k each	9,250,000	9,250,000	9,250,000	9,250,000
<b>Issued and fully paid:</b>				
Balance, beginning of the year	9,083,196	7,364,754	9,083,196	7,364,754
Bonus issues transfer from share premium	-	1,718,442	-	1,718,442
Balance, end of the year	9,083,196	9,083,196	9,083,196	9,083,196

### (b) Share premium

This represents the amounts paid by shareholders above the nominal price of the shares.

<i>In thousands of naira</i>	Group 2021	Group 2020	Company 2021	Company 2020
Balance, beginning of the year	183,165	1,947,166	183,165	1,947,166
Transfer to Share Capital by way of Bonus issues	-	(1,718,442)	-	(1,718,442)
Share issuing cost	-	(45,559)	-	(45,559)
Balance, end of the year	183,165	183,165	183,165	183,165

(c) **Treasury shares**

Treasury shares are owner equity instruments which are deducted from equity. No dividends are allocated to them.

<i>In thousands of naira</i>	<b>Group 2021</b>	<b>Group 2020</b>	<b>Company 2021</b>	<b>Company 2020</b>
Balance, beginning of the year	(58,440)	(48,175)	(58,440)	(48,175)
Addition during the year	(8,690)	(10,265)	(8,690)	(10,265)
Balance, end of the year	<b>(67,130)</b>	<b>(58,440)</b>	<b>(67,130)</b>	<b>(58,440)</b>

(i) The breakdown of addition to treasury shares is as follows:

<i>In thousands of naira</i>			<b>Group 2021</b>	<b>Group 2020</b>	<b>Company 2021</b>	<b>Company 2020</b>
<b>Purchase date</b>	<b>Units</b>	<b>Price /unit</b>				
15-Sep-20	6,888,083	0.58	-	(4,002)	-	(4,002)
30-Oct-20	2,003,309	0.63	-	(1,262)	-	(1,262)
20-Nov-20	3,852,175	0.60	-	(2,311)	-	(2,311)
15-Dec-20	4,409,957	0.61	-	(2,690)	-	(2,690)
13-Jan-21	10,000	0.58	(6)	-	(6)	-
13-Jan-21	2,317,527	0.59	(1,369)	-	(1,369)	-
13-Jan-21	1,929,970	0.61	(1,180)	-	(1,180)	-
13-Jan-21	553,060	0.60	(333)	-	(333)	-
13-Jan-21	3,051,598	0.63	(1,909)	-	(1,909)	-
29-Oct-21	6,219,453	0.63	(3,893)	-	(3,893)	-
			<b>(8,690)</b>	<b>(10,265)</b>	<b>(8,690)</b>	<b>(10,265)</b>

(d) **Retained Earnings/(losses)**

<i>In thousands of naira</i>	<b>Group 2021</b>	<b>Group 2020</b>	<b>Company 2021</b>	<b>Company 2020</b>
Balance, beginning of the year	3,101,415	1,392,250	(431,800)	(1,844,004)
Transfer to contingency reserves (see note (e) below)	(717,896)	(471,911)	(539,814)	(362,715)
Profit for the year	3,511,220	2,181,076	2,740,811	1,774,919
Reclassification of deferred tax liability	(39,142)	-	-	-
Balance, end of the year	<b>5,855,597</b>	<b>3,101,415</b>	<b>1,769,197</b>	<b>(431,800)</b>

(e) **Contingency reserve**

<i>In thousands of naira</i>	<b>Group 2021</b>	<b>Group 2020</b>	<b>Company 2021</b>	<b>Company 2020</b>
Balance, beginning of the year	4,017,271	3,545,360	3,305,027	2,942,312
Transfer from retained earnings (See note (d) above)	717,896	471,911	539,814	362,715
Balance, end of the year	<b>4,735,167</b>	<b>4,017,271</b>	<b>3,844,841</b>	<b>3,305,027</b>

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

(f) **Fair value reserve**

<i>In thousands of naira</i>	<b>Group 2021</b>	<b>Group 2020</b>	<b>Company 2021</b>	<b>Company 2020</b>
Balance, beginning of the year	1,132,194	426,306	906,871	234,622
Fair value changes on Available-for-sale securities	(739,022)	705,888	(843,610)	672,249
Fair value changes on investment properties	(5,283)	-	-	-
Balance, end of the year	<b>387,889</b>	<b>1,132,194</b>	<b>63,261</b>	<b>906,871</b>

(g) **Non-controlling interest in Equity**

<i>In thousands of naira</i>	<b>Group 2021</b>	<b>Group 2020</b>	<b>Company 2021</b>	<b>Company 2020</b>
Balance, beginning of the year	265,650	250,715	-	-
Share of profit for the year	24,716	13,780	-	-
Share of other comprehensive income	3,908	1,155	-	-
Balance, end of the year	<b>294,274</b>	<b>265,650</b>	<b>-</b>	<b>-</b>

## Notes to the Financial Statements (cont'd)

### 26 Premium income

#### (a) Gross premium written

Gross premium written by business is as follows:

<i>In thousands of naira</i>	<b>Group 2021</b>	<b>Group 2020</b>	<b>Company 2021</b>	<b>Company 2020</b>
Non-life insurance	15,163,393	11,803,280	12,920,543	10,242,211
Life insurance	5,367,596	5,544,913	5,367,596	5,544,913
Takaful insurance	389,564	191,026	-	-
<b>Gross written premium</b>	<b>20,920,553</b>	<b>17,539,219</b>	<b>18,288,139</b>	<b>15,787,124</b>

#### (b) Gross premium income

<i>In thousands of naira</i>	<b>Group 2021</b>	<b>Group 2020</b>	<b>Company 2021</b>	<b>Company 2020</b>
Gross premium written (see note (a) above)	20,920,553	17,539,219	18,288,139	15,787,124
Changes in unearned premium (see note 19(iv))	(3,127,934)	(1,820,508)	(2,940,341)	(1,576,275)
<b>Gross premium income</b>	<b>17,792,619</b>	<b>15,718,711</b>	<b>15,347,798</b>	<b>14,210,849</b>

#### (c) Changes in Life Business

<i>In thousands of naira</i>	<b>Group 2021</b>	<b>Group 2020</b>	<b>Company 2021</b>	<b>Company 2020</b>
Changes in life fund (see note 19(v))	(928,394)	634,469	(936,826)	634,469
Changes in life annuity fund (see note 19(vi))	(913,703)	1,902,099	(913,703)	1,902,099
	<b>(1,842,097)</b>	<b>2,536,568</b>	<b>(1,850,529)</b>	<b>2,536,568</b>

#### (d) Reinsurance expenses

<i>In thousands of naira</i>	<b>Group 2021</b>	<b>Group 2020</b>	<b>Company 2021</b>	<b>Company 2020</b>
Non-life insurance	9,234,874	7,606,054	7,911,582	6,802,450
Life insurance	2,394,277	2,039,166	2,394,277	2,039,166
Takaful insurance	138,393	33,357	-	-
Total reinsurance cost	11,767,544	9,678,577	10,305,859	8,841,616
Changes in prepaid reinsurance cost	(799,094)	(2,099,452)	(660,163)	(1,963,942)
	<b>10,968,450</b>	<b>7,579,125</b>	<b>9,645,696</b>	<b>6,877,674</b>
<b>Net premium income</b>	<b>8,666,266</b>	<b>5,603,018</b>	<b>7,552,631</b>	<b>4,796,607</b>

#### (e) Movement in reinsurance costs

<i>In thousands of naira</i>	<b>Group 2021</b>	<b>Group 2020</b>	<b>Company 2021</b>	<b>Company 2020</b>
Balance, beginning of the year (See note 10(b)(i))	3,642,459	1,543,007	3,362,916	1,398,974
Reinsurance cost for the year	11,767,544	9,678,577	10,305,859	8,841,616
	15,410,003	11,221,584	13,668,775	10,240,590
Reinsurance cost amortised	(10,968,450)	(7,579,125)	(9,645,696)	(6,877,674)
Total reinsurance cost	(10,968,450)	(7,579,125)	(9,645,696)	(6,877,674)
Balance, end of the year (See note 10(b)(i))	4,441,553	3,642,459	4,023,079	3,362,916

### 27 Fees and commission income

<i>In thousands of naira</i>	<b>Group 2021</b>	<b>Group 2020</b>	<b>Company 2021</b>	<b>Company 2020</b>
Fee and commission income (see note 22(a))	2,227,978	1,617,999	1,957,456	1,447,461
	<b>2,227,978</b>	<b>1,617,999</b>	<b>1,957,456</b>	<b>1,447,461</b>

(a) Analysis of gross fees and commission income by line of business:

<i>In thousands of naira</i>	Group 2021	Group 2020	Company 2021	Company 2020
Non-life insurance	1,520,495	1,383,926	1,238,482	1,199,625
Life insurance	893,767	720,345	893,767	720,348
Takaful insurance	24,869	19,281	-	-
	<b>2,439,129</b>	<b>2,123,552</b>	<b>2,132,249</b>	<b>1,919,973</b>

(b) Analysis of movement in deferred commission income by line of business:

<i>In thousands of naira</i>	Group 2021	Group 2020	Company 2021	Company 2020
Non-life insurance	(50,627)	(356,675)	(14,267)	(323,631)
Life insurance	(160,526)	(148,879)	(160,526)	(148,882)
Takaful insurance	-	-	-	-
	<b>(211,153)</b>	<b>(505,553)</b>	<b>(174,793)</b>	<b>(472,512)</b>

(c) Analysis of fees and commission income by line of business:

<i>In thousands of naira</i>	Group 2021	Group 2020	Company 2021	Company 2020
Non-life insurance	1,469,868	1,027,252	1,224,215	875,995
Life insurance	733,241	571,466	733,241	571,466
Takaful insurance	24,869	19,281	-	-
	<b>2,227,978</b>	<b>1,617,999</b>	<b>1,957,456</b>	<b>1,447,461</b>

28 (a) Gross claims incurred

<i>In thousands of naira</i>	Group 2021	Group 2020	Company 2021	Company 2020
Gross benefits and claims paid	4,996,046.00	4,601,817.00	4,563,740	4,142,858
Change in outstanding claims (see note 19(i))	(182,762.00)	2,262,386.00	(295,240)	2,123,443
Changes in IBNR (see note 19(ii))	(112,467.00)	399,972.00	(185,821)	426,704
	<b>4,700,817.00</b>	<b>7,264,175.00</b>	<b>4,082,679</b>	<b>6,693,005</b>

(i) Analysis of gross claims incurred by line of business:

<i>In thousands of naira</i>	Group 2021	Group 2020	Company 2021	Company 2020
Non-life insurance	2,203,211	5,199,670	1,659,359	4,665,838
Life insurance	2,423,320	2,027,167	2,423,320	2,027,167
Takaful insurance	74,286	33,311	-	-
	<b>4,700,817</b>	<b>7,260,148</b>	<b>4,082,679</b>	<b>6,693,005</b>

(b) Analysis of claims recoveries from reinsurers:

<i>In thousands of naira</i>	Group 2021	Group 2020	Company 2021	Company 2020
Recoveries from reinsurance on claims paid	1,254,492	2,467,555	1,114,052	2,320,790
Changes in reinsurers' share of outstanding claims (see note 10(b)(ii))	29,655	1,131,447	(20,208)	1,161,454
Changes in reinsurers' share of IBNR	66,952	376,614	33,788	392,834
Changes in reinsurances' share of claims paid	754,590	(666,712)	747,526	(673,972)
	<b>2,105,689</b>	<b>3,308,904</b>	<b>1,875,158</b>	<b>3,201,106</b>

(i) Analysis of claims recoveries from reinsurers

Non-life insurance	867,893	2,412,479	645,019	2,312,669
Life insurance	1,230,139	888,437	1,230,139	888,437
Takaful insurance	7,657	7,988	-	-
	<b>2,105,689</b>	<b>3,308,904</b>	<b>1,875,158</b>	<b>3,201,106</b>

## 29 Underwriting expenses

<i>In thousands of naira</i>	<b>Group 2021</b>	<b>Group 2020</b>	<b>Company 2021</b>	<b>Company 2020</b>
Acquisition costs (see note (a) below)	2,020,130	1,709,394	1,597,103	1,447,008
Maintenance expenses (see note (b) below)	1,028,697	467,093	921,359	328,792
	<b>3,048,827</b>	<b>2,176,487</b>	<b>2,518,462</b>	<b>1,775,800</b>

### (a) Acquisition costs by business is as follows:

<i>In thousands of naira</i>	<b>Group 2021</b>	<b>Group 2020</b>	<b>Company 2021</b>	<b>Company 2020</b>
Acquisition cost - Life	264,849.00	471,914	264,849	471,914
Acquisition cost - Non-life	1,978,344.00	1,502,834	1,574,346	1,230,895
Acquisition cost - Takaful	63,068.00	41,215	-	-
Total commission during the year	2,306,261.00	2,015,963	1,839,195	1,702,809
Changes in deferred acquisition cost	(286,131.00)	(306,569)	(242,092)	(255,801)
	<b>2,020,130</b>	<b>1,709,394</b>	<b>1,597,103</b>	<b>1,447,008</b>

### (b) Maintenance expenses by business is as follows:

<i>In thousands of naira</i>	<b>Group 2021</b>	<b>Group 2020</b>	<b>Company 2021</b>	<b>Company 2020</b>
Maintenance cost - Life	80,628	232,173	80,628	232,173
Maintenance cost - Non-life	943,309	173,872	840,731	96,619
Maintenance cost - Takaful	4,760	61,048	-	-
	<b>1,028,697</b>	<b>467,093</b>	<b>921,359</b>	<b>328,792</b>

## 30 Investment income

This comprises:

<i>In thousands of naira</i>	<b>Group 2021</b>	<b>Group 2020</b>	<b>Company 2021</b>	<b>Company 2020</b>
Interest income on financial assets	1,332,864	850,516	896,498	506,529
Interest income - Investment contract liabilities (see note 18(a))	199,653	422,435	199,653	422,435
Total interest income	1,532,517	1,272,951	1,096,151	928,964
Rental income	12,500	14,500	-	-
Dividend income	263,987	292,814	195,466	225,825
<b>Total investment income</b>	<b>1,809,004</b>	<b>1,580,265</b>	<b>1,291,617</b>	<b>1,154,789</b>
Less: Interest income - Investment contract liabilities	(199,653)	(422,435)	(199,653)	(422,435)
<b>Investment income on financial assets</b>	<b>1,609,351</b>	<b>1,157,830</b>	<b>1,091,964</b>	<b>732,354</b>

### (a) Interest income on financial assets:

<i>In thousands of naira</i>	<b>Group 2021</b>	<b>Group 2020</b>	<b>Company 2021</b>	<b>Company 2020</b>
Interest income received (see note (i) below)	1,257,177	439,463	1,065,757	331,059
Accrued interest:				
- Available-for-sale financial assets (see note 7(a)(iv))	80,401	290,799	26,889	161,944
- Loans and receivables (see note 7(c)(iii))	3,505	3,201	3,505	3,201
- Held-to-maturity investments (see note 7(d)(i))	191,434	117,054	-	10,326
	<b>1,532,517</b>	<b>850,517</b>	<b>1,096,151</b>	<b>506,530</b>

(i) Interest income received comprises of income from short term deposits and bonds.

**31 Net fair value gain**

<i>In thousands of naira</i>	<b>Group 2021</b>	<b>Group 2020</b>	<b>Company 2021</b>	<b>Company 2020</b>
Fair value gain on financial assets at FVTPL (see note 7(b)(i))	(742,348)	1,799,740	(742,348)	1,799,740
	<b>(742,348)</b>	<b>1,799,740</b>	<b>(742,348)</b>	<b>1,799,740</b>

**32 (a) Net exchange gain**

<i>In thousands of naira</i>	<b>Group 2021</b>	<b>Group 2020</b>	<b>Company 2021</b>	<b>Company 2020</b>
Unrealised exchange gain:				
- Available-for-sale (AFS) financial assets	66,446	77,833	66,446	77,833
- Fair value through profit or loss (FVTPL) financial assets	267,496	123,029	267,496	123,029
- Other	1,051,981	1,148,673	379,875	734,977
	-	-	-	-
	1,385,923	1,349,534	713,817	935,838
Realised exchange gain - AFS financial assets	-	-	-	-
	<b>1,385,923</b>	<b>1,349,534</b>	<b>713,817</b>	<b>935,838</b>

The net exchange gain resulted from translation of foreign currency denominated balances of the entity using the closing rate as at reporting date in line with IAS 21 *The effect of changes in foreign exchange rates* and also from sales of foreign currency denominated assets during the year.

**(b) Net trading income**

<i>In thousands of naira</i>	<b>Group 2021</b>	<b>Group 2020</b>	<b>Company 2021</b>	<b>Company 2020</b>
Gain on disposal of financial assets (see note (i) below)	-	255,394	-	45,101
	-	<b>255,394</b>	-	<b>45,101</b>

(i) This largely represents the gain on disposal of the MTN ordinary shares during the year.

**33 Other operating income**

<i>In thousands of naira</i>	<b>Group 2021</b>	<b>Group 2020</b>	<b>Company 2021</b>	<b>Company 2020</b>
Miscellaneous income (see note (a) below)	61,431	189,280	59,896	113,053
Profit on disposal of property & equipment	139	-	-	-
Mudarabah Income	-	36,514	-	-
	<b>61,570</b>	<b>225,794</b>	<b>59,896</b>	<b>113,053</b>

(a) This largely represents recovery on Cornerstone Assets Management & Leasing Company debt previously written-off which were recovered during the year.

### 34 Impairment losses

<i>In thousands of naira</i>	<b>Group 2021</b>	<b>Group 2020</b>	<b>Company 2021</b>	<b>Company 2020</b>
Write-back on trade receivables (see note 8(c))	-	(4,124)	-	(4,124)
Loss on financial assets (see note 7(a))	75,315	834,685	75,315	834,685
Loss on other receivables	-	38,271	-	38,271
Write-back on other receivables (see note 9(d))	-	(27,313)	-	-
	<b>75,315</b>	<b>841,519</b>	<b>75,315</b>	<b>868,832</b>

### 35 Personnel expenses

<i>In thousands of naira</i>	<b>Group 2021</b>	<b>Group 2020</b>	<b>Company 2021</b>	<b>Company 2020</b>
Salaries	1,414,649	1,158,745	1,050,375	901,112
Auxiliary staff costs	280,570	225,857	251,832	205,522
Other staff allowances	432,632	415,250	372,816	307,988
Defined contribution pension costs	115,687	68,847	88,666	50,587
	<b>2,243,538</b>	<b>1,868,699</b>	<b>1,763,689</b>	<b>1,465,209</b>

### 36 Other operating expenses

<i>In thousands of naira</i>	<b>Group 2021</b>	<b>Group 2020</b>	<b>Company 2021</b>	<b>Company 2020</b>
Advertising and promotions	42,760	32,805	33,073	27,121
Rents and rates	97,043	13,998	78,535	10,611
Consultancy fees	260,870	232,630	195,451	171,609
Legal fees	41,509	35,606	41,446	35,565
Repairs, fuel and maintenance	246,621	193,293	227,244	174,237
Other Statutory dues and NAICOM levy	193,688	89,129	166,681	69,087
Directors' costs	41,981	71,202	15,703	47,933
Auditor's remuneration***	38,688	38,688	25,000	25,000
Staff training and development	31,571	30,733	26,359	29,458
Subscription	21,727	9,343	17,514	4,083
Business travels	76,226	38,943	65,137	33,297
Fines and Penalties	6,650	2,050	6,650	1,550
Insurance	68,453	51,344	55,670	42,649
Medicals	33,166	94,286	25,219	85,862
AGM expenses	19,544	6,925	19,044	5,882
Telephone and postages	16,811	21,741	14,803	18,204
Electricity	22,159	20,059	16,814	14,792
Stationery and printing	14,179	13,775	11,393	11,618
Office expenses	35,243	17,179	33,884	16,042
IT Consumables	25,526	18,087	18,746	14,786
Loss on disposal of property & equipment	-	9,576	-	3,274
Donation*	7,200	38,202	7,100	20,840
Software maintenance cost	-	15,235	-	15,235
Other expenses**	40,964	33,539	4,495	2,461
	<b>1,382,579</b>	<b>1,128,368</b>	<b>1,105,961</b>	<b>881,196</b>

\*Donation made to Chartered Insurance Institute of Nigeria (CIIN) in support of office building, Nigeria Insurers Association (NIA) for investiture of new chairman, Nigerian Council of Registered Insurance Brokers (NCRIB) for investiture of new chairman, Ijumu Anglican Science Secondary School Iyara for academic program.

\*\*Other expenses includes entertainment, offices expenses, short travels, newspapers and magazine etc.

\*\*\*Auditor's remuneration is fees to statutory(external) auditor. The external auditor (KPMG Professional Services) was not engaged in non-audit services.

### 37 Finance cost

<i>In thousands of naira</i>	<b>Group 2021</b>	<b>Group 2020</b>	<b>Company 2021</b>	<b>Company 2020</b>
Bank charges	62,041	52,654	46,604	28,136
	<b>62,041</b>	<b>52,654</b>	<b>46,604</b>	<b>28,136</b>

### 38 Earnings per share (EPS)

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

<i>In thousands of naira</i>	<b>Group 2021</b>	<b>Group 2020</b>	<b>Company 2021</b>	<b>Company 2020</b>
Net profit attributable to owners of the Company	3,511,220	2,181,076	2,740,811	1,774,919
Weighted average number of ordinary shares in issue for the purpose of EPS (see note (i) below)	18,032,132	18,049,512	18,032,132	18,049,512
Basic and diluted earnings per share (kobo)	19	12	15	10

- (i) The weighted average number of ordinary shares used for the purpose of EPS computation has factored in the treasury shares as shown below.

<i>In thousands of naira</i>	<b>Group 2021</b>	<b>Group 2020</b>	<b>Company 2021</b>	<b>Company 2020</b>
Weighted average number of ordinary shares in issue	18,166,392	14,729,508	18,166,392	14,729,508
Treasury shares	(134,260)	(116,880)	(134,260)	(116,880)
Weighted effect of bonus issue on shares in issue	-	3,436,884	-	3,436,884
Weighted-average number of ordinary shares at 31 December	18,032,132	18,049,512	18,032,132	18,049,512

\* In the year 2020, the Company issued bonus shares of seven shares for every thirty held. In line with the requirements of IAS 33, the bonus shares issued have been treated like they were issued before the beginning of the earliest period presented.

### 39 Related party disclosures

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operational decisions, or one party controls both. The definition includes parents, associates, joint ventures, as well as key management personnel.

#### (a) Transactions with related parties

<b>Related party</b>	<b>Relationship</b>	<b>Nature of transactions</b>	<b>2021</b>	<b>2020</b>
<i>In thousands of Naira</i>				
Fin Insurance Company Limited (see note 9(b))	Subsidiary	Intercompany receivable	69,848	77,317
Cornerstone Takaful Nigeria	Subsidiary	Intercompany receivable	170,485	168,571
			240,333	245,888

#### (b) Compensation of key management personnel

Key management personnel of the Group include all Directors, executive and non-executive.

The summary of compensation of key management personnel for the year is as follows:

<i>In thousands of naira</i>	<b>2021</b>	<b>2020</b>
<b>Executive Directors allowances</b>		
<i>Executive Directors Compensation comprise:</i>		
Salaries	153,899	130,842
Pension cost	11,424	6,405
	165,323	137,247
Chairman	4,000	4,000
Highest paid director		51,910

The number of Directors, including the Chairman, whose emoluments were within the following range were:

	<b>2021</b>	<b>2020</b>
1,000,001 - 2,000,000	-	-
2,000,001 and above	9	9
	9	9

#### 40 Contraventions and penalties

Penalties were paid during the year for the following contraventions:

<i>In thousands of naira</i>	2021	2020
Penalty for expired certification - FRCN	-	500
Re-filing of annual returns - NAICOM	-	1,050
Late filing of audited financial results - NSE	4,500	-
Late filing of audited financial results - SEC	2,150	-
	<b>6,650</b>	<b>1,550</b>

#### 41 Contingencies and commitments

##### (a) Legal proceedings and regulations

The Group and Company in its ordinary course of business is a defendant in twenty-eight (28) (2020: 25 cases) litigation matters arising out of its normal business with total contingent liability of ₦2.4billion (2020: ₦1.86billion). Based on the advice of the Group's solicitors and the legal team, the Directors believe that the outcome that would result from proceedings will not have material adverse effect on the financial position of the Group. Consequently, no provision has been made in these financial statements.

Litigation stages are as follows:

	2021
	Number of cases
At high and lower court	28
	<b>28</b>

#### 42 Employees

The average number of persons employed by the Company at the end of the year was:

	2021	2020
Managerial	20	25
Senior staff	67	60
Junior staff	72	71
	<b>159</b>	<b>156</b>

##### (a) The number of employees paid emoluments, excluding pension and allowances, above ₦500,000 for the year were:

	2021	2020
500,000 - 1,500,000	3	6
1,500,001 - 2,500,000	3	-
2,500,001 - 3,500,000	20	41
3,500,001 - 4,500,000	45	26
4,500,001 - 5,500,000	19	22
5,500,001 - 6,500,000	11	12
6,500,001 - 7,500,000	11	17
7,500,001 - 8,500,000	8	7
8,500,001 - 9,500,000	8	5
9,500,001 - 10,500,000	8	-
10,500,001 and above	23	20
	<b>159</b>	<b>156</b>

#### 43 Events after reporting period

No significant event has occurred since the reporting date which requires adjustment of, or further disclosure in the financial statements.

#### 43a Disclosures on Non-audit services

The external auditors, KPMG Professional Services did not provide any non-audit service during the year (2020: Nil). No non-audit fees were paid to KPMG Professional Services during the year. (2020: Nil)

## Notes to the Financial Statements (cont'd)

### 44 Asset hypothecation

	Non-life Policy Holders	Annuity	Life Policy Investment Contract Liabilities	Life Policy Holders Insurance Contract Liabilities	Shareholders	Total 2021	Total 2020	% Change
<i>In thousands of naira</i>								
Cash and cash equivalents	6,922,877	1,094,758	475,264	941,194	298,434	9,732,527	8,175,263	19
Financial assets at fair value through profit or loss	438,917	1,031,065	4,494,635	3,100,822	-	9,065,439	7,171,687	26
Available-for-sale financial assets:						-	-	(100)
- Bonds measured at fair value	746,644	2,225,576				2,972,220	4,027,596	(26)
- Quoted equity securities	458,833	43,954			115,579	618,366	776,906	(20)
- Unquoted equity securities					1,371,787	1,371,787	2,005,720	(32)
Held-to-maturity						-	629,868	(100)
Loans and receivables			293,283			293,283	288,274	2
Trade receivables	179,270			76,523		255,793	108,675	135
Other receivables and prepayments					1,213,181	1,213,181	789,101	54
Reinsurance assets	6,419,857			1,450,982	747,526	8,618,365	7,197,096	20
Deferred acquisition cost	-			-	708,289	708,289	466,196	52
Investment in joint venture					280	280	137,738	(100)
Deferred tax assets					861,208	861,208	1,194,840	(28)
Investment in subsidiaries					3,620,847	3,620,847	3,620,847	-
Property and equipment					582,447	582,447	570,093	2
Intangible assets					3,397	3,397	13,500	(75)
Statutory deposits					500,000	500,000	500,000	-
	<b>15,166,398</b>	<b>4,395,353</b>	<b>5,263,182</b>	<b>5,569,521</b>	<b>10,022,975</b>	<b>40,417,429</b>	<b>37,673,400</b>	<b>7</b>
<b>Insurance funds</b>								
	<b>Non-life Policy Holders</b>	<b>Annuity</b>	<b>Life Policy Investment Contract Liabilities</b>	<b>Life Policy Holders Insurance Contract Liabilities</b>	<b>Shareholders</b>	<b>Total 2021</b>	<b>Total 2020</b>	<b>% Change</b>
<i>In thousands of naira</i>								
Investment contract liabilities	-	-	3,268,015	-	-	3,268,015	3,226,593	1
Insurance contract liabilities	11,612,224	2,480,381	-	3,720,008	-	17,812,613	17,203,861	4
Other liabilities	-	-	-	-	-	-	-	100
Shareholders' and other funds	-	-	-	-	4,460,271	4,460,271	3,063,402	
	<b>11,612,224</b>	<b>2,480,381</b>	<b>3,268,015</b>	<b>3,720,008</b>	<b>4,460,271</b>	<b>25,540,899</b>	<b>23,493,856</b>	
<b>Surplus/(deficit) in Asset Cover</b>	<b>3,554,174</b>	<b>1,914,972</b>	<b>1,995,167</b>	<b>1,849,513</b>	<b>5,562,704</b>	<b>14,876,530</b>	<b>14,179,544</b>	

## Notes to the Financial Statements (cont'd)

### 45 Statement of cash flow notes

Details of the statement of cash flows workings are presented below. Certain comparative figures have been reclassified in the statement of cash flows in order to align to the presentation adopted in the current year. The impact of these reclassification has been considered to be immaterial.

<i>In thousands of naira</i>	<i>Note</i>	<b>Group 2021</b>	<b>Group 2020</b>	<b>Company 2021</b>	<b>Company 2020</b>
<b>(i) Premium received</b>					
Gross written premium per income statement	26(a)	20,920,553	17,539,219	18,288,139	15,787,124
Premium deposit transferred to premium income	20(a)	(1,396,085)	-	(1,395,935)	-
Add: Opening receivables (Gross)	8(a)	1,469,921	1,379,648	1,232,423	1,185,972
Less: Closing receivables (Gross)	8(a)	(1,616,129)	(1,469,921)	(1,379,541)	(1,232,423)
		<b>19,378,260</b>	<b>17,448,946</b>	<b>16,745,086</b>	<b>15,740,673</b>
<b>(ii) Dividend income received</b>					
Dividend income per income instatement	30(a)	263,987	292,814	195,466	225,825
Add: Opening dividend receivable	9	9,833	48,105	-	38,272
Less: Closing dividend receivable	9	(9,833)	(9,833)	-	-
		<b>263,987</b>	<b>331,086</b>	<b>195,466</b>	<b>264,097</b>
<b>(iii) Proceeds from disposal of property and equipment</b>					
Cost of assets disposed	15	133,601	102,621	123,913	62,621
Accumulated depreciation of assets disposed	15	(133,600)	(45,045)	(123,913)	(44,347)
Net book value of disposed assets		1	57,576	-	18,274
Profit/ (Loss) on disposal	33 & 36	139	(9,576)	-	(3,274)
Disposal proceeds		140	48,000	-	15,000
<b>(iv) Proceeds from sale of financial assets</b>					
Carrying value of disposed assets - HTM	7(d)(i)	2,569,051	2,343,924	629,868	1,978,718
Carrying value of disposed assets - FVTPL	7(b)(i)	117,249	315,000	82,419	315,000
Carrying value of disposed assets - AFS	7(a)(iv)	746,688	874,574	187,578	275,420
Profit on disposal	32(b)	-	255,394	-	45,101
Sales proceeds		<b>3,432,988</b>	<b>3,788,892</b>	<b>899,865</b>	<b>2,614,239</b>
<b>(v) Reinsurance premium paid</b>					
Reinsurance cost	26(d)	(11,767,544)	(9,678,577)	(10,305,859)	(8,841,616)
Decrease payables to co-insurers		(20,115)	-	(20,115)	-
Add: Closing reinsurance payable	20	247,522	234,129	39,895	135,722
Less: Opening reinsurance payable	20	(234,129)	(1,624,290)	(135,722)	(1,616,929)
		<b>(11,774,266)</b>	<b>(11,068,738)</b>	<b>(10,421,801)</b>	<b>(10,322,823)</b>
<b>(vi) Acquisition costs paid</b>					
Acquisition costs	29	(2,306,261.00)	(2,015,963)	(1,839,195)	(1,702,809)
Add: Closing commission payable	20	41,422.00	54,190	41,422	54,190
Less: Opening commission payable	20	(54,190.00)	(20,103)	(54,190)	(20,103)
		<b>(2,319,029.00)</b>	<b>(1,981,876)</b>	<b>(1,851,963)</b>	<b>(1,668,722)</b>

## Notes to the Financial Statements (cont'd)

### 46 Capital management

The Group's objective with respect to capital management is to maintain a capital base that is structured to exceed regulatory requirement and to best utilize capital allocations. Insurance industry regulation measure the financial strength of Non-life insurer using a solvency margin model. Generally, the National Insurance Commission (NAICOM) expects insurers to comply with capital adequacy requirements. The regulatory capital (as required under the Insurance Act, 2003 and NAICOM Guideline) within the Group have been maintained and preserved over the reporting periods.

#### (a) Approach to capital management

The Group seeks to optimise the structure and sources of capital to ensure that it consistently maximises returns to the shareholders and policyholders. The Group's approach to managing capital involves managing assets, liabilities and risks in a coordinated way, assessing shortfalls between reported and required capital levels on a regular basis and taking appropriate actions to influence the capital position of the Group in the light of changes in economic conditions and risk characteristics.

The primary source of capital used by the Group is equity shareholders' funds.

The table below shows the available capital resources as at 31 December:

<i>In thousands of naira</i>	<b>Group 2021</b>	<b>Group 2020</b>	<b>Company 2021</b>	<b>Company 2020</b>
Total shareholders' funds	20,177,884	17,458,800	14,876,530	12,988,019
Regulatory required capital	5,000,000	5,000,000	5,000,000	5,000,000
Excess capital reserve	15,177,884	12,458,800	9,876,530	7,988,019

#### (b) Regulatory framework

The insurance industry regulator measures the financial strength of Non-life Insurers using a Solvency Margin model. The National Insurance Commission (NAICOM) generally expects Non-life insurers to comply with this capital adequacy requirement. Section 24 of the Insurance Act 2003 defines the solvency margin of a Non-life insurer as the difference between the admissible assets and liabilities, and this shall not be less than 15% of the net premium income (gross income less reinsurance premium paid), or the minimum capital base (₦3 billion) for Non-life business plus ₦2 billion for Life business, if the later is applicable. higher.

This test compares the insurer's capital against the risk profile. The regulator indicated that insurers should produce a minimum solvency margin of 100%. During the year, the Group met the minimum requirement. The regulator has the authority to request more extensive reporting and can place restrictions on the Group's operations if the Group falls below this requirement.

The solvency margin for the Non-life business of the Company is as follows:

**Solvency margin computation as at 31 December 2021**

<i>In thousands of naira</i>	<b>Total assets</b>	<b>Admissible assets</b>	<b>Inadmissible assets</b>	<b>Note</b>
<b>Assets</b>				
Cash and cash equivalents	9,732,527	9,732,527	-	
Financial assets	14,321,092	14,321,092	-	
Trade receivables	255,793	255,793	-	
Other receivables and prepayments	1,213,181	50,201	1,162,980	(i)
Reinsurance assets	8,618,365	8,618,365	-	
Deferred acquisition cost	708,289	708,289	-	
Deferred tax assets	861,211	-	861,211	(ii)
Investment in subsidiaries	3,620,847	3,620,847	-	
Investment in joint venture	280	280	-	
Property and equipment - Land & Building	302,796	302,796	-	
Property and equipment - Others	279,651	279,651	-	
Intangible assets	3,397	3,397	-	
Statutory deposits	500,000	500,000	-	
<b>Total admissible assets</b>	<b>40,417,429</b>	<b>38,393,238</b>	<b>2,024,191</b>	
<b>Liabilities</b>				
Investment contract liabilities	3,268,015	3,268,015	-	
Insurance contract liabilities	17,812,613	17,812,613	-	
Trade payables	2,410,119	2,410,119	-	
Other payables and accruals	790,444	790,444	-	
Deferred commission income	879,264	879,264	-	
Current tax liabilities	345,704	345,704	-	
Deferred tax liabilities	23,211	-	23,211	
Employee benefit obligations	11,529	11,529	-	
<b>Total admissible liabilities</b>	<b>25,540,899</b>	<b>25,517,688</b>	<b>23,211</b>	
<b>Excess of total admissible assets over admissible liabilities</b>		<b>12,875,550</b>		
Higher of:				
Gross premium written		18,288,139		
Less: Reinsurance expense		(9,645,696)		
<b>Net premium</b>		<b>8,642,443</b>		
<b>15% of net premium</b>		<b>1,296,366</b>		
<b>Minimum paid up capital</b>		<b>5,000,000</b>		
<b>The higher thereof:</b>		<b>5,000,000</b>		
<b>Solvency margin surplus</b>		<b>7,875,550</b>		

- (i) Amount represents the inadmissible portion of other receivables and prepayments, comprising other receivables and prepayments except other prepaid expenses made to members of staff in line with Section 24(13) of the Insurance Act 2003. The Company has total staff prepaid housing allowance of ₦50.2 million. These have been admitted for the purpose of the computation while the remaining balance in other receivables and prepayments has been excluded.
- (ii) Amount represents the entire deferred tax assets of the Company which has been excluded from the computation in line with Section 2.11(b)(vi) of the NAICOM Prudential Guidelines for Insurers and Reinsurers, 2015.

## Notes to the Financial Statements (cont'd)

### 47 Financial instruments - Fair values and risk management

#### (a) Accounting classifications and fair values

The following table shows the classification, carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.

#### (i) Financial instruments measured at fair value

##### Group

31 December 2021

<i>In thousands of naira</i>	<i>Note</i>	Carrying amount			Fair value			
		Financial assets at fair value through profit or loss	Available-for-sale financial assets	Total	Level 1	Level 2	Level 3	Total
Available-for-sale financial assets	7(a)	-	5,847,123	5,847,123	4,744,469	1,102,654	-	5,847,123
Financial assets at FVTPL	7(b)	9,065,439	-	9,065,439	9,065,439	-	-	9,065,439
		<b>9,065,439</b>	<b>5,847,123</b>	<b>14,912,562</b>	<b>13,809,908</b>	<b>1,102,654</b>	<b>-</b>	<b>14,912,562</b>

##### Group

31 December 2020

<i>In thousands of naira</i>	<i>Note</i>	Carrying amount			Fair value			
		Financial assets at fair value through profit or loss	Available-for-sale	Total	Level 1	Level 2	Level 3	Total
Available-for-sale financial assets	7(a)	-	7,226,470	7,226,470	6,055,435	1,171,035	-	7,226,470
Financial assets at FVTPL	7(b)	7,206,517	-	7,206,517	7,206,517	-	-	7,206,517
		<b>7,206,517</b>	<b>7,226,470</b>	<b>14,432,987</b>	<b>13,261,952</b>	<b>1,171,035</b>	<b>-</b>	<b>14,432,987</b>

##### Company

31 December 2021

<i>In thousands of naira</i>	<i>Note</i>	Carrying amount			Fair value			
		Financial assets at fair value through profit or loss	Available-for-sale	Total	Level 1	Level 2	Level 3	Total
Available-for-sale financial assets	7(a)	-	4,962,370	4,962,370	3,859,716	1,102,654	-	4,962,370
Financial assets at FVTPL	7(b)	9,065,439	-	9,065,439	9,065,439	-	-	9,065,439
		<b>9,065,439</b>	<b>4,962,370</b>	<b>14,027,809</b>	<b>12,925,155</b>	<b>1,102,654</b>	<b>-</b>	<b>14,027,809</b>

##### Company

31 December 2020

<i>In thousands of naira</i>	<i>Note</i>	Carrying amount			Fair value			
		Financial assets at fair value through profit or loss	Available-for-sale	Total	Level 1	Level 2	Level 3	Total
Available-for-sale financial assets	7(a)	-	5,975,537	5,975,537	4,804,502	1,171,035	-	5,975,537
Financial assets at FVTPL	7(b)	7,171,687	-	7,171,687	7,171,687	-	-	7,171,687
		<b>7,171,687</b>	<b>5,975,537</b>	<b>13,147,224</b>	<b>11,976,189</b>	<b>1,171,035</b>	<b>-</b>	<b>13,147,224</b>

## Notes to the Financial Statements (cont'd)

### (ii) Financial instruments not measured at fair value

#### Group

31 December 2021

	Note	Loans and receivables	Held-to-maturity investments	Available-for-sale financial assets	Other financial liabilities	Total	Fair value
<b>Financial assets not measured at fair value</b>							
Cash and cash equivalents	6	14,402,330	-	-	-	14,402,330	14,402,330
Available-for-sale financial assets	7(a)	-	-	2,012,654	-	2,012,654	2,012,654
Loans and receivables*	7(c)	293,283	-	-	-	293,283	293,283
Held-to-maturity investments	7(d)	-	3,317,585	-	-	3,317,585	3,317,585
Trade receivables*	8	300,788	-	-	-	300,788	300,788
Other receivables*	9	961,526	-	-	-	961,526	961,526
Reinsurance assets* <sup>^</sup>	10	1,244,759	-	-	-	1,244,759	1,244,759
		<b>17,202,686</b>	<b>3,317,585</b>	<b>2,012,654</b>	<b>-</b>	<b>22,532,925</b>	<b>19,215,340</b>

#### Financial liabilities not measured at fair value

Trade payables*	20	-	-	-	2,739,704	2,739,704	2,739,704
Other payables* <sup>v</sup>	21	-	-	-	631,181	631,181	631,181
		<b>-</b>	<b>-</b>	<b>-</b>	<b>3,370,885</b>	<b>3,370,885</b>	<b>3,370,885</b>

#### Group

31 December 2020

#### Financial assets not measured at fair value

Cash and cash equivalents	6	11,662,703	-	-	-	11,662,703	11,662,703
Available-for-sale financial assets	7(a)	-	-	2,005,720	-	2,005,720	2,005,720
Loans and receivables*	7(c)	288,274	-	-	-	288,274	288,274
Held-to-maturity investments	7(d)	-	3,681,466	-	-	3,681,466	1,862,232
Trade receivables*	8	154,580	-	-	-	154,580	154,580
Other receivables*	9	474,815	-	-	-	474,815	474,815
Reinsurance assets* <sup>^</sup>	10	497,233	-	-	-	497,233	497,233
		<b>13,077,605</b>	<b>3,681,466</b>	<b>2,005,720</b>	<b>-</b>	<b>18,764,791</b>	<b>16,945,557</b>

#### Financial liabilities not measured at fair value

Trade payables*	20	-	-	-	1,619,695	1,619,695	1,619,695
Other payables*	21	-	-	-	447,640	447,640	447,640
		<b>-</b>	<b>-</b>	<b>-</b>	<b>2,067,335</b>	<b>2,067,335</b>	<b>2,067,335</b>

\* The carrying amounts of the above financial assets and financial liabilities are a reasonable approximation of fair value, and so no fair value hierarchy has been disclosed for them.

<sup>v</sup> Trade payables excludes premium deposits which are not financial liabilities.

<sup>^</sup> Reinsurance assets excludes prepaid reinsurance which is not a financial asset.

**Company**  
**31 December 2021**

	Note	Loans and receivables	Held-to-maturity investments	Available-for-sale financial assets	Other financial liabilities	Total	Fair value
<b>Financial assets not measured at fair value</b>							
Cash and cash equivalents	6	9,732,527	-	-	-	9,732,527	9,732,527
Available-for-sale financial assets	7(a)	-	-	2,012,654	-	2,012,654	2,012,654
Loans and receivables*	7(c)	293,283	-	-	-	293,283	293,283
Held-to-maturity investments	7(d)	-	-	-	-	-	-
Trade receivables*	8	255,793	-	-	-	255,793	255,793
Other receivables	9	927,269	-	-	-	927,269	927,269
Reinsurance assets*^	10	1,244,759	-	-	-	1,244,759	1,244,759
		<b>12,453,631</b>	<b>-</b>	<b>2,012,654</b>	<b>-</b>	<b>14,466,285</b>	<b>14,466,285</b>
<b>Financial liabilities not measured at fair value</b>							
Trade payables*	20	-	-	-	2,410,119	2,410,119	2,410,119
Other payables*	21	-	-	-	382,078	382,078	382,078
		<b>-</b>	<b>-</b>	<b>-</b>	<b>2,792,197</b>	<b>2,792,197</b>	<b>2,792,197</b>

**Company**  
**31 December 2020**

**Financial assets not measured at fair value**

		Loans and receivables	Held-to-maturity	Available-for-sale	Other financial liabilities	Total	Fair value
Cash and cash equivalents	6	8,175,263	-	-	-	8,175,263	8,175,263
Available-for-sale financial assets^^	7(a)	-	-	2,005,720	-	2,005,720	2,005,720
Loans and receivables	7(c)	288,274	-	-	-	288,274	288,274
Held-to-maturity investments		-	629,868	-	-	-	629,868
Trade receivables*	8	108,675	-	-	-	108,675	108,675
Other receivables*	9	671,095	-	-	-	671,095	671,095
Reinsurance assets*^	10	497,233	-	-	-	497,233	497,233
		<b>9,740,540</b>	<b>629,868</b>	<b>2,005,720</b>	<b>-</b>	<b>11,746,260</b>	<b>12,376,128</b>
<b>Financial liabilities not measured at fair value</b>							
Trade payables* <sup>v</sup>	20	-	-	-	1,403,882	1,403,882	1,403,882
Other payables*	21	-	-	-	346,450	346,450	346,450
		<b>-</b>	<b>-</b>	<b>-</b>	<b>1,750,332</b>	<b>1,750,332</b>	<b>1,750,332</b>

\* The carrying amounts of the above financial assets and financial liabilities are a reasonable approximation of fair value, and so no fair value hierarchy has been disclosed for them.

<sup>v</sup> Trade payables excludes premium deposits which are not financial liabilities

<sup>^</sup> Reinsurance assets excludes prepaid reinsurance and reinsurers' share of outstanding claims and IBNR which are not financial assets.

## Notes to the Financial Statements (cont'd)

### (b) Financial risk management

Risk is at the heart of the business of any Insurance company and operational risks amongst others are an inevitable consequence of being in the financial services industry. The Company's activities expose it to a variety of risks, and those activities principally involve creation of insurance contracts & financial assets and liabilities. The Company's aim is therefore to achieve an appropriate balance between risk and return, and minimise potential adverse effects on the Company and Group's financial performances. This is achieved by a robust framework and clearly defined and transparent risk management process which outlines the processes for risk identification, risk assessment/measurement, risk treatment/control, risk monitoring & review, risk reporting, and risk communication and consultation.

#### (i) Risk management framework

The Group's board of directors has the overall responsibility for the establishment of oversight of the group's risk management framework. The board of directors has established the Enterprise Risk Management and Governance Committee, which is responsible for developing and monitoring the Group's risk management policies. The committee reports regularly to the board of directors on its activities.

The risk policy is detailed in the Enterprise Risk Management (ERM) Framework, which is a structured approach to identifying opportunities, assessing the risk inherent in these opportunities and managing these risks proactively in a cost effective manner. It is a top-level integrated approach to events identification and analysis for proper assessment, monitoring and identification of business opportunities. Specific policies are also in place for managing risks in the different risk areas of credit, market, liquidity, operational and insurance risks.

The evolving nature of risk management practices and the dynamic character of the insurance industry will necessitate regular review of the effectiveness of each Enterprise Risk Management component. In light of this, the Company's risk management framework shall be subject to continuous review to ensure that effective and cutting edge risk management is applied.

The review shall be completed using either or both of the following approaches:

- Continuous self-evaluation and monitoring by the Risk Management Function in conjunction with Internal Audit; and/or
- Independent evaluation by external auditors, examiners or consultants.

The Head, Enterprise Risk Management unit has the primary responsibility for risk management within the organisation and shall assume responsibility for the review. The Board shall approve all amendments to the Risk management framework.

#### (ii) Credit risk

Credit risk is the risk of loss arising from the failure of a client or counterparty to fulfil its obligations to the Group. In addition to credit risks arising out of investments and transactions with clients, the Group actively assumes credit risk through the writing of insurance business and the approval and issuance of loans. Credit risk can arise when a policyholder defaults on loan payments or settlement of premium payments and can also arise when its own repayment capability decreases.

The Group's strategy as an insurance company does not entail the elimination of credit risk but rather to take on credit risk in a well-controlled, planned and targeted manner pursuant to its business objectives. Its approach to measuring credit risk is therefore designed to ensure that it can be assessed accurately in all its forms, and that relevant, timely and accurate credit risk information is available to the relevant decision makers at an operational and strategic level at all times.

At a strategic level, the Group seeks to manage its credit risk profile within the constraints of its overall risk appetite and to structure its portfolio so that it provides optimal returns for the level of risk taken. Operationally, credit risk management is governed by the overall risk appetite framework and aims to ensure that the risk inherent to individual exposures or certain business portfolios is appropriately managed through the economic cycle.

In designing credit policies, due consideration is given to the Company's commitment to:

- a) Create, monitor and manage credit risk in a manner that complies with all applicable laws and regulations;
- b) Identify credit risk in each investment, loan or other activity of the Insurance Group;
- c) Utilize appropriate, accurate and timely tools to measure credit risk;
- d) Set acceptable risk parameters;
- e) Maintain acceptable levels of credit risk for existing individual credit exposures;
- f) Maintain acceptable levels of overall credit risk for the Group's portfolio; and
- g) Coordinate credit risk management with the management of other risks inherent in the Group's business activities.

The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties. The credit risks on the Group's investment securities is considered to be low as the counterparties are mostly banks, government agencies, and other entities with high-credit ratings. The Group also writes unit-linked business where the policyholder bears the investment risk on the assets held. The shareholders' risk is limited to the extent that income arising from asset management charges is based on the value of those assets.

The Group's credit risk can be analysed as follows:

<i>In thousands of naira</i>	<i>Note</i>	<b>Group 2021</b>	<b>Group 2020</b>	<b>Company 2021</b>	<b>Company 2020</b>
Cash and cash equivalents (see note (d) below)	6	14,402,330	11,662,703	9,732,527	8,175,263
Loans and receivables (see note (b) below)	7(c)	293,283	288,274	293,283	288,274
Trade receivables (see note (a) below)	8	300,788	154,580	255,793	108,675
Other receivables (see note (e) below)	9	961,526	474,815	927,269	671,095
Reinsurance receivables (see note (c) below)	10	1,244,759	497,233	1,244,759	497,233
Debt securities (see note (f) below)	7	12,254,422	8,400,610	8,936,837	4,657,464
		<b>29,457,108</b>	<b>21,478,215</b>	<b>21,390,468</b>	<b>14,398,004</b>

**a Trade receivables**

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each counterparty. The credit risk of its counterparties, including the default risk of the industry and region in which the counterparties operate is also considered.

The impairment analysis of trade receivables is as follows:

<i>In thousands of naira</i>	<b>Group 2021</b>	<b>Group 2020</b>	<b>Company 2021</b>	<b>Company 2020</b>
<b><i>Assets at amortised cost</i></b>				
Individually impaired	1,315,341	1,315,341	1,123,748	1,123,748
Allowance for impairment	(1,315,341)	(1,315,341)	(1,123,748)	(1,123,748)
<b><i>Carrying amount</i></b>	-	-	-	-
Past due but not impaired	-	-	-	-
Neither past due nor impaired	300,788	154,580	255,793	108,675
	<b>300,788</b>	<b>154,580</b>	<b>255,793</b>	<b>108,675</b>

The aging of trade receivables that were not impaired was as follows:

<i>In thousands of naira</i>	<b>Group 2021</b>	<b>Group 2020</b>	<b>Company 2021</b>	<b>Company 2020</b>
Past due 1-30 days	300,788	154,580	255,793	108,675
Past due 31-90 days	-	-	-	-
Past due 91-120 days	-	-	-	-
	<b>300,788</b>	<b>154,580</b>	<b>255,793</b>	<b>108,675</b>

**b Loans and receivables**

The Group's loans and receivables comprises of loans to policy holders and other customers with which are fully collateralized with the policyholders' fund deposit with the Company. It also comprises finance lease receivables which have been fully impaired as at year-end.

The impairment analysis of loans and receivables is as follows:

<i>In thousands of naira</i>	<b>Group 2021</b>	<b>Group 2020</b>	<b>Company 2021</b>	<b>Company 2020</b>
<b><i>Assets at amortised cost</i></b>				
Individually impaired	8,833	8,833	8,833	8,833
Allowance for impairment	(8,833)	(8,833)	(8,833)	(8,833)
<b><i>Carrying amount</i></b>	-	-	-	-
Past due but not impaired	-	-	-	-
Neither past due nor impaired	293,283	288,274	293,283	288,274
	<b>293,283</b>	<b>288,274</b>	<b>293,283</b>	<b>288,274</b>

**c Reinsurance receivables**

The Group insures insurance risk in the normal course of business on the bases of treaty and facultative agreements. Reinsurance receivables represents the balances due from reinsurers which is the reinsurer's share of claims paid. Reinsurance receivables stood at ₦1.2 billion (2020: ₦550.5 million) out of which ₦497 million was impaired (2020: ₦497 million impaired)

**d Cash and cash equivalents**

The Group's cash and cash equivalents are held with reputable banks and financial institutions. The credit risk on these assets are considered low as the counterparties are banks with high credit rating.

**e Other receivables**

The Group's other receivables comprises of receivables from other counterparties with which the entity had transactions with during the year. ₦408 million (2020: ₦408 million) of the Group's receivables was fully impaired as at 31 December 2021.

**f Debt securities**

The Group limits its exposure to credit risk by investing only in liquid debt securities and only with counterparties that have a very high credit rating. The Group's debt securities are its investment in bonds.

The Group did not have any debt securities that were past due or impaired as at 31 December 2021 (2020: Nil).

### (iii) Liquidity risk

Liquidity risk is the potential for loss to the Company arising from either its inability to meet its obligations or to fund increases in assets as they fall due without incurring unacceptable cost or losses. Liquidity risk arises when the cushion provided by the liquid assets is not sufficient to meet its obligation (Funding-liquidity risk).

The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

In the management of its liquidity risk position, the Group employs the following:

- Monitoring cash flow trends and forecasting future cash flow using a comprehensive cash inflow and outflow analysis that takes into consideration the liquidity needs from all possible sources within the Group.
- In addition to the cash flow analysis, using a variety of ratios and limits to quantify its liquidity risk. Internal limits are defined for the following liquidity risk indicators; liquid assets/projected demand liabilities, percentage of total debt obligations not fully funded at any point in time, total loans/total equity, borrowed funds to total assets and commitment to exposure level.
- Maintaining a desired composition of asset and liabilities to maintain liquidity with more focus on the diversification and stability of liabilities.
- Effective monitoring of liquidity risk using routine reports such as cost of funds reports, liability pricing reports, cash flow or limit monitoring and exceptions reports.
- Monitoring the Group's contractual maturity gap under normal and stress conditions
- Maintaining minimum liquidity requirements
- Maintaining contingency funding plan

The final authority and responsibility for all activities that expose the Group to liquidity risk management rests with the Board of Directors. The Board, however, may delegate this authority to the Board Enterprise Risk Management Committee, the Finance, Investment and General Purpose Committee and the Board Audit Committee.

#### Exposure to liquidity risk

The following table summarises the maturity profile of the non-derivative financial assets and financial liabilities of the Group based on the remaining undiscounted contractual obligations, including interest payable and receivable.

For insurance contract liabilities and reinsurance assets, maturity profiles are determined based on the estimated timing of net cash outflows from the recognised insurance liabilities. Unearned premiums and the reinsurers' share of unearned premiums have been excluded from the analysis as they are not contractual obligations.

The Company maintains a portfolio of highly marketable and diverse assets that can be easily liquidated in the event of an unforeseen interruption of cash flow.

Reinsurance assets have been presented on the same basis as insurance liabilities. Loan and receivables include contractual interest receivable.

#### Group

31 December 2021

In thousands of naira	Note	Carrying amount	Contractual cash flows					
			Gross nominal 3 months or inflow/(outflow) less	3 - 12 months	1 - 2 years	2 - 5 years	More than 5 years	
<i>Non-derivative financial assets</i>								
Cash and cash equivalents	6	14,402,330	14,402,330	14,402,330	-	-	-	-
Available-for-sale financial assets	7(a)	5,847,123	4,580,689	-	-	-	877,515	3,703,174
Financial assets at FVTPL	7(b)	9,065,439	7,234,558	-	838,696.40	-	992,184	5,403,678
Held-to-maturity investments	7(d)	3,317,585	3,317,585	-	434,746	-	244,833	2,638,006
Loans and receivables	7(c)	293,283	293,283	-	293,283	-	-	-
Trade receivables	8	300,788	300,788	300,788	-	-	-	-
Other financial assets	9	961,526	961,526	-	961,526	-	-	-
Reinsurance receivables	10	1,244,759	1,244,759	-	1,244,759	-	-	-
		35,432,833	32,335,518	14,703,118	3,773,010	-	2,114,532	11,744,858
<i>Non-derivative financial liabilities</i>								
Trade payables	20	2,739,704	2,739,704	-	2,739,704	-	-	-
Other payables	21	631,181	631,181	-	631,181	-	-	-
		3,370,885	3,370,885	-	3,370,885	-	-	-
Liquidity gap			28,964,633	14,703,118	402,125	-	2,114,532	11,744,858

**Group**  
**31 December 2020**

<i>In thousands of naira</i>	<i>Note</i>	<b>Carrying amount</b>	<b>Contractual cash flows</b>					
			<b>Gross nominal 3 months or inflow/(outflow) less</b>	<b>3 - 12 months</b>	<b>1 - 2 years</b>	<b>2 - 5 years</b>	<b>More than 5 years</b>	
<i>Non-derivative financial assets</i>								
Cash and cash equivalents	6	11,662,703	11,662,703	11,662,703	-	-	-	-
Available-for-sale financial assets	7(a)	7,226,470	6,627,978	21,905	152,338	-	280,690	6,173,045
Financial assets at FVTPL	7(b)	7,206,517	7,206,517	82,419	-	789,048	430,292	5,904,758
Held-to-maturity investments	7(d)	3,681,466	3,681,466	-	2,423,766	-	-	1,257,700
Loans and receivables	7(c)	288,274	288,274	-	288,274	-	-	-
Trade receivables	8	154,580	154,580	154,580	-	-	-	-
Other financial assets	9	474,815	474,815	-	474,815	-	-	-
Reinsurance receivables	10	497,233	497,233	-	497,233	-	-	-
		31,192,058	30,593,567	11,921,608	3,836,426	789,048	710,982	13,335,502
<i>Non-derivative financial liabilities</i>								
Trade payables	20	1,619,695	1,619,695	-	1,619,695	-	-	-
Other payables	21	447,640	447,640	-	447,640	-	-	-
		2,067,335	2,067,335	-	2,067,335	-	-	-
<b>Liquidity gap</b>			28,526,232	11,921,608	1,769,091	789,048	710,982	13,335,502

**Company**  
**31 December 2021**

<i>In thousands of naira</i>	<i>Note</i>	<b>Carrying amount</b>	<b>Contractual cash flows</b>					
			<b>Gross nominal 3 months or inflow/(outflow) less</b>	<b>3 - 12 months</b>	<b>1 - 2 years</b>	<b>2 - 5 years</b>	<b>More than 5 years</b>	
<i>Non-derivative financial assets</i>								
Cash and cash equivalents	6	9,732,527	9,732,527	9,732,527	-	-	-	-
Available-for-sale financial assets	7(a)	4,962,370	4,962,370	-	-	-	381,681	4,580,689
Financial assets at FVTPL	7(b)	9,065,439	9,065,439	-	838,696	-	992,184	7,234,558
Loans and receivables	7(c)	293,283	293,283	-	293,283	-	-	-
Held-to-maturity investments	7(d)	-	-	-	-	-	-	-
Trade receivables	8	255,793	255,793	255,793	-	-	-	-
Other financial assets	9	927,269	927,269	-	927,269	-	-	-
Reinsurance receivables	10	547,636	547,636	-	547,636	-	-	-
		25,784,317	25,784,317	9,988,320	2,606,884	-	1,373,865	11,815,247
<i>Non-derivative financial liabilities</i>								
Trade payables	20	2,410,119	2,410,119	-	2,410,119	-	-	-
Other payables	21	382,078	382,078	-	382,078	-	-	-
		2,792,197	2,792,197	-	2,792,197	-	-	-
<b>Liquidity gap</b>			22,992,120	9,988,320	(185,313)	-	1,373,865	11,815,247

**Company**  
**31 December 2020**

<i>In thousands of naira</i>	<i>Note</i>	<b>Carrying amount</b>	<b>Contractual cash flows</b>						
			<b>Gross nominal 3 months or inflow/(outflow) less</b>	<b>3 - 12 months</b>	<b>1 - 2 years</b>	<b>2 - 5 years</b>	<b>More than 5 years</b>		
<i>Non-derivative financial assets</i>									
Cash and cash equivalents	6	8,175,263	8,175,263	8,175,263	-	-	-	-	
Available-for-sale financial assets	7(a)	5,975,537	6,078,169	21,905	152,338	-	280,690	5,623,236	
Financial assets at FVTPL	7(b)	7,171,687	7,171,687	82,419	-	789,048	430,292	5,869,928	
Loans and receivables	7(c)	288,274	288,274	-	288,274	-	-	-	
Held-to-maturity investments	7(c)	629,868	629,868	-	629,868	-	-	-	
Trade receivables	8	108,675	108,675	108,675	-	-	-	-	
Other financial assets	9	671,095	671,095	-	671,095	-	-	-	
Reinsurance receivables	10	497,233	497,233	-	497,233	-	-	-	
		23,517,632	23,620,265	8,388,263	2,238,808	789,048	710,982	11,493,163	
<i>Non-derivative financial liabilities</i>									
Trade payables	20	1,403,882	1,403,882	-	1,403,882	-	-	-	
Other payables	21	346,450	346,450	-	346,450	-	-	-	
		1,750,332	1,750,332	-	1,750,332	-	-	-	
<b>Liquidity gap</b>			21,767,300	21,869,933	8,388,263	488,476	789,048	710,982	11,493,163

## Notes to the Financial Statements (cont'd)

### (iv) Market risk

Market risk is the risk that the Group's earnings or capital, or its ability to meet business objectives, will be adversely affected by changes in the level or volatility of market rates or prices such as interest rates or equity prices. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The Group has established policies and procedures in order to manage market risk.

### Currency risk

Foreign currency exchange risk is the exposure of the Company's financial position to adverse movements in exchange rates. Where the Group invests in financial instruments that are denominated in currencies other than its functional currency, it is exposed to foreign exchange risk. In this scenario, the exchange rate of its currency relative to other foreign currencies may change in a manner that has an adverse effect on the fair value or future cash flows of that portion of the Group's financial assets and liabilities denominated in currencies other than the Naira. The Group's exposure to foreign exchange risk arises majorly from its financial assets that are denominated in foreign currencies.

### Exposure to currency risk

The summary quantitative data about the Group's exposure to currency risk is as follows:

Group	31 December 2021				31 December 2020			
	NGN	EUR	USD	GBP	NGN	EUR	USD	GBP
<i>In thousands of</i>								
Cash and cash equivalents	13,264,754	8,806	1,124,895	3,875	5,041,690	7,077	6,610,296	3,640
Financial assets at FVTPL	9,065,439	-	4,079,804	-	7,206,517	-	2,130,545	-
Loans and receivables	293,283	-	-	-	288,274	-	-	-
Available-for-sale financial assets	3,175,325	-	2,671,798	-	4,596,527	-	2,629,943	-
Held-to-maturity investments	601,132	-	2,716,453	-	-	-	3,681,466	-
<b>Net statement of financial position exposure</b>	<b>26,399,933</b>	<b>8,806</b>	<b>10,592,950</b>	<b>3,875</b>	<b>17,133,008</b>	<b>7,077</b>	<b>15,052,250</b>	<b>3,640</b>
<b>Company</b>								
<i>In thousands of</i>								
Cash and cash equivalents	9,088,559	5,249	634,844	3,875	3,299,210	3,887	4,868,526	3,640
Financial assets at FVTPL	4,985,635	-	4,079,804	-	5,041,142	-	2,130,545	-
Loans and receivables	293,283	-	-	-	288,274	-	-	-
Available-for-sale financial assets	2,290,572	-	2,671,798	-	3,345,594	-	2,629,943	-
Held-to-maturity investments	-	-	-	-	-	-	629,868	-
<b>Net statement of financial position exposure</b>	<b>16,658,049</b>	<b>5,249</b>	<b>7,386,446</b>	<b>3,875</b>	<b>11,974,220</b>	<b>3,887</b>	<b>10,258,882</b>	<b>3,640</b>

The following significant exchange rates have been applied.

Naira	Year-end spot rate	
	2021	2020
USD 1	435	400.33

### Sensitivity analysis

A reasonably possible strengthening (weakening) of the Euro or US dollar against all other currencies at 31 December would have affected the measurement of financial instruments denominated in a foreign currency and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

Effects In thousands of naira	Group				Company			
	Profit or loss		Equity, net of tax		Profit or loss		Equity, net of tax	
	Strengthening	Weakening	Strengthening	Weakening	Strengthening	Weakening	Strengthening	Weakening
<b>31 December 2021</b>								
EUR (20% movement)	1,761	(1,761)	1,761	(1,761)	1,050	(1,050)	1,050	(1,050)
USD (20% movement)	738,645	(738,645)	738,645	(738,645)	1,477,289	(1,477,289)	1,477,289	(1,477,289)
<b>31 December 2020</b>								
EUR (20% movement)	1,415	(1,415)	1,415	(1,415)	777	(777)	777	(777)
USD (20% movement)	3,010,450	(3,010,450)	3,010,450	(3,010,450)	2,051,776	(2,051,776)	2,051,776	(2,051,776)

(v) Interest rate risk

Interest rate risk is the impact that changes in interest rates could have on the Group's margins, earnings and capital. The Group's objective for interest risk management is to ensure that its earnings are stable and predictable over time.

*Interest risk management process*

The Group's interest rate risk is being managed through sound portfolio management principles incorporating transfer pricing and directed effectively managing the Group's mismatched positions. The inherent rate risk mismatch is managed through the optimal structuring of on balance sheet portfolio with due consideration to the re-pricing gaps between rate sensitive liabilities and rate-sensitive assets.

Interest rate risk limits are also defined to manage exposure. Limits established are as follows:

- Gap limits: This is expressed in terms of interest rate sensitive ratio for a given time band shall be used to manage the Group's potential re-pricing exposures
- Factor sensitivity limits: A sensitivity factor is determined to limit the change in the present value of the Group's portfolio given one basis point fluctuation in underlying interest rate

*Exposure to interest rate risk*

The interest rate profile of the Group's interest-bearing financial instruments as reported to the management of the Group is as follows:

Group - 31 December 2021			Rate sensitive					Non rate-sensitive
			3 months or less	3 - 12 months	1 - 2 years	2 - 5 years	More than 5 years	
<i>In thousands of naira</i>	<i>Note</i>	Carrying amount						
<b>Fixed-rate instruments</b>								
Cash and cash equivalent	6	14,402,330	11,843,205	-	-	-	-	2,559,125
Available-for-sale financial assets	7(a)	5,887,509	-	-	-	877,515	2,590,539	2,379,069
Fair value through profit or loss		9,065,439	-	838,696	-	992,184	4,133,736	3,100,822
Loans and receivables	7(c)	293,283	-	-	293,283	-	-	-
Held-to-maturity financial assets	7(d)	3,317,585	-	-	-	-	3,317,585	-
Other financial assets	9	961,526	-	-	-	-	-	961,526
		33,927,672	11,843,205	838,696	293,283	1,869,699	10,041,860	9,000,542

Group - 31 December 2020			Rate sensitive					Non rate-sensitive
			3 months or less	3 - 12 months	1 - 2 years	2 - 5 years	More than 5 years	
<i>In thousands of naira</i>	<i>Note</i>	Carrying amount						
<b>Fixed-rate instruments</b>								
Cash and cash equivalent	6	11,662,703	8,178,757	-	-	-	-	3,483,946
Available-for-sale financial assets	7(a)	7,226,470	21,905	152,338	-	280,690	3,675,297	3,205,944
Fair value through profit or loss		7,206,517	82,419	-	789,048	430,292	3,195,666	2,709,091
Loans and receivables	7(c)	288,274	-	-	288,274	-	-	-
Held-to-maturity financial assets	7(d)	3,681,466	-	2,423,766	-	-	1,257,700	-
Other financial assets	9	474,815	-	-	0	-	-	474,815
		30,540,245	8,283,082	2,576,104	1,077,322	710,982	8,128,663	9,873,796

Company - 31 December 2021			Rate sensitive					Non rate-sensitive
			3 months or less	3 - 12 months	1 - 2 years	2 - 5 years	More than 5 years	
<i>In thousands of naira</i>	<i>Note</i>	Carrying amount						
<b>Fixed-rate instruments</b>								
Cash and cash equivalent	6	9,732,527	7,794,525	-	-	-	-	1,938,002
Available-for-sale financial assets	7(a)	4,962,370	-	-	-	381,681	2,590,539	1,990,150
Fair value through profit or loss		9,065,439	-	838,696	-	992,184	4,133,736	3,100,822
Loans and receivables	7(c)	293,283	-	-	293,283	-	-	-
Held-to-maturity financial assets		-	-	-	-	-	-	-
Other financial assets	9	927,269	-	-	-	-	-	927,269
		24,980,888	7,794,525	838,696	293,283	1,373,865	6,724,275	7,956,243

Company - 31 December 2020			Rate sensitive					Non rate-sensitive
			3 months or less	3 - 12 months	1 - 2 years	2 - 5 years	More than 5 years	
<i>In thousands of naira</i>	<i>Note</i>	Carrying amount						
<b>Fixed-rate instruments</b>								
Cash and cash equivalent	6	8,175,263	6,205,609	-	-	-	-	1,969,654
Available-for-sale financial assets	7(a)	5,975,537	21,905	152,338	-	280,690	3,675,297	1,947,938
Fair value through profit or loss		7,171,687	82,419	-	789,048	430,292	3,195,666	2,674,261
Loans and receivables	7(c)	288,274	-	-	288,274	-	-	-
Held-to-maturity financial assets		629,868	-	629,868	-	-	-	-
Other financial assets	9	671,095	-	-	-	-	-	671,095
		22,911,724	6,309,934	782,206	1,077,322	710,982	6,870,963	7,262,948

**Other market price risk**

The Group is exposed to equity price risk, which arises from available-for-sale equity securities held for partially meeting the claims and benefits obligations. The management of the Group monitors the proportion of equity securities in its investment portfolio based on market indices. Material investments within the portfolio are managed on an individual basis and all buy and sell decisions are approved by the Risk Management Committee.

The primary goal of the Group's investment strategy is to maximise investment returns, both to partially meet the Group's claims and benefits obligations and to improve its returns in general.

**Sensitivity analysis - Equity price risk**

Most of the Group's listed equity investments are listed on the Nigerian Stock Exchange and are classified as available for sale. A 2% increase in the share price of those equities at the reporting date would have increased equity by ₦26.3 million (2020: ₦26.7 million) after tax. An equal change in the opposite direction would have reduced equity by ₦26.3 million.

**(vi) Operational risks**

Operational risk is the risk of loss arising from system failure, human error, fraud or external events. When controls fail to perform, operational risks can cause damage to reputation, have legal or regulatory implications or can lead to financial loss. The Group cannot expect to eliminate all operational risks, but by initiating a rigorous control framework and by monitoring and responding to potential risks, the Group is able to manage the risks.

Controls include effective segregation of duties, access controls, authorisation and reconciliation procedures, staff education and assessment processes, including the use of internal audit. Business risks such as changes in environment, technology and the industry are monitored through the Group's strategic planning and budgeting process.

The Group's approach to Operational Risk Management was embedded within the ERM Framework manual which set out operational risk management standards and objectives for all key underlying business and support processes.

The policy:

- a) Governs risk management in all business activities;
- b) Facilitates the identification, measurement, management, monitoring and review of risk activities; and
- c) Reflect the internal and external environment within which the business activities take place.

## Notes to the Financial Statements (cont'd)

### 48 Insurance Risk

The principal risk the Group faces under insurance contracts is that the actual claims and benefit payments or the timing thereof, differ from expectations. This is influenced by the frequency of claims, severity of claims, actual benefits paid and subsequent development of long-term claims. Therefore, the objective of the Group is to ensure that sufficient reserves are available to cover these liabilities. The risk exposure is mitigated by diversification across a large portfolio of insurance contracts and geographical areas. The variability of risks is also improved by careful selection and implementation of underwriting strategy guidelines, as well as the use of reinsurance arrangements.

The Group purchases reinsurance as part of its risks mitigation programme. Reinsurance ceded is placed on both a proportional and non-proportional basis. The majority of proportional reinsurance is quota-share reinsurance which is taken out to reduce the overall exposure of the Group to certain classes of business. Non-proportional reinsurance is primarily excess-of-loss reinsurance designed to mitigate the Group's net exposure to catastrophe losses. Retention limits for the excess-of-loss reinsurance vary by product line and territory.

Amounts recoverable from reinsurers are estimated in a manner consistent with the outstanding claims provision and are in accordance with the reinsurance contracts. Although the Group has reinsurance arrangements, it is not relieved of its direct obligations to its policyholders and thus a credit exposure exists with respect to ceded insurance, to the extent that any reinsurer is unable to meet its obligations assumed under such reinsurance agreements. The Group's placement of reinsurance is diversified such that it is neither dependent on a single reinsurer nor are the operations of the Group substantially dependent upon any single reinsurance contract.

#### (a) Life insurance contracts (including investment contracts)

Life insurance contracts offered by the Group include: whole life, term assurance and deposit administration. Whole life and term assurance are conventional regular premium products when lump sum benefits are payable on death or permanent disability. Deposit administration is an investment product which accepts deposit from clients and other businesses of savings nature, by agreeing to pay interest on those deposits for an agreed period. For contracts for which death or disability is the insured risk, the significant factors that could increase the overall frequency of claims are epidemics, widespread changes in lifestyle and natural disasters, resulting in earlier or more claims than expected. For annuity contracts, the most significant factor is continued improvement in medical science and social conditions that would increase longevity. For contracts with DPF, the participating nature of these contracts results in a significant portion of the insurance risk being shared with the insured party.

The Group's underwriting strategy is designed to ensure that risks are well diversified in terms of type of risk and level of insured benefits. This is largely achieved through diversification across industry sectors and geography, the use of medical screening in order to ensure that pricing takes account of current health conditions and family medical history, regular review of actual claims experience and product pricing, as well as detailed claims' handling procedures. Underwriting limits are in place to enforce appropriate risk selection criteria. Insurance contracts also entitle the Group to pursue third parties for payment of some or all costs. The Group further enforces a policy of actively managing and promptly pursuing claims, in order to reduce its exposure to unpredictable future developments that can negatively impact the Group.

#### Key assumptions

Material judgement is required in determining the liabilities and in the choice of assumptions. Assumptions in use are based on past experience, current internal data, external market indices and benchmarks which reflect current observable market prices and other published information. Assumptions and prudent estimates are determined at the date of valuation and no credit is taken for possible beneficial effects of voluntary withdrawals. Assumptions are further evaluated on a continuous basis in order to ensure realistic and reasonable valuations.

#### Sensitivities

The analysis which follows is performed for reasonably possible movements in key assumptions with all other assumptions held constant, showing the impact on gross and net liabilities, profit before tax and equity. The correlation of assumptions will have a significant effect in determining the ultimate claims liabilities, but to demonstrate the impact due to changes in assumptions, assumptions had to be changed on an individual basis. It should be noted that movements in these assumptions are non-linear. Sensitivity information will also vary according to the current economic assumptions, mainly due to the impact of changes to both the intrinsic cost and time value of options and guarantees. When options and guarantees exist, they are the main reason for the asymmetry of sensitivities.

Notes to the Financial Statements (cont'd)

Sensitivity of liability to changes in long term valuation assumptions  
31 December 2021 actuarial valuation

Assumptions	Sensitivity Test								
	Interest Rate	Mortality Rate		Inflation		Expense			
Product Line	Base Values	Interest Rate		Mortality Rate		Inflation rate		Expense Rate	
		NGN 1% Rise	NGN 1% fall	NGN 1% Rise	NGN 1% fall	NGN 1% Rise	NGN 1% fall	NGN 1% Rise	NGN 1% fall
<b>Total Individual DA Liability</b>	3,211,479,043	3,282,601,386	3,140,356,700	3,208,292,424	3,214,665,662	3,211,760,367	3,204,824,482	3,212,176,013	3,210,782,074
	Impact	71,122,343	(71,122,342.80)	(3,186,618.88)	3,186,618.88	281,323.41	(6,654,561.16)	696,969.54	(696,969.54)
Unpaid Exit	52624370.68	52,624,370.68	52,624,370.68	52,624,370.68	52,624,370.68	52,624,370.68	52,624,370.68	52,624,370.68	52,624,370.68
<b>Total individual DA&amp; Unpaid Exit</b>	<b>3,264,103,414</b>	<b>3,335,225,757</b>	<b>3,192,981,071</b>	<b>3,260,916,795</b>	<b>3,267,290,033</b>	<b>3,264,384,737</b>	<b>3,257,448,853</b>	<b>3,264,800,383</b>	<b>3,263,406,444</b>
Risk Liability	3,135,714,722	2,987,905,978	3,301,000,909	3,136,352,276	3,135,094,035	3,143,144,859	3,129,633,136	3,136,847,202	3,134,573,312
	Impact	(147,808,744.54)	165,286,186.18	637,553.51	(620,687.44)	7,430,136.40	(6,081,585.95)	1,132,479.86	(1,141,410.47)
Outstanding Claim-Individual	181,542,717	181,542,717	181,542,717	181,542,717	181,542,717	181,542,717	181,542,717	181,542,717	181,542,717
<b>Total individual and Annuity</b>	<b>6,399,818,136</b>	<b>6,504,674,452</b>	<b>6,675,524,697</b>	<b>6,578,811,788</b>	<b>6,583,926,785</b>	<b>6,589,072,313</b>	<b>6,568,624,706</b>	<b>6,583,190,303</b>	<b>6,579,522,473</b>
Group Deposit Administration	4,563,562	4,609,197	4,517,926	4,563,562	4,609,197	4,517,926	4,563,562	4,609,197	4,517,926
Group Credit Life UPR	1,246,550,435	1,246,550,435	1,246,550,435	1,246,550,435	1,246,550,435	1,246,550,435	1,246,550,435	1,246,550,435	1,246,550,435
Group life - UPR	423,096,929	423,096,929	423,096,929	423,096,929	423,096,929	423,096,929	423,096,929	423,096,929	423,096,929
Group Term	4,569,507	4,569,507	4,569,507	4,569,507	4,569,507	4,569,507	4,569,507	4,569,507	4,569,507
Group Keyman	-	-	-	-	-	-	-	-	-
Group Life - IBNR	184,410,775	184,410,775	184,410,775	184,410,775	184,410,775	184,410,775	184,410,775	184,410,775	184,410,775
Group Mortgage									
Outstanding Claims : Group Life	1,024,504,308	1,024,504,308	1,024,504,308	1,024,504,308	1,024,504,308	1,024,504,308	1,024,504,308	1,024,504,308	1,024,504,308
<b>AURR</b>									
<b>Total</b>	<b>9,469,056,370</b>	<b>9,573,958,321</b>	<b>9,744,717,295</b>	<b>9,648,050,022</b>	<b>9,653,210,654</b>	<b>9,658,264,911</b>	<b>9,637,862,940</b>	<b>9,652,474,172</b>	<b>9,648,715,071</b>

## Notes to the Financial Statements (cont'd)

### (b) Non-life insurance contracts

The Group principally issues the following types of general insurance contracts: fire, motor, casualty, workmen compensation, personal accident, marine and oil and gas. Risks under non-life insurance policies usually cover twelve months duration. For general insurance contracts, the most significant risks arise from climate changes, natural disasters and terrorist activities. For longer tail claims that take some years to settle, there is also inflation risk. The above risk exposure is mitigated by diversification across a large portfolio of insurance contracts and geographical areas. The variability of risks is improved by careful selection and implementation of underwriting strategies, which are designed to ensure that risks are diversified in terms of type of risk and level of insured benefits. This is largely achieved through diversification across industry sectors and geography.

Furthermore, strict claim review policies and procedures exist to assess all new and on-going claims, regular detailed review of claims handling procedures and frequent investigation of possible fraudulent claims are all policies and procedures put in place to reduce the risk exposure of the Group. The Group further enforces a policy of actively managing and promptly pursuing claims, in order to reduce its exposure to unpredictable future developments that can negatively impact the business. Inflation risk is mitigated by taking expected inflation into account when estimating insurance contract liabilities.

The Group has also limited its exposure by imposing maximum claim amounts on certain contracts as well as the use of reinsurance arrangements in order to limit exposure to catastrophic events (e.g., hurricanes, earthquakes and flood damage).

The purpose of these underwriting and reinsurance strategies is to limit exposure to catastrophes based on the Group's risk appetite as decided by management. The overall aim is currently to restrict the impact of a single catastrophic event to approximately 50% of shareholders' equity on a gross basis and 10% on a net basis. In the event of such a catastrophe, counterparty exposure to a single reinsurer is estimated not to exceed 2% of shareholders' equity. The Board may decide to increase or decrease the maximum tolerances based on market conditions and other factors.

### Key assumptions

The principal assumption underlying the liability estimates is that the Group's future claims development will follow a similar pattern to past claims development experience. This includes assumptions in respect of average claim costs, claim handling costs, claim inflation factors and claim numbers for each accident year.

Additional qualitative judgments are used to assess the extent to which past trends may not apply in the future, for example: one-off occurrence, changes in market factors such as public attitude to claims, economic conditions, as well as internal factors such as portfolio mix, policy conditions and claims handling procedures. Judgment is further used to assess the extent to which external factors such as judicial decisions and government legislation affect the estimates. Other key circumstances affecting the reliability of assumptions include variation in interest rates, delays in settlement and changes in foreign currency rates.

### Sensitivities

The non-life insurance claim liabilities are sensitive to the key assumptions that follow. It has not been possible to quantify the sensitivity of certain assumptions such as legislative changes or uncertainty in the estimation process.

### Claims development table

The following tables show the estimates of cumulative incurred claims, including both claims notified and IBNR for each successive accident year at each reporting date, together with cumulative payments to date. The Group has taken advantage of the transitional rules of IFRS 4 that permit only five years of information to be disclosed upon adoption of IFRS.

In general, the uncertainty associated with the ultimate claims experience in an accident year is greatest when the accident year is at an early stage of development and the margin necessary to provide the necessary confidence in the provisions adequacy is relatively at its highest. As claims develop, and the ultimate cost of claims becomes more certain, the relative level of margin maintained should decrease. However, due to the uncertainty inherited in the estimation process, the actual overall claim provision may not always be in surplus.

Notes to the Financial Statements (cont'd)

Basic chain ladder method - Fire

Incremental Chain ladder (Table of claims paid excluding large claims (Attritional Table))

Accident Year	Incremental Chain ladder's Claim payments (in ₦'000) by Development year											
	1	2	3	4	5	6	7	8	9	10	11	12
2010	72,225	48,575	160	3,079	193	-	-	-	-	-	-	-
2011	29,065	11,508	9,535	2,264	8,517	-	-	-	-	-	-	-
2012	82,973	46,408	11,656	-	-	-	-	-	-	-	-	-
2013	53,756	52,428	16,327	21	13	-	-	-	-	-	-	-
2014	47,881	35,936	983	848	2,147	121	-	145	-	-	-	-
2015	116,209	83,035	2,339	2,554	-	-	-	-	-	-	-	-
2016	104,258	71,025	20,468	1	-	-	-	-	-	-	-	-
2017	240,369	122,207	11,607	2,997	987	-	-	-	-	-	-	-
2018	81,920	177,771	15,389	3,156	-	-	-	-	-	-	-	-
2019	218,899	154,407	10,610	-	-	-	-	-	-	-	-	-
2020	187,554	156,567	-	-	-	-	-	-	-	-	-	-
2021	124,229	-	-	-	-	-	-	-	-	-	-	-

Cumulative data (for attritional losses)

Accident Year	Cumulative Chain ladder-Annual Projections (₦'000)											
	1	2	3	4	5	6	7	8	9	10	11	12
2010	72,225	120,800	120,960	124,039	124,232	124,232	124,232	124,232	124,232	124,232	124,232	124,232
2011	29,065	40,573	50,108	52,372	60,889	60,889	60,889	60,889	60,889	60,889	60,889	60,889
2012	82,973	129,381	141,037	141,037	141,037	141,037	141,037	141,037	141,037	141,037	141,037	141,037
2013	53,756	106,184	122,511	122,532	122,545	122,545	122,545	122,545	122,545	122,545	122,545	122,545
2014	47,881	83,817	84,800	85,648	87,795	87,916	87,916	88,083	88,083	88,083	88,083	88,083
2015	116,209	199,244	201,583	204,137	204,137	204,137	204,137	205,185	205,185	205,185	205,185	205,185
2016	104,258	175,283	195,751	195,752	195,752	195,752	205,211	206,212	206,212	206,212	206,212	206,212
2017	240,369	362,576	374,183	377,180	378,167	399,592	418,493	420,493	420,493	420,493	420,493	420,493
2018	81,920	259,691	275,080	278,236	299,623	315,640	329,769	331,264	331,264	331,264	331,264	331,264
2019	218,899	373,306	383,916	465,055	500,824	527,612	551,243	553,744	553,744	553,744	553,744	553,744
2020	187,554	344,121	669,297	798,597	855,598	898,286	935,944	939,929	939,929	939,929	939,929	939,929
2021	124,229	233,386	452,143	539,127	577,473	606,191	631,525	634,206	634,206	634,206	634,206	634,206

Basic chain ladder method - Motor

Incremental Chain ladder (Table of claims paid excluding large claims (Attritional Table))

Accident Year	Incremental Chain ladder-Yearly Projections (₦'000)											
	1	2	3	4	5	6	7	8	9	10	11	12
2010	261,015	149,182	11,352	1,781	-	427	-	-	-	-	-	-
2011	226,774	62,179	7,647	428	182	-	-	-	-	-	-	-
2012	244,881	126,118	843	1,145	-	-	-	-	-	-	-	-
2013	270,060	102,542	5,360	-	-	-	-	-	-	-	-	-
2014	315,495	81,431	643	368	120	-	-	-	-	-	-	-
2015	360,538	234,145	25,685	2,188	-	-	2,560	-	-	-	-	-
2016	701,423	318,295	35,073	24,952	2,500	308	-	-	-	-	-	-
2017	960,242	432,589	37,897	389	549	-	-	-	-	-	-	-
2018	369,979	122,330	244	634	-	-	-	-	-	-	-	-
2019	478,325	70,782	934	-	-	-	-	-	-	-	-	-
2020	305,538	66,883	-	-	-	-	-	-	-	-	-	-
2021	469,323	-	-	-	-	-	-	-	-	-	-	-

Cumulative data (for attritional losses)

Accident Year	Cumulative Chain ladder-Annual Projections (R'000)											
	1	2	3	4	5	6	7	8	9	10	11	12
2010	261,015	410,197	421,549	423,330	423,330	423,757	423,757	423,757	423,757	423,757	423,757	423,757
2011	226,774	288,953	296,600	297,028	297,210	297,210	297,210	297,210	297,210	297,210	297,210	297,210
2012	244,881	370,999	371,842	372,987	372,987	372,987	372,987	372,987	372,987	372,987	372,987	372,987
2013	270,060	372,602	377,962	377,962	377,962	377,962	377,962	377,962	377,962	377,962	377,962	377,962
2014	315,495	396,926	397,569	397,937	398,057	398,057	398,057	398,057	398,057	398,057	398,057	398,057
2015	360,538	594,683	620,368	622,556	622,556	622,556	625,116	626,590	626,590	626,590	626,590	626,590
2016	701,423	1,019,718	1,054,791	1,079,743	1,082,243	1,082,551	1,089,214	1,091,764	1,091,764	1,091,764	1,091,764	1,091,764
2017	960,242	1,392,831	1,430,728	1,431,117	1,431,666	1,440,405	1,449,142	1,452,486	1,452,486	1,452,486	1,452,486	1,452,486
2018	369,979	492,309	492,553	493,187	495,932	499,003	502,073	503,248	503,248	503,248	503,248	503,248
2019	478,325	549,106	550,040	559,960	563,153	566,724	570,294	571,661	571,661	571,661	571,661	571,661
2020	305,538	372,421	378,702	385,542	387,743	390,205	392,667	393,609	393,609	393,609	393,609	393,609
2021	469,323	541,831	550,976	560,932	564,137	567,721	571,305	572,677	572,677	572,677	572,677	572,677

Basic chain ladder method - General Accident and Engineering Claims

Incremental Chain ladder (Table of claims paid excluding large claims (Attritional Table))

Accident Year	Incremental Chain ladder's Claim payments (in R'000) by Development Year											
	1	2	3	4	5	6	7	8	9	10	11	12
2010	37,896	79,908	6,814	8,405	6,238	2,709	177	403	-	59	-	-
2011	47,521	24,628	32,454	3,835	2,029	63	-	418	-	-	-	-
2012	94,121	65,575	17,969	2,281	211	1,366	837	3,003	-	14	-	-
2013	47,792	77,535	11,094	4,429	494	261	61	-	429	-	-	-
2014	76,533	79,985	27,531	5,483	3,351	667	7,717	20	-	-	-	-
2015	95,870	113,326	17,155	6,114	2,831	635	-	-	-	-	-	-
2016	115,336	147,940	45,864	5,889	7,552	1,824	-	-	-	-	-	-
2017	181,984	145,059	16,158	23,854	10,804	-	-	-	-	-	-	-
2018	111,953	82,669	21,562	2,459	-	-	-	-	-	-	-	-
2019	141,948	107,374	13,580	-	-	-	-	-	-	-	-	-
2020	147,072	110,096	-	-	-	-	-	-	-	-	-	-
2021	155,344	-	-	-	-	-	-	-	-	-	-	-

Cumulative data (for attritional losses)

Accident Year	Cumulative Chain ladder-Annual Projections (R'000)											
	1	2	3	4	5	6	7	8	9	10	11	12
2010	37,896	117,804	124,618	133,023	139,261	141,970	142,147	142,550	142,550	142,609	142,609	142,609
2011	47,521	72,149	104,603	108,438	110,467	110,530	110,530	110,948	110,948	110,948	110,948	110,948
2012	94,121	159,696	177,665	179,946	180,157	181,523	182,360	185,363	185,363	185,377	185,377	185,377
2013	47,792	125,327	136,421	140,850	141,344	141,605	141,666	141,666	142,494	142,095	142,095	142,095
2014	76,533	156,518	184,049	189,532	192,883	193,550	201,267	201,287	201,287	201,994	201,994	201,994
2015	95,870	209,196	226,351	232,465	235,296	235,931	235,931	235,984	235,984	236,850	236,850	236,850
2016	115,336	263,276	309,140	315,029	322,581	324,405	339,834	339,906	339,906	341,086	341,086	341,086
2017	181,984	327,043	343,201	367,054	377,858	406,954	425,902	425,991	425,991	427,439	427,439	427,439
2018	111,953	194,622	216,184	218,643	234,164	252,207	263,957	264,012	264,012	264,910	264,910	264,910
2019	141,948	249,322	262,902	343,797	367,196	394,397	412,111	412,193	412,193	413,547	413,547	413,547
2020	147,072	257,168	328,663	427,116	455,593	488,697	510,256	510,356	510,356	512,004	512,004	512,004
2021	155,344	196,073	251,834	328,620	350,830	376,649	393,463	393,541	393,541	394,826	394,826	394,826

**Basic chain ladder method - Marine and Aviation**

**Incremental Chain ladder** (Table of claims paid excluding large claims (Attritional Table))

Accident	Incremental Chain ladder-Yearly Projections (€'000)											
Year	1	2	3	4	5	6	7	8	9	10	11	12
2010	14,155	20,768	4,561	6,072	656	-	-	-	-	-	-	-
2011	12,661	6,127	4,977	23,135	267	-	-	-	-	-	-	-
2012	30,116	24,416	4,680	664	-	-	-	-	-	-	-	-
2013	29,124	27,021	2,331	-	-	6,989	-	-	-	-	-	-
2014	23,424	16,260	204	-	368	-	-	-	-	-	-	-
2015	21,674	17,110	4,168	741	-	-	-	-	-	-	-	-
2016	33,990	21,671	2,465	8,074	-	-	-	-	-	-	-	-
2017	24,404	11,389	28,443	-	3	-	-	-	-	-	-	-
2018	22,712	28,039	64	3,701	-	-	-	-	-	-	-	-
2019	50,426	54,247	468	-	-	-	-	-	-	-	-	-
2020	19,608	12,820	-	-	-	-	-	-	-	-	-	-
2021	32,240	-	-	-	-	-	-	-	-	-	-	-

**Cumulative data** (for attritional losses)

Accident	Cumulative Chain ladder-Annual Projections (€'000)											
Year	1	2	3	4	5	6	7	8	9	10	11	12
2010	14,155	34,923	39,484	45,556	46,212	46,212	46,212	46,212	46,212	46,212	46,212	46,212
2011	12,661	18,788	23,765	46,900	47,167	47,167	47,167	47,167	47,167	47,167	47,167	47,167
2012	30,116	54,532	59,212	59,876	59,876	59,876	59,876	59,876	59,876	59,876	59,876	59,876
2013	29,124	56,145	58,476	58,476	58,476	65,465	65,465	65,465	65,465	65,465	65,465	65,465
2014	23,424	39,684	39,888	39,888	40,256	40,256	40,256	40,256	41,397	41,397	41,397	41,397
2015	21,674	38,784	42,952	43,693	43,693	43,693	43,693	44,892	46,143	46,143	46,143	46,143
2016	33,990	55,661	58,126	66,200	66,200	66,200	67,494	69,283	71,151	71,151	71,151	71,151
2017	24,404	35,793	64,236	64,236	64,239	65,500	66,709	68,381	70,125	70,125	70,125	70,125
2018	22,712	50,751	50,815	54,516	59,120	60,301	61,434	63,000	64,635	64,635	64,635	64,635
2019	50,426	104,673	105,141	209,500	225,331	229,394	233,288	238,675	244,296	244,296	244,296	244,296
2020	19,608	32,428	61,520	118,161	126,753	128,958	131,072	133,996	137,047	137,047	137,047	137,047
2021	32,240	59,433	111,988	214,310	229,832	233,816	237,634	242,916	248,427	248,427	248,427	248,427

## **OTHER NATIONAL DISCLOSURES**

**Other National Disclosures:  
Value Added Statement**  
*For the year ended 31 December*

**Group**

	2021		2020	
	₦'000	%	₦'000	%
Gross premium	17,792,619		15,718,711	
Other income	4,599,282		6,706,299	
	<u>22,391,901</u>		<u>22,425,010</u>	
Bought-in materials and services				
- Local	(15,477,114)		(18,081,091)	
<b>Value added</b>	<u>6,914,787</u>	<u>100</u>	<u>4,343,919</u>	<u>100</u>
<b>Distribution</b>				
<b>Employees</b>				
- Salaries	2,243,538	32	1,868,699	43
<b>Government</b>				
- Taxation	205,072	3	(427,764)	(10)
<b>Retained in the Business</b>				
- Depreciation and amortisation	212,345	3	236,216	5
- Contingency reserve	717,896	10	471,911	11
- Profit for the year	3,535,935	51	2,194,857	51
<b>Value added</b>	<u>6,914,787</u>	<u>100</u>	<u>4,343,919</u>	<u>100</u>

This statement represents the distribution of the wealth or losses created with the Group's assets.

Company	2021		2020	
	₦'000	%	₦'000	%
Gross premium	15,347,798		14,210,849	
Other income	2,400,776		4,350,616	
	<u>17,748,574</u>		<u>18,561,465</u>	
Bought-in materials and services				
- Local	(12,834,490)		(15,154,700)	
<b>Value added</b>	<u>4,914,084</u>	100	<u>3,406,765</u>	100
<b>Distribution</b>				
<b>Employees</b>				
- Salaries	1,763,689	36	1,465,209	43
<b>Government</b>				
- Taxation	35,276	1	25,256	1
<b>Retained in the Business</b>				
- Depreciation and amortisation	(165,507)	(3)	(184,586)	(5)
- Contingency reserve	539,814	11	362,715	11
- Profit for the year	2,740,811	56	1,738,171	51
<b>Value added</b>	<u>4,914,084</u>	100	<u>3,406,765</u>	100

This statement represents the distribution of the wealth or losses created with the Company's assets.

## Other National Disclosures: Financial Summary-Group

<i>In thousands of naira</i>	2021	2020	2019	2018	2017
<b>Assets</b>					
Cash and cash equivalents	14,402,330	11,662,703	12,649,384	4,227,075	3,610,235
Financial assets	18,563,816	18,402,727	12,661,308	10,846,497	10,630,895
Trade receivables	300,788	154,580	60,183	136,021	871
Other receivables and prepayments	1,273,809	612,224	405,460	372,923	315,459
Reinsurance assets	9,369,713	7,719,422	4,732,524	3,236,164	2,825,193
Deferred acquisition cost	853,729	567,596	257,866	278,428	256,033
Investment in joint venture	510	271,295	554,305	6,056,550	2,629,132
Deferred tax assets	861,211	838,000	338,923	338,923	429,560
Investment properties	625,000	602,000	560,000	532,000	503,000
Property and equipment	1,838,314	1,780,020	1,904,212	1,838,849	2,017,994
Intangible assets	11,805	17,648	29,364	48,816	70,885
Statutory deposits	1,200,000	1,200,000	1,000,000	800,000	800,000
<b>Total assets</b>	<b>49,301,025</b>	<b>43,828,215</b>	<b>35,153,529</b>	<b>28,712,246</b>	<b>24,089,257</b>
<b>Liabilities</b>					
Investment contract liabilities	3,735,317	3,674,861	3,406,701	3,416,364	3,080,856
Insurance contract liabilities	19,736,834	18,746,225	11,730,130	10,828,821	10,653,498
Trade payables	2,739,704	1,619,695	3,591,779	2,389,312	1,237,929
Other payables and accruals	1,058,081	842,765	801,176	744,983	968,216
Deferred commission income	981,777	770,626	265,073	167,049	128,137
Current tax liabilities	475,575	445,799	476,717	541,971	491,267
Deferred tax liabilities	88,026	-	-	208,382	196,951
Employees benefit obligations	13,553	3,793	3,577	3,306	1,269
<b>Total liabilities</b>	<b>28,828,867</b>	<b>26,103,764</b>	<b>20,275,153</b>	<b>18,300,188</b>	<b>16,758,123</b>
<b>Net assets</b>	<b>20,472,158</b>	<b>17,724,451</b>	<b>14,878,376</b>	<b>10,412,058</b>	<b>7,331,134</b>
<b>Equity</b>					
Ordinary share capital	9,083,196	9,083,196	7,364,754	7,364,754	7,364,754
Share premium	183,165	183,165	1,947,166	1,947,166	1,947,166
Treasury shares	(67,130)	(58,440)	(48,175)	(48,175)	(48,175)
Retained earnings/(Accumulated deficit)	5,855,597	3,101,415	1,392,250	(1,921,005)	(4,098,061)
Contingency reserve	4,735,167	4,017,271	3,545,360	2,789,880	1,998,660
AFS fair value reserve	387,889	1,132,194	426,306	75,220	13,727
Non-controlling interest	294,274	265,650	250,715	204,218	153,063
<b>Shareholders' funds</b>	<b>20,472,158</b>	<b>17,724,451</b>	<b>14,878,376</b>	<b>10,412,058</b>	<b>7,331,134</b>
<b>Total liabilities and equity</b>	<b>49,301,025</b>	<b>43,828,215</b>	<b>35,153,529</b>	<b>28,712,246</b>	<b>24,089,257</b>
Gross premium written	20,920,553	17,539,219	13,058,899	11,570,192	9,201,025
Gross premium income	17,792,619	15,718,711	13,296,136	11,353,294	9,180,270
Profit/(Loss) before tax	3,741,007	1,767,093	4,013,742	3,284,554	(3,426,517)
Tax expense/ (credits)	(202,639)	427,764	95,181	(82,102)	64,437
Profit/(Loss) for the year	3,535,935	2,194,856	4,108,923	3,202,452	(1,735,223)

## Financial Summary-Company

<i>In thousands of naira</i>	2021	2020	2019	2018	2017
<b>Assets</b>					
Cash and cash equivalents	9,732,527	8,175,263	8,193,360	3,424,044	2,638,566
Financial assets	14,321,092	14,065,366	11,169,338	9,295,574	8,913,998
Trade receivables	255,793	108,675	58,100	134,452	396
Other receivables and prepayments	1,213,181	789,101	434,060	340,464	463,183
Reinsurance assets	8,618,365	7,197,096	4,352,839	2,930,544	2,548,666
Deferred acquisition cost	708,289	466,196	219,592	237,635	208,222
Investment in joint venture	280	137,738	293,116	3,310,166	1,380,359
Deferred tax assets	861,211	838,000	338,923	338,923	417,937
Investment in subsidiaries	3,620,847	3,620,847	2,954,748	2,954,748	2,954,748
Property and equipment	582,447	570,093	639,309	578,660	712,845
Intangible assets	3,397	13,500	29,364	46,384	65,632
Statutory deposits	500,000	500,000	700,000	500,000	500,000
<b>Total assets</b>	<b>40,417,429</b>	<b>36,481,875</b>	<b>29,382,749</b>	<b>24,091,594</b>	<b>20,804,552</b>
<b>Liabilities</b>					
Investment contract liabilities	3,268,015	3,226,593	3,406,701	3,416,364	3,080,856
Insurance contract liabilities	17,812,613	17,203,861	10,703,380	9,848,591	9,435,616
Trade payables	2,410,119	1,403,882	3,481,119	2,307,108	1,047,059
Other payables and accruals	790,444	676,315	642,407	559,543	618,222
Deferred commission income	879,264	704,472	231,961	142,617	113,745
Current tax liabilities	345,704	276,964	318,953	323,998	311,784
Employees benefit obligations	11,529	1,769	1,553	1,282	1,269
<b>Total liabilities</b>	<b>25,517,688</b>	<b>23,493,856</b>	<b>18,786,074</b>	<b>16,599,503</b>	<b>14,608,551</b>
<b>Net assets</b>	<b>14,899,741</b>	<b>12,988,019</b>	<b>10,596,675</b>	<b>7,492,091</b>	<b>6,196,001</b>
<b>Equity</b>					
Share capital and reserves:					
Ordinary share capital	9,083,196	9,083,196	7,364,754	7,364,754	7,364,754
Share premium	183,165	183,165	1,947,166	1,947,166	1,947,166
Treasury shares	(67,130)	(58,440)	(48,175)	(48,175)	(48,175)
Retained earnings/(Accumulated deficit)	1,769,197	(431,800)	(1,844,004)	(4,267,842)	(5,063,274)
Contingency reserve	3,844,841	3,305,027	2,942,312	2,428,926	1,935,620
AFS Fair value reserve	63,261	906,871	234,622	67,262	59,910
<b>Shareholders' funds</b>	<b>14,876,530</b>	<b>12,988,019</b>	<b>10,596,675</b>	<b>7,492,091</b>	<b>6,196,001</b>
<b>Total liabilities and equity</b>	<b>40,394,218</b>	<b>36,481,875</b>	<b>29,382,749</b>	<b>24,091,594</b>	<b>20,804,552</b>
Gross premium written	18,288,139	15,787,124	11,583,704	10,493,063	7,900,401
Gross premium income	15,347,798	14,210,849	11,877,166	10,288,371	7,906,464
Profit/(Loss) before tax	2,852,366	1,277,126	3,023,421	1,480,407	(2,801,173)
Tax (expense)/ credit	(111,555)	461,045	(97,506)	(82,102)	246,788
Profit/(Loss) for the year	2,740,811	1,738,171	2,937,224	1,288,738	(2,554,385)