Our Vision
To be a world-class financial
services provider

Our Mission
To be in every household providing
wealth management and risk protection
services, using the most sophisticated
technology and manpower, thereby
creating value to all stakeholders.

Shared Values
Customer Dedication, Respect for individual
Creativity, Teamwork, Integrity

Our Core Values

- **CUSTOMER DEDICATION**
  Our philosophy is being customer focused and we are desirous of exceeding customer expectation at all times. Customers can count on us to deliver superior products and services which are tailored to enable them acheive their personal and business goals.

- **RESPECT FOR INDIVIDUALS**
  We treat ourselves with respect and dignity, valuing our natural differences. Our environment supports growth, continuous learning and professionalism.

- **CREATIVITY**
  We are certain that creativity is the driving force which keeps us growing and which is most vital to our customers.

- **TEAMWORK**
  We appreciate and reward both individual and team achievements. We relate freely with colleagues across Organisational boundaries. Our team spirit is excellent and worthy of emulation.

- **INTEGRITY**
  We ensure that the confidence reposed in us by our stakeholders will never be undermined and we are continuously striving to fulfil our obligations to them.

Contents

NOTICE OF ANNUAL GENERAL MEETINGS

Notice is hereby given that the 21st Annual General Meeting of Capital Express Assurance Limited will hold on Friday 29th July 2022 at the Metropolitan Club, 15 Kofo Abayomi Road, Victoria Island, Lagos by 12.00 noon

Ordinary Business

i) To receive the Audited Approved Financial Statements for the year ended 31st December 2021, the report of the Directors, and the Auditors report thereon.

ii) To consider and if thought fit, fix the remuneration of the Directors

iii) To consider and if thought fit authorize the Directors to fix the remuneration of the Auditors

iv) To accept the retirement of Chief Anthony Aletor and Dr. (Mrs.) Dere Awosika, both of whom have completed the three terms of three years each in accordance with section 2.01 (viii) of the National Insurance Commission Corporate Governance Guidelines for Insurance and Reinsurance Companies 2021

v) To consider and if thought fit, re-appoint Mr. Osahon Idemudia as a Non-Executive Director

vi) To re-elect the Members of the Audit Committee

vii) To disclose the remuneration of the Managers in line with section 238 of the Companies and Allied Matters Act (CAMA) 2020

Special Business

i) To consider and if thought fit, authorize an inclusion into the Company's Memorandum and Articles of Association to allow electronic platforms as a valid medium for conducting Shareholders meetings .

ii) To consider and if though fit, appoint Messrs. Kayode Aina and Co as Independent Consultants to conduct the Annual Board Performances Evaluation for year 2022 in line with section 4.0 (i) of the National Insurance Commission Corporate Governance Guidelines for Insurance and Reinsurance Companies 2021

NOTES

Proxies

A member is entitled to attend and vote at the Annual General Meeting to appoint a proxy to attend and vote instead of him or her. A proxy need not to be a member of the Company. For the appointment to be valid, proxy form must be completed and duly signed/stamped by the Member and delivered to the Company Secretary at the Head Office of the Company at 13, Bishop Kale Close, off Kasunmu Ekemode Street, off Saka Tinubu Street, Victoria Island, Lagos, not less than forty-eight (48) hours before the date of the meeting.

Closure of Register

The register of Members shall be closed from 27th to 28th July 2022, both dates inclusive.

Dated 6th July 2022

....

I. J. Sulucainan

Company Secretary / Legal Adviser

Capital Express Assurance Limited

13, Bishop Kale Close, Off Kasunmu Ekemode Street, off Saka Tinubu Street,

Victoria Island, Lagos

CHAIRMAN'S SPEECH

Dear shareholders, my fellow Board Members, Distinguished guests, Ladies, and gentlemen. It is my pleasure to welcome you to the 21ST Annual General Meeting of our Company, Capital Express Assurance Limited. I also extend a warm greeting to the investors and other stakeholders. It is good to catch up with everyone and express the great love and affection we all have for our company.

The greater part of 2021 witnessed cautious hope that the worst of the COVID-19 epidemic had passed. Global constraints began to ease thus paving the way for gradual restoration of commodity supply chain and economic expansion surged. However, as the COVID-19 Omicron variant emerged at the end of the year, we were reminded of the pandemic's unexpected nature, putting our fortitude to test. Despite this, the business environment improved considerably.

GLOBAL ECONOMIC REVIEW

The year 2021 brought hope for Global economic growth.

While much of the world was recovering from the economic downturn caused by the COVID-19 crisis, rising inflation became a key concern for market players as high energy costs and supply chain pressures drove inflation to record levels not seen in decades.

The global economic recovery proceeded in the midst of a resurging pandemic that posed distinct policy concerns. As constraints were eased, the global economy surged by 4.9 percent in 2021, greatly above the 2020 projection.

DOMESTIC ECONOMY

Despite the negative GDP recorded in 2020 as a result of the COVID-19, the Nigerian economy, on percentage growth, rose by 2.9% and ended 2021 at 3.4%, the strongest since 2014. The figure is the first annual growth above 3% since 2015 when the current administration came to power.

Crude Oil prices increased during the period due to relaxed pandemic-related restrictions and growth in global economy. Nigeria was unable to meet its crude oil production allocation by OPEC while importation of petroleum products remained on the rise.

Nigeria experienced a steady rise in inflation rates, hitting the highest levels in four years. Notwithstanding these various indices, the Nigerian economy fared better in 2021 compared to the performance in the previous year.

INSURANCE SECTOR

In the midst of economic obstacles during the period, the Nigerian insurance industry witnessed a 10% growth, compared to a negative 13% recorded in 2020. There is a rekindled hope that the renewed insurance awareness will improve Nigeria's Insurance penetration and growth in the coming years.

The company migrated from IAS 39 to IFRS 9 during the year 2021 in compliance with regulatory directives and this is our first full year financial statement prepared under IFRS 9. The IFRS 17 will become fully operational in 2023.

We wish to thank each and every stakeholder for your continued support and trust in our company's future.

FINANCIAL PERFORMANCE

Our company recorded a Profit after tax of N90.68 million, an increase of 33.6% from N67.88 million of 2020, notwithstanding the challenges experienced by the insurance industry.

The company's Gross Written Premium (GWP) was N4.412 billion, a decrease of 30% when compared with the N6.33 billion achieved in the preceding year. Also, our claim expenses increased marginally from N2.97 billion in 2020 to N2.98 billion. Prompt settlement of claims remain our flagship and we will continue to forge ahead in this regard.

The Total Assets of the company increased by 8% from N11.95 billion to N12.858 billion while total Equity rose by 16.6% from N5.37 billion to N6.26 billion respectively in 2020 and 2021.

OUTLOOK: OUR FINTECH ADVENTURE

We made major strides in our push to deploy technology and accelerate towards digitalization in 2021, as we aligned with global trends to increase our customer - centric culture, with the goal of offering services seamlessly. We are recording appreciable progress in the Fintech adventure, as seen by the significant progress we have achieved in our digital transformation.

As of today, I can confirm to you that our Mobile App is available for existing customers to access their policy information and engage with us further. New clients could also subscribe to any of our products through this platform.

Our company have successfully created a USSD code (*347*01#) to ensure that we are not limited with reach. Now, we sell insurance to more Nigerians and continue to deepen our reach and make it easier for our customers to do business with us.

Our website today carries a new and improved look. It is customer friendly and interactive.

APPRECIATION

On behalf of the Board, Management and Staff of our company, I would like to offer my heartfelt gratitude to our customers and stakeholders for preferring Capital Express Assurance Limited as their trusted partner. We will continue to inspire you with our enhanced value creation.

As we combine our unique knowledge and ability to propel our firm to new heights, we rely on your unwavering support and understanding of our goal to maximize shareholder prosperity.

My deepest thanks to our exceptionally talented staff for their support, which continuously drives us to create a positive client experience. The world as we know it now presents the challenge of keeping up with the rapidly revolving innovative ideas spawned by the modern generation. While we are pleased with our achievements thus far, we remain hungry in our desire to achieve more and serve more customers until our brand is inscribed in every home and businesses.

Thank you.

Otunba Babatunde Ademola Adenuga
Chairman

Corporate Information

Country of incorporation and domicile	Nigeria	
Company registration number	RC 380157	
Tax Identification Number	00962461 -0001	
Nature of business and principal activities	The principal activities of the Company are the provision of Life Assurance and Mortgage Protection	
Directors	Otunba Ademola Adenuga	Chairman - Appointed 9 October 2020
	Mr. Anthony Aletor	Vice Chairman
	Mrs.Bola Odukale	Managing Director/CEO
	Mr. Festus Olabiyi	Executive Director
	Mrs. (Dr.) 'Dere Awosika	Independent Director
	Barr. Osahon Idemudia	Independent Director
	Mr. Obalade Adeyinka	Non-Executive Director - Appointed 9 Oct 2020
Company Secretary	Mrs. Joy Sulucainan Capital Express Assurance Limited 13, Bishop Kale Close Off Kasumu Ekemode Street Behind Saka Tinubu Street, Victoria Island, Lagos	
Registered Office	13, Bishop Kale Close Off Kasumu Ekemode Street Behind Saka Tinubu Street, Victoria Island, Lagos. Corporate Head Office	
Bankers	Access Bank Plc Ecobank Nigeria Limited Fidelity Bank Plc First Bank of Nigeria Limited Guaranty Trust Bank Plc Polaris Bank Limited United Bank for Africa Plc Zenith Bank Plc	
Auditors	BDO Professional Services (Chartered Accountants) ADOL House, 15 CIPM Avenue Central Business District Alausa, Ikeja, Lagos. P.O.Box 4929,GPO , Marina Lagos. www.bdo - ng.com	

BOARD OF DIRECTORS

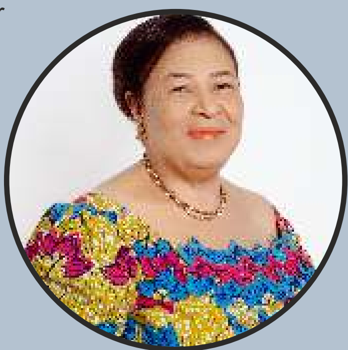
CHIEF ANTHONY ALETOR
Vice Chairman

OTUNBA ADEMOLA BABATUNDE ADENUGA
Chairman

MR. OSAHON IDEMUDIA ESQ
Director

MR ADEYINKA OBALADE
Director

MRS ADEBOLA ODUKALE
MD/CEO



DR (MRS) 'DERE AWOSIKA MFR, mni
Director

MR FESTUS I. OLABIYI
Executive Director, Operations

Corporate Information (Cont'd)

Reinsurer	African Reinsurance Corporation 8th- 11th floors, Africa Re-building Plot 1679, Karimu Ikotun Street, Victoria Island, Lagos.
Actuaries	Ernst & Young (Advisory Services) UBA House, 10th Floor 57 Marina , Lagos , Nigeria
NAICOM No	RC 006
FRC Registration No	FRC/2012100000000341
Branch and Agency Networks	**Aba** 3rd Floor, 143, Azikiwe Road, (3rd Floor) Aba, Abia State Branch Manager: Mrs. Chioma Oguno Tel: 234-8029999658 Email: coguno@capitalexpressassurance.com

Abeokuta
2A , Segun Osoba Way, Okelewo,
Abeokuta Ogun State
Branch Manager: Mr. Babatunde Oyewole
Tel: 234- 8029999659
Email: boyewole@capitalexpressassurance.com

Abakaliki
23, Ezza Road, Abakaliki
Ebonyi State
Ms. Omeh Hope
Tel: 234-8080280382
Email: homeh@capitalexpressassurance.com

Abuja (Head Office Annex)
2nd Floor UAC Building
Beside Securities & Exchange Commission
Central Business District, Abuja
Branch Manager:Mr. Chuks Agha
Tel : 08029999671, 08029999696
Email: cagha@capitalexpressassurance.com

Adamasingba
2nd Floor N6 / 26, Fajuyi Road,
Adamasingba, Ibadan
Mrs. Tomilola Akinbowale
Tel: 234-8029999687
Email:takinbowale@capitalexpressassurance.com

Akure
4th floor, Tisco House, Oba Adesida Road,
Alagbaka-Akure, Ondo State.
Branch Manager: Mr. Moses James
Tel: 234-812998015
Email: mjames@capitalexpressassurance.com

Alaba
Fedan Plaza, 6/7 Alaba International Market,
Ojo, Lagos
Mr. Julius Azeke
Tel: 234-8029999640
Email: jazeke@capitalexpressassurance.com

Anthony
3rd Floor, 300, Ikorodu Road
Anthony, Lagos
Mr. Austin Nwoko
Tel: 234-8129988030
Email: anwoko@capitalexpressassurance.com

Asaba
City Complex, 455 Nnebisi Road,
Asaba Delta State
Azualin Deborah Ozioma
Tel: 234-7088606825
Email: dazuali@capitalexpressassurance.com

Benin
FMFL, 12 Ewaise Street, Forestry Road,
Benin City, Edo State
Manager: Mr. Oti Collins
Tel: 234-8029999677
Email: coti@capitalexpressassurance.com

Calabar
3, Bassey Duke Street,
By Charnley Junction
Calabar Cross River
Branch Manager: Ms. Chinyere Awogu
Tel: 234-8029999682
Email: cawogu@capitalexpressassurance. com

Enugu
3rd Floor, Martina Chukwuma,
2A, O'Connor Street,
Asata, Enugu
Branch Manager: Mr. Chima Ekeoma
Tel: 234-8029999684
Email: cekeoma@capitalexpressassurance.com

Ibadan
3rd Floor FMBN Building
14, Ring Road,
Challenge, Ibadan,
Oyo State.
Manager: Mr. Kehinde Adedeji
Tel: 234-8029999676

Ilorin
199A, Ibrahim Taiwo Road,
Ilorin Kwara State
Branch Manager: Mr Teki Alawiye
Tel: 234-802999694
Email: talawiye@capitalexpressassurance.com

Ikeja
(3rd Floor, Olaoluwa House)
47, Toyin Street, Ikeja Lagos
Manager: Mr. Austin Nwoko
Tel: 234-8129988024
Email: aadedeji@capitalexpressassurance.com

Corporate Information (Cont'd)

Ikorodu
20, Lagos Road,
Oja Idiroko Bus Stop, Ikorodu Lagos
Team Lead: Olusunkanmi Owoeye
Tel: 07010442027
Email: oowoeye@capitalexpressassurance.com

Jos
28/30, Bukuru Bye Pass
Jos, Plateau State
Branch Manager: Mr. Isah Emmanuel
Tel: 234-8029999690
Email: eisah@capitalexpressassurance.com

Kaduna
(1st Floor, Wema Bank Building)
Plot No 13, Bida Road,
Kaduna, Kaduna State.
Branch Manager: Mr. Sani Ahmed
Tel: 234-8129988020
Email: asani@capitalexpressassurance.com

Kano
2nd Floor, Union Bank Building,
43, Niger Street,
Kano, Kano State.
Branch Manager: Babatunde Akogun
Tel: 234-8129988021, 234-8029999693
Email: bakogun@capitalexpressassurance.com

Maiduguri
1st Floor, 24 Kashim Ibrahim Way
Opp. Access Bank and Heritage Bank
by Lake Chad Hotel, Maiduguri, Borno State
Manager: Mr. Abubakar Mayaki
Tel: 234-8029999695, 08023754334
Email: amayaki@capitalexpressassurance.com

Makurdi
45, Railway Bye-pass, High Level,
Makurdi, Benue State
Branch Manager: Mr. Sar Tabunde
Tel: 234-8029999691
Email: starbunde@capitalexpressassurance.com

Nnewi
The Ancestors House,
57/58 Onitsha Road, Nnewi. Anambra State.
Branch Manager: Mr. Ugochukwu Okafor
Tel: 234-8029999728,08033266911
Email: uokafor@capitalexpressassurance.com

Nsukka
3rd Floor, 9 Orba Road Nsukka,
Ugwu Ebere Mercy
Tel: 234-8029999705
Email: eugwu@capitalexpressassurance.com

Onitsha
87, Upper New Market Road
Onitsha, Anambra State
Branch Manager: Ugochukwu Okafor
Tel: 234-8029999728
Email: uokafor@capitalexpressassurance.com

Osogbo
Debitosh Building,
6C Fagbewesa Street, Osogbo
Admin: Romoke Coker -: 0812998801,
Branch Manager: Ezekiel Adisa - 08029999711
Email: eadisa@capitalexpressassurance.com

Corporate Information (Cont'd)

Otta
2nd Floor Right Wing, Km 2, Idiroko Road, Sango Otta
Branch Manager: Phillip Okonkwo
Tel: 08029999672
Email: pokonkwo@capitalexpressassurance.com

Owerri
1st Floor, Plot B, Okigwe Road,
Opposite Government Colleger,
Owerri, Imo State
Branch Manager: Mr Cyril A Osakuni
Tel: 234-8029999697
Email: cosakun@capitalexpressassurance.com

Port Harcourt
Stephane House,
3, Bons Avenue Rumuogba Housing Estate,
P/ Harcourt
Branch Manager: Olusesan Olugbemileke
Tel: 08029999726
Email: oolugbemileke@capitalexpressassurance.com

Uyo
5, Udotung Ubo Street,
Off Aka Road, Uyo
Akwa Ibom State
Ms. Chinyere Awogu
Tel: 234-8129988022
Email: cawogu@capitalexpressassurance.com

Warri
179, Jakpa Road,
by Ken Plaza, Effurun-Warri
Branch Manager: Mr. Sada Peter
Tel: 234-8029999723
Email: psada@capitalexpressassurance. com

Yaba
394, Herbert Macaulay Way
Presbyterian Church Premises
Yaba, Lagos Branch
Branch Manager: Mr. Olabode Ogunbusuyi
Tel: 234-8129988023
Email: oogunbusuyi@capitalexpressassurance

Yenagoa
Suite 003, No 1 Bay Bridge
Kpansia, Venagoa, Bayelsa State
Branch Manager: Mrs. Lauretta Ilaya
Tel: 234-8029999713
Email: lilaya@capitalexpressassurance

Yola
Sabru House, 2nd Floor Right Wing,
30, Mubi Road
Yola, Adamawa State
Ms. Gloria Ihezie
Tel: 234-8029999706
Email: gihezie@capitalexpressassurance

Management Team

Mrs. Adebola Odukale	Managing Director/CEO
Mr. Festus Olabiyi	Executive Director, Operations
Mr. Francis Oketola	General Manager, Finance & Management Service
Mr. Akin Aboaba	Head, Abuja Annex Office
Mr. Matthew Ogwezhi	Head Branch Marketing and Agency Operation
Mr. Olugbenga Owodunni	Head, Lagos Marketing
Mrs. Joy Sulucainan	Company Secretary/Chief Compliance Officer
Mr. Ayobami Ogunkeye	Head, Retail
Mr. Isaiah Etuk	Chief Technology Officer
Mr. Omoruyi Odigie	Chief Risk Officer
Mr. Akolawole Ogunbayo	Head, Actuarial Services
Mr. Femi Adediran	Head, Agency Administration
Mr. Tunde Muriana	Chief Financial Officer
Mr Sani Ahmed	Zonal Manager, North
Mr. Chima Okeoma	Zonal Manager, South - East
Mr. Abiodun Adisa	Zonal Manager, South - South
Mr. Steve Akadiri	Zonal Manager, South - West region

MANAGEMENT TEAM

MRS ADEBOLA ODUKALE
MD/CEO

MR FESTUS I. OLABIYI
Executive Director, Operations

MR. FRANCIS A. OKETOLA
Head, Finance & Management Services

MR. AKIN ABOABA
Director, Head Office Annex

MRS JOY SULUCAINAN
Company Secretary/
Legal Adviser

MR. MATHEW OGWEZHI
Head, Branch Operations

MR OLUGBEGA OWODUNNI
Head, Lagos Region

MR AYO OGUNKEYE
Head, Retail Business

OMORUYI ODIGIE
Chief Risk Officer

MANAGEMENT TEAM (Cont'd)

MR. TUNDE MURIANA
Chief Financial Officer

MR. OLUFEMI ADEDIRAN
Head, Agency Administration

MR ISIAH ETUK
Chief Digital & Technology Officer

MR ABIODUN ADISA
Zonal Manager, South-South

MR. CHIOMA EKEOBA
Zonal Manager, South-East Region

AHMED SANI
Zonal Manager, North Region

MR. STEVE AKADIRI
Zonal Manager, South-West Region

AKOLAWOLE OGUNBAYO
Head, Actuarial Services

RESULTS AT A GLANCE

	2021 N'000	2020 N'000	Changes N'000	%
Major Financial Position Items				
Assets				
Cash and cash equivalents	69,073	1,288,525	(1,219,452)	(95)
Financial assets	5,052,670	4,538,299	514,371	11
Investment properties	4,869,311	4,141,705	727,606	18
Property, plant and equipment	1,250,992	1,137,333	113,659	10
Liabilities				
Insurance contract liabilities	(4,039,570)	(4,011,416)	28,154	1
Investment contract liabilities	(2,111,609)	(1,831,384)	280,225	15
Trade payables	(46,624)	(276,423)	(229,799)	(83)
Major profit or loss item				
Gross premium written	4,412,397	6,328,410	(1,916,013)	(30)
Gross premium income	4,615,757	5,491,695	(875,938)	(16)
Reinsurance expenses	(231,323)	(268,125)	(36,802)	(14)
Net underwriting income	4,448,766	5,288,712	(839,946)	(16)
Net claims expenses	(2,974,752)	(2,972,750)	2,002	0.07
Underwriting profit	442,786	1,149,187	(706,401)	(61)
Investment income	834,059	79,917	754,142	944
Management expenses	(1,967,673)	(1,543,523)	424,150	27
Profit before taxation	91,549	69,567	21,982	32
Profit for the year	90,686	67,887	22,799	34
Total comprehensive income/(loss) for the year	907,757	(141,410)	1,049,167	742
Per Share Data				
Basic earnings per share (kobo)	2.23	1.67		
Diluted earnings per share (kobo)	2.23	1.67		

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

In accordance with the provisions of the Companies and Allied Matters Act, 2020, the Insurance Act CAP I17, LFN, 2004 and National Insurance Commission's operational guidelines 2011 and the provisions of Financial Reporting Council of Nigeria Act, No 6, 2011, the Directors are responsible for the preparation of annual financial statements which reflect a true and fair view of the state of affairs of the Company and the profit or loss and other comprehensive income for the financial year.

The Directors responsibilities include ensuring that the Company:

I. implements appropriate internal controls to secure the assets of the Company, prevent and detect fraud and other financial irregularities.

ii. keeps accounting records which disclose with reasonable accuracy the financial position of the Company and which ensure that the financial statements comply with the requirements of the Companies and Allied Matters Act, 2020, Insurance Act CAP I17, LFN, 2004, and NAICOM Operational Guidelines and Circulars.

iii. has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgments and estimates, and that all applicable accounting standards have been followed.

The Directors accept responsibility for maintaining adequate accounting records as required by:

a. International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB);
b. Companies and Allied Matters Act, 2020;
c. Insurance Act, CAP I17, LFN 2003;
d. NAICOM Operational Guidelines and circulars.
e. Banks and Other Financial Institutions Act, 2020;
f. Financial Reporting Council Act 2011.
g. Investment and Securities Act 2007.

The Directors are of the opinion that the financial statements give a true and fair view of the state of affairs of the Company and of the profit for the year. The Directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of the financial statements, as well as adequate systems of internal control.

Nothing has come to the attention of the Directors indicating that the Company will not remain a going concern for at least 12 (twelve) months from the date of approval of the financial statements.

....
Otunba Ademola Adenuga
Chairman
FRC/2013/IODN/00000004307

Mrs. Adebola Odukale
Managing Director
FRC/2013/CIIN/00000003501

REPORT OF DIRECTORS

The Directors submit their report together with the financial statements of Capital Express Assurance Limited for the year ended 31 December 2021.

1. Legal form

The Company was incorporated as a Private Limited Liability Company on 9th May 2000 under the Companies and Allied Matters Act, 2020 and was licensed by the National Insurance Commission to transact life insurance business. It formally commenced business in the year 2000 under a restructured management with the corporate name, Capital Express Insurance Company Limited, which was later changed to Capital Express Assurance Limited.

2. Principal activities and corporate development

The Company underwrites life assurance and related products, investment products; investment funds derived there from are utilised among other things to meet claims obligations to its numerous policyholders.

3. Result for the year

	2021 N'000
Gross premium written	4,412,397
Gross premium income	4,615,757
Reinsurance expenses	(231,323)
Net underwriting income	4,448,766
Net claims expenses	(2,974,752)
Underwriting profit	442,786
Investment income	834,059
Management expenses	(1,967,673)
Profit before taxation	91,549
Profit for the year	90,686
Total comprehensive income for the year	907,757
Per Share Data	
Basic earnings per share (kobo)	2.23
Diluted earnings per share (kobo)	2.23

4. Corporate governance

The Company conducts its business under structured corporate governance environment incorporating the Board Committees and an Executive Management system. The Board of Directors is the apex decision making body responsible for controlling and managing the strategic business of the Company and constantly reviews and presents a balanced and comprehensive assessment of the Company's performance and future prospects.

The Company is committed to the principles of Corporate Governance and Best Practices. The business of the Company is conducted with integrity which pays due regard to the legitimate interests of all stakeholders. The Board, in compliance with the guidelines of the National Insurance Commission carries out its oversight function through its standing committees, each of which has a charter that clearly defines its purpose, composition and structure, frequency of meetings, duties, tenure and reporting lines to the Board.

REPORT OF DIRECTORS (CONT'D)

THE BOARD OF DIRECTORS

The Board of Directors employs effective tools in the delivery of good corporate practice and other objectives. The Board exercises effective oversight functions on management performance primarily through its committees. The Board may exercise all such powers of the Company as are, by law or the Articles of the Company, required to be exercised by the Company in general meetings.

The Board of Directors of the Company is composed of a mix of non-executive and executive members whereby the number of non-executives exceeds the executives while the position of the Chairman of the Board is clearly delineated from that of the Chief Executive Officer.

The Chairman

The Chairman of Capital Express Assurance Limited was duly appointed. The Chairman's primary role is to ensure that the Board carries out its governance role in the most effective manner. The Chairman manages the operations of the Board effectively and ensures that Board Members make impartial contributions towards the decisions of the Board and that the Board operates in harmony.

The Chief Executive Officer

The Chief Executive Officer with members of Management is responsible for developing, implementing and monitoring the strategic and financial plans of the Company with the cooperation and support of the Board. The CEO sees to the effective operation and management of the Company's resources in order to ensure profitability of its operations and that all significant matters affecting the Company are brought to the attention of the Board.

Independent Director

The Board appointed two independent members who has remained truly independent since their appointments.

(a) ACTIVITIES OF THE BOARD

The Board meets at least quarterly to discuss critical issues affecting the Organisation and performs other responsibilities that fall within its purview as provided in the Company's Article of Association and by other relevant regulatory authorities. Meetings were well attended with sufficient notice given well in advance of the meetings.

Names	Status	Feb 4	May 6	Aug 12	Nov 18
Otunba Ademola Adenuga	Chairman	v	v	v	v
Mr. Anthony Aletor	Vice Chairman	v	v	v	v
Dr. (Mrs.) Dere Awosika	Independent Director	v	v	v	v
Mr. Adeyinka Obalade	Independent Director	v	v	v	v
Bar. Osahon Idemudia	Non-Executive Director	v	v	v	v
Mrs. Adebola Odukale	Managing Director	v	v	v	v
Mr. Festus Olabiyi	Exec. Director	v	v	v	v

(b) Board Committees

The Board functions through the below stated committees, whose memberships are as follows:

REPORT OF DIRECTORS (CONT'D)

i. Audit and Compliance Committee

In line with the National Insurance Commission's code on corporate governance, the Committee is responsible for providing oversight functions with regards to the financial statements, internal control, audit and compliance. Also, the Committee reviews the terms of engagement and recommends the appointment or reappointment and compensations of the independent auditors to the Board and the Shareholders. The Committee also reviews the Company's compliance level to relevant laws, regulations, guidelines, directives and circulars that are currently in force regarding the Company's operations.

Below are the dates of the meetings called in 2021 and the attendance:

Names	Status	Feb 1	May 14	July 29	Oct. 18	Dec 2
Mr. Adeyinka Obalade	Chairman	√	√	√	√	√
Mr. Anthony Aletor	Member	√	√	√	√	√
Mr. Segun Olorunfunmi	Member	√	√	√	√	√
Mr. Festus Olabiyi	Member	√	√	√	√	√
Mr. Anthony Eromosele	Member	√	√	√	√	√

ii. Enterprise Risk Management and Governance Committee

The Board Enterprise Risk Management and Governance Committee is responsible at ensuring that the generated risks by the Company in its pursuit of its corporate goals and objectives are within the risk appetite level approved by the Board, ensures that the mitigating solutions proffered to manage the identified risks are adequate and effective to allow a comfortable solvency level that would support the Company's operations. In addition the Committee also ensures that the Organization's governance structures are well established and working optimally to ensure efficiency and substainability.

The recorded attendance at the meeting of the Committee is stated below:

Names	Status	Feb 2	April 20	July 22	Oct 20
Dr. (Mrs.) Dere Awosika	Chairman	√	√	√	√
Mr. Anthony Aletor	Member	√	√	√	√
Bar. Osahon Idemudia	Member	√	√	√	√
Mrs. Adebola Odukale	Member	√	√	√	√
Mr. Festus Olabiyi	Member	√	√	√	√

iii. The Board of Finance, Investment and General Purpose Committee

The Board of Finance, Investment and General Purpose Committee is responsible for budget monitoring, evaluating the financial performance in accordance with budget targets,comparison of the Company's performance to its peers in the industry, ensuring its operating ratios are competitive and within estimated levels, control of expenses, ensuring the reliability and integrity of the quarterly management accounts submitted to the Regulator, setting the investment policy and periodic reviews of same, approving the Company's investment plan, reviews and evaluates the Company's various investment portfolios amongst other things. In addition the Committee also oversees all other matters of the Company's operations not specifically assigned to the other Board Committees under its general purpose roles.

The meetings held by the Committee and the recorded attendance by its members are reported below:

REPORT OF DIRECTORS (CONT'D)

Names	Status	Jan 27	April 27	July 27	Aug 18
Mr. Anthony Aletor	Chairman	√	√	√	√
Dr. (Mrs) Dere Awosika	Member	√	√	√	√
Mrs. Bola Odukale	Member	√	√	√	√
Mr. Festus Olabiyi	Member	√	√	√	√
Mr. Adeyinka Obalade	Member	√	√	√	√

5. **Directors' Interest**

Directors

None of the directors has notified the Company for the purpose of Section 303 of the Companies and Allied Matters Act, 2020 of any disclosable interest in contracts in which the Company was involved during the year ended 31 December 2021.

Directors' interest

The direct and indirect interest of directors in the issued share capital of the Company as recorded in the register of directors shareholding and/or as notified by the directors for the purposes of Section 301 of the Companies and Allied Matters Act, 2020 is as noted:

	Total Units
Mr. Anthony Aletor	1,015,100,328

6. **Property, plant and equipment**

Movement in property, Plant and equipment during the year is shown in note 10 of the notes to the financial statements. In the opinion of the Directors, the market value of the Company's property is not less than the value shown in the financial statements.

7. **Dividends**

The Directors did not recommend dividend for the financial year ended 31 December 2021.

8. **Event after reporting date**

There are no events after the reporting date which could have had material effect on the state of affairs of the Company, and the result for the year ended 31 December 2021 which have not been adequately provided for in the financial statements.

9. **Reinsurance arrangement**

The Company maintains a Life Reassurance Treaty with African Reinsurance Corporation during the financial year under review.

10. **Business outlook**

The Company continues to pursue its vision of being a world class financial service provider. It enhanced its re- engineering processes aimed at rendering wealth management and financial protection services to every household.

11. **Employment and Employees**

A. **Employment of physically challenged Persons:**

It is the Company's policy that there should be no discrimination in considering applications for employment including those from physically challenged persons. All employees are given equal opportunities for self- development. As at 31 December 2021 however, no physically challenged person was in the employment of the Company.

REPORT OF DIRECTORS (CONT'D)

B. Health, Safety and Welfare

Health, Safety and Welfare regulations for employees are enforced within the premises of the Company and employees are fully aware of existing safety regulations. The Company provides safety equipment at all its premises and also has in force an arrangement with a Health Management Organisation (HMO) to provide medical services to all categories of employees. The Company has enhanced safety measures in this regard as well as educating staff and its clients on appropriate hygiene manners. The Company is also strictly adhering to COVID-19 safety measures with regard to employees and other parties within its premises.

C. Employee involvement and training

The Company has continued to ensure that it maintains an efficient and effective information dissemination system. Information is circulated constantly to update the various categories of staff in terms of the Company's values, goals, policies, performance, procedures and progress. Employees at various levels are encouraged to express their opinions on issues ranging from personal to corporate management matters.
This is mainly achieved at different meetings such as Staff General Meetings, Departmental/Divisional Meetings, Zonal Meetings, Executive Management Meetings and Branch Managers Meetings, all of which are structured and held at stated periods.

Capital Express Assurance Limited places high premium on employee development. The Company continuously trains its staff both locally and internationally and encourages each staff to embrace professional tutelage and certification. With its corporate policy on employee development, the Company is able to strengthen the skills and competencies of its employees with the aim of increasing the value that we bring to our clients, business partners and other stakeholders.

D. Whistle blowing policy

The Company has installed an effective whistle blowing mechanism which encourages staff to put forward their opinion with regard to certain corporate and operational issues under strict confidence. The mechanism also provides the needed protection to such staff to ensure that they are not unnecessarily victimised for whistle blowing.

12. Auditors

The Auditors, Messrs BDO Professional Services (Chartered Accountants) have indicated their willingness to continue in office in compliance with NAICOM Corporate Governance regulation and section 401(2) of the Companies and Allied Matters Act, 2020.

COMPLIANCE WITH CORPORATE GOVERNANCE FOR THE YEAR ENDED 31 DECEMBER 2021

In line with the global principles of Corporate Governance and the Nigerian Code on Corporate Governance, NCCG 2018 the Company is applying the stipulated principles & practices and making reports on its level of implementation regarding the requirements. The Company also made efforts to satisfy the requirement of convening a Board Meeting every quarter. The Board Committees are equally viable and are efficiently working in line with their Terms of References.

By Order of the Board

Joy I. Sulucainan (Mrs.)
Company Secretary/Legal Adviser
Date: 30/6/2022
FRC/2013/NBA/00000003483

ENTERPRISE RISK MANAGEMENT REPORT
for the year ended 31 December, 2021

OVERVIEW

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people, systems and external events. In line with best practice, operational risk in the Company is composed of the following risk types: operations risk, legal risk, regulatory compliance risk, financial crime risk, people risk, property, technology, vendor, financial, and environmental risks.

The Company recognises the significance of operational risk, which is inherent in all areas of our business. Operational risk is managed within acceptable levels through an appropriate level of management focus and resources.

Objectives

The Company is committed to the management of operational risks. The Company's operational risk management framework aims to:

- Reduce losses arising from operational risk – a key role of operational risk management in the Company is to reduce losses from operational failure and in particular avoid potentially large or catastrophic risk losses;
- Improve performance measurement – the Company's improved understanding of its operational risk profile shall enable appropriate allocation of risk and economic capital to individual lines of business, which would allow improved performance measurement and evaluation of activities;
- Ensure better control of operations – the Company expects that increased understanding of risk activities within various business units, the Board and senior management will lead to improvement in the control of operations and the emergence of a more proactive operational risk management culture;
- Provide early warning signals of deterioration in the Company's internal control system; and
- Raise awareness of operational risk in the Company from top to bottom through the implementation of an enterprise-wide operational risk approach.

Philosophy and principles

The following philosophy and principles govern the management of operational risk in the Company:

- The Board of Directors is responsible for setting the operational risk strategy of the Company and its implementation.
- The Board approves and periodically reviews the operational risk management framework.
- Operational risk in the Company is coordinated through a centralised and independent risk management function.

- Ownership, management and accountability for operational risk are decentralised with business and functional units.
- There are consistent standards for defining, evaluating, measuring, monitoring and reporting operational risk.

- The Company's operational risk management practices are in line with best practices.

- The Company's operational risk management practices are subject to regular independent review internally and externally.
- Operational risk management is governed by well-defined policies and procedures which are clearly communicated across the Company.
- Operational risk-related issues are taken into consideration in business decisions including new product and process designs.

ENTERPRISE RISK MANAGEMENT REPORT CONT'D

- Operational risk and loss events are reported openly and fully to the appropriate levels once they are identified.

- Adequate processes and systems for identifying, measuring, monitoring, reporting and controlling operational risks are being implemented by the Company.

Methodologies

In order to meet its operational risk management objectives, each business function within the Company is required to identify, assess, measure and control its operational risk in line with the policy set by the Board.

The following are some of the key tools and techniques used by each business unit, in line with the nature and scale of the business risks:

Operational risk reporting template
This template is used for operational risk reporting on a monthly basis. Issues to be reported using this template take the form of significant operational risk exposures, exceptions from Key Risk Indicators (KRI) analysis and trending, exceptions from Control Risk Self-Assessment (CRSA), operational and fraudulent losses incidences, significant control breakdowns rectified during the month, all exceptions to corporate governance standards and outstanding audit issues, and any other issues with operational risk implications.

Real time incidence reporting

This is for reporting urgent and significant operational risk issues/events that have to be escalated to relevant senior management stakeholders within 72 hours of the incidence without having to wait for the monthly risk reporting cycle. Examples of significant operational risk issues are: fraud, accidents and whistle blowers' alerts.

Risk and Control Self-Assessment (RCSA)

Risk and control self-assessment is a key component of the Company's operational risk framework and involves, on a quarterly basis, each business unit within the Company proactively identifying and assessing its significant operational risks and the controls in place to manage those risks.

Internal loss data

The tracking of internal loss event data is a key component of the Company's operational risk framework. Internal loss events and data are analysed with a view to focusing attention on where they are needed and to forestall re- occurrence through sharing lessons learnt.

Key Risk indicators (KRIs)

Key risk indicators are measures that track the risk profile of the Company. Each business unit within the Company develops and monitors key risk indicators for its significant risks, which:

- target key operational risk exposures for the business unit;
- enable management of the underlying causes of risk exposures;
- use thresholds aligned to the Company's risk appetite and enable risk-based decision-making;
- are monitored with a frequency that matches the nature of the risks;
- complement the self-assessment and loss-event collection processes; and
- are reported as part of monthly management reporting.

ENTERPRISE RISK MANAGEMENT REPORT CONT'D

Key operational risks

Major operational risks faced by the Company are financial crimes (internal fraud, external fraud and money laundering). Each incident is analysed, control failures identified and new controls designed. The Company is also investing in enhanced loss control. Key counter-measures put in place include:

- enhanced staff training;
- enhanced Know Your Policyholder (KYP) drive and background checks on employees;
- issuance of appropriate and deterrent circulars;
- job rotation and segregation;
- dissemination of email and SMS alerts to the Company's customers for each activity on their accounts;
- imposition of stiff disciplinary measures including prosecution of fraudulent staff, agents and brokers; and
- installation of panic alarm system, CCTV.

Strategy

Failure to manage operational risk effectively often results in significant financial losses, regulatory fines or censure, reputational damage, brand erosion or even the loss of insurance license, all of which directly impact shareholders' value. Accordingly, the Company's operational risk strategy aims to minimise the impact of operational risk on its shareholders' value. In more specific terms, the Company's strategy is to:

- reduce the likelihood of occurrence of unexpected events and related cost by managing the risk factors and implementing loss prevention or reduction techniques to reduce variation in earnings;
- minimise the impact of unexpected and catastrophic events including related costs through risk financing strategies that support the Company's long-term growth, cash flow management and statement of affairs protection, and;
- make all managers responsible for the management of operational risk and thus minimise actual or potential losses. The Company recognises that some losses, such as operational errors, are inevitable and are normal business cost but will ensure these costs are kept within acceptable levels and potential losses are minimised.

In implementing this strategy, the Company:

- has put in place best-practice operational risk management policies and procedures. These include procedures to help identify, assess, control, manage and report on operational risk within the Company;
- ensures that roles and responsibilities are agreed and clearly understood by employees at all levels;
- ensures that all staff in business and support functions are aware of their responsibilities for operational risk management;
- considers the potential operational risk impact of its activities and products at the outset with a view to minimising these as far as possible;
- has put in place structures and processes for reporting control failures to designated individuals and escalating material issues to the Board Audit & Risk Committees respectively;
- ensures that staff are provided with appropriate operational risk management training that is commensurate to their roles;

ENTERPRISE RISK MANAGEMENT REPORT CONT'D

- establishes a workable business continuity plan (including disaster recovery and crisis management procedures) that minimises the impact of unexpected and catastrophic events on business operations and customer service;
- minimises the financial impact of operational losses, through management of risk factors and utilisation of insurance and other risk transfer strategies; and
- ensures that staff responsibility with respect to operational risk management is communicated through ongoing risk awareness workshops and management action.

Governance

The overall responsibility for operational risk management in the Company resides with the Board. The responsibility of the day-to-day management has been delegated as described in this section. On a regular basis, the Board receives reports on Company's operational risk profile through the Board Risk Committee.
To ensure consistency and prudent management of operational risks, the responsibility for managing operational risk has been split as follows:

- the overall governance owned by the Board and Board Committees (Board Audit & Risk Committees) and Management Risk Committee;
- the approval of operational risk policies and standards of risk identification, measurement, assessment, monitoring and reporting is the responsibility of the Board and Board Committees;
- the operational risk management framework implementation and review is owned by the Risk Management department;
- the implementation of the operational risk framework within the branches, departments/business units and the day-to-day management of operational risks is owned by their respective core processes and executed through their management structure; and
- the assurance role that operational risk management controls are effective is owned by the internal audit function.

The Board and Board Committees

The Board of Directors, Board Audit & Risk Committees and the Management Risk Committee shall have overall oversight function for operational risk management. It shall be their responsibility to ensure effective management of operational risk and adherence to the approved operational risk policies.

Board of Directors

The Board of Directors:

- Sets the Company's operational risk strategy and direction in line with the Company's corporate strategy;
- Gives final approval for the Company's operational risk management framework, policies and procedures; and
- Periodically reviews the framework to ensure its relevance and effectiveness; and ensures that senior management is performing its risk management responsibilities.

ENTERPRISE RISK MANAGEMENT REPORT CONT'D

Board Enterprise Risk Management and Governance Committee

The Board Committees:

- Ensures that the operational risk management framework is comprehensive and in line with the Company's strategy;
- Approves the operational risk management framework and oversees its implementation;
- Establishes a management structure capable of implementing the framework with clear lines of responsibility, accountability and reporting; and
- Reports significant operational risk issues to the Board of Directors.

Management Risk Committee

The Company's Management Risk Committee:

- Ensures that the framework is implemented consistently across the Company;
- Ensures policies and procedures are developed for operational risk management;
- Ensures that all levels of staff understand their responsibilities with respect to operational risk management;
- Reviews the Company's risk dashboard and assesses potential impact on the activities of the Company or business unit;
- Ensures the Company's risk profile is within established risk parameters;
- Ensures that staff are adequately trained and have access to the necessary resources;
- Obtains and reviews periodic reports on operational loss events, risk profiling and control failures Company-wide and ensures corrective measures are being implemented;
- Ensures that the outputs from the operational risk management process are factored into the day-to-day management decisions of the Company; and
- Ensures that the Company's operational policies and procedures promote the desired risk culture.

Chief Risk Officer

The Chief Risk Officer shall:

- Lead the development and implementation of operational risk management across the Company.
- Develop operational risk management strategy, principles, framework and policy.
- Implements appropriate operational risk management processes and methodologies.
- Advise and coach management and business units on risk management.
- Coordinate the appropriate and timely delivery of risk management information.
- Exercise supervisory responsibilities over operational risk management in addition to responsibility over insurance risk, market risk, credit risk and other key risk types.
- Approve all reports, operational risk policy proposals, recommendations and other documents prepared for presentation to the Management Risk Committee, and Board Audit & Risk Committees.

Regulatory framework

Regulators are primarily interested in protecting the rights of policyholders and monitor them closely to ensure that the Company is satisfactorily managing affairs for their benefit. At the same time, regulators are also interested in ensuring that the Company maintains an appropriate solvency position to meet unforeseen liabilities arising from economic shocks or natural disasters, monitor them closely to ensure that the Company is satisfactorily managing affairs for their benefit.

ENTERPRISE RISK MANAGEMENT REPORT CONT'D

Future outlook

The Company is on a journey to embedding a robust operational risk management practice, culture and environment beyond complying with regulatory requirements. The goal is to make risk management a value driver that enhances and contributes to stakeholders' value and the long-term existence and survival of the institution. To this end, a number of initiatives and projects are being initiated. When completed, it will enhance the risk management culture and practices within the organisation and by extension significantly reduce the Company's operational risk exposures and incidences, monitor them closely to ensure that the Company is satisfactorily managing its affairs for their benefit. At the same time, regulators are also interested in ensuring that the Company maintains an appropriate solvency position to meet unforeseen liabilities arising from natural disasters.

Some of these key initiatives and projects are as follows:

- Sourcing of a risk solution that has capacity to support the management of insurance risks, operational risk, credit risk and market risk in line with best practices and ultimately complying with risk-based capital regulation in anticipation;
- Structuring a business continuity management framework and infrastructure;
- Review and update of existing operational risk management processes and introduction of new ones; and
- Ongoing aggressive Company-wide operational risk awareness campaign to increase employees' risk-awareness level, competence and involvement in managing risks.

CORPORATE GOVERNANCE REPORT

The Company's governance system is strong and capable in supporting the entity to attain its set heights in a sustainable manner. It is a source of strength that encompasses the entire organizational structure, and it is collectively accepted as a corporate culture.

The Company's main governance structures comprises of the Shareholders in general meeting, the Board of Directors and its Committees, the Management, headed by the MD/CEO and the other Stakeholders. The composition and methods of operation of these corporate organs are tailored to elicit transparency and openness to ensure fairness, justice, good ethics, and fair judgments in their dealings. The Board and its committees' memberships are made up of Non-Executive Directors (NEDs), Independent Non-Executive Directors (INEDs) and Executive Directors (EDs). The Chairman of the Board is not a member of any Board Committee, and the Managing Director/Chief Executive Officer is not a member of the Audit Committee. The Executive Directors do not partake in discussions concerning their renumerations and disciplines and the Chief Internal Auditor reports to the Board Audit Committee with a dotted reporting line to the MD/CEO. The Company Secretary also reports to the Board with a dotted reporting line to the MD/CEO.

The Board in line with the above stated characteristics and in line with the Nigerian Code of Corporate Governance (NCCG) 2018 principles and the operating NAICOM Corporate Governance Guidelines 2021, has evolved a good governance culture for the Company and the result is evident in the high disciplined operating environment, the Board and its Committees enjoy good harmony, there is strong moral ethics, effective and efficient processes and procedures, integrity, and reliability. The corporate governance culture has continued to flourish and constantly benchmarked against best practices.

In addition, the NCCG 2018 philosophy of Apply and Explain presents the opportunity of sharing the basis or reasoning in applying each of the NCCG 2018 principles in a particular manner based on the Company's antecedents and corporate trajectory which may also throw up the need to improve on the level of a particular application or adopt different application modules.

The Board recognizes that the 2018 NCCG Principles represents minimum standards for private and public entities in Nigeria aimed at instilling and establishing good corporate governance systems and based on this, the Board also updates the Company's corporate governance practices by benchmarking best practices in other jurisdictions.

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

We the undersigned hereby certify the following with regards to our Audited Financial Statements for the year ended 31 December 2021 that:

- We have reviewed the report;

- To the best of our knowledge, the report does not contain:
  - Any untrue statement of a material fact, or
  - Omit to state a material fact, which would make the statements, misleading in the light of circumstances under which such statements were made;
- To the best of our knowledge, the financial statement and other financial information included in the report fairly present in all material respects the financial condition and results of operation of the Company as of, and for the periods presented in the report.

- We:
  - Are responsible for establishing and maintaining internal controls.
  - Have designed such internal controls to ensure that material information relating to the Company is made known to such officers by others within those entries particularly during the period in which the periodic reports are being prepared;
  - Have evaluated the effectiveness of the Company's internal controls as of date within 90 days prior to the report;
  - Have presented in the report our conclusions about the effectiveness of our internal controls based on our evaluation as of that date;
- We have disclosed to the auditors of the Company and audit committee:
  - All significant deficiency in the design or operation of internal controls which would adversely affect the Company's ability to record, process, summarise and report financial data and have identified for the Company's auditors any material weakness in internal controls, and
  - Any fraud, whether or not material, that involves management or other employees who have significant role in the Company's internal controls;

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

Mr. Tunde Muriana	**Mrs. Adebola Odukale**
Chief Finance Officer	Managing Director/CEO
Date: 30 June 2022	Date: 30 June 2022
FRC/2013/ICAN/00000002280	FRC/2013/CIIN/00000003501

STATEMENT OF CORPORATE RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

In line with the provisions of Section 405 of the Companies and Allied Matters Act, 2020; we have reviewed the audited financial statements of the Company for the year ended 31 December 2021 and based on our knowledge confirm as follows:

a) the audited financial statements do not contain any untrue statement of material fact or omit to state a material fact, which would make the statements misleading;

b) the audited financial statements and all other financial information included in the statements fairly present, in all material respects, the financial condition and results of operations of the Company as at and for the year ended 31 December 2021.

c) the Company's internal controls have been designed to ensure that all material information relating to the Company is received and provided to the Auditors in the course of the audit.

d) the Company's internal controls were evaluated within 90 days of the financial reporting date and are effective as at 31 December 2021.

e) that we have disclosed to the Auditors that there are no significant deficiencies in the design or operation of the Company's internal controls which could adversely affect the Company's ability to record, process, summarise and report financial data, and have discussed with the Auditors any weaknesses in internal controls observed in the course of the Audit.

f) that we have disclosed to the Auditors that there is no fraud involving management or other employees which could have any significant role in the Company's internal control; and

g) there are no significant changes in internal controls or in other factors which could significantly affect internal controls subsequent to the date of this audit, including any corrective actions with regard to any observed deficiencies and material weaknesses.

Mr. Tunde Muriana
Chief Finance Officer
Date: 30 June, 2022
FRC/2013/ICAN/00000002280

Mrs. Adebola Odukale
Managing Director/CEO
Date: 30 June 2022
FRC/2013/CIIN/00000003501

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INDEPENDENCE AUDITORS' REPORT
TO THE SHAREHOLDERS' OF CAPITAL EXPRESS ASSURANCE LIMITED
REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Capital Express Assurance Limited which comprise, the statement of financial position as at 31 December 2021, the statement of profit or loss and other comprehensive income, statement of changes in equity, and statement of cash flows for the year then ended; and notes to the financial statements, including a summary of significant accounting policies and other explanatory notes.

In our opinion the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2021 and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, issued by the International Accounting Standards Board and in compliance with the relevant provisions of the Financial Reporting Council of Nigeria, Act No 6, 2011, the Companies and Allied Matters Act, 2020, Insurance Act CAP I17, LFN 2004 and the Prudential Guidelines issued by National Insurance Commission.

2. Basis for Opinion

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

3. Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current year. 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.

(i) Revenue recognition

Due to the large number of policies underwritten by the Company there is a risk that the revenue recorded in the financial statements and the flow of premium information from the underwriting systems to the financial reporting ledger may not be completely accounted for.

Response

We have tested the design and implementation of the key controls over revenue recognition, focusing on the flow of information from the underwriting systems to the financial reporting ledger. In addition, we performed substantive analytical testing procedures on the gross and unearned premium balances amongst others.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS CONT'D

(ii) Valuation of investment properties

Management has estimated the value of the Company's investment properties to be N4.9 billion as at 31 December 2021. Independent external valuations were obtained in order to support the value in the Company's financial statements. These valuations are dependent on certain key assumptions and significant judgments including capitalization rates and fair market rents.

Our response
We ascertained the following

- Evaluated the independent external valuers' competence, capabilities and objectivity
- Assessed the methodologies used and the appropriateness of the key assumptions.
- Checked the accuracy and relevance of the input data used.

We also reviewed and found the disclosures on note 9 to be appropriate based on the assumptions and available evidence.

(iii) Valuation of insurance and investment contracts liabilities.
Management has estimated the value of insurance and investment contract liabilities in the Company's financial statements to be N6.2 billion as at year ended 31 December 2021 based on the actuarial valuation and liability adequacy test carried out by an external firm of Actuaries.

The valuation has been made on the following key assumptions which were determined by the Actuary:

- Reserves were calculated via a cash flow projection approach, taking into account future premiums, expenses and benefit payments including an allowance for benefits.
- The unexpired premium reserve for general business is calculated on the assumption that risk will occur evenly during the duration of the policy.
- The Company's claim payment approach will be sustained into the future.
- Weighted past average inflation will remain unchanged over the claim projection period.
- Gross claim amount includes all related claim expenses.
- An unexpired premium reserve was included for Group life business, after allowing for acquisition expenses at a ratio of 20% premium.
- An allowance was made for IBNR(Incurred But Not Reported) claims in Group Life to take care of the delay in reporting claims.

Our response
We ascertained the following

- Evaluated and validated controls over insurance and investment contract liabilities.
- Checked the claims register for completeness and accuracy of claims accrued, additional adjustment was raised.
- Reviewed transactions after year end for claims paid but not accrued, additional audit adjustment was raised.
- Evaluated the independent external Actuary's competence, capability and objectivity.
- Assessed the methodologies used and the appropriateness of the key assumptions.
- Checked the accuracy and relevance of data provided to the Actuary by management.
- Reviewed the results based on the assumptions.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS CONT'D

4. Other information

The Directors are responsible for the other information. The other information comprises the information included in the Chairman's and Directors' statements, but does not include the financial statements and our auditors' report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during 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 information, we are required to report that fact. We have nothing to report in this regard.

5. Responsibilities of the Directors for the Financial Statements

The Directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board, and in compliance with the relevant provisions of the Financial Reporting Council of Nigeria Act, No 6, 2011, the Companies and Allied Matters Act, 2020, Insurance Act, CAP I17 LFN 2004, and the Prudential Guidelines issued by National Insurance Commission, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

6. Auditors' responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a 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 International Standards on Auditing 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 International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

  Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

BDO

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS CONT'D

- Conclude on the appropriateness of directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

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

7. Report on other legal and regulatory requirements

The Companies and Allied Matters Act, 2020 and Insurance Act CAP I17 LFN 2004 require that in carrying out our audit we consider and report to you on the following matters. We confirm that:

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, and
iii) the Company's statement of financial position, and its statement of profit or loss and other comprehensive income are in agreement with the books of account.

Olusegun Agbana-Anibaba
FRC/2013/ICAN/00000003667
For: BDO Professional Services
Chartered Accountants

Lagos, Nigeria
30 June 2022

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS CONT'D

To the members of Capital Express Assurance Limited

In accordance with the provisions of Section 404(7) of the Companies and Allied Matters Act, 2020, we the Members of the Audit Committee of Capital Express Assurance Limited, have carried out our statutory functions under the Act, and hereby report as follows:

- We have reviewed the scope and planning of the audit for the year ended 31 December 2021 and we confirm that they were adequate;
- The Company's reporting and accounting policies as well as internal control systems conform to legal requirements and agreed ethical practices; and
- We are satisfied with the departmental responses to the External Auditors' findings on management matters for the year ended 31 December 2021.

Finally, we acknowledge and appreciate the co-operation of Management and Staff in the conduct of these duties.

Mr. Obalade Adeyinka
Chairman of the Audit Committee
Date: 30 June 2022
FRN/2013/ICAN/00000003883

Members of the Audit Committee

Mr. Obalade Adeyinka	Chairman
Mr. Tony Ailen Eromosele	Member
Mr. Anthony Aletor	Member
Mr. Festus Olabiyi	Member
Mr. Segun Olorunfunmi	Member

The Company Secretary/Legal Adviser acted as the Secretary to the Committee.

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

1. General Information

Capital Express Assurance Limited ("CAPEX" or "the Company") was incorporated in Nigeria on 9 May 2000 as a private Limited Liability Company domiciled in Nigeria. It was licensed to carry on insurance business in the same year. The address of the Company's registered office is 13, Bishop Kale Close, Victoria Island Lagos. Capital Express Assurance Limited is a specialist in life assurance Company with operations in major parts of the Country. The Company's vision is to be a world class financial services provider.

Ownership structure

Capital Express Assurance Limited is fully owned by Nigerians.

Authorisation for issue

The financial statements of Capital Express Assurance Limited for the year ended 31 December 2021 were authorised for issue by the Directors on 30 May 2022

2. Summary of Significant Accounting Policies

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

2.1 Going Concern

These financial statements have been prepared on the going concern basis. The Company has no intention or need to reduce substantially its business operations. The management believes that the going concern assumption is appropriate for the Company due to sufficient capital adequacy ratio and projected liquidity, based on historical experience that short term obligations will be refinanced in the normal course of business. Liquidity ratio and continuous evaluation of current ratio of the Company is carried out by the Company to ensure that there are no going concern threats to the operations of the Company.

2.2 Basis of Preparation and Compliance with IFRS

The Company's financial statements for the year ended 31 December 2021 have been prepared in accordance with International Financial Reporting Standards, issued by the International Accounting Standards Board and in compliance with the relevant provisions of the Financial Reporting Council of Nigeria, Act No 6, 2011, the Companies and Allied Matters Act, 2020, Insurance Act CAP I17, LFN 2004 and the Prudential Guidelines issued by National Insurance Commission.

This is the first financial statements in which the Company is adopting the International Financial Reporting Standard (IFRS)9.

2.2.1 Basis of measurement

The financial statements are prepared on the historical cost basis except for the following:

- Financial instruments at fair value through profit or loss;
- Financial assets classified as at fair value through other comprehensive income which are measured at fair value through other comprehensive income;
- Land and building (included in property and equipment) which are measured at fair value through other comprehensive income;
- Loans and receivables and debt instruments and financial liabilities which are measured at amortised costs; and
- Investment properties which are measured at fair value.

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES CONT'D

2.3 Critical Accounting Estimates, Judgments and Assumptions

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions and conditions. Changes in assumptions may have a significant impact on the financial statements in the period the assumptions changed. Management believes that the underlying assumptions are appropriate and that the Company's financial statements therefore present the financial positions and results fairly. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 2.4.

2.4 Judgments, Estimates and Assumptions

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that year, or in the year of the revision and future years, if the revision affects both current and future years.

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

2.4.1 Income Taxes

Significant estimates are required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain. The Company recognises liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions.

2.4.2 Retirement Benefits

The present value of the retirement benefit obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. Any changes in these assumptions will impact the carrying amount of gratuity obligations. The assumptions used in determining the net cost (income) for gratuity include the discount rate, rate of return on assets, future salary increments and mortality rates.

The Company determines the appropriate discount rate at the end of the year. This is the interest rate that should be used to determine the present value of estimated future cash outflow expected to be required to settle the gratuity obligations. In determining the appropriate discount rate, the Company considers the interest rates of high-quality government bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related gratuity liability. Other key assumptions for gratuity obligations are based in part on current market conditions.

In most cases, no explicit assumptions are made regarding the 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, (e.g. 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.

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES CONT'D

Similar judgments, estimates and assumptions are employed in the assessment of adequacy of provisions for unearned premium. Judgment is also required in determining whether the pattern of insurance service provided by a contract requires amortisation of unearned premium on a basis other than time apportionment.

2.4.3 Fair Valuation of Investment Properties

The fair value of investment properties is based on the nature, location and condition of the specific asset. The fair value is determined by reference to observable market prices. The fair value of investment property does not reflect the related future benefits from this future expenditure. These valuations are performed annually by external appraisers. Assumptions are made about expected future cash flows and the discounting rates.

2.5 Amendments to IFRS 4 - Insurance Contract, regarding implementation of IFRS 9

The IASB issued the amendments to IFRS 4 providing two options for entities that issue insurance contracts within the scope of IFRS 4:

1 An option that permits entities to reclassify, from profit or loss to other comprehensive income, some of the income or expenses arising from designated financial assets; this is called the overlay approach.

2 An optional temporary exemption from applying IFRS 9 for entities whose predominant activity is issuing contracts within the scope of IFRS 4; this is called the deferral approach.

In 2018, the Company conducted an initial predominance assessment using 2015 financial report as stated in IFRS 4 amended 2016 section 20D of the standard and having met the criteria for exemption, the Board opted for temporary exemption option (deferral approach). The deferral was adopted from 2018 to end of the finacial year 2020 i.e. 31 December 2020.

2.5.1 Full adoption of IFRS9 with effect from 1 January 2021

IFRS 9 which became effective 1 January 2018, was deferred to a later date as the Company met the requirements for deferral approach of the Amendment to IFRS 4. The Company adopted IFRS 9 for the first time effective 1 January, 2021. Consequent upon application of IFRS 9, the Company's accounting policies were changed in the area outlined in Note 2.12 and the new policies became applicable from 1 January 2021. As permitted by the transition provisions of IFRS 9, the Company elected not to restate comparative period results. Accordingly, all comparative period information is presented in accordance with the previous accounting policies i.e. as described in the 2020 financial statements. However, adjustments to carrying amounts of financial assets and liabilities at the date of initial application (i.e. 1 January 2021) were recognised in opening retained earnings as at 1 January 2021 as indicated in Note 23. Necessary disclosures have been provided for the current period where applicable, and comparative period disclosures are consistent with those made in the prior year.

2.5.2 IFRS 9 - Financial instruments: Impact of adoption of IFRS9

The Company has adopted IFRS 9 as issued by the IASB in July 2014 with a date of transition of 1 January 2021, which resulted in changes in accounting policies and adjustments to the amounts previously recognised in the financial statements. The Company adopted temporary exemption from applying IFRS 9 (i.e. deferral approach) in previous periods but adopted full adoption approach in the current year.

2.5.3 Classification and measurement

Under IFRS 9, financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. IFRS 9 contains three primary measurement categories for financial assets: measured at amortised cost, fair value through other comnprehensive income (FVOCI) and fair value through profit or loss (FVTPL). The following table shows the original classification and carrying amounts under IAS 39 and the new classification and carrying amounts under IFRS 9 for each class of the Company's financial assets and financial liabilities:

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES CONT'D

(a) Impact of adoption of IFRS 9
On the date of initial application on 1 January 2021, the financial instruments of the Company were classified as follows :

		IFRS 9 **1 January 2021**		IAS 39 **31 December 2020**	
		New measurement category	Carrying amount	Previous measurement category	Carrying amount
Financial assets			N'000		N'000
Loan to policy holders	i.	Amortised cost	15,866	Loans and receivables	27,732
Staff loans	ii	Amortised cost	5,838	Loans and receivables	7,028
Investment Securities - Treasury bills	iii	Amortised cost	20,903	Held-to-maturity	20,903
Investment Securities - Short term investments	iv	Amortised cost	1,717,271	Held-to-maturity	1,717,523
Investment Securities - Placement	v	Amortised cost	1,213,788	Cash and cash equivalents	1,215,339
Investment Securities - quoted securities	vi	Financial assets at fair value through other comprehensive income (FVOCI)	1,006,452	Available-for-sale financial assets	1,006,452
			3,980,118		3,994,977
Financial liabilities					
Other liabilities	vii	Amortised cost	403,242	Amortised cost	403,242

i) The Company grants commercial loans to life policyholders. These were previously classified under IAS 39 as loans and receivables which on adoption of IFRS 9 has now been classified and remeasured as financial assets at amortised cost.

ii) The Company grants loans to staff, these loans were re-measured at transition date at amortised cost using average prime lending rate issued by Central Bank of Nigeria. The loans were previously classified as loans and receivables which on adoption of IFRS 9 has now been classified as financial assets at amortised cost.

iii) This refers to the Company's investment in treasury bills with Central Bank of Nigeria which have a tenor of 365 days fair valued at a discounted rate of 6.53%. These were previously classified under IAS 39 as held-to- maturity financial assets. These have now been classified and remeasured as financial assets at amortised cost on transition to IFRS 9 as at 1 January 2021.

iv) Other short term deposits are fixed deposit investments with maturity period of less than 12 months. The investments were previously classified under IAS 39 as held-to-maturity financial assets however, upon adoption of IFRS 9, have now been classified and remeasured as financial assets at amortised cost.

v) Placements with banks are made for varying periods of between one day and ninety days, depending on the immediate cash requirements of the Company. The placements were previously classified as cash and cash equivalents which on adoption of IFRS 9 has now been classified as financial assets at amortised cost.

vi) Available-for-sale financial assets are the Company's equity investments in quoted securities. These investments were previously designated as Available-for-sale financial assets under IAS 39 however, upon adoption of IFRS9, they were designated as financial assets at fair value through other comprehensive income (FVOCI).

vii) Financial liabilities comprise other payables and accruals which are payable within one year. These liabilities were originally measured at amortised cost hence, there were no impact of IFRS9 on the Company's financial liabilities.

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES CONT'D

(b) Transition Disclosures and Reconciliation of Equity on adoption of IFRS9 as at 1 January 2021

The table below provides the reconciliations from IAS 39 to IFRS 9 for the Company's Statement of Financial Position, showing separately the impacts of adopting the IFRS 9 impairment, classification and measurement requirements.

Statements of Financial Position		As at 31 December, 2020 (IAS 39)	Impact of Classification	Impact of Measurement	Impact of Impairment (ECL)	As at 1 January, 2021 (IFRS 9)
ASSETS	Notes	N'000	N'000	N'000	N'000	N'000
Cash and cash equivalents	a (f)	1,288,525	(1,215,339)	-	-	73,186
Financial Assets:	-					
- At fair value through other						
- comprehensive income	b	-	1,006,452	-	-	1,006,452
- Available for sale	c (b)	1,006,452	(1,006,452)	-	-	-
- At fair value through profit or loss		1,758,661	-	-	-	1,758,661
- Held-to-maturity	d (f)	1,738,426	(1,738,426)	-	-	-
- Loans and receivables	e (f)	34,760	(34,760)	-	-	-
- At amortised cost	f	-	2,988,525		(14,859)	2,973,666
Reinsurance assets		284,694	-	-		-284,694
Deferred acquisition cost		127,601	-	-	-	127,601
Prepayments and other receivables		211,713	-	-	-	211,713
Investment properties		4,141,705	-	-	-	4,141,705
Property, plant and equipment		1,137,333		-	-	1,137,333
Statutory deposit		215,000	-	-	-	215,000
Intangible assets		3,542	-	-	-	3,542
TOTAL ASSETS		**11,948,412**	**-**	**-**	**(14,859)**	**11,933,553**
LIABILITIES AND SHAREHOLDERS' EQUITY						
LIABILITIES						
Insurance contract liabilities		4,011,416	-	-	-	4,011,416
Investment contract liabilities		1,831,384	-	-	-	1,831,384
Trade payables		276,423	-	-	-	276,423
Other payables & accruals		403,242	-	-	-	403,242
Income tax liabilities		2,569	-	-	-	2,569
Deferred tax liabilities		55,036	-	-	-	55,036
TOTAL LIABILITIES		6,580,070	-	-	-	6,580,070
SHAREHOLDERS' EQUITY						
Issued share capital		4,074,041	-	-	-	4,074,041
Statutory contingency reserve		511,043	-	-	-	511,043
Asset revaluation reserve		646,734	-	-	-	646,734
FVOCI Reserve		314,038	-	-	-	314,038
Retained earnings	g(f)	(177,514)	-	-	(14,859)	(192,373)
Total equity		**5,368,342**	**-**	**-**	**(14,859)**	**5,353,483**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**11,948,412**	**-**	**-**	**(14,859)**	**11,933,553**

a. The N1.22billion represents placements with Banks that was reclassified from cash and cash equivalents to financial assets at amortised cost on the adoption of IFRS9.
b. The N1billion represents quoted investments reclassified from available-for-sale financial assets to financial assets at fair value through other comprehensive income on the adoption of IFRS9.
c. As in 'b' above.
d. The N1.74billion represents the sum of short term investments and treasury bills that was reclassified from held-to-maturity financial assets to financial assets at amortised cost on the adoption of IFRS9.
e. The N34.8million represents the sum of staff loans and loans to policy holders that was reclassified from loans and receivables to financial assets at amortised cost on the adoption of IFRS9.
f. The amortised cost of N2.99million represents total sum reclassified from 'a', 'd', and 'e' above.
g. The N14.9million represents the expected credit loss on remeasurement of the financial assets measured at amortised cost taken to retained earnings as at 1 January 2021 on adoption of IFRS9.

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES CONT'D

(c) IFRS9 adoption reconciliatory/ explanatory notes

		Note	IAS 39 as at 31 December	IFRS 9 as at 1 January 2021
i)	**Cash and cash equivalents**	a	N'000	N'000
	Balance as at 31 December		1,288,525	1,288,525
	Reclassified to Amortised Cost	(f)	-	(1,215,339)
	Impairment (ECL Model)	(g)	-	-
	Balance as at 1 January		1,288,525	73,186
ii)	**Financial assets - at FVOCI**	b	N'000	N'000
	Balance as at 31 December		-	-
	Reclassified from financial assets - Available-for-sale	c	-	1,006,452
	Impairment (ECL Model)		-	-
	Balance as at 1 January		-	1,006,452
iii)	**Available-for-sale financial assets - Quoted securities**	c	N'000	N'000
	Balance as at 31 December		1,006,452	1,006,452
	Reclassified to financial assets - at FVOCI	(b)	-	(1,006,452)
	Impairment (ECL Model)		-	-
	Balance as at 1 January		1,006,452	-
iv)	**Held-to-maturity**	d	N'000	N'000
	Balance as at 31 December		1,738,426	1,738,426
	Reclassified to Amortised Cost	(f)	-	(1,738,426)
	Impairment (ECL Model)		-	-
	Balance as at 1 January		1,738,426	-
v)	**Loans and receivables**	e	N'000	N'000
	Balance as at 31 December		34,760	34,760
	Reclassified to Amortised Cost	(f)	-	(34,760)
	Impairment (ECL Model)		-	-
	Balance as at 1 January		34,760	-
vi)	**Financial assets - at amortised cost**	f	N'000	N'000
	Balance as at 31 December		-	-
	Reclassified from cash and cash equivalents	a	-	1,215,339
	Reclassified from held-to-maturity	d	-	1,738,426
	Reclassified from loans and receivables	e	-	34,760
	Impairment (ECL Model)	(g)	-	(14,859)
	Balance as at 1 January		-	2,973,666
vii)	**Retained earnings**	g	N'000	N'000
	Balance as at 31 December		(177,514)	(177,514)
	Reclassified to Amortised Cost		-	-
	Impairment (ECL Model) - Financial assets - at amortised cost	f	-	(14,859)
	Balance as at 1 January		(177,514)	(192,373)

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES CONT'D

(c) Allowance for impairment

The following tables show the comparison of impairment allowances determined in accordance with IAS 39 to the corresponding impairment allowance determined in accordance with IFRS 9 as at 1 January, 2021.

	Financial assets at fair value through profit or loss	Financial assets fair value through OCI	Financial assets at amortised Cost	Total allowance for Credit losses
IAS 39 as at 31 December 2020	**N'000**	**N'000**	**N'000**	**N'000**
Specific impairment	-	-	-	-
Portfolio impairment	-	-	-	-
Total	**-**	**-**	**-**	**-**
IFRS 9 adoption adjustments	**-**	**-**	**14,859**	**14,859**
IFRS 9 as at 1 January 2021	**-**	**-**	**14,859**	**14,859**
Analysed as follow:				
Stage 1	-	-	1,837	1,837
Stage 2	-	-	5	5
Stage 3	-	-	13,017	13,017
Total	**-**	**-**	**14,859**	**14,859**

An allowance for credit losses (ACL) was established for all financial assets, except for financial assets classified or designated as FVTPL and equity securities designated as FVOCI, which are not subject to impairment assessment. Assets subject to impairment assessment include debt securities, fixed deposit & treasury bills over 90 days and are carried at amortised cost and presented net of ACL on the Statement of Financial Position.

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES CONT'D

2.6 Fair value Hierarchy

The Company's fair value measurements model is highlighted in accounting policy 50.6.4.

Level 1
Fair value measurements classified as level 1 include fair values of quoted investments based on current market prices.

Level 2
Fair value measurements classified as level 2 include fair values of unquoted investments which the Company established using valuation techniques such as:

- recent arm's length transactions
- reference to other instruments that are substantially the same
- net assets value and
- discounted cash flows

Level 3
Fair value measurements classified as level 3 include fair values of financial assets of which there are no active markets and no observable inputs. They comprise loans and other receivables.

The table below highlights financial instruments in their various fair value hierarchies at year end:

2021

Asset type	Total	Level 1	Level 2	Level 3
	N'000	N'000	N'000	N'000
Quoted securities - At fair value through profit or loss	1,525,022	1,525,022	-	-
Quoted securities - At FVTOCI	2,482,099	2,482,09	-	-
	4,007,121	4,007,121	-	-

2020

Asset type	Total	Level 1	Level 2	Level 3
	N'000	N'000	N'000	N'000
Quoted securities - At fair value through profit or loss	1,758,661	1,758,661	-	-
Quoted securities - At FVTOCI	-	-	-	-
	1,758,661	1,758,661	-	-

2.7 Changes in accounting policies and disclosures

2.7.1 New amendments and interpretations effective from 1 January 2021

New standards effective for adoption in the annual financial statements for the year ended 31 December 2021 but had no significant effect or impact on the Company are:

- IAS 1 Presentation of Financial Statements
- IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (Amendment – Disclosure Initiative - Definition of Material);
- Revisions to the Conceptual Framework for Financial Reporting.
- Definition of a Business (Amendments to IFRS 3);
- Interest Rate Benchmark Reform – IBOR 'phase 2' (Amendments to IFRS 9, IAS 39 and IFRS 7); and
- COVID-19-Related Rent Concessions (Amendments to IFRS 16).

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES CONT'D

2.7.2 New standards, interpretations and amendments not yet effective ·

There are a number of standards and interpretations which have been issued by the International Accounting Standards Board that are effective in future accounting periods that the Company has decided not to adopt early. The most significant of these are:

IFRS 17 Insurance Contracts	The new Standard establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes IFRS 4 Insurance Contracts. The Standard outlines three models for the application of the requirements. **General model** – applies to all insurance contracts in the scope of IFRS 17, except for those covered by the premium allocation approach and the variable fee approach. The general model is also modified for reinsurance contracts held. **Premium allocation approach ("PAA")** – a method that simplifies the measurement of the liability for remaining coverage. The PAA is available for groups of contracts where the coverage period for all contracts is one year or less or if the entity reasonably expects that the PAA would produce a measurement of the liability for remaining coverage for the group that would not differ materially from the general model. **Variable fee approach ("VFA")** - insurance contract liability is measured based on the obligation to pay the policyholder an amount equal to the value of the underlying items, net of consideration charged for the contract ("a variable fee"). Approach applies to direct participating contracts, based on policyholders being entitled to a significant share of the profit from a clearly identified pool of underlying items. The implementation of the Standard is likely to bring significant changes to an entity's processes and systems, and will require much greater co-ordination between many functions of the business, including finance, actuarial and Information Technology.	The Standard is effective for annual reporting periods beginning on or after 1 January 2022/2023, with early application
IAS 1 Presentation of Financial Statements	IAS 1 "Presentation of Financial Statements" sets out the overall requirements for financial statements, including how they should be structured, the minimum requirements for their content and overriding concepts such as going concern, the accrual basis of accounting and the current/non-current distinction. The standard requires a complete set of financial statements to comprise a statement of financial position, a statement of profit or loss and other comprehensive income, a statement of changes in equity and a statement of cash flows.	The amendments are effective for annual periods beginning on or after January 1, 2023. Earlier application is permitted.
IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors	IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" is applied in selecting and applying accounting policies, accounting for changes in estimates and reflecting corrections of prior period errors. The standard requires compliance with any specific IFRS applying to a transaction, event or condition, and provides guidance on developing accounting policies for other items that result in relevant and reliable information. Changes in accounting policies and corrections of errors are generally retrospectively accounted for, whereas changes in accounting estimates are generally accounted for on a prospective basis.	The amendments are effective for annual periods beginning on or after January 1, 2023. Earlier application is permitted.

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES CONT'D

2.8 Foreign Currency Translation Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (the functional currency). The financial statements are presented in Nigerian naira (N), which is the presentation currency, and rounded to the nearest thousand ('000) unless otherwise indicated.

Transactions and balances

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

Foreign exchange gains and losses that relate to cash and cash equivalents are presented in the Income Statement within 'finance income or cost'. All other foreign exchange gains and losses are presented in the Income Statement within 'other operating income' or 'other operating expenses'.

2.9 Cash and cash equivalents

Cash and cash equivalents include cash in hand and bank, unrestricted balances held with Central Bank, call deposits and short-term highly liquid financial assets (including money market funds) with original maturities of less than three months, which are subject to insignificant risk of changes in their value and used by the Company in the management of its short-term commitments. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents, net of outstanding bank overdrafts.

2.10 Trade receivables

They are initially recognised at fair value and subsequently measured at amortised cost less provision for impairment. A provision for impairment is made when there is objective evidence (such as the probability of solvency or significant financial difficulties of the debtors) that the Company will not be able to collect the entire amount due under the original terms of the invoice.

Allowances are made based on an impairment model which consider the loss given default for each customer, probability of default for the sectors in which the customer belongs and emergence period which serves as an impairment trigger based on the age of the debt.

Impaired debts are derecognised when they are assessed as uncollectible. If in a subsequent period the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previous recognised impairment loss is reversed to the extent that the carrying value of the asset does not exceed its amortised cost at the reversed date. Any subsequent reversal of an impairment loss is recognised in the Income Statement.

2.11 Deferred Acquisition Costs

Deferred acquisition costs comprise of commission, brokerage and other related expenses arising from generation and conclusion of insurance contracts. The proportion of acquisition costs that correspond to the unearned premiums are deferred as an asset and recognised in the subsequent period. They are recognised on a basis consistent with the related provision for unearned premiums.

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES CONT'D

2.12 Financial Assets and Liabilities

2.12.1 Recognition

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

2.12.2 Classification and Measurement

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

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

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

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

2.12.3 Business Model Assessment

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

i The stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realizing cash flows through the sale of the assets.

ii How the performance of assets in a portfolio is evaluated and reported to Company heads and other key decision makers within the Company's business lines;

iii The risks that affect the performance of assets held within a business model and how those risks are managed;

iv How compensation is determined for the Company's business lines' management that manages the assets;

v The frequency and volume of sales in prior periods and expectations about future sales activity.

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

a) Business Model 1(BM1): Financial assets held with the sole objective to collect contractual cash flows;

b) Business Model 2 (BM2): Financial assets held with the objective of both collecting contractual cash flows and selling; and

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c) Business Model 3 (BM3): Financial assets held with neither of the objectives mentioned in BM1 or BM2 above. These are basically financial assets held with the sole objective to trade and to realize fair value changes.

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

i) Where these sales are infrequent even if significant in value. A Sale of financial assets is considered infrequent if the sale is one-off during the Financial Year and/or occurs at most once during the quarter or at most three (3) times within the Financial Year.
The Company may decide to sell financial instruments held under the BM1 category with the objective to collect contractual cash flows without necessarily changing its business model if one or more of the following conditions are met:

ii) Where these sales are insignificant in value both individually and in aggregate, even if frequent. A sale is considered insignificant if the portion of the financial assets sold is equal to or less than five (5) per cent of the carrying amount (book value) of the total assets within the business model.

iii) When these sales are made close to the maturity of the financial assets and the proceeds from the sales approximate the collection of the remaining contractual cash flows. A sale is considered to be close to maturity if the financial assets have a tenor to maturity of not more than one (1) year and/or the remaining contractual cash flows expected from the financial asset do not exceed the cash flows from the sales by ten (10) per cent.
Other reasons: The following reasons outlined below may constitute 'Other Reasons' that may necessitate selling financial assets from the BM1 category that will not constitute a change in business model:

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

2.12.4 Cash flow characteristics assessment

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

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

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a) Financial assets measured at amortised cost

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

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

b) Financial assets measured at FVOCI

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

c) Financial assets measured at FVTPL

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

d) Equity Instruments

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

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

(I) Fair Value through Profit or Loss (FVTPL)
(ii) Amortised cost

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES CONT'D

i) Financial Liabilities at fair value through profit or loss

Financial liabilities accounted for at fair value through profit or loss fall into two categories: Financial liabilities held for trading and financial liabilities designated at fair value through profit or loss on inception.

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

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

ii) Financial Liabilities at amortised cost

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

2.12.5 Reclassifications

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Company changes its business model for managing financial assets. A change in the Company's business model will occurs only when the Company either begins or ceases to perform an activity that is significant to its operations such as:

- Significant internal restructuring or business combinations; for example an acquisition of a private asset management company that might necessitate transfer and sale of loans to willing buyers, this action will constitute changes in business model and subsequent reclassification of the Loan held from BM1 to BM2 Category.
- **Disposal of a business line**

Any other reason that might warrant a change in the Company's business model as determined by management based on facts and circumstances.

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

(a) A change in intention related to particular financial assets (even in circumstances of significant changes in market conditions).
(b) A temporary disappearance of a particular market for financial assets.
(c) A transfer of financial assets between parts of the Company with different business models.

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When reclassification occurs, the Company reclassifies all affected financial assets in accordance with the new business model. Reclassification is applied prospectively from the 'reclassification date'. Reclassification date is 'the first day of the first reporting period following the change in business model. For example, if the Company decides to shut down the retail business segment on 31 December 2021, the reclassification date will be 1 January 2022 (i.e. the first day of the entity's next reporting period), the Company shall not engage in activities consistent with its former business model after 31 December 2021. Gains, losses or interest previously recognised are not be restated when reclassification occurs.

2.12.6 Impairment of Financial Assets

In line with IFRS 9, the Company assesses the under listed financial instruments for impairment using:

Expected Credit Loss (ECL) approach:

- Amortized cost financial assets; and
- Debt securities classified as at FVOCI;

Equity instruments and financial assets measured at FVTPL are not subjected to impairment under the standard.

Impairment Methodology

The IFRS 9 impairment model will be applicable to all financial assets at amortised cost, debt instruments measured at fair value through other comprehensive income, lease receivables, loan commitments and financial guarantees not measured at fair value through profit or loss. IFRS 9 replaces the existing 'incurred loss' impairment approach with an Expected Credit Loss ('ECL') model, resulting in earlier recognition of credit losses compared with IAS 39. Expected credit losses are the unbiased probability weighted average credit losses determined by evaluating a range of possible outcomes and future economic conditions. The ECL model has three stages. Entities are required to recognise a 12 month expected loss allowance on initial recognition (stage 1) and a lifetime expected loss allowance when there has been a significant increase in credit risk since initial recognition (stage 2). Stage 3 requires objective evidence that an asset is credit-impaired, which is similar to the guidance on incurred losses in IAS 39.

The requirement to recognise lifetime ECL for assets which have experienced a significant increase in credit risk since origination, but which are not credit impaired, does not exist under IAS 39. The assessment of whether an asset is in stage 1 or 2 considers the relative change in the probability of default occurring over the expected life of the instrument, not the change in the amount of expected credit losses. Reasonable and supportable forward looking information will also be used in determining the stage allocation. In general, assets more than 30 days past due, but not credit impaired, will be classed as stage 2.

IFRS 9 requires the use of more forward looking information including reasonable and supportable forecasts of future economic conditions. The company has developed the capability to model a number of economic scenarios and capture the impact on credit losses to ensure the overall ECL represents a reasonable distribution of economic outcomes. Appropriate governance and oversight has been established around the process.

An assessment of the ECL in the company's statement of financial position reflects an increase in the provisions for credit losses. However, this increase will not have a significant impact on regulatory capital and invariably the Capital adequacy due to the Company's earnings and retention capacity over the years.

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES CONT'D

Expected Credit Loss Impairment Model for financial assets

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

Stage1–Where there has not been a Significant Increase in Credit Risk (SICR) since initial recognition of a financial instrument, an amount equal to 12months expected credit loss shall be recorded .The expected credit loss shall be computed using a probability of default occurring over the next 12 months. For those instruments with a remaining maturity of less than 12 months, a probability of default corresponding to remaining term to maturity shall be used.

Stage2–When a financial instrument experiences a SICR subsequent to origination but is not considered to be in default, it shall be included in Stage 2. This requires the computation of expected credit loss based on the probability of default over the remaining estimated life of the financial instrument.

Stage3–Financial instruments that are considered to be in default shall be included in this stage. Similar to Stage 2, the allowance for credit losses captures the lifetime expected credit losses.

Measurement of Expected Credit Losses:
The probability of default (PD), exposure at default (EAD), and loss given default (LGD) inputs used to estimate expected credit losses shall be modelled based on macroeconomic variables that are most closely related with credit losses in the relevant portfolio.
Details of these statistical parameters/inputs are as follows:

PD-The probability of default shall be an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the remaining estimated life, if the asset has not been previously derecognised and are still in the portfolio.
12-month PDs-This is the estimated probability of default occurring within the next 12months (or over the remaining life of the financial instrument if that is less than 12 months). This shall be used to calculate 12-month ECLs.
Lifetime PDs–This is the estimated probability of default occurring over the remaining life of the financial instrument. This shall be used to calculate lifetime ECLs for "stage2" and stage3 exposures. PDs shall be limited to the maximum exposure required by IFRS 9.
EAD-The exposure at default shall be an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected draw downs on committed facilities, and accrued interest from missed payments.
LGD–The loss given default shall be an estimate of the loss arising in the case where a default occurs at a given time. It shall be based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realization of any collateral. It shall be usually expressed as a percentage of the EAD.
The measurement of expected credit losses for each stage and the assessment of significant increases in credit risk considers information about past events and current conditions as well as reasonable and supportable forecasts of future events and economic conditions. The estimation and application of forward-looking information requires significant judgement.

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES CONT'D

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

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

2.12.7 Assessment of Significant increase in Credit Risk (SICR)

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

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

The quantitative models consider deterioration in the credit rating of obligor/counter party based on the company's internal rating system or External Credit Assessment Institutions (ECAI) while qualitative factors consider information such as expected forbearance, restructuring, exposure classification by licensed credit bureau etc.

A back stop shall be used to ensure that in the (unlikely) event that the primary (quantitative) indicators do not change and there is no trigger from the secondary (qualitative) indicators, an account that has breached the 30 days past due criteria for SICR and 90 days past due criteria for default shall be transferred to stage 2 and stage 3 respectively except there is a reasonable and supportable evidence available without undue cost to rebut the presumption.

Definition of Default and Credit Impaired Financial Assets

At each reporting date, the Company shall assess whether financial assets are credit impaired. A financial asset shall be credit impaired when one or more of the following events have a detrimental impact on the estimated future cash flows of the financial asset:

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

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

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

Effective Interest Rate

EIR (also denoted Internal Rate of Return or Level Yield to Maturity) is in the context of IFRS 9, the interest rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset or the amortised cost of a financial liability.

Presentation of allowance for ECL in the statement of financial position

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

- Financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets
- Financial assets measured at FVOCI: no loss allowance shall be recognised in the statement of financial position because the carrying amount of these assets shall be their fair value. However, the loss allowance shall be disclosed and recognised in the fair value reserve.

2.13 Reinsurance Assets

The Company cedes insurance risk in the normal course of business on the bases of treaty agreements. Reinsurance assets represent balances due from Reinsurance Companies. Reinsurance assets are recognised when the related gross insurance claim is recognised according to the terms of the relevant contract.

Reinsurance assets also include prepaid reinsurance cost as at the reporting date. The Company assesses its reinsurance assets for impairment. If there is objective evidence that the reinsurance asset is impaired, the Company reduces the carrying amount of the reinsurance asset to its recoverable amount and recognises the impairment loss in the income statement. There are no indications of impairment as at year end. Amounts recoverable from reinsurers are estimated in a manner consistent with settled claims associated with the reinsurer's policies and are in accordance with the related reinsurance contract.

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES CONT'D

Reinsurance assets are reviewed for impairment at each reporting date, or more frequently, when an indication of impairment arises during the reporting year. Impairment occurs when there is objective evidence as a result of an event that occurred after initial recognition of the reinsurance asset that the Company may not receive all outstanding amounts due under the terms of the contract and the event has a reliably measurable impact on the amounts that the Company will receive from the reinsurer. The impairment loss is recorded in the income statement.

Premiums, losses and other amounts relating to reinsurance treaties are recognised over the period from inception of a treaty to expiration of the related business. Ceded reinsurance arrangements do not relieve the Company from its obligations to policyholders.

2.14 Prepayments and Other Receivables

Prepayments and other receivables are carried at cost less accumulated impairment losses.The carrying amounts of the Company's non-financial assets other than deferred tax assets are assessed at the end of 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 exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that are largely independent from other assets and groups. Impairment losses are recognised in income statement.
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.

Impairment losses on non-revalued assets are recognised in the income statement as an expense, while reversals of impairment losses are also stated in the income statement. Impairment losses on revalued assets are recognised in other comprehensive income to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same asset.

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.

2.15 Investment properties

Investment properties are those properties held for rentals and appreciation in value and are not occupied by the Company. Investment properties comprise freehold land and buildings.

Recognition and measurement

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment properties at the time that cost is incurred if the recognition criteria are met; and excludes the cost of the day-to-day servicing of an investment property. Subsequent to initial recognition, investment properties are carried at fair value. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset.

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES CONT'D

Fair value changes are recognised under 'net fair value gains/losses' in the income statement.

Derecognition
Investment properties are derecognised either when they have been disposed of, or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in the income statement in the year of retirement or disposal.

Transfer
Transfers are made to or from investment properties only when there is a change in use evidenced by the owner-occupation, commencement of an operating lease to another party or completion of construction or development. Transfer between investment property and owner-occupied property does not change the cost of that property for measurement or disclosure purposes.

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

Recognition and measurement
All other property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Any increase in assets carrying amount, as a result of revaluation is credited to other comprehensive income and accumulated in Revaluation Surplus within Revaluation reserves in equity. The increase is recognised in profit or loss to the extent that it reverses reduction decrease of the same asset previously recognised in profit or loss.

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 Company and its cost can be reliably measured. The costs of the day-to-day servicing of property, plant and equipment are recognised in income statement as incurred.

Depreciation
Land is not depreciated. Depreciation on other assets is provided on a straight line basis so as to allocate the cost/revalued amounts less their residual values over the estimated useful lives of the assets. Depreciation begins when an asset is available for use and ceases at the earlier of the date that the asset is de- recognised or classified as held for sale in accordance with IFRS 5 *'Non-current Assets Held for Sale and Discontinued Operations'*.
The depreciation rates for the current and comparative periods are as follows:

Buildings	2%
Furniture and fittings	10%
Motor vehicles	20%
Machinery	10%
Computer equipment	15%
Office equipment	15%

The assets' residual values, useful lives and method of depreciation are reviewed, and adjusted if appropriate, at the end of the reporting year.

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES CONT'D

De-recognition

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

Gains and losses on disposal of property, plant and equipment are determined by reference to their carrying amount and are included in income statement.

2.17 Statutory Deposit

Statutory deposit represents the amount deposited with the Central Bank of Nigeria in accordance with Section 9 (1) and Section 10 (3) of Insurance Act, 2003. This is restricted cash as management does not have access to the balances in its day to day activities. Statutory deposits are measured at cost and interest income earned on the deposit is included in investment income.

2.18 Intangible assets (Software)

2.18.1 Recognition and Measurement

Recognition of software acquired is only allowed if it is probable that future economic benefits to this intangible asset are attributable to and will flow to the Company. Software acquired is initially measured at cost. The cost of acquired software comprises its purchase price, including any import duties and non-refundable purchase taxes, and any directly attributable expenditure on preparing the asset for its intended use.

After initial recognition, software acquired is carried at its cost less any accumulated amortisation and any accumulated impairment losses. Maintenance costs are not to be included. Internally developed software is capitalised when the Company has the intention and demonstrates the ability to complete the development and use of the software in a manner that will generate future economic benefits, and can reliably measure the costs to complete the development. The capitalised costs include all costs directly attributable to the development of the software. 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.

2.18.2 Amortisation

Amortisation is calculated on intangible assets on the straight line basis to write down the cost of software to its residual value over its estimated useful life. Amortisation methods, useful lives and residual values are reassessed at each reporting date. No Amortisation is charged on intangible assets until they are available for use.

Amortisation reduces an asset's carrying value to its residual value at the end of its useful life, and is allocated on a straight line basis over the estimated useful lives, as follows:

IES-Online Software	20%

2.19 Insurance Contracts Liabilities

2.19.1 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.

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES CONT'D

The Company issues life insurance contracts that transfer insurance risk or financial risk or both. Insurance contracts are those contracts where a party (the policy holder) transfers significant insurance risk to another party (insurer) and the latter agrees to compensate the Policyholder or other beneficiary if a specified uncertain future event (the insured event) adversely affects the policyholder, or other beneficiary. Such contracts may also transfer financial risk when the insurer issues contracts with a discretionary participation feature.

2.19.2 Recognition and Measurement of Insurance Contracts

Premium income is recognised on assumption of risks. Premiums are recognised as revenue when they become payable by the contract holder. Premiums are shown before deduction of commission and are gross of any taxes.

Gross Premiums
Gross premiums written comprise 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. These are shown gross of any taxes or duties levied on premiums.

Reinsurance
The Company cedes business to reinsurers in the normal course of business for the purpose of limiting its net loss potential through the transfer of risks. Premium ceded comprise gross premiums written. Reinsurance arrangements do not relieve the Company from its direct obligations to its policyholders.

Reinsurance assets are recognised when the related gross insurance claim is recognised according to the terms of the relevant contract.
Premiums, losses and other amounts relating to reinsurance treaties are measured over the period from inception of a treaty to expiration of the related business. The actual profit or loss on reinsurance business is therefore not recognised at the inception but as such profit or loss emerges. In particular, any initial reinsurance commissions are recognised on the same basis as the acquisition costs incurred. Premiums ceded, claims recovered and commission received are presented in the Income Statement separately from the gross amounts.

Amounts recoverable under reinsurance contracts are assessed for impairment at each reporting date. Such assets are deemed impaired if there is objective evidence, as a result of an event that occurred after its initial recognition, that the Company may not recover all amounts due under the contract terms and that the event has a reliably measurable impact on the amounts the Company will receive from the reinsurer.

Claims and policyholder benefits payable

For long term insurance business, benefits are recorded as an expense when they are incurred. Claims arising on maturing policies are recognised 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. Claims and loss adjustment expenses are charged to Income Statement as incurred based on the estimated liability for compensation owed to contract holders or third parties damaged by the contract holders.

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Receivables and Payables related to Insurance Contracts

Receivables and Payables are recognised when due. These include amounts due to and from agents, brokers and insurance contract holders. The Company assesses at each reporting date whether there is objective evidence that an insurance receivable is impaired. If there is objective evidence that the insurance receivable is impaired, the carrying amount of the insurance receivable is reduced accordingly through an allowance account and recognised as impairment loss in income statement.

2.20 Investment Contracts Liabilities

Investment Contracts Liabilities are those contracts that transfer financial risk with no significant insurance risk. Financial risk is the risk of a possible 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.

2.20.1 Interest on Investment Contracts

Interest accruing to the assured from investment of the savings is recognised in the income statement in the period it is earned while interest paid and due to depositors is recognised as expense. The net amount of the deposit administration revenue is transferred to the income statement.

2.20.2 Recognition and measurement of investment contracts

Receipt and payments under investment contracts are not classified as insurance contracts in the Income statement but are deposits accounted in the Statement of Financial Position in line with the accounting policies for financial instruments. The deposit liability recognised in the Statement of Financial Position represents the amounts payable to the holders of the investment contracts inclusive of allocated investment income.

A number of insurance and investment contracts contain a discretionary feature. 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 unrealised 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.

Investment Contracts with Discretionary Participation Feature (DPF)

Insurance contracts and investment contracts with DPF are classified into two main categories, depending on the duration of risk and whether or not the terms and conditions are fixed.

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 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.

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES CONT'D

The Company is concerned with Long-term insurance contracts without fixed terms and with DPF. 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 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.

2.21 Trade Payables

Trade payables are recognised when due and measured on initial recognition at the fair value of the consideration received less directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest rate method. These include amounts due to agents, brokers, insurance contract holders, insurance companies and reassurance companies.

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 omitted.

Derecognition

Insurance payables are derecognised when the obligation under the liability is settled, cancelled or expired.

2.22 Other Payables and Accruals

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

2.23 Taxation

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the income statement except to the extent that it relates to items recognised directly in equity.

2.23.1 Current tax

Current tax is the expected tax payable on total or 'taxable' income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

2.23.2 Deferred tax

Deferred income tax is provided, using the liability method, on all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted at the reporting period date and are expected to apply when the related deferred income tax liability is settled.

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

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES CONT'D

2.24 Share capital and reserves

Issued Share Capital

The issued ordinary shares of the Company are classified as equity instruments. Incremental costs directly attributable to the issue of an equity instrument are deducted from the initial measurement of the equity instruments.

Dividend

Dividends on ordinary shares are recognised and deducted from equity when they are approved by the Company's shareholders, while interim dividends are deducted from equity when they are paid. Dividends for the year that are approved after the reporting date are disclosed as an event after reporting date.

2.25 Statutory Contingency Reserve

Contingency reserve is done in accordance with the provisions of Section 22(1) (b) of the Insurance Act CAP I17 LFN 2004. The contingency reserve is credited with the higher of an amount equal to 1% of the gross premium or 10% of the profit. The amount shall accumulate until it reaches the amount of the minimum paid up capital.

2.26 Asset Revaluation Reserve

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

2.27 FVOCI RESERVE

FVOCI reserve comprises the cumulative net change in the fair value of the Group's investments categorised as Fair Value Through Other Comprehensive Income (FVOCI). Net fair value movements are recycled to income statement if an investment categorized as Amortised Cost is either derecognised or impaired.

2.28 Retained Earnings

Retained earnings comprise of undistributed profits from previous years, which have not been reclassified to any other reserve attributable to shareholders.

2.29 Revenue Recognition

Revenue comprise 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.

2.29.1 Insurance Premium Revenue

Gross recurring premium on life and investment contracts with Discretionary Participating Features (DPF) are recognised as revenue when payment is made by the policyholder. For single premium business, revenue is recognised on the date on which the policy is effective.

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES CONT'D

Gross premiums written comprise 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. These are shown gross of any taxes or duties levied on premiums. They are recognised on the date on which the policy commences. Premiums include any adjustments arising in the accounting period for premiums receivable in respect of business written in prior accounting periods. Rebates that form part of the premium rate, such as no-claim rebates, are deducted from the gross premium; others are recognised as an expense. Premiums collected by intermediaries, but not yet received, are assessed based on estimates from underwriting or past experience and are included in premiums written.

2.29.2 Unearned premiums

Unearned premiums are those proportions of premiums written in a year that relate to periods of risk after the reporting date. Unearned premiums are calculated on a daily pro rata basis. The proportion attributable to subsequent periods is deferred as a provision for unearned premiums.

2.29.3 Reinsurance premium

Gross reinsurance premiums on life and investment contracts are recognised as an expense on the earlier of the date when premiums are payable or when the policy becomes effective. Gross reinsurance premiums written comprise the total premiums payable for the whole cover provided by contracts entered into for the period and are recognised on the date on which the policy incepts. Unearned reinsurance premiums are those proportions of premiums written in a year that relate to periods of risk after the reporting 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.

2.29.4 Fees and commission income

Fees are charged on insurance and investment contracts for policy administration services, investment management services, surrenders, reinstatement and other contract fees. These fees are recognised as revenue over the period in which the related services are performed. If the fees are for services provided in future periods, then they are deferred and recognised over those future periods.

Commission income is earned on reinsurance arrangement made with the reinsurer. It is recognised as revenue over the period in which the related reinsurance arrangement covered.

2.29.5 Interest Income

Interest income for interest bearing financial instruments, are recognised within 'interest income' in the Income Statement using the effective interest rate method. The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset (or, where appropriate, a shorter period) to the net carrying amount of the financial asset. The effective interest rate is calculated on initial recognition of the financial asset and is not revised subsequently.

2.29.6 Dividend Income

Dividend income is recognised in the Income Statement when the Company's right to receive payment is established.

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES CONT'D

2.29.7 Realised gains and losses

Realised gains and losses recorded in the income statement 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 amortised cost and are recorded on occurrence of the sale transaction.

2.30 Benefits, claims and expenses recognition

2.30.1 Gross benefits and claims

Gross benefits and claims for life insurance contracts include the cost of all claims arising during the year, including internal and external claims handling costs that are directly related to the processing and settlement of claims. Changes in the gross valuation of insurance are also included. Death claims and surrenders are recorded on the basis of notifications received. Maturities and annuity payments are recorded when due.

2.30.2 Claims expenses recovered

This represents claims expenses recovered or recoverable from reassurers based on reinsurance contracts arrangement made with reinsurance companies.

2.30.3 Changes in Life Insurance Contract Liability

This is based on actuarial valuation reports as at the reporting date. Actuarial valuation of the life fund is conducted annually to determine the net liabilities on the existing policies and the adequacy of the assets representing the insurance fund as at the date of valuation. All deficits arising there are charged to the income statement while the surplus is appropriated to the shareholders and credited to the income statement.

2.31 Expense Recognition

2.31.1 Underwriting expenses

Underwriting expenses comprise acquisition costs and other underwriting expenses. Acquisition costs comprise all direct and indirect costs arising from the writing of insurance and investment contracts. These costs include, but are not limited to, commission expense and other technical expenses.

Other underwriting expenses are those incurred in servicing existing policies/contract. These expenses are charged in the accounting year in which they are incurred.

2.31.2 Management expenses

Management expenses are charged to Income Statement when the goods are received or services rendered. They are expenses other than claims, investments and underwriting expenses. It includes audit fee, Directors' emoluments, employee benefits, depreciation charges, amortisation charge, finance charges, legal and professional fees, marketing and other administration/operating expenses.

Finance charge relates to Interest expense for interest bearing financial instruments. It is recognised within 'finance charge' included in management expenses in the Income Statement using the effective interest rate method. The effective interest rate is the rate that exactly discount the estimated future cash payments and receipts through the expected life of the financial liability (or, where appropriate, a shorter period) to the net carrying amount of the financial liability. The effective interest rate is calculated on initial recognition of the financial liability and is not revised subsequently.

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES CONT'D

2.31.3 Short -term employee benefit

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

The Company operates a defined contribution plan in accordance with the provisions of the Pension Reform Act 2004. The contribution of the Company is 10% of the qualifying monthly emoluments (i.e. basic, housing and transport) of employees. Employees' contribution is 8%. The Company's obligations for contributions to the plan are recognised as an expense in Income Statement when they are due.

2.32 Earnings per share

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

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and date of completion of these financial statements that could give rise to dilution of equity.

2.33 Provisions, contingent liabilities and contingent assets

a. Provisions

A provision is recognised when the Company has present obligations as a result of past event, it is probable that a outflow of resources embodying economic benefits will be required to settle the obligations and reliable estimate can be made of amount of the obligation. Provisions are not discounted at their present value and are determined based on the best estimate required to settle the obligation at the reporting date. these estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

b. Contingent assets

Contingent assets are possible assets whose existence will be confirmed by the occurrence or non-occurence of uncertain future events that are not wholly within the control of the entity. Contingent assets are not recognised but they are disclosed when it is more likely than not that an inflow of benefits will occur. However, when the inflow of benefits is virtually certain an asset is recognised in the statement of financial position, because that asset is no longer considered to be contingent.

c. Contingent liabilities

A Contingent liability is a possible obligation that arises from the past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is liability that cannot be recognised because it cannot be measured reliably. The Company does not recognise a contigent liability but discloses its existence in the financial statements.

2.34 Leases

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

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES CONT'D

a. The Company as a lessor

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Company's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Company's net investment outstanding in respect of the leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

b. The Company as a lessee

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

(i) Right-of-use assets

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

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment.

(ii) Lease liabilities

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

The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2021

Assets	Note	2021 N'000	2020 N'000
Cash and cash equivalents	3	69,073	1,288,525
Financial assets:			
- *Available-for-sale*	4.1	-	1,006,452
- *At fair value through other comprehensive income*	4.1(a)	2,482,099	
- *At fair value through profit or loss*	4.2	1,525,022	1,758,661
- *Held to maturity*	4.3	-	1,738,426
- *Loans and receivables*	4.4	-	34,760
- *At amortised cost*	4.3(b)	1,045,549	-
Reinsurance assets	6	311,234	284,694
Deferred acquisition cost	7	89,500	127,601
Prepayments and other receivables	8	982,835	211,713
Investment properties	9	4,869,311	4,141,705
Property, plant and equipment	10	1,250,992	1,137,333
Statutory deposit	11	215,000	215,000
Intangible assets	12	17,907	3,542
Total assets		**12,858,522**	**11,948,412**
Liabilities			
Insurance contract liabilities	13	4,039,570	4,011,416
Investment contract liabilities	14	2,111,609	1,831,384
Trade payables	15	46,624	276,423
Other payables & accruals	16	332,206	403,242
Income tax liabilities	17	2,656	2,569
Deferred tax liabilities	18	64,617	55,036
Total liabilities		**6,597,282**	**6,580,070**
Equity			
Issued share capital	19	4,074,041	4,074,041
Statutory contingency reserve	20	555,167	511,043
Asset revaluation reserve	21	732,960	646,734
Fair value through other comprehensive income reserve	22	1,044,883	314,038
Retained earnings	23	(145,811)	(177,514)
Total equity		**6,261,240**	**5,368,342**
Total liabilities and equity		**12,858,522**	**11,948,412**

The financial statements were approved and authorised for issue by the Board of Directors on 30 May 2022 and signed on its behalf by:

Mr. Anthony Aletor	Mrs. Adebola Odukale	Mr. Tunde Muriana
Vice Chairman	Managing Director/CEO	Chief Finance Officer
FRC/2013/CISN/00000003344	FRC/2013/CIIN/00000003501	FRC/2013/ICAN/00000002280

The accompanying notes and significant accounting policies on pages 6 to 73 and other national disclosures on pages 74 and 75 form an integral part of these financial statements.

Auditors' report, pages 1 to 4

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	2021 N'000	2020 N'000
Gross premium written	24	4,412,397	6,328,410
Changes in unearned premium	25	203,360	(836,715)
Gross premium income		**4,615,757**	**5,491,695**
Reinsurance expenses	26	(231,323)	(268,125)
Net premium income		**4,384,434**	**5,223,570**
Fees and commission income	27	64,332	65,142
Net underwriting income		**4,448,766**	**5,288,712**
Net claims incurred	28	(2,974,752)	(2,972,750)
Changes in life insurance contract liabilities	13.3	(23,809)	(525,425)
Underwriting expenses	29	(1,007,419)	(641,350)
Total underwriting expenses		**(4,005,980)**	**(4,139,525)**
Underwriting profit		442,786	1,149,187
Investment income	30.2	834,059	79,917
Net realised (loss)/gain	31	(8,242)	16,698
Net fair value gains	32	715,334	318,667
Profit on investment contract liabilities	33	75,182	48,621
Foreign exchange gains	34	61	-
Management expenses	35	(1,967,673)	(1,543,523)
Write back of allowance of expected credit losses	35.4	957	-
Profit before taxation		**92,464**	**69,567**
Information Technology Development Levy	17.2	(915)	(689)
		91,549	68,878
Income tax expense	17.2	(863)	(991)
Profit for the year		90,686	67,887
Other comprehensive income			
Item that may be reclassified to Profit or Loss:			
Fair value gain/(loss) on financial assets at FVOCI	22	730,845	(311,601)
Item that will not be reclassified to profit or loss:			
Revaluation gain on property, plant and equipment(netof tax)	21	86,226	102,304
Other comprehensive income/(loss) for the year		**817,071**	**(209,297)**
Total comprehensive income/(loss) for the year		907,757	(141,410)
Earnings per share			
Basic/diluted earnings per share(kobo)	37	2.23	1.67

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Auditors' report, pages 1 to 4

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED, 31 DECEMBER, 2021

	Share capital	Statutory contingency reserve	Asset revaluation reserve	FVOCI Reserve	Retained earnings	Total equity
	N'000	N'000	N'000	N'000	N'000	N'000
Balance at 1 January 2021	4,074,041	511,043	646,734	314,038	(177,514)	5,368,342
Profit for the year	-	-	-	-	90,686	90,686
ECL impairment on adoption of IFRS9	-	-	-	-	(14,859)	(14,859)
Other comprehensive income:						
Fair value gain on financial assets at FVOCI	-	-	-	730,845	-	730,845
Changes in valuation of land and building	-	-	86,226	-	-	86,226
Addition to issued share capita	-	-	-	-	-	-
Transfer between reserves	-	44,124	-	-	(44,124)	-
Balance at 31 December 2021	**4,074,041**	**555,167**	**732,960**	**1,044,883**	**(145,811)**	**6,261,240**
Balance at 1 January 2020	**3,054,903**	**447,759**	**544,430**	**625,639**	**(182,117)**	**4,490,614**
Profit for the year	-	-	-	-	67,887	67,887
Other comprehensive income:						
Fair value loss on financial assets at FVOCI	-	-	-	(311,601)	-	(311,601)
Changes in valuation of land and building	-	-	102,304	-	-	102,304
Addition to issued share capital	1,019,138	-	-	-	-	1,019,138
Transfer between reserves	-	63,284	-	-	(63,284)	-
Balance at 31 December 2020	**4,074,041**	**511,043**	**646,734**	**314,038**	**(177,514)**	**5,368,342**

The accompanying notes and significant accounting policies on pages 6 to 73 and other national disclosures on pages 74 and 75 form an integral part of these financial statements.

Auditors' report, pages 1 to 4

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2021

		2021	2020
Cash flows from operating activities	**Notes**	**N'000**	**N'000**
Premium received from policy holders		4,184,466	6,326,455
Commission paid - Group life	29.1&15.2	(593,968)	(422,262)
Commission paid - Investment Contract Liabilities	33	(70,137)	(77,904)
Deposit premium	15	25,171	227,931
Fess and Commission received	16.5	54,342	66,013
Recoveries from co-assurance	28(a)	41,412	35,405
Cash paid to and on behalf of Employees	35.1	(468,291)	(445,772)
Cash received from Investment Contract Holders - Group	14.1	75,669	119,895
Cash paid to Investment Contract Holders - Group	14.1	(49,711)	(64,515)
Cash received from Investment Contract Holders - Individual	14.2	739,027	388,264
Cash paid to Investment Contract Holders - Individual	14.2	(602,189)	(542,651)
Reinsurance premium paid	15.1	(244,895)	(247,487)
Other underwriting expenses	29.2	(377,280)	(286,452)
Other operating cash payments		(3,691,529)	(1,084,288)
Claims paid	28	(2,787,617)	(2,819,925)
Fund in trust paid	14.3	(37,851)	(14,571)
Cash (absorbed)/generated from operating activities	40	(3,803,381)	1,158,136
Company income tax paid	17.1	(1,691)	(6,136)
Net cash (absorbed)/ generated from operating activities		(3,805,072)	1,152,000
Cash flows from investing activities:			
Purchase of property, plant and equipment	10	(51,326)	(34,116)
Additions to intangible assets	12	(18,332)	(1,200)
Proceeds from disposal of property, plant and equipment		99	463
Proceeds from sale of financial assets -FVPL	4.2(a)	766,858	757,773
Purchase of financial assets - FVPL	4.2	(553,832)	(979,183)
Proceeds from matured and liquidated financial assets	4.3(d)	3,373,485	89,384
Purchase of financial assets at amortised cost	4.3(d)	(1,758,554)	(1,416,733)
Loan granted to staff & policy holders	4.4(b)	(21,822)	(10,162)
Repayment of staff & policy loan	4.4(b)	13,381	8,684
Additional placements during the year	4.4.3	(152,152)	-
Matured and liquidated placements during the year	4.4.3	666,976	-
Interest received on statutory deposit	8.2.1	5,083	22,969
Dividend received	8.2.2	94,117	64,007
Rent Income received	8.4	32,150	26,667
Additions to investment properties	9	-	(45,000)
Interest and other investment incomes received		189,489	159,342
Net Cash inflow/(outflow) from investing activities		**2,585,620**	**(1,357,105)**
Cash flows from financing activities:			
Deposit for shares	16.2	-	795,000
Net Cash inflow from financing activities		**-**	**795,000**
Net (decrease)/increase in cash and cash equivalents		(1,219,452)	589,895
Cash and cash equivalents at the beginning		1,288,525	698,630
Cash and cash equivalents at the end of the year (Note 3.5)		**69,073**	**1,288,525**

The accompanying notes and significant accounting policies on pages 6 to 73 and other national disclosures on pages 74 and 75 form an integral part of these financial statements.
Auditors' report, pages 1 to 4

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31, DECEMBER 2021

	2021	2020
3. Cash and cash equivalents	**N'000**	**N'000**
Cash - petty cash	38	127
Balances with Local banks	68,208	72,633
Domiciliary accounts with local banks	827	426
Placement with banks	-	1,215,339
	69,073	1,288,525

	N'000	N'000
Current	69,073	1,288,525
Non-current	-	-
	69,073	1,288,525

3.1 Attributable to policyholders	**N'000**	**N'000**
Balances with local banks	23,231	31,317
Domiciliary accounts with local banks	136	184
Placement with banks	-	524,013
	23,367	555,514

3.2 Attributable to investment contracts	**N'000**	**N'000**
Balances with local banks	23,231	31,317
Domiciliary accounts with local banks	136	184
Placement with banks	-	524,013
	23,367	555,514

3.3 Attributable to shareholders	**N'000**	**N'000**
Cash - Petty cash	38	127
Balances with local banks	22,301	177,370
	22,339	177,497
Cash and cash equivalents	69,073	1,288,525

3.4 Reconciliation of opening balance of cash and cash equivalents as at 1 January 2021

	2021 IFRS9	2020 IAS39
Cash and cash equivalents	**N'000**	**N'000**
Balance as at 1 January	1,288,525	698,630
Reclassification of "placements" with banks to "amortised cost" (Note 4.4.3)	(1,215,339)	-
Balance as at 1 January (adjusted for IFRS9)	73,186	698,630
Changes in cash and cash equivalents during the year	(4,113)	589,895
Balance as at 31 December	69,073	1,288,525

3.5 Cash and cash equivalents for the purpose of **cash flows include:**	**N'000**	**N'000**
Cash - petty cash (Note 3)	38	127
Balances with Local banks (Note 3)	68,208	72,633
Domiciliary accounts with local banks (Note 3)	827	426
Placement with banks (Note 3)	-	1,215,339
	69,073	1,288,525

3.5.1 No impairment loss has been assessed on the balances with local banks. The funds are being used on a daily basis to manage the operating activities of the company.

NOTES TO THE FINANCIAL STATEMENTS CONT'D

		2021	2020
4.	**Financial assets**	**2021**	**2020**
	The Company's financial assets are summarised by categories as follows:	N'000	N'000
	Available-for-sale financial assets (Note 4.1)	-	1,006,452
	Fair value through other comprehensive income (Note 4.1(a))	2,482,099	-
	Fair value through profit or loss (Note 4.2)	1,525,022	1,758,661
	Held to maturity (Note 4.3)	-	1,738,426
	Loans and receivables (Note 4.4)	-	34,760
	Financial assets at amortised cost (Note 4.3(b))	1,045,549	-
		5,052,670	4,538,299
		N'000	**N'000**
	Current	2,570,571	1,793,421
	Non-current	2,482,099	2,744,878
		5,052,670	4,538,299
4.1	**Available-for-sale financial assets**	**N'000**	**N'000**
	Balance at the beginning of the year	1,006,452	1,318,053
	Reclassified to financial assets - at FVOCI on adoption of IFRS9 (Note 4.1(a))	(1,006,452)	-
	Fair value loss (Note 22)	-	(311,601)
	Balance at the end of the year	-	1,006,452
(a)	**Fair value through other comprehensive income (FVOCI)**	**N'000**	**N'000**
	Balance as at 1 January	-	-
	Reclassified from financial assets - Available-for-sale on adoption of IFRS9 (Note 4.1)	1,006,452	-
	Fair value gain (Note 22)	730,845	-
	Bonus shares received during the year (Note 30)	744,802	-
	Balance as at 31 December	2,482,099	-

The Company received a bonus shares worth of N744.8million on its equity investments with NEM Insurance Plc and Consolidated Hallmark Insurance Plc during the year.

(b)	**Equity instrument measured at FVOCI**		
	(2020 : Available-for-sale) includes:	N'000	N'000
	Consolidated Hallmark Insurance Plc	842,667	379,993
	NEM Insurance Plc	1,639,432	626,459
	Total equity instruments measured at FVOCI	2,482,099	1,006,452
		N'000	N'000
	Attributable to policy holders	1,241,050	503,226
	Attributable to investment contract	1,241,049	503,226
		2,482,099	1,006,452

(c) The fair value gains in the carrying amount of financial assets measured at fair value through other comprehensive income are recognised in other comprehensive income and accumulated under the heading of fair value through other comprehensive income reserve.

		2021	2020
4.2	**Fair value through profit or loss**	**N'000**	**N'000**
	Balance at the beginning of the year	1,758,661	1,677,794
	Purchases during the year	553,832	979,183
	Fair value loss (Note 32)	(12,272)	(156,778)
	Carrying amount of FVTPL disposed (Note 4.2(a))	(775,199)	(741,538)
	Balance at the end of the year	1,525,022	1,758,661
		N'000	N'000
	Attributable to policy holders	381,255	439,665
	Attributable to investment contract	335,505	386,906
	Attributable to shareholders	808,262	932,090
		1,525,022	1,758,661

NOTES TO THE FINANCIAL STATEMENTS CONT'D

		2021	2020
(a)	**Profit on disposal of FVTPL**	**N'000**	**N'000**
	Proceeds from sale of financial assets -FVTPL	766,858	757,773
	Carrying amount of FVTPL disposed (Note 4.2)	(775,199)	(741,538)
	(Loss)/gain on disposal (Note 31)	(8,341)	16,235

(b) Fair value through profit or loss
Management valued the Company's quoted investments at market value which is a reasonable measurement of fair value since the prices of the shares are quoted in an active market. The instruments are measured and evaluated on a fair value basis and fair value is determined by reference to published price quotations in an active market -classified as level 1 in the fair value hierarchy.

		2021	2020
4.3	**Held to maturity**	**N'000**	**N'000**
	Balance at the beginning of the year	1,738,426	395,066
	Reclassification to financial assets at amortised cost" (Note 4.3 (c) and Note 4.3(d))	(1,738,426)	-
	Purchases during the year	-	1,416,733
	Accrued interest capitalised (Note 30)	-	16,011
		-	1,827,810
	Matured and liquidated during the year	-	(89,384)
	Balance at the end of the year	-	1,738,426
		N'000	N'000
	Attributable to policy holders	-	1,738,426
	Attributable to investment contract	-	-
		-	1,738,426

(a)	Debt instruments and other short term investments held to maturity includes:	N'000	N'000
	CBN Treasury Bill	-	20,903
	Other short term investments	-	1,717,523
	-	-	1,738,426

Other short term deposits are fixed deposit investments with maturity priod of less than 12 months.

(b)	**Financial assets at amortised cost**	**N'000**	**N'000**
i	Debt instruments and short term investments (Note 4.3(d))	128,681	-
ii	Loans and receivables (Note 4.4(b))	30,198	-
iii	Placement with banks (Note 4.4.3)	886,670	-
		1,045,549	-

Placements with banks are made for varying periods of between one day and ninety days, depending on the immediate cash requirements of the Company. All deposits are subject to an average variable rate of 10.2% (2020: 6.16%).

(c) Reconciliation of opening balance of financial assets at amortised cost as at 1 January 2021

	2021 IFRS9 N'000	2020 IAS39 N'000
Balance as at 1 January	-	-
Reclassification from cash and cash equivalents (Note 3.4)	1,215,339	-
Reclassification from "held to maturity" financial assets (Note 4.3)	1,738,426	-
Reclassified from loans and receivables (Note 4.4)	34,760	-
Impairment (ECL Model) on adoption of IFRS9 (Note 4.4.3(b))	(14,859)	-
	2,973,666	-
Change in financial assets at FVOCI during the year	(1,929,074	-
Movement in ECL impairment allowance during the year (Note 4.4.3(b))	957	-
Balance as at 31 December	1,045,549	-

(d)	**Debt instruments and short term investments classified at amortsed cost**	**N'000**	**N'000**
	Balance as at 1 January	-	-
	Reclassification from "held to maturity" financial assets (Note 4.3)	1,738,426	-
	Purchases during the year	1,758,554	-
	Accrued interest capitalised (Note 30)	5,216	-
		3,502,196	-
	Matured and liquidated during the year	(3,373,485)	-
		128,711	-
	ECL allowance on debt instruments and short term investments (Note 4.3(e))	(30)	-
	Balance at the end of the year	128,681	-
		N'000	N'000
	Attributable to policy holders (Note 13.4)	128,681	-
	Attributable to investment contract	-	-
		128,681	-

(e)	**ECL allowance on debt instruments and short term investments**	**N'000**	**N'000**
	Balance at the beginning of the year	-	-
	Impairment (ECL Model) on adoption of IFRS9 (Note 4.4.4)	252	-
	Write back of allowance of credit loss during the year (Note 35.3)	(222)	-
	Balance at the end of the year	30	-

4.4	**Loans and receivables (IAS39)**	**N'000**	**N'000**
	Balance at the beginning of the year	34,760	32,766
	Reclassification to financial assets at amortised cost" (Note 4.4(b))	(34,760)	-
	Loan granted during the year	-	10,162
	Interest on loan	-	516
-			43,444
	Repayment during the year	-	(8,684)
	Balance at the end of the year	-	34,760
		N'000	N'000
	Attributable to policy holders	-	27,732
	Attributable to shareholders	-	7,028
		-	34,760

(a)	**Loans and receivables comprises of:**	**N'000**	**N'000**
	Loan to policy holder (Note 4.4(d))	-	27,732
	Staff loans (Note 4.4.2)	-	7,028
		-	34,760

(b)	**Loans and receivables classified at amortised cost on adoption of IFRS9**	**N'000**	**N'000**
	Balance as at 1 January	-	-
	Reclassification from loans and receivable to financial assets at amortised cost" (Note 4.4)	34,760	-
	Loan granted during the year	21,822	-
	Interest on loan (Note 4.4(d) and Note 4.4.2)	801	-
		57,383	-
	Repayment during the year	(13,381)	-
	ECL allowance on loans and receivables classified at amortised cost (Notes 4.3(d) and 4.4.2)	(13,804)	-
	Balance at the end of the year	30,198	-
		N'000	N'000
	Attributable to policy holders	17,131	-
	Attributable to shareholders	13,067	-
		30,198	-

NOTES TO THE FINANCIAL STATEMENTS CONT'D

		2021	2022
(c)	**Loans and receivables classified at amortised cost comprises of:**	N'000	N'000
	Loan to policy holder (Note 4.4(d))	17,131	27,732
	Staff loans (Note 4.4.2)	13,067	7,028
		30,198	34,760

(d)	**Loan to policy holder**	N'000	N'000
	Balance at the beginning of the year	27,732	27,083
	Loan granted during the year	2,725	1,840
	Interest on loan (Note 30)	418	75
		30,875	28,998
	Repayment during the year	(1,394)	(1,266)
	ECL allowance on loan to policy holder (Note 4.4(e))	(12,350	-
	Balance at the end of the year	17,131	27,732

(e)	**ECL allowance on loan to policy holder**	N'000	N'000
	Balance at the beginning of the year	-	-
	Impairment (ECL Model) on adoption of IFRS9 (Note 4.4.4)	11,866	-
	Allowance of credit loss during the year (Note 35.3)	484	-
	Balance at the end of the year	12,350	-

(f) The Company grants cash loans to policyholders in line with the policy provisions (terms and conditions). The maximum loan amount that could be granted to policyholders is 80% of the policy cash value. The cash value (worth of the policy as determined by the actuary) is the cash amount due to policyholder upon cancellation of the insurance contact as at the date of determination and it is used as collateral on policy cash loan granted.

(g) Policy Loans are not impaired as balances are set-off against benefits accruable to the policyholder. 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 15% per annum and it is reviewed periodically.

	2021	2022
4.4.2 Staff loans	N'000	N'000
Balance at the beginning of the year	7,028	5,683
Loan granted during the year	19,097	8,322
Interest on loan (Note 30)	383	441
	26,508	14,446
Repayment during the year	(11,987)	(7,418)
ECL allowance on loan to policy holder (Note 4.4.2(b))	(1,454)	-
Balance at the end of the year	13,067	7,028

(a) The Company grants loans to staff at below market rate (7%) per annum, these loans were re-measured at transition date at amortised cost using average prime lending rate issued by Central Bank of Nigeria. The difference between the fair value using average prime lending rate and the rate at which the loan was granted is included in employee costs.

		2021	2022
(b)	**Expected credit loss on staff loans**	N'000	N'000
	Balance at the beginning of the year	-	-
	Impairment (ECL Model) on adoption of IFRS9 (Note 4.4.4)	1,190	-
-	Allowance of credit loss during the year (Note 35.3)	264	-
	Balance at the end of the year	1,454	-

NOTES TO THE FINANCIAL STATEMENTS CONT'D

	2021 N'000	2020 N'000
4.4.3 Placement with banks classified at amortised cost on adoption of IFRS9		
Balance as at 1 January	-	-
Reclassified from cash and cash equivalents (Note 3.4)	1,215,339	-
Additions during the year	152,152	-
Accrued interest capitalised	186,223	-
	1,553,714	-
Matured and liquidated during the year	(666,976)	-
Balance at the end of the year	886,738	-
ECL allowance on placement with banks (Note 4.4.3(a))	(68)	-
Balance as at 31 December	886,670	-
	N'000	N'000
Attributable to policy holders	559,335	-
Attributable to investment contracts	194,334	-
Attributable to shareholders	133,001	-
	886,670	-

	N'000	N'000
(a) ECL allowance on placement with banks		
Balance at the beginning of the year	-	-
Impairment (ECL Model) on adoption of IFRS9 (Note 4.4.4)	1,551	-
Write back of allowance of credit loss during the year (Note 35.3)	(1,483)	-
Balance at the end of the year	68	-

	2021 IFRS9 N'000	2020 IAS39 N'000
(b) Reconciliation of movement in ECL impairment allowance		
Balance as at 1 January (IAS39)	-	-
ECL impairment on adoption of IFRS9 (Note 4.3(c) and Note 4.4.4)	14,859	-
Movement in ECL impairment allowance during the year (Note 4.3© and Note 4.4.4(a))	(957)	-
Balance as at 31 December (IFRS9)	13,902	-

	N'000	N'000
4.4.4 ECL impairment on adoption of IFRS9 is analysed below:		
ECL allowance on loan to policy holder (Note 4.4(e))	11,866	-
Expected credit loss on staff loans (Note 4.4.2(b))	1,190	-
ECL allowance on debt instruments and short term investments (Note 4.3(e))	252	-
ECL allowance on placement with banks (Note 4.4.3(a))	1,551	-
	14,859	-

	N'000	N'000
(a) Movement in ECL impairment allowance during the year is analysed below:		
Write back of allowance of credit loss during the year on short term investments (Note 35.3)	(222)	-
Allowance of credit loss during the year on loan to policy holder (Note 35.3)	484	-
Allowance of credit loss during the year on staff loans (Note 35.3)	264	-
Write back of allowance of credit loss during the year on placement with banks (Note 35.3)	(1,483)	-
	(957)	-

	N'000	N'000
5. Trade receivables		
Premium receivable (Note 5.1)	-	-
Impairment-trade receivables (Note 5.2)	-	-
	-	-

NOTES TO THE FINANCIAL STATEMENTS CONT'D

		2021	2020
5.1	**Premium receivable**	**N'000**	**N'000**
	Balance at the beginning of the year	-	-
	Gross premium written during the year (Note 24)	4,412,397	6,328,410
	Premium received during the year	(4,412,397)	(6,328,410)
	Balance at the end of the year	-	-
		N'000	**N'000**
	Current	-	-
	Non-current	-	-
		-	-

5.2	**Impairment - Trade receivables**	**N'000**	**N'000**
	Balance at the beginning of the year	-	-
	Impairment during the year	-	-
	Amount written off against bad debts	-	-
	Balance at the end of the year	-	-

5.3 Basis of Impairment

An impairment is based on the likelihood that a premium debt will not be paid and will fall into default. Debts are assessed individually and where objective evidence of impairment exists, for receivables considered significant, they are impaired accordingly.

If the Company determines that no objective evidence of impairment exists for an individually assessed receivable, whether significant or not, it includes the receivable in a group of receivables with the same credit risk characteristics and collectively assesses them for impairment.

6.	<u>Reinsurance assets</u>	**N'000**	**N'000**
	Reinsurer Share of UPR (Note 6.1)	69,433	80,970
	Reinsurer Share of IBNR (Note 6.2)	53,914	74,756
	Balance as per Actuary's Estimate	123,347	155,726
	Prepaid Reinsurance Expenses (Note 6.3)	-	-
	Co-assurance receivables (Note 6.4)	187,887	128,968
		311,234	284,694
		N'000	**N'000**
	Current	311,234	284,694

6.1	**Reinsurer share of UPR**	**N'000**	**N'000**
	Balance at the beginning of the year	80,970	52,720
	Movement during the year (Note 26)	(11,537)	28,250
	Balance at the end of the year	69,433	80,970

6.2	**Reinsurer share of IBNR**	**N'000**	**N'000**
	Balance at the beginning of the year	74,756	90,150
	Movement during the year (Note 28(a))	(20,842)	(15,394)
	Balance at the end of the year	53,914	74,756

6.3	**Prepaid Reinsurance expenses**	**N'000**	**N'000**
	Balance at the beginning of the year	-	67,675
	Movement during the year (Note 26)	-	(67,675)
	Balance at the end of the year	-	-

6.4	**Co-assurance receivables**	**N'000**	**N'000**
	Balance at the beginning of the year	157,214	167,222
	Addition during the year	100,331	25,397
	Claims expenses recovered during the year (Note 28(a))	(41,412)	(35,405)
		216,133	157,214
	Impairment loss (Note 6.5)	(28,246)	(28,246)
		187,887	128,968

NOTES TO THE FINANCIAL STATEMENTS CONT'D

		2021	2020
6.5	**Impairment loss**	**N'000**	**N'000**
	Balance at the beginning of the year	28,246	28,246
	Addition during the year	-	-
	Balance at the end of the year	28,246	28,246
7.	**Deferred acquisition cost**	**N'000**	**N'000**
	Balance at the beginning of the year	127,601	47,283
	Acquisition cost during the year (Note 29.1)	592,038	435,216
	Total acquisition cost	719,639	482,499
	Amortised acquisition cost during the year (Note 29.1)	(630,139)	(354,898)
	Balance at the end of the year	89,500	127,601
		N'000	**N'000**
	Current	89,500	127,601
	Non-current	-	-
		89,500	127,601
8.	**Prepayments and other receivables**	**N'000**	**N'000**
	Prepayments (Note 8.1)	20,518	22,135
	Stock brokers' current account (Note 8(a))	781,236	-
	Withholding tax recoverable	10,029	10,023
	Other receivables (Note 8.3)	-	-
	Accrued investment income (Note 8.2)	81,052	119,555
		892,835	151,713
	Rent receivable (Note 8.4)	90,000	60,000
		982,835	211,713
		N'000	N'000
	Current	982,835	211,713
	Non-current	-	-
		982,835	211,713

The carrying value of prepayments and other receivables approximate their fair value at the year end date.

(a) Stock brokers' current account comprise of amount due to Capital Express Assurance Limited from stock brokers who managed the Company's equities on the stock exchange. This comprises:

		2021	2020
		N'000	**N'000**
	GTI Securities Limited	275,118	-
	Capital Express Securities Limited	8,956	-
	Apel asset & Trust Limited.	497,162	-
		781,236	-
8.1.1	**Prepayments**	**N'000**	**N'000**
	Prepaid rent (Note 8.1.1)	11,652	11,775
	Prepaid insurance (Note 8.1.2)	1,120	3,110
	Other prepayment (Note 8.1.3)	7,746	7,250
		20,518	22,135
	Prepaid rent	**N'000**	**N'000**
	Balance at the beginning of the year	11,775	9,066
	Payment during the year	34,640	3,528
	Accrued rent (Note 16.1)	-	5,046
	Amortisation during the year (Note 35)	(34,763)	(25,865)
	Balance at the end of the year	11,652	11,775
8.1.2	**Prepaid insurance**	**N'000**	**N'000**
	Balance at the beginning of the year	3,110	3,322
	Payment during the year	16,605	15,284
	Amortisation during the year (Note 35)	(18,595)	(15,496)
	Balance at the end of the year	1,120	3,110

NOTES TO THE FINANCIAL STATEMENTS CONT'D

	2021	2020
8.1.3 Other prepayments	**N'000**	**N'000**
Balance at the beginning of the year	7,250	5,379
Payment during the year	31,894	22.526
Amortisation during the year	(31,398)	(20,655)
Balance at the end of the year	7,746	7,250

8.2. Accrued investment income	**N'000**	**N'000**
Accrued interest on statutory deposit (Note 8.2.1)	29,987	29,987
Accrued interest on short-term placements	51,065	85,281
Accrued interest on Bond (Note 30)	-	4,287
Dividend receivable (Note 8.2.2)	-	-
	81,052	119,555

8.2.1. Accrued interest receivable	**N'000**	**N'000**
Balance at the beginning of the year	29,987	13,826
Interest earned on statutory deposit (Note 30)	5,083	22,969
Interest received during the year	(5,083)	(6,808)
Balance at the end of the year	29,987	29,987

8.2.2 Dividend receivable	**N'000**	**N'000**
Balance at the beginning of the year	-	4,629
Dividend earned during the year (Note 30)	94,117	64,007
Dividend received during the year	(94,117)	(68,636)
Balance at the end of the year	-	-

8.3 Other receivables	**N'000**	**N'000**
Balance at the beginning of the year	-	287
Addition during the year	3,910	1,657
Repayments during the year	(3,910)	(1,944)
Balance at the end of the year	-	-

(a) Other receivables represent cash and touring advances given to staff for business purposes. However, all advances have been retired as at the year end.

8.4 Rent receivable	**N'000**	**N'000**
Balance at the beginning of the year	60,000	30,000
Rent earned during the year (Note 8.4.1 and Note 30)	62,150	56,667
Rent received during the year	(32,150)	(26,667)
Balance at the end of the year	90,000	60,000

8.4.1 The following investment properties generated the rental income during the year:	**N'000**	**N'000**
18, Bishop Kale Close, Victoria Island, Lagos	12,000	10,000
35, Akin Adesola Street, Victoria Island, Lagos	20,150	16,667
Plot 1626C-E, Idejo Street, Victoria Island, Lagos	30,000	30,000
	62,150	56,667

9. <u>Investment properties</u>	**N'000**	**N'000**
Balance at the beginning of the year	4,141,705	3,621,260
Addition during the year	-	45,000
Fair value gains (Note 32)	727,606	475,445
Balance at the end of the year	4,869,311	4,141,705

9.1 Investment properties are stated at fair value, which has been determined based on valuations performed by Austine Udoh & Partners (FRC/2013/NIESV/00000004380) who are accredited independent valuers, as at 31 December 2021.

The valuer is an industry specialist in valuing these types of investment properties. The fair value is supported by market evidence and represents the amount at which the assets could be exchanged between a knowledgeable, willing buyers and a knowledgeable, willing seller in an arm's length transaction at the date of valuation, in accordance with standards issued by International Valuation Standard Committee. Valuation is performed on an annual basis and the fair value gains and losses are recorded within the Income Statement.

NOTES TO THE FINANCIAL STATEMENTS CONT'D

9.2

The Company's Investment properties are as stated below:	Balance at the beginning of the year	Addition/ disposal during the year	Fair value changes	Carrying amount
	N'000	N'000	N'000	N'000
Plot of Land at Oba Adesida Road, Oyemekun, Akure	60,137	-	7,334	67,471
Plot 2 & 3, Oko Orisan Water Front Scheme, Epe, Lagos	64,035	-	24,500	88,535
4A, Robinson Close, Off Wharf-Road Apapa Lagos	380,500	-	115,972	496,472
Nouakchott Street Off Olusegun Obasanjo Way Wuse Abuja	561,815	-	85,801	647,616
18, Bishop Kale Close, Victoria Island, Lagos	800,355	-	121,786	922,141
35, Akin Adesola Street, Victoria Island, Lagos	960,530	-	141,345	1,101,875
Plot 1626C-E, Idejo Street, Victoria Island, Lagos	1,314,333	-	230,868	1,545,201
Total investment properties	**4,141,705**	**-**	**727,606**	**4,869,311**

9.3 The Company's investment properties are allocated as follows:

	2021	2020
	N'000	N'000
Attributable to policyholders	1,400,000	1,022,490
Attributable to investment contract	739,063	1,022,490
Attributable to shareholders	2,730,248	2,096,725
	4,869,311	4,141,705

9.4 The present status of the properties is presented hereunder:

Property	Type	Acquisition Date	Status of Title	Rental Status
Plot of Land Along Oba Adesida Road, Oyemekun, Akure.	Land	14th February 2007	Deed of Assignment / Governor's Consent	This is for future development and capital appreciation
Plot 2 & 3, Oko Orisan Water Front Scheme, Epe, Lagos.	Land	20th April 2012	Deed of Assignment / Governor's Consent	This is for future development and capital appreciation
4A, Robinson Close Off Wharf-Road, Apapa, Lagos.	Land	24th October 2007	Deed of Assignment / Governor's Consent	This is for future development and capital appreciation
Nouakchott Street, Off Olusegun Obasanjo Way, Wuse 1, Abuja.	Land & Building	30th May 2012	Deed of Assignment / Governor's Consent	The building is scheduled for renovation upon relevant government approval
18, Bishop Kale Close, Victoria Island, Lagos.	Land & Building	3rd April 2007	Deed of Assignment / Governor's Consent	The building is currently occupied by tenants
35, Akin Adesola Street, Victoria Island, Lagos.	Land & Building	14th February 2007	Deed of Assignment / Governor's Consent	The building is currently occupied by tenants
Plot 1626C-E, Idejo Street, Victoria Island, Lagos.	Land & Building	6th July 2007	Deed of Assignment / Governor's Consent	The building is currently occupied by tenants

NOTES TO THE FINANCIAL STATEMENTS CONT'D

10. Property, plant and equipment

	Land	Building	Plant and machinerys	Motor vehicle	Computer equipment	Office equipment	Furniture & Fittings	Total
Cost	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**
At 1 January 2020	322,460	622,650	50,775	251,667	79,253	34,250	85,608	1,446,663
Additions	-	8,701	493	-	21,096	2,120	1,706	34,116
Disposals	-	-	-	(3,310)	-	-	-	(3,310)
Asset revaluation reserve (Note 21)	56,245	44,799	-	-	-	-	-	101,044
At 31 December 2020	378,705	676,150	51,268	248,357	100,349	36,370	87,314	1,578,513
At 1 January 2021	378,705	676,150	51,268	248,357	100,349	36,370	87,314	1,578,513
Additions	-	-	143	27,475	7,608	1,077	15,023	51,326
Disposals	-	-	(6,734)	(570)	(1,165)	-	-	(8,469)
Asset revaluation reserve (Note 21)	58,795	23,600	-	-	-	-	-	82,395
At 31 December 2021	437,500	699,750	44,677	275,262	106,792	37,447	102,337	1,703,765
Accumulated depreciation								
At 1 January 2020	-	-	24,608	251,350	50,735	28,962	72,778	428,433
Charge for the year	-	12,627	3,862	68	6,429	1,793	3,905	28,684
Disposals	-	-	-	(3,310)	-	-	-	(3,310)
Asset revaluation reserve (Note 21)	-	(12,627)	-	-	-	-	-	(12,627)
At 31 December 2020	-	-	28,470	248,108	57,164	30,755	76,683	441,180
At 1 January 2021	-	-	28,470	248,108	57,164	30,755	76,683	441,180
Charge for the year-	-	13,412	3,655	2,651	9,204	1,686	2,866	33,474
Disposals	-	-	(6,734)	(570)	(1,165)	-	-	(8,469)
Asset revaluation reserve (Note 21)	-	(13,412)	-	-	-	-	-	(13,412)
At 31 December 2021	-	-	25,391	250,189	65,203	32,441	79,549	452,773
Carrying amounts at:								
31 December 2021	437,500	699,750	19,286	25,073	41,589	5,006	22,788	1,250,992
31 December 2020	378,705	676,150	22,798	249	43,185	5,615	10,631	1,137,333

NOTES TO THE FINANCIAL STATEMENTS CONT'D

(a) The Company's land and building were professionally valued at the reporting date by Austine Udoh & Partners, an accredited independent valuer, with registration number FRC/2013/NIESV/00000004380 based on the open market value of the properties. The revaluation surplus of N95.8million arising therefrom were taken to revaluation reserve in accordance with International Accounting Standard - IAS 16 paragraph 31.

(b) No leased assets are included in the above property, plant and equipment (2020: Nil)

(c) The Company had no capital commitments as at the statement of financial position date (2020: Nil).

(d) There is no restriction on title of any item of property, plant and equipment.

(e) Carrying amount of land and building in property, plant and equipment	Type	Status of Title	Balance at the beginning of the year N'000	Addition during the year N'000	Depreciation during the year N'000	Revaluation surplus N'000	Carrying amount N'000
18, Bishop Kale Close, Victoria Island, Lagos	Land	Deed of Assignment	378,705	-	-	58,795	437,500
18, Bishop Kale Close, Victoria Island, Lagos	Building	Deed of Assignment	676,150	-	(13,412)	37,012	699,750
Total Land and Building			**1,054,855**	**-**	**(13,412)**	**95,807**	**1,137,250**

	2021	2020
11. Statutory deposit	**N'000**	**N'000**
Deposit with Central Bank of	215,000	215,000

This represents the amount deposited with the Central Bank of Nigeria in accordance with Section 9 (1) and Section 10 (3) of Insurance Act 2004. This is restricted cash as management does not have access to the balances in its day to day activities. Statutory deposits are measured at cost and interest income earned on the deposit is included in investment income.

12. Intangible assets

Intangible assets represent computer softwares acquired by the Company for use in it's daily operations. The table below shows the details of balances at the year end.

Cost	**N'000**	**N'000**
At 1 January	28,701	27,501
Additions	18,332	1,200
At 31 December	47,033	28,701
Amortisation		
At 1 January	25,159	19,558
Charge for the year (Note 35)	3,967	5,601
At 31 December	29,126	25,159
Carrying amount	17,907	3,542

13. Insurance contract liabilities	**N'000**	**N'000**
Incurred but not reported (IBNR)(Note 13.1(a))	1,043,562	932,712
Outstanding claims (Note 13.1(b))	421,599	324,744
Unearned premium reserve (Note 13.2)	1,058,900	1,262,260
Life insurance contract liabilities (Note 13.3)	1,515,509	1,491,700
	4.039,570	4,011,416

The firm of Ernst & Young, an actuarial service organisation did the valuation of life insurance portfolio for the reporting year. The actuarial valuation reports were authorised by Mr. Olurotimi O. Okpaise, a professional actuary registered with the Financial Reporting Council of Nigeria with registration number (FRC/2012/NAS/00000000738).

13.1 Outstanding claims

(a) Incurred but not reported (IBNR)	**N'000**	**N'000**
Balance at the beginning of the year	932,712	779,497
Changes in Incurred but not reported (Note 28)	110,850	153,215
Balance at the end of the year	**1,043,562**	**932,712**

NOTES TO THE FINANCIAL STATEMENTS CONT'D

		2021	2020
(b)	**Outstanding claims as reported by policyholders:**	**N'000**	**N'000**
	Balance at the beginning of the year	327,744	305,123
	Claims incurred during the year	2,884,472	2,451,282
	Claims paid during the year (Note 28)	(2,787,617)	(2,431,661)
	Balance at the end of the year	**421,599**	**324,744**
		N'000	**N'000**
	Current	93,941	42,313
	Non-Current	327,658	282,431
		421,599	**324,744**

(c) The sum outstanding as unsettled claims as at the reporting date according to age analysis is as follows:

	Outstanding claims with discharge vouchers not yet signed	Outstanding claims with incomplete documentation	Number of outstanding claims DV not yet signed	Number of outstanding claims with incomplete documentation	2021	2022
	N'000	**N'000**	**Number**	**Number**	**N'000**	**N'000**
0- 90 days	3,285	47,454	3	42	50,739	42,313
91- 180 days	26,245	14,020	5	13	40,265	73,249
181- 270 days	-	1,389	-	2	1,389	24,560
270- 365 days	-	1,548	-	4	1,548	6,105
365 days and above	42,364	285,294	21	107	327,658	178,517
	71,894	349,705	29	168	421,599	324,744

There are total number of 197 outstanding claims as at the year ended 31 December 2021. 168 outstanding claims are due to incomplete documentation, while 29 outstanding claims are still awaiting duly signed discharge vouchers.

13.2	**Unearned Premium Reserve**	**N'000**	**N'000**
	Balance at the beginning of the year	1,262,260	425,545
	Changes in unearned premium (Note 25)	(203,360)	836,715
	Balance at the end of the year	1,058,900	1,262,260
13.3	**Life insurance contract liabilities**	**N'000**	**N'000**
	Balance at the beginning of the year	1,491,700	966,275
	Movement during the year	23,809	525,425
	Balance at the end of the year	1,515,509	1,491,700
13.4	**Life insurance contract liabilities is represented by:**	**N'000**	**N'000**
	Cash and cash equivalents (Note 3.1)	23,367	555,514
	Fair value through other comprehensive income (FVOCI) (Note 4.1(b))	1,241,050	503,226
	Financial assets - fair value through profit or loss (Note 4.2)	381,255	439,665
	Financial assets - held to maturity (Note 4.3)	-	1,738,426
	Financial assets at amortised cost - Debt instruments (Note 4.3(d))	128,681	-
	Financial assets at amortised cost - loans and receivables (Note 4.4(d))	17,131	27,732
	Financial assets at amortised cost - Placements with banks (Note 4.4.3)	559,335	-
	Reinsurance assets (Note 6)311,234284,694Investment properties (Note 9.3)	311,234	284,694
	Investment properties (note 9.3)	1,400,000	1,022,490
		4,062,053	4,571,747
13.5	**Assets Cover**	**N'000**	**N'000**
	Insurance Contract Liabilities (Note 13)	4,039,570	4,011,416
	Assets Allocated (Note 13.4)	(4,062,053)	(4,571,747)
	Surplus in Assets Cover	(22,483)	(560,331)

NOTES TO THE FINANCIAL STATEMENTS CONT'D

	2021	2020
14. Investment Contract Liabilities	**N'000**	**N'000**
Investment contract liabilities - Group (Note 14.1)	569,975	523,040
Investment contract liabilities - Individual (Note 14.2)	1,488,798	1,250,657
Fund in Trust (Note 14.3)	52,836	57,687
	2,111,609	1,831,384
	N'000	N'000
Current	717,947	622,671
Non-current	1,393,662	1,208,713
	2,111,609	1,831,384

Investment contract liabilities is stated at amortised cost and analysed as follows:

14.1 Investment Contract Liabilities - Group	**N'000**	**N'000**
Balance at the beginning of the year	523,040	448,790
Deposit during the year	75,669	119,895
Withdrawal during the year	(49,711)	(64,515)
	548,998	504,170
Guaranteed interest (Note 33)	20,977	18,870
Balance at the end of the year	569,975	523,040

14.2 Investment Contract Liabilities - Individual	**N'000**	**N'000**
Balance at the beginning of the year	1,250,657	1,310,844
Deposit during the year	739,027	388,264
Withdrawal during the year	(602,189)	(542,651)
	1,387,495	1,156,457
Guaranteed interest (Note 33)	101,303	94,200
Balance at the end of the year	1,488,798	1,250,657

14.3 Fund in Trust	**N'000**	**N'000**
Balance at the beginning of the year	57,687	55,258
Claims incurred during the year	33,000	17,000
Payment made during the year	(37,851)	(14,571)
Balance at the end of the year	52,836	57,687
	N'000	**N'000**
Current	52,836	57,687
Non-current	-	-
	52,836	57,687

Fund in Trust represents amount held in trust on behalf of policyholders arising from insurance contracts. This has been separated from outstanding claims because of the peculiar mode of payment under the policy condition. Death cover is provided under Guaranteed Tuition Protection Policy (GTPP) for payment of tuition fees of named beneficiary in case of death of the insured. Payments are made directly to the school to settle school fees when due, subject to the sum assured. Unutilised amount (if any) on graduation of the beneficiary is paid directly to the beneficiary.

The carrying amount disclosed above reasonably approximates fair value at the reporting date.

14.4 Investment Contract fund is represented **by:**	**N'000**	**N'000**
Cash and cash equivalents (Note 3.2)	23,367	555,514
Fair value through other comprehensive income (FVOCI) (Note 4.1(b))	1,241,049	503,226
Financial Assets at amortised cost (Note 4.4.3)	194,334	-
Financial Assets - Fair Value through profit or loss (Note 4.2)	335,505	386,906
Investment properties (Note 9.2)	739,063	1,022,490
	2,533,318	2,468,136

NOTES TO THE FINANCIAL STATEMENTS CONT'D

	2021	2020
14.5 Assets Cover	N'000	N'000
Investment Contract Liabilities (Note 14)	2,111,609	1,831,384
Assets Allocated (Note 14.4)	(2,533,318)	(2,468,136)
Surplus in Assets Cover - Investment Contract Liabilities	(421,709)	(636,752)
Surplus in Assets Cover - Insurance Contract Liabilities	(22,483)	(560,331)
Surplus in Assets	(444,192)	(1,197,083)

15. **Trade payables**	N'000	N'000
Premium payable to Reinsurance companies (Note 15.1)	10,429	35,538
Commission payable to Insurance brokers (Note 15.2)	11,024	12,954
Premium payable to co-insurance coy 4,254	21,453	48,492
Deposit premium (Note 15.3)	25,171	227,931
	46,624	276,423
Current	46,624	276,423
Non-current	-	-
	46,624	276,423

Trade payable represents the reinsurance premium payable to reinsurance companies, co-insurance premium to co-underwriters and commission due to insurance brokers. The carrying amounts disclosed above approximate fair values at the reporting date.

15.1 Premium payable to Reinsurance companies	**N'000**	**N'000**
Balance at the beginning of the year	35,538	54,325
Treaty premium ceded to reinsurance (Note 26)	136,358	154,142
Facultative reinsurance outward (Note 26)	83,428	74,558
Reinsurance premium paid during the year	(244,895)	(247,487)
Commission received from reinsurance	10,429	35,538

15.2 Commission payable to Insurance brokers	**N'000**	**N'000**
Balance at the beginning of the year	12,954	-
Movement during the year	(1,930)	12,954
Balance at the end of the year	11,024	12,954

15.3 Policy proposal represents deposit premium received from policy holders that are yet to have policy numbers.

16. Other payables and accruals	**N'000**	**N'000**
Accrued rent (Note 16.1)	5,046	5,046
Accrued management expenses	57,132	66,065
Insurance supervisory levy	53,377	63,284
Statutory payables (Note 16.3)	8,082	6,469
Deferred Commission income (Note 16.5)	8,500	18,490
Due to stock brokers	-	65,406
Other creditors (Note 16(b))	200,069	178,482
	332,206	403,242
Deposit for shares (Note 16.2)	-	-
	332,206	403,242
	N'000	N'000
Current	332,206	403,242
Non-current	-	-
	332,206	403,242

NOTES TO THE FINANCIAL STATEMENTS CONT'D

(a) The carrying amount disclosed above reasonably approximates fair value at the reporting date. The amounts are payable within one year.

(b) Included in other creditors are unpaid invoices which cheques were issued but turned staled at year end amounting to N173.2 million (2020:128.5million).

	2021	2020
16.1 Accrued rent	**N'000**	**N'000**
Balance at the beginning of the year	5,046	5,046
Changes during the year	-	-
Balance at the end of the year	5,046	5,046
16.2 Deposit for shares	**N'000**	**N'000**
Balance at the beginning of the year	-	224,138
Deposit made during the year	-	795,000
Deposit utilised for share capital (Notes 19.2)	-	(1,019,138)
Balance at the end of the year	-	-
16.3 Statutory payables	**N'000**	**N'000**
Pay As You Earn	1,092	1,050
Pension Fund (Note 16.4)	2,987	518
Value Added Tax	439	619
Withhoding Tax	817	877
Industrial Training Fund	2,747	3,405
	8,082	6,469
16.4 Pension Fund	**N'000**	**N'000**
Balance at the beginning of the year	518	4,067
Provision during the year	19,070	14,877
Payment during the year	(16,601)	(18,426)
Balance at the end of the year	2,987	518
16.5 Deferred commission income	**N'000**	**N'000**
Deferred Commission income as at the beginning of the year	18,490	17,619
Commission received from reinsurance (Note 15.1)	54,342	65,638
Fees and Commission earned during the year (Note 27)	(64,332)	(64,767)
Deferred Commission income as at the end of the year	8,500	18,490

17. <u>Income tax liabilities</u>

The major components of income tax expenses for the reporting years are as follows:

17.1 Per Statement of financial position	**N'000**	**N'000**
Balance at the beginning of the year	2,569	7,025
Charge for the year (Note 17.2)	1,778	1,680
Payments during the year	(1,691)	(6,136)
Balance at the end of the year	2,656	2,569
17.2 Per Income Statement	**N'000**	**N'000**
Minimum Tax	858	988
Police fund levy	5	3
	863	991
Information Technology Development Levy	915	689
	1,778	1,680

Income tax and Education tax

(I) The amount provided as income tax for the year has been computed on the basis of the minimum tax in accordance with the provisions of Companies Income Tax Act, CAP C21 LFN, 2004 (as amended).

NOTES TO THE FINANCIAL STATEMENTS CONT'D

(ii) The Company is not liable to Education tax because it has no assessable profit in accordance with Education Tax Act CAP E4 LFN, 2004 (as amended).

(iii) Police Fund Levy

In accordance with Section 4 of the Nigeria Police Trust Fund (Establishment) Act, a levy of 0.005% on the net profit is payable by Companies operating businesses in Nigeria.

(iv) Information Technology Levy

In accordance with Section 12(2)(b) of the Nigerian Information Technology Development Act (NITDA) 2007, 1% of profit before tax is payable as Information Technology levy.

17.3 Reconciliation of total tax charge

The income tax expense for the year can be reconciled to the accounting profit as per the statement of profit or loss and other comprehensive income as follows:

	2021 **N'000**	2020 **N'000**
Profit for the year	92,464	69,567
Tax at the statutory corporation tax rate of 30%	(62,799)	20,870
Effect of income that is exempt from taxation	(1,572,623)	(1,967,132)
Effect of expenses that are not deductible in determining		
Taxable profit	1,167,663	1,591,876
Current year fiscal loss	466,874	354,247
Minimum tax	858	988
Balancing charge	(30)	139
Police Fund Levy of 0.005% of Net Profit	5	3
NITDA Levy @ 1% of PBT	915	689
Tax expense recognised in profit or loss statement	**863**	**1,680**
Effective rate	**0.01**	**0.02**

The tax rate used for 2021 and 2020 reconciliation above is the corporate tax rate of 30% and 2.5%(2020:2%) for tertiary education tax payable by corporate entities in Nigeria on taxable profits under tax laws in the Country, for the year ended 31 December 2021.

18. Deferred tax	**N'000**	**N'000**
Balance at the beginning of the year	55,036	43,669
Deferred tax on revaluation surplus on property, plant and equipment (Note 21)	9,581	11,367
Balance at the end of the year	64,617	55,036

As a result of accelerated rates of capital allowances, the carrying amount of the Company's property, plant and equipment at the statement of financial position date exceeded its corresponding tax written down value by N720,101,234 (2020:N666,750,849). The Company has fiscal loss of N7,416,822,001 (2020:N5,870,188,560) and unutilised capital allowance of N1,446,878,454 (2020:1,386,287,214) resulting into deferred tax asset of N472,484,000 (2020:N1,974,034,477). The deferred tax asset of N472,484,000 analysed below was not recognised in the financial statements because there is no evidence that it will be utilised in the foreseable future.

	Opening balance as at 1 January 2021	tax movement in profit or loss	tax movement in other comprehensive income	Closing Balance at 31 December 2021
Deferred Tax Liabilities	**N'000**	**N'000**	**N'000**	**N'000**
Defered tax on revaluation surplus on property, plant and equipment	55,036	-	9,581	64,617
Difference between Carrying Value of PPE and TWDV	200,025	16,005	-	216,030
Total	255,061	16,005	9,581	280,647
Deferred tax assets				
Fiscal losses	1,758,173	466,874	-	2,225,047
Unutilised capital allowances	415,886	21,615	-	437,501
Sub total	2,174,059	488,489	-	2,662,548
Net deferred tax liability/ (asset)	(1,918,998)	(472,484)	9,581	(2,381,901)

NOTES TO THE FINANCIAL STATEMENTS CONT'D

	2021	2020
19. Issued share capital	N'000	N'000
19.1 Authorised Share Capital		
8,000,000,000 Ordinary Shares of N1.00 each	8,000,000	8,000,000
19.2 Ordinary shares issued and fully paid	**N'000**	**N'000**
4,074,041 ordinary shares of N1.00 at the beginning of the year	4,074,041	3,054,903
Additions during the year (Notes 16.2 and 19.2(a))	-	1,019,138
Balance at the end of the year	4,074,041	4,074,041

(a) The Company increased it issued share capital in prior year by issue of additional 1,019,138,000 shares of N1 each at par.

(b) The issued and fully paid share capital of the Company in value and number as at the end of the year is as stated below:

Issued and fully paid	N'000	N'000
Value		
4,074,041,000 (2020: 4,074,041,000)Ordinary Shares of N1.00 each	4,074,041	4,074,041
Number	**'000**	**'000**
4,074,041,000 (2020: 4,074,041,000)Ordinary Shares of 1.00 each	4,074,041	4,074,041

20. Statutory contingency reserve	**N'000**	**N'000**
Balance at the beginning of the year	511,043	447,759
Transfer from comprehensive income (Note 23)	44,124	63,284
Balance at the end of the year	555,167	511,043

The statutory contingency reserve has been computed at the rate of the higher of 1% of the gross premium and 10% of net profits, in accordance with Section 21(1) of the Insurance Act, CAP I17 LFN 2004.

21. Asset revaluation reserve	**N'000**	**N'000**
Balance at the beginning of the year	646,734	544,430
Additions during the year (Note 10)	95,807	113,671
Transferred to deferred tax (Note 18)	(9,581)	(11,367)
Balance at the end of the year	732,960	646,734
22. Fair value through other comprehensive income reserve	**N'000**	**N'000**
Balance at the beginning of the year	314,038	625,639
Fair value gain/(loss) during the year (Note 4.1(a)) (2020:Note4.1)	730,845	(311,601)
Balance at the end of the year	1,044,883	314,038
23. Retained earnings	**N'000**	**N'000**
Balance at the beginning of the year	(177,514)	(182,117)
ECL impairment on adoption of IFRS9 (Note 4.4.4)	(14,859)	-
Profit for the year	90,686	67,887
Transfer to contingency reserve (Note 20)	(44,124)	(63,284)
Balance at the end of the year	(145,811)	(177,514)
	N'000	**N'000**
24. Gross premium written	4,412,397	6,328,410
Group life	4,154,804	5,426,403
Individual life	257,593	902,007
	4,412,397	6,328,410

Gross premium written is recognised as revenue when it becomes payable by the policyholders. Revenue is recognised on single premium business on the date on which the policy is effective.

25. Changes in unearned premium	**N'000**	**N'000**
Changes in unearned premium reserve (Note 13.2)	203,360	(836,715)

NOTES TO THE FINANCIAL STATEMENTS CONT'D

		2021	2020
26.	**Reinsurance expenses**	**N'000**	**N'000**
	Treaty premium ceded for reinsurers (Note 15.1)	136,358	154,142
	Facultative reinsurance outward (Note15.1)	83,428	74,558
	Reinsurance premium ceded during the year	**219,786**	**228,700**
	Changes in reinsurer share of UPR (Note 6.1)	11,537	(28,250)
	Changes in prepaid reinsurance expenses (Note 6.3)	-	67,675
		231,323	268,125

27.	**Fees and commission income**	**N'000**	**N'000**
	Fees and Commission (Note 16.5)	64,332	64,767
	Policy reinstatement and other fee	-	375
		64,332	65,142

28.	**Net claims incurred**	**N'000**	**N'000**
	Surrender	107,090	84,239
	Maturities	179,452	429,534
	Claims incurred on Fund in Trust	33,000	17,000
	Death	2,468,075	2,289,152
	Gross claims paid during the year (Note 13.1(b))	2,787,617	2,819,925
	Changes in outstanding claims	96,855	19,621
	Changes in Incurred But Not Reported Claims (Note 13.1(a))	110,850	153,215
	Gross claims incurred during the year	2,995,322	2,992,761
	Recoverables from Reinsurance (Note 28(a))	(20,570)	(20,011)
	Net claims incurred	2,974,752	2,972,750

	Recoverables from Reinsurance	**N'000**	**N'000**
(a)	Claims expenses recovered from co-assurer (Note 6.4)	(41,412)	(35,405)
	Changes in Reinsurer share of IBNR (Note 6.2)	20,842	15,394
		(20,570)	(20,011)

29	**Underwriting expenses**	**N'000**	**N'000**
	Acquisition expenses (Notes 7 and 29.1)	630,139	354,898
	Other Underwriting expenses (Note 29.2)	377,280	286,452
		1,007,419	641,350

29.1	**Acquisition expenses**	**N'000**	**N'000**
	Commission on insurance contracts (Note 7)	592,038	435,216
	Changes in deferred acquisition cost	38,101	(80,318)
		630,139	354,898

29.2	**Other Underwriting expenses**	**N'000**	**N'000**
	Administrative charges	99,137	61,099
	Agency career fund - Company's contribution	4,807	4,196
	Agency running expenses	73,338	13,593
	Medical and stamp duty expenses	6,622	4,938
	Underwriting employee's benefits	170,599	170,426
	Value Added Tax on commission	22,358	31,172
	Profit Sharing	419	1,028
		377,280	286,452

29.3 Agency Career Fund

The Company operates self-maintained contributory post-retirement benefits for the financial planners, in which the financial planners (Agents) and the Company contribute 5% each, of their monthly earnings and borne by the Company. Financial planners are Sales Agent directly involved in marketing of various retails products of the Company on commission basis.

NOTES TO THE FINANCIAL STATEMENTS CONT'D

		2021	2020
30.	**Investment Income**	**N'000**	**N'000**
	Interest income - placement with banks	186,223	125,595
	Other income (Note 30.1)	3,266	29,460
		189,489	155,055
	Interest income - Treasury Bills (Note 4.3(d)) (2020: Note 4.3)	5,216	16,011
	Interest income - Bond (Note 8.2)	-	4,287
	Interest income - Policyholders Loans (Note 4.4(d))	418	75
	Interest income - Staff Loans (Note 4.4.2)	383	441
	Rental income on investment properties (Note 8.4)	62,150	56,667
	Bonus shares received during the year (Note 4.1(a))	744,802	-
	Interest income on statutory deposit (Note 8.2.1)	5,083	22,969
	Dividend income on financial assets (Note 8.2.2)	94,117	64,007
		1,101,658	319,512

30.1	**Other income**	**N'000**	**N'000**
	Profit sharing	-	11,373
	Stamp duty refunds	-	11,054
	Provisions no longer required	-	1,500
	Others	3,266	5,533
		3,266	29,460

30.2	**Allocation of investment income**	**N'000**	**N'000**
	Attributable to policyholders	460,310	52,511
	Attributable to shareholders	373,749	27,406
		834,059	79,917
	Attributable to investment contracts	267,599	239,595
		1,101,658	319,512

31.	**Net Realised (loss)/gains**	**N'000**	**N'000**
	Property, plant and equipment:		
	Profit on disposal	99	463
	Quoted Equity Securities:		
	(Loss)/gain on disposal (Note 4.2(a))	(8,341)	16,235
		(8,242)	16,698

32.	**Net fair value gains**	**N'000**	**N'000**
	Investment Properties:		
	Fair Value Gains (Note 9)	727,606	475,445
	Financial assets at fair value through profit or loss:		
	Fair value loss (Note 4.2)	(12,272)	(156,778)
		715,334	318,667

33.	**Profit on investment contract liabilities**	**N'000**	**N'000**
	Investment income (Note 30.2)	267,599	239,595
	Commission paid	(70,137)	(77,904)
	Guaranteed interest (Notes 14.1&14.2)	(122,280)	(113,070)
		75,182	48,621

34	**Foreign exchange gains**	**N'000**	**N'000**
	Unrealised foreign exchange gains	61	-

NOTES TO THE FINANCIAL STATEMENTS CONT'D

	2021	2020
35. Management expenses	**N'000**	**N'000**
Actuarial valuation expenses	3,675	3,675
Administration expenses	135,851	98,045
AGM and Other Meeting Expenses	543	302
Amortisation of Intangible Assets (Note 12)	3,967	5,601
Audit Fee (Note 35.2)	4,500	4,500
Bank charges (Note 36)	7,095	7,978
Computer Accessories	7,407	8,980
Depreciation charge (Note 10)	33,474	28,684
Directors' emoluments (Note 39.2)	150,580	77,034
Employee benefits expenses (Note 35.1)	468,291	445,772
Fuel Expenses	29,187	26,098
Gift and Donations	55,204	87,171
Insurance expenses (Note 8.1.2)	18,595	15,496
Insurance supervisory levy	53,377	63,284
Internet expenses	10,735	5,340
Legal and professional fees	31,501	26,921
Marketing expenses	822,490	535,489
Motor Vehicle expenses	30,719	22,667
NIA Subscription	4,940	12,284
Public relations expenses	10,359	5,486
Rent and rates (Note 8.1.1)	34,763	25,865
Repairs and maintenance	42,924	30,380
Transportation expenses	7,496	6,471
	1,967,673	1,543,523

35.1 Employees benefits expenses		
Employees benefits expenses comprise of:	N'000	N'000
Wages and salaries	342,471	332,156
Employer's Pensions Contribution	19,070	18,426
Support staff wages and salaries	44,677	45,715
NSITF/ITF Contribution and Others	62,073	49,475
	468,291	445,772

35.2 BDO Professional Services was appointed to carry out only the Statutory audit of the financial statements of the Company.

35.3 Write back/allowance of expected credit losses	**N'000**	**N'000**
Write back of allowance of credit loss during the year - debt instruments -(Note 4.3(e))	222	-
Allowance of credit losses - Staff loan (Note 4.4.2(b))	(264)	-
Allowance of credit losses - Policy loan (Note 4.4(e))	(484)	-
Write back of allowance of credit loss during the year - Placements - (Note4.4.3(a))	1,483	-
	957	-

36. Bank charges	**N'000**	**N'000**
Bank charges	7,095	7,978
Commission on finance charges	-	-
	7,095	7,978

NOTES TO THE FINANCIAL STATEMENTS CONT'D

37. Earnings Per Share

Earnings per share is calculated by dividing the net profit for the year attributable to ordinary shareholders by the number of ordinary shares issued and paid up at the reporting date.

	2021 N'000	2020 N'000
Net profit attributable to shareholders	90,686	67,887
Number of issued ordinary shares (Units)	4,074,041	4,074,041
Basic earnings per share (kobo)	2.23	1.67
Dilluted earnings per share (kobo)	2.23	1.67

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and date of completion of these financial statements.

38. Profit before taxation

Profit before taxation is stated after charging:	N'000	N'000
Auditors' remuneration (Note 35)	4,500	4,500
Bank Charges (Note 36)	7,095	7,978
Depreciation of property, plant and equipment (Note 10)	33,474	28,684
Amortisation of Intangible Assets (Note 12)	3,967	5,601
Directors' remuneration (Note 39.2)	150,580	77,034
Employee benefits expenses (Note 35.1)	468,291	445,772
and after crediting:		
Profit on disposal of property, plant and equipment (Note 31)	99	463

39 Employees benefits expenses and Directors' remuneration

39.1 Employees benefits expenses

Employees benefits expenses incurred during the year amounted to:	**N'000**	**N'000**
Wages and salaries	342,471	332,156
Employer's Pensions Contribution	19,070	18,426
Staff Training and Development	44,677	45,715
NSITF/ITF Contribution and Others	62,073	49,475
	468,291	445,772

The average number of person employed in the Company during the year was	Number	Number
Executive Directors	2	2
Management staff	9	9
Senior staff	55	55
Junior	70	70
	136	136

39.2 Directors' remuneration

The remuneration paid to directors of the Company were:

Fees	N'000	N'000
Chairman	250	250
Other non-executive directors	1,200	1,200
Other allowances	149,130	75,584
	150,580	77,034

40. Net cash (used in)/ generated from operating activities

	N'000	**N'000**
Profit after taxation	90,686	67,887
Adjustments for non-operating items:		
Depreciation - Property, plant & equipment (Note 10)	33,474	28,684
Amortisation - Intangible assets (Note 12)	3,967	5,601
Write back of allowance of expected credit losses (Note 35.4)	(957)	-
Fair value gains on investment properties (Note 9)	(727,606)	(475,445)
Profit on disposal of property, plant and equipment (Note 31)	(99)	(463)
Profit on disposal of FVTPL (Note 4.2(a))	8,341	(16,235)
Reclassification of placement to amortised cost (Note 4.4.3)	(1,215,339)	-
Fair value loss on financial assets FVPL (Note 4.2)	12,272	156,778
Company income tax	1,778	1,680

NOTES TO THE FINANCIAL STATEMENTS CONT'D

	2021	2020
Accrued interest on placements capitalised (Note 4.4.3)	(186,223)	-
Investment income (Note 30)	(1,101,658)	(319,512)
Operating loss before working capital changes	(3,081,364)	(551,025)
Adjustments for Working Capital Items:		
(Increase)/decrease in reinsurance assets	(26,540)	64,827
Decrease/(increase) in deferred acquisition cost	38,101	(80,318)
Increase in prepayment and other receivables	(741,122)	(82,234)
Decrease in trade payable	(27,039)	(5,833)
(Decrease)/increase in deposit premium	(202,760)	225,976
Increase in insurance contract liabilities	28,154	1,534,976
Increase in investment contract liabilities	280,225	16,492
(Decrease)/increase in other payable and accruals	(71,036)	35,275
Cash (used in)/generated from operating activities	(3,803,381)	1,158,136

41. Capital commitments

There were no capital commitments at 31 December 2021 (2020: Nil).

42. Contingent liabilities

There were no material contingent liabilities at 31 December 2021 (2020: Nil).

43. Comparative figure

Where necessary, comparative figures have been adjusted to conform with changes in the presentation of the current year financial statements.

44. Segment reporting

For management purposes, the Company is organised into business units based on their products and services and has two reportable operating segments as follows:

Group Life

The group life insurance segment offers pure protection products and other long-term insurance contracts for employers of labour covering their workforce. It is purely a protection policy that pays benefit on the death of the life assured occurring within the period of insurance. Revenue from this segment is derived primarily from insurance premium, fees and commission income and investment income.

Individual Life

The individual life insurance segment offers savings, protection products and other long-term contracts (both with and without insurance risk for policyholders on individual basis. It comprises a wide range of whole life, term assurance, guaranteed pensions, pure endowment pensions and mortgage endowment products. Revenue from this segment is derived primarily from insurance premium, fees and commission income and investment income.

NOTES TO THE FINANCIAL STATEMENTS CONT'D

Investment contract

The investment contract segment offers savings, investment and other long-term contracts for both individual and group contract holders.

No operating segments have been aggregated to form the above reportable operating segments. Segment performance is evaluated based on profit or loss which, in certain respects, is measured differently from profit or loss in the financial statements. The Company's financing and income taxes are managed on a group basis and are not allocated to individual operating segments.

	Notes	Group Life N'000	Individual Life N'000	Investment Contract N'000	2021 N'000	2020 N'000
Gross premium written	24	4,154,804	257,593	-	4,412,397	6,328,410
Changes in unearned premium	13.2 & 25	203,360	-	-	203,360	(836,715)
Gross Premium Income		**4,358,164**	**257,593**	**-**	**4,615,757**	**5,491,695**
Premium ceded to reinsurers	26	(231,323)	-	-	(231,323)	(268,125)
Net premium income		**4,126,841**	**257,593**	**-**	**4,384,434**	**5,223,570**
Fees and commission income	27	64,332	-	-	64,332	65,142
Net underwriting income		**4,191,173**	**257,593**	**-**	**4,448,766**	**5,288,712**
Net Claims Incurred	28	2,688,210	286,542	-	2,974,752	2,972,750
Changes in life insurance contract liabilities	13.3	23,809	-	-	23,809	525,425
Underwriting Expenses	29	929,274	78,145	-	1,007,419	641,350
Total		**3,641,293**	**364,687**	**-**	**4,005,980**	**4,139,525**
Underwriting profit		549,880	(107,094)	-	442,786	1,149,187
Investment Income	30.2	460,310	373,749	-	834,059	79,917
Net realised (loss)/gain	31	(8,242)	-	-	(8,242)	16,698
Net fair value gain	32	715,334	-	-	715,334	318,667
Profit on investment contract liabilities	33	-	-	75,182	75,182	48,621
Exchange gains	34	61	-	-	61	-
Management expenses	35	(1,967,673)	-	-	(1,967,673)	(1,543,523)
Write back of allowance of ECL	35.4	957	-	-	957	-
Profit before taxation		(249,373)	266,655	75,182	92,464	69,567
Information Technology Development Levy	17.2	(915)	-	-	(915)	(689)
Income taxes	17.2	(863)	-	-	(863)	(991)
Profit for the year		(251,151)	266,655	75,182	90,686	67,887

45. Related Party Transactions

45.1 These are transactions with the key management personnel of the Company. The key management personnel comprises of Executive Management Team and the Board of Directors of the Company. These are mainly short term benefits such as directors' fee, sitting allowances, salaries and allowances.

		2021	2020
(i)	Aggregate emoluments of the directors were:	N'000	N'000
	Chairman	250	250
	Other Non-Executive Directors	1,200	1,200
	Other allowances and emoluments of executives	149,130	61,626

NOTES TO THE FINANCIAL STATEMENTS CONT'D

46. Events after reporting date

No events or transactions have occurred since the financial position dates, which would have a material effect on the financial statements at that date or which need to be mentioned in the financial statements.
In compliance with the requirements of Financial Reporting Council of Nigeria(FRC) and the Institute of Chartered Accountants of Nigeria(ICAN) in respect of COVID-19, the Directors have assessed its impact on the financial statements as a whole and are of the opinion that it has no material effect.

47. Contraventions and Penalties

The company did not contravene any law or pay any penalty during the year.

48. Capital Management

Capital Express Assurance Limited has over the years been deploying capital from earnings and additional equity funds to support growth in business volumes while striving to meet dividend commitments to shareholders. To be able to continue to generate and deploy capital both to grow core businesses and reward shareholders, there is need for the Company to execute the right strategy, the right growth dynamics, the right cost structure and risk discipline as well as the right capital management.

Capital Express's capital management strategy focus on the creation of shareholders' value whilst meeting the crucial and equally important objective of providing an appropriate level of capital to protect stakeholders' interests and satisfies regulators.

The Company's objectives when managing capital are as follows:

i To ensure that capital is, and will continue to be, adequate for the safety, soundness and stability of the Company; ii To generate sufficient capital to support the Company's overall business strategy;
iii To ensure that the Company meets all regulatory capital ratios and the prudent buffer required by the Board;
iv To ensure that the average return on capital over a 3-5 years performance cycle is sufficient to satisfy the expectations of investors;
v To maintain a strong risk rating;
vi To ensure that capital allocation decisions are optimal, considering the return on economic and regulatory capital;
vii To determine the capital required to support each business activity based on returns generated on capital to facilitate growth/expansion of existing businesses (i.e. capital allocation);
viii To establish the efficiency of capital utilisation.

Capital Management Strategy

The Company's Enterprise Risk Management (ERM) committee ensures compliance with the Company's capital management objectives. The committee reviews actual and forecast capital adequacy on a regular basis. The processes in place for delivering the Company's capital management objectives are:

- establish internal targets for capital adequacy;
- apply stress tests to assess the Company's capital adequacy under stress scenarios;
- plan and forecast capital requirements to ensure that capital ratios exceed the targets set by the Board.

In addition to these processes, the board, through the ERM Committee, review and set risk appetite annually and analyse the impact of stress scenarios to understand and manage the Company's projected capital adequacy.

The Company has had no significant changes in its policies and processes to its capital structure during the year under review through effective selection of investment platforms and has shown concerns over strict compliance with NAICOM investment guidelines.

(a) Minimum Capital Requirement

The National Insurance Commission (NAICOM), the regulator of the Nigerian insurance industry, specifies the minimum amount and type of capital that must be held by the Company to cover its liabilities. Life insurance Companies are required to maintain a minimum capital requirement of N2billion. The regulator has the authority to request more extensive reporting and can place restrictions on the Company's operations if the Company's capital base falls below this requirement as deemed necessary.

NOTES TO THE FINANCIAL STATEMENTS CONT'D

(b) Solvency Status

Based on the solvency margin calculated, Capital Express Assurance Limited has a surplus of N0.142 billion as indicated below, The Company's capital requirement ratio and Solvency margin is above the requirements of the Insurance Act CAP I17, LFN 2004.

(c) Capital Adequacy Test

Based on the capital adequacy calculation below, Capital Express Assurance Limited has a surplus of N4.2 billion.

		2021
	N'000	N'000
Shareholders' fund as per Statement of Financial Position		6,261,240
Less:		
Intangible Assets	(17,907)	
Deferred tax liability	(64,617)	
Due from related parties	-	
		(82,524)
Capital base		6,178,716

Management uses regulatory capital ratios to monitor its capital base. Based on the capital base computed above, the Company capital base is above the minimum capital requirement of N2 billion specified by NAICOM.

(d) **DETERMINATION OF SOLVENCY MARGIN**

	2021 N'000	Inadmissible N'000	2021 Admissible N'000	2020 Admissible N'000
Cash and cash equivalents	69,073	-	69,073	643,879
Financial assets:				
- *Available-for-sale financial assets*				1,006,452
- *At fair value through other comprehensive income*	2,482,099	-	2,482,099	-
- *At fair value through profit or loss*	1,525,022	-	1,525,022	1,758,661
- *Held to maturity*				1,738,426
- *Loans and receivables*				34,760
- *At amortised cost*	1,045,549	-	1,045,549	-
Reinsurance assets	311,234	-	311,234	284,694
Deferred acquisition cost	89,500	-	89,500	127,601
Prepayments and other receivables	982,835	(982,835)	-	-
Investment properties	4,869,311	(2,063,582)	2,805,729	2,711,647
Property, plant and equipment	1,250,992	(1,137,250)	113,742	82,478
Statutory deposit	215,000	-	215,000	215,000
Intangible assets	17,907	-	17,907	3,542
Admissable assets	**12,858,522**	**(4,183,667)**	**8,674,855**	**8,607,140**
Liabilities				
Insurance contract liabilities	4,039,570	-	4,039,570	4,011,416
Investment contract liabilities	2,111,609	-	2,111,609	1,831,384
Trade payables	46,624	-	46,624	276,423
Other payables & accruals	332,206	-	332,206	403,242
Current income tax payable	2,656	-	2,656	2,569
Deferred tax	64,617	(64,617)	-	-
Admissable liabilities	**6,597,282**	**(64,617)**	**6,532,665**	**6,525,034**
Solvency margin			**2,142,190**	**2,082,106**
Minimum share capital			**2,000,000**	**2,000,000**
Surplus in solvency margin			**142,190**	**82,106**
Percentage of solvency			7%	4%

NOTES TO THE FINANCIAL STATEMENTS CONT'D

49 Asset and Liability Management

The Company is exposed to a range of financial risks through its financial assets, financial liabilities (investment contracts), reinsurance assets and reinsurance liabilities. In particular, the key financial risk is that in the long-term, its investment proceeds are not sufficient to fund the obligations arising from its insurance and investment contracts. The most important components of this financial risk are interest rate risk, equity price risk, foreign currency risk and credit risk.

Asset & Liability management (ALM) attempts to address financial risks the company is exposed to which includes interest rate risks, foreign currency risks, equity price risks and credit risks. The major financial risk is that in the long run its investment proceeds are not sufficient to fund the obligations arising from its insurance contracts. ALM ensures that specific assets of the group is allocated to cover reinsurance and liabilities of the Company.

The Company manages these positions within an ALM framework that has been developed to achieve long-term investment returns in excess of its obligations under insurance and investment contracts. The notes below show how the Company has managed its financial risks.

	Insurance Contract liabilities N'000	Investment Contract liabilities N'000	Policy holders' Funds N'000	'Share holders' Fund N'000	Total 2021 N'000
Cash and cash equivalents	23,367	23,367	46,734	22,339	69,073
Financial Assets:					
- *At fair value through other comprehensive income*	1,241,050	1,241,049	2,482,099	-	2,482,099
- *At fair value through profit or loss*	381,255	335,505	716,760	808,262	1,525,022
- *At amortised cost*	705,147	194,334	899,481	146,068	1,045,549
Reinsurance assets	311,234	-	311,234	-	311,234
Prepayments and other receivable	-	-	-	982,835	982,835
Investment properties	1,400,000	739,063	2,139,063	2,730,248	4,869,311
Property, plant and equipment	-	-	-	1,250,992	1,250,992
Statutory deposit	-	-	-	215,000	215,000
Intangible assets	-	-	-	17,907	17,907
Total assets	**4,062,053**	**2,533,318**	**6,595,371**	**6,173,651**	**12,769,022**
Policy holders/Shareholders & Other funds	4,039,570	2,111,609	6,151,179	6,617,843	12,769,022
Surplus in Asset Cover	22,483	421,709	444,192	(444,192)	0
Investment properties	1,413,850	739,063	2,152,913	2,716,398	4,869,311
Property, plant & equipment (Land & Buildings)	-	-	-	1,250,992	1,250,992
	1,413,850	**739,063**	**2,152,913**	**3,967,390**	**6,120,303**
35% of Investment properties by section 25(3)	1,413,850	739,063	2,152,913	-	2,152,913
Investment properties Limited to 1/3 of Share Holders' Funds	-	-	-	666,667	666,667
Land & Building in property, plant & equipment Section 24(13)(d)	-	-	-	-	-
	1,413,850	**739,063**	**2,152,913**	**666,667**	**2,819,580**

NOTES TO THE FINANCIAL STATEMENTS CONT'D

The main objectives of the Company when managing capital are:

- to ensure that the Minimum Capital Requirement of N2 billion as required by the Insurance Act CAP I17, LFN 2004, is maintained at all times.
- This is a risk based capital method of measuring the minimum amount appropriate for an insurance company to support its overall business operations in consideration of its size and risk profile. The calculation is based on applying capital factors to amongst others, the Company's assets, outstanding claims, unearned premium reserve and assets above a certain concentration limit.

This test compares insurer's capital against the risk profile. The regulator indicated that insurers should produce a minimum capital base of 100%. The Company comply with the hypothecation policy that the assets invested in using the policyholders' fund should cover insurance liabilities.

50. Risk management framework

50.1 Overview

The Company develops risk and financial management framework in order to protect the Company's shareholders from events that hinder the sustainable achievement of financial performance objectives, including failing to exploit opportunities. Key management recognises the critical importance of having efficient and effective risk management systems in place.

The Company has established a risk management function with clear terms of reference from the board of directors, its committees and the associated executive management committees. This is supplemented with a clear organisational structure with documented delegated authorities and responsibilities from the board of directors to executive management committees and senior managers. The Board of the Company appreciates that risks are inherent in all aspects of the Company's operations and that it cannot totally eliminate risks. It therefore acknowledges the role of risk management as critical to the achievement of the objectives of the organisation in order to meet the varied expectations of its stakeholders.

The Board is committed to managing risk in accordance with established risk management standards and has overall responsibility for the establishment and oversight of the Company's risk management framework. There is an established Board Risk Committee, which is responsible for developing and monitoring the Company's risk management policies. It meets quarterly to review risk reports from the Chief Risk Officer.

The Company's risk management policies are established to give broad guideline on how strategic objectives are to be set, and cascaded through to operational, reporting and compliance objectives. This is reviewed annually. To identify and analyse the risks faced by the Company, risks are attached to objectives, core processes and key dependencies. The Company's risk policies set appropriate risk limits and appetites that form the basis for priortising identified risks. Risk controls are set and reviewed continually to monitor adherence to risk appetite and limits.

The Company has a policy to review the risk management policies and systems every three years in order to reflect changes associated with its activities and the global economy generally. The Company, through regular risks workshops, trainings and design of standard operating procedures, aims to embed a risk culture in which all employees are risk aware in their respective roles and obligations.

The Company's risk management framework functions on three lines of risk defense. Core process owners function as the first line of risk defense and they have responsibility for risk prevention. The risk management unit assumes the second line of risk defense and is assigned responsibility to holistically coordinate the risk control functions, enterprise-wide. The internal audit function, as the last line of risk defense, functions to secure assurance that risk controls are effective and efficient.

NOTES TO THE FINANCIAL STATEMENTS CONT'D

50.2 Long-term insurance contract

50.2.1 Frequency and severity of claims

For contracts where death is the insured risk, the most significant factors that could increase the overall frequency of claims are epidemics (such as AIDS, SARS and a human form of avian flu) or widespread changes in lifestyle, such as eating, smoking and exercise habits, resulting in earlier or more claims than expected. For contracts where survival is the insured, the most significant factor is continued improvement in medical science and social conditions that would increase longevity.

At present, the risks do not vary significantly in relation to the location of the risk insured by the Company. However, undue concentration by amounts could have an impact on the severity of benefit payments on a portfolio basis.

For contracts with fixed and guaranteed benefits and fixed future premiums, there are no mitigating terms and conditions that reduce the insurance risk accepted. The Company charges for mortality risk on a monthly basis for all insurance contracts without a fixed term. It has the right to alter these charges based on its mortality experience and hence minimises its exposure to mortality risk. Delay in implementing increases in charges and market or regulatory restraints over the extent of the increases may reduce its mitigating effect. The Company manages these risks through its underwriting strategy and reinsurance arrangements.

The underwriting strategy is intended to ensure that the risks underwritten are well diversified in terms of type of risk and the level of insured benefits. Medical selection is also included in the Company's underwriting procedures, to reflect the health condition and family medical history of the applicants.

The Company has a retention limit of N20million and N5million on any single life assured for group life and individual life respectively, and reinsures the excess through a surplus treaty reinsurance arrangement. The Company does not have in place any reinsurance for contracts that insure survival risk.

50.2.2 Sources of uncertainty in the estimation of future benefit payments and premium receipt

Uncertainty in the estimation of future benefit payments and premium receipts for long-term insurance contracts arises from the unpredictability of long-term changes in overall levels of mortality and the variability in contract holder behaviour.

The Company uses appropriate base tables of standard mortality according to the type of contract being written. An investigation into the actual experience of the Company over the last three years is carried out, and statistical methods are used to adjust the crude mortality rates to produce a best estimate of expected mortality for the future. Where data is sufficient to be statistically credible, the statistics generated by the data are used without reference to an industry table. Where this is not the case, the best estimate of future mortality is based on standard industry tables adjusted for the Company's overall experience.

For contracts that insure survival, an adjustment is made for future mortality improvements based on trends identified in the data and in the continuous mortality investigations performed by independent actuarial bodies. The impact of any historical evidence of selective termination behaviour will be reflected in this experience. The Company maintains voluntary termination statistics to investigate the deviation of actual termination experience against assumptions. Statistical methods are used to determine appropriate termination rates. An allowance is then made for any trends in the data to arrive at a best estimate of future termination rates.

50.2.3 Process used to decide on assumption

For long-term insurance contracts with fixed and guaranteed terms, estimates are made in two stages. At inception of the contract, the Company determines assumptions in relation to future deaths, voluntary terminations, investment returns and administration expenses. These assumptions are used for calculating the liabilities during the life of the contract. A margin for risk and uncertainty is added to these assumptions. These assumptions are 'locked in' for the duration of the contract.

NOTES TO THE FINANCIAL STATEMENTS CONT'D

Subsequently, new estimates are developed at each reporting date to determine whether liabilities are adequate in the light of the latest current estimates. The initial assumptions are not altered if the liabilities are considered adequate. If the liabilities are not adequate,the assumptions are altered ('unlocked') to reflect the latest current estimates; no margin is added to the assumptions in this event.

50.3 The assumptions used for the insurance contracts disclosed in this note are as follows:

50.3.1 Mortality

An appropriate base table of standard mortality is chosen depending on the type of contract. An investigation into the Company's experience over the most recent three years is performed, and statistical methods are used to adjust the rates reflected in the table to a best estimate of mortality for that year.

Where data is sufficient to be statistically credible, the statistics generated by the data are used without reference to an industry table. For contracts insuring survivorship, an allowance is made for future mortality improvements based on trends identified in the data and in the continuous mortality investigations performed by independent actuarial bodies.

50.3.2 Morbidity

The rate of recovery from disability is derived from industry experience studies, adjusted where appropriate for the Company's own experience.

50.3.3 Persistency

An investigation into the Company's experience over the most recent three years is performed, and statistical methods are used to determine an appropriate persistency rate. Persistency rates vary by product type and policy duration. An allowance is then made for any trends in the data to arrive at a best estimate of future persistency rates that takes into account the effective contract holders' behaviour.

50.3.4 Investment returns

Investment returns affect the assumed level of future benefits due to the contract holders and the selection of the appropriate discount rate. The Company's primary assumptions on investment returns relate to three components:

- Risk-free rates: The risk-free rates are the gross yields to redemption of benchmark government securities
- Equity investments: The expected long-term return (dividend and capital growth) is derived by adding to the risk-free rate of return an equity risk premium percentage considered to be appropriate.
- Overall investment returns: A weighted average rate of investment return is derived by combining different proportions of the above financial assets in a model portfolio, which is assumed to back the liabilities.

50.3.5 Renewal expenses level and inflation

The current level of expenses is taken as an appropriate expense base. Expense inflation is assumed to be a suitable rate above current inflation rates at 17% per annum in Nigeria.

50.3.6 Tax

It has been assumed that current tax legislation and rates continue unaltered.

50.4Credit risks

Credit risk is the risk of financial loss to the Company if a customer or counterpart to a financial instrument fails to meet its contractual obligations. Key areas where the Company is exposed to credit risk are:

- Reinsurer's share of insurance liabilities;
- Amount due from reinsurers in respect of claims already paid;
- Amount due from insurance policyholders;
- Amount due from insurance intermediaries;
- Amount due from loans and receivables;
- Amount due from debt securities;
- Amount due from money market and cash positions.

NOTES TO THE FINANCIAL STATEMENTS CONT'D

The Company structures the levels of credit risk it accepts by placing limits on its exposure to a single counterpart, or groups of counterparties, and to geographical; and industry segments. Such risks are subject to an annual or more frequent review. Limits on the level of credit risk by category and territory are approved quarterly by the Board of Directors.

50.4.1 Credit Risk Measurement, Control and mitigation

Premium and Reinsurance Receivables

Reinsurance is used to manage insurance risk. This does not, however, discharge the Company's liability as primary insurer. If a reinsurer fails to pay a claim for any reason, the Company remains liable for the payment to the policyholder. The credit worthiness of reinsurer is considered on an annual basis by reviewing their financial strength prior to finalisation of any contract.

The Credit Control Committee works closely with the underwriting and reinsurance departments to assess the creditworthiness of all reinsurers and intermediaries by setting and reviewing regularly the credit rating of each reinsurer using internal records and other publicly available financial information.

Individual operating units maintain records of the payment history for significant policyholders with whom they conduct regular business. The exposure to individual counterparties is also managed by other mechanisms, such as the right of offset where counterparties are both debtors and creditors of the Company. Management information reported to the Company includes details of provisions for impairment on loans and receivables and subsequent write-offs. Internal audit makes regular reviews to assess the degree of compliance with the Company procedures on credit.

Exposures to individual policyholders and groups of policyholders are collated within the ongoing monitoring of the controls associated with regulatory solvency. Where there exists significant exposure to individual policyholders, or homogenous groups of policyholders, a financial analysis equivalent to that conducted for reinsurers is carried out by the Company's risk department.

The Company establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables and investments. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets.

Investments

The Company limits its exposure to credit risk by investing only in liquid securities and only with counterparties that have a credit rating of at least BBB from rating agencies. Management actively monitors credit ratings and given that the Company only has invested in securities with high credit ratings, management does not expect any counterparty to fail to meet its obligations.

NOTES TO THE FINANCIAL STATEMENTS CONT'D

The table below presents industry analysis of credit risks in relation to investment.

2021	Financial Services N'000	Government N'000	Manufac-turing N'000	Others N'000	Total N'000
Trade receivable	-	-	-	-	-
Financial assets at FVOCI	2,482,099	-	-	-	2,482,099
Financial assets at FVPL	624,452	-	430,335	470,235	1,525,022
Financial assets at amortised cost	-	-	-	1,045,549	1,045,549
Statutory deposit	-	215,000	-	-	215,000
	3,106,551	215,000	430,335	1,515,784	5,267,670

2020	N'000	N'000	N'000	N'000	N'000
Placement with banks	1,048,026	-	-	-	1,048,026
Trade receivable	-	-	-	-	-
Financial assets at FVOCI	1,006,452	-	-	-	1,006,452
Financial assets at FVPL	582,739	-	705,687	470,235	1,758,661
Financial assets at amortised cost	-	11,440	-	1,726,986	1,738,426
Statutory deposit	-	215,000	-	-	215,000
	2,637,217	226,440	705,687	2,197,221	5,766,565

50.5 Liquidity risks

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company ensures that it has sufficient cash on demand to meet expected operational expenses for a period of over 90 days, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. The Company does not maintain any lines of credit as it does not envisage any liquidity stress that would stretch its liquidity position.

Maturity analysis on expected utilisation of assets and liabilities

The table below summarises the expected utilisation of assets and liabilities.

Assets	**Under 30** days	**31 - 365** days	**Over 365 days**	**Total**
2021	N'000	N'000	N'000	N'000
Cash and cash equivalents	69,073	-	-	69,073
Financial assets at FVOC	-	-	2,482,099	2,482,099
Financial assets at FVPL	-	-	1,525,022	1,525,022
Financial assets at amortised cost	-	-	1,045,549	1,045,549
Investment properties	-	-	4,869,311	4,869,311
Property and equipment	-	-	1,250,992	1,250,992
Prepayments and other receivables	-	982,835	-	982,835
Statutory deposit	-	-	215,000	215,000
	69,073	**982,835**	**11,387,973**	**12,439,881**
Liabilities				
Insurance contract liabilities	-	-	4,039,570	4,039,570
Investment contract liabilities	-	-	2,111,609	2,111,609
Trade payable	46,624	-	-	46,624
Other payables & accruals	-	-	332,206	332,206
Current income tax payable	-	2,656	-	2,656
Deferred Tax	-	-	64,617	64,617
	46,624	2,656	6,548,002	6,597,282

NOTES TO THE FINANCIAL STATEMENTS CONT'D

Assets	Under 30 days	31 - 365 days	Over 365 days	Total
2020	N'000	N'000	N'000	N'000
Cash and cash equivalents	1,288,525	-	-	1,288,525
Financial assets at FVOCI	-	-	-	-
Financial assets at FVPL	-	-	1,758,661	1,758,661
Financial assets at amortised cost	-	-	-	-
Investment properties	-	-	4,141,705	4,141,705
Property and equipment	-	-	1,137,333	1,137,333
Prepayments and other receivables	-	211,713	-	211,713
Statutory deposit	-	-	215,000	215,000
	1,288,525	**211,713**	**7,252,699**	**8,752,937**
Liabilities				
Insurance contract liabilities	-	-	4,011,416	4,011,416
Investment contract liabilities	-	-	1,831,384	1,831,384
Trade payable	276,423	-	-	276,423
Other payables & accruals	-	-	403,242	403,242
Current income tax payable	-	2,569	-	2,569
Deferred Tax	-	-	55,036	55,036
	276,423	**2,569**	**6,301,078**	**6,580,070**

50.6 Market risks

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

50.6.1 Currency risks

Foreign currency risk management

The Company does not undertake its transactions in foreign currencies but maintain domiciliary bank account in foreign currency (USD $), hence, exposures to exchange rate fluctuation arise. The Company has minimal exposure to currency risk as the Company's bank account balances are primarily matched to the same currency as its insurance and investment contracts liabilities.

Carrying amount of Company's foreign currency denominated bank balance is:

	2021	2020
	N'000	N'000
Domiciliary account with Eco Bank Nigeria Limited	827	426

50.6.2 Interest rate risks

Interest rate risk management

Interest rate risk is the risk that the values of future cash flows of a financial instrument will fluctuate because of the changes in market interest. The Company is not exposed to interest rate risk as the Company does not invest in long-term debt at floating interest rates and its limited fixed interest rate holding are placement with banks.

The Company has no significant concentration of interest rate risk. There were no interest rate sensitivity exposures at statement of financial position date.

NOTES TO THE FINANCIAL STATEMENTS CONT'D

50.6.3 Equity price risks

The Company is exposed to equity price risks arising from equity investments primarily from investments not held for unit-linked business. The shares included in financial assets represent investments in listed securities that present the Company with opportunity for returns through dividend income and capital appreciation. Equity investments designated as Financial assets at fair value through other comprehensive income are held for strategic rather than trading purposes. The Company has no significant concentration of price risk.

50.6.4 Fair value and fair value hierarchy

The Company financial assets classified as fair value through other comprehensive income and fair value through profit or loss are purely quoted securities and are fair value wholly at one level of fair value hierarchy using quoted (unadjusted) prices in active markets.

50.6.5 Fair valuation methods and assumptions

Financial assets and liabilities

- Cash and Cash equivalents
- Cash and cash equivalents represent cash and placements held with banks for short-term. The carrying amount of these balances approximates their fair value.
- Other receivables and other payables
- Other receivables represent monetary assets which usually have a short recycle period and other payables represent amount outstanding on accounts payable. And as such the fair values of these balances approximate their carrying amount.
- Equity prices
- Listed equities were fair valued using quoted prices from the Nigerian Stock Exchange.

51 Embedded Value Disclosure

NAICOM issued Prudential Guideline effective from July 2016 requiring insurers to include a certified disclosure by the Actuary in the Annual Financial Statement (AFS) on their Embedded Value (EV).

The Embedded Value is made up of the value of:

- Shareholders Net Asset Value (NAV) as reported in the AFS.
- Deductions for the cost of holding the required capital which we estimate as nil.
- The expected future value of profits to shareholders arising from the business in force at the valuation date (the value of In-force or VIF).

Embedded Value captures the value from the in-force business only, Future new business is excluded.

New business includes any future business underwritten for which a new insurance contract is issued, and in Nigeria will include renewed group Life business and General insurance business. Since these are re-priced with new contract issued. Put another way, we are not reflecting future renewable group life business in EV calculations.

NOTES TO THE FINANCIAL STATEMENTS CONT'D

- We illustrate below that 62% of the reported technical reserves by class of business as at 31 December 2021 represents group life business. The retail business represents only 38% of current reserves and is too small a base to materially provide future profits to shareholders as is indicated in the attached certification.

	Gross Reserve 31 December 2021 N'000	%
Group life	2,524,061	62%
Long Term risk reserves	1,515,509	38%
Total Insurance Liability	4,039,570	100%
Investment Contract Liabilities	2,111,609	
Total Insurance and Investment Liabilities	6,151,179	

Embedded Value Certification
The actuary certify that as at 31st December 2021, the Embedded Value of Capital Express Assurance Limited was not materially different from the reported audited Net Asset Value.

The firm of Ernst & Young, an actuarial service organisation did the Embedded Value of life insurance portfolio for the reporting year. The Embedded valuation reports were authorised by Mr. Olurotimi O.Okpaise, a professional actuary registered with the Financial Reporting Council of Nigeria with registration number (FRC/2012/NAS/00000000738).

OTHER NATIONAL DISCLOSURE
STATEMENT OF VALUE ADDED
FOR THE YEAR ENDED 31ST DECEMBER, 2021

VALUE ADDED	2021 N'000	%	2020 N'000	%
Gross premium income	4,615,757		5,491,695	
Fees and commission income	64,332		65,142	
Investment income	834,059		79,917	
	5,514,148		5,636,754	
Net claims incurred				
Other operating & underwriting	2,998,561		3,498,175	
expenses less employees benefits	(7,919,395)		(8,591,595)	
Value Added	**593,314**	**100**	**543,334**	**100**
Applied as follows:				
Employees:				
Employees benefits expenses	468,291	79	445,772	82
Government:				
Income tax	863	-	991	-
Retained for business expansion:				
Depreciation of property, plant and equipment	33,474	6	28,684	5
Profit for the year	90,686	15	67,887	12
	593,314	100	543,334	100

Value added represents the additional wealth the Company has been able to create by its own and its employees' efforts.

This statement shows the allocation of the wealth between employees, shareholders, government and that retained for the year.

OTHER NATIONAL DISCLOSURE
FIVE YEAR FINANCIAL SUMMARY

Statement of financial position as at 31 December 2021

	2021	2020	2019	2018	2017
	N'000	N'000	N'000	N'000	N'000
Cash and cash equivalents	69,073	1,288,525	698,630	375,821	334,904
Trade receivables	-	-	-	-	171,814
Deferred acquisition cost	89,500	127,601	47,283	23,451	32,618
Financial assets	5,052,670	4,538,299	3,423,679	4,090,819	2,585,549
Reinsurance assets	311,234	284,694	349,521	257,402	152,599
Prepayments & other receivables	982,835	211,713	99,479	76,997	82,616
Investment Properties	4,869,311	4,141,705	3,621,260	2,933,645	2,502,445
Property, plant and equipment	1,250,992	1,137,333	1,018,230	903,432	828,837
Statutory Deposit	215,000	215,000	215,000	215,000	215,000
Intangible assets	17,907	3,542	7,943	13,442	18,941
Total assets	**12,858,522**	**11,948,412**	**9,481,025**	**8,890,009**	**6,925,323**
Insurance contract liabilities	4,039,570	4,011,416	2,476,440	2,561,094	2,748,523
Investment contract liabilities	2,111,609	1,831,384	1,814,892	1,796,137	1,640,668
Trade payables	46,624	276,423	56,280	37,548	64,679
Other payables & Accruals	332,206	403,242	592,105	1,333,908	283,722
Current income tax payable	2,656	2,569	7,025	18,025	8,729
Deferred Tax	64,617	55,036	43,669	35,056	22,810
Total liabilities	**6,597,282**	**6,580,070**	**4,990,411**	**5,781,768**	**4,769,131**
Issued share capital	4,074,041	4,074,041	3,054,903	2,116,595	2,116,595
Statutory Contingency Reserve	555,167	511,043	447,759	401,366	345,066
Asset Revaluation Reserve	732,960	646,734	544,430	466,915	356,699
FVOCI Reserve	1,044,883	314,038	625,639	723,017	444,184
Retained earnings	(145,811)	(177,514)	(182,117)	(599,652)	(1,106,352)
Total equity	**6,261,240**	**5,368,342**	**4,490,614**	**3,108,241**	**2,156,192**
Total liabilities and equity	**12,858,522**	**11,948,412**	**9,481,025**	**8,890,009**	**6,925,323**

Statement of profit or loss for the year ended 31 December

	N'000	N'000	N'000	N'000	N'000
Gross premium written	4,412,397	6,328,410	4,421,685	3,391,365	2,297,253
Profit before taxation	92,464	69,567	469,628	581,025	(344,981)
Income tax expense	(863)	(991)	(1,050)	(12,272)	(8,729)
Profit for the year	90,686	67,887	463,928	56,300	(353,710)
Basic earnings per share (kobo)	2.23	1.67	15.19	26.60	(16.71)