



Cornerstone Insurance Plc

UNAUDITED REPORT

31 DECEMBER 2024

Notes to the Financial Statements

1.1 Reporting entity

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

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

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

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

1.2 Principal activities

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

A contract that is classified as insurance contract remains an insurance contract for the remainder of its lifetime, even if the insurance risk reduces significantly during this period; unless all rights and obligations are extinguished or expire. Investment contracts can, however, be reclassified as insurance contracts after inception if insurance risk becomes significant.

1.3 Going concern

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

2.1 Basis of accounting

Statement of compliance

The consolidated and separate financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards) and in the manner required by the Companies and Allied Matters Act (CAMA), 2020, the Financial Reporting Council of Nigeria (Amendment) Act, 2023, the Insurance Act 2003 and relevant National Insurance Commission (NAICOM) circulars. The financial statements were authorised by the Board of directors on 29 October 2024.

2.2 Functional and presentation currency

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

2.3 Basis of measurement

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

- financial instruments at fair value through profit or loss
- financial instruments measured at fair value through OCI
- Insurance and Reinsurance Contracts measured at fulfilment cash flows and if any contractual service margin (CSM).
- Investment properties measured at fair value

2.4 Use of estimates and judgements

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

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

2.5 Reporting period

The consolidated and separate financial statements have been prepared for a 9-month period from 1 January 2024 to 31 December 2024.

Notes to the Financial Statements

2.6 Changes in material accounting policies

The Group has initially applied IFRS 17 and IFRS 9, including any consequential amendments to other standards, from 1 January 2023. These standards have brought significant changes to the accounting for insurance and reinsurance contracts and financial instruments. As a result, the Group has restated certain comparative amounts and presented a third statement of financial position as at 1 January 2022. Except for the changes below, the Group has consistently applied the accounting policies as set out in to all periods presented in these consolidated financial statements.

The nature and effects of key changes in the Group's accounting policies resulting from its adoption of IFRS 17 and IFRS 9 are summarized below:

2.6.1 IFRS 17- Insurance contracts

1 -Recognition, measurement and presentation of insurance contracts

IFRS 17 establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts, reinsurance contracts and investment contracts with discretionary participation features. It introduces a model that measures groups of contracts based on the Group's estimates of the present value of future cash flows that are expected to arise as the Group fulfils the contracts, an explicit risk adjustment for non-financial risk and contractual service margin.

Under IFRS 17, insurance revenue in each reporting period represents the changes in the liabilities for remaining coverage that relate to services for which the Group expects to receive consideration and an allocation of premiums that relate to recovering insurance acquisition cash flows. In addition, investment components are no longer included in insurance revenue and insurance service expenses. Insurance finance income and expenses are presented in the profit or loss separately from insurance revenue and insurance service expenses.

The Group applies the premium allocation approach (PAA) to simplify the measurement of contracts in the non-life segment. When measuring liabilities for remaining coverage, the PAA is similar to the Group's previous accounting treatment. However, when measuring liabilities for incurred claims, the Group now discounts the future cash flows (unless they are expected to occur in one year or less from the date on which the claims are incurred) and includes an explicit risk adjustment for non-financial risk. Previously, all acquisition costs were recognised and presented as separate assets from the related insurance contracts ('deferred acquisition costs') until those costs were included in profit or loss and OCI. Under IFRS 17, only insurance acquisition cash flows that arise before the recognition of the related insurance contracts are recognised as separate assets and are tested for recoverability. These assets are presented in the carrying amount of the related portfolio of contracts and are derecognised once the related contracts have been recognised.

The Group applies the general model measurement (GMM) approach to its life segment. The GMM approach measures group of insurance contracts as the sum of the following components, or 'building blocks', for each group of insurance contracts:

- Fulfilment cash flows, which comprise:
 - Estimates of expected future cash flows over the life of the contract
 - An adjustment to reflect the time value of money and the financial risks related to the future cash flows to the extent that the financial risks are not included in the estimates of the future cash flows
 - A risk adjustment for non-financial risk
- A contractual service margin representing unearned profit an entity will recognise as it provides service under the insurance contracts in the group

Income and expenses from reinsurance contracts other than insurance finance income and expenses are now presented as a single net amount in profit or loss. Previously, amounts recovered from reinsurers and reinsurance expenses were presented separately.

For an explanation of how the Group accounts for insurance and reinsurance contracts under IFRS 17, see Note 3.2

2.6.1.1 Transition- Non-life

On transition date, 1 January 2023, the Company:

- Has identified, recognised and measured each group of insurance contracts as if IFRS 17 had always applied
- Derecognised any existing balances that would not exist had IFRS 17 always applied
- Recognised any resulting net difference in equity.

On transition to IFRS 17, the Company has applied the full retrospective approach unless where it is impracticable. The Company has applied the full retrospective approach on transition to all contracts issued on or after 1 January 2022.

2.6.1.2 Transition- Life

On transition date, 1 January 2023, the Company:

- Has identified, recognised and measured each group of insurance contracts as if IFRS 17 had always applied
- Derecognised any existing balances that would not exist had IFRS 17 always applied
- Recognised any resulting net difference in equity.

On transition to IFRS 17, the Company has applied the full retrospective approach. The Company has applied the full retrospective approach on transition to all contracts issued on or after 1 January 2022

The Company has used the following procedure to determine the CSM at initial recognition for these contracts:

- Estimated future cash flows at the date of initial recognition as the amount of the future cash flows at transition date, adjusted by the cash flows that have occurred between the date of initial recognition and the transition date. The cash flows that are known to have occurred include cash flows resulting from contracts that ceased to exist before transition date

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2.6.1.3 Discount rates

- The Nigerian Actuarial Society published rates were used. Locked in rates for 2021 were used for 2021 data and 2022 rates were used for the 2022 data.
- Estimated the risk adjustment for non-financial risk at the date of initial recognition by adjusting the risk adjustment at transition date by the expected release of risk in the periods before transition. The expected release of risk was determined with reference to the release of risk for similar contracts that the Company has issued subsequent to the transition date

The Company has elected to disaggregate insurance finance income or expense between amounts included in profit or loss and amounts included in other comprehensive income and reset the cumulative amount of insurance finance income or expense recognised in other comprehensive income at the transition date to zero.

2.6.1.4 Fair value approach

The Company has applied the fair value approach on transition for certain groups of term-life contracts as, prior to transition, it grouped contracts from multiple cohorts and years into a single unit for accounting purposes. Obtaining reasonable and supportable information to apply the full retrospective approach was impracticable without undue cost or effort. The Company has determined the CSM of the liability for remaining coverage at the transition date, as the difference between the fair value of the group of insurance contracts and the fulfilment cash flows measured at that date. In determining fair value, the Company has applied the requirements of IFRS 13 Fair Value Measurement, except for the demand deposit floor requirement.

The Company has aggregated contracts issued more than one year apart in determining groups of insurance contracts under the fair value approach at transition as it did not have reasonable and supportable information to aggregate groups into those including only contracts issued within one year.

For the application of the fair value approach, the Company has used reasonable and supportable information available at the transition date in order to:

- Identify groups of insurance contracts
- Determine whether any contracts are direct participating insurance contracts
- Identify any discretionary cash flows for insurance contracts without direct participation features

The discount rate for the group of contracts applying the fair value approach was determined at the transition date. Therefore, for the measurement of fulfilment cash flows at the date of transition, the locked-in discount rate is the weighted average of the rates applicable at the date of initial recognition of contracts that joined a group over a 12-month period. The discount rate used for accretion of interest on the CSM is determined using the bottom-up approach at inception.

Notes to the Financial Statements

3 Material Accounting Policies

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

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

3.1 Basis of Consolidation

Business combination and goodwill

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

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

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

Subsidiaries

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

The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Loss of control

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

Non-controlling interests

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

Transaction eliminated on consolidation

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

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

3.2 Insurance contracts

(i) Insurance and reinsurance contracts

The definition of an insurance contract refers to 'insurance risk' which is defined as 'risk, other than financial risk, transferred from the holder of a contract to the issuer'

The Company issues insurance contracts in the normal course of business, under which it accepts significant insurance risk from its policyholders. As a general guideline, the Company determines whether it has significant insurance risk, by comparing benefits payable after an insured event with benefits payable if the insured event did not occur. Insurance contracts can also transfer financial risk. The Company issues non-life insurance to individuals and businesses. Non-life insurance products offered include motor insurance, combined fire and burglary, general accident, bond, marine, engineering, oil & gas and aviation. These products offer protection of policyholder's assets and indemnification of other parties that have suffered damage as a result of a policyholder's accident.

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

Separating components from insurance and reinsurance contracts

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

Notes to the Financial Statements

Therefore, the Group:

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

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

- The economic characteristics and risks of the embedded derivatives are not closely related to the economic characteristics and risks of the host;
- A separate instrument with the same terms as embedded derivative would meet the definition of a derivative; and
- The hybrid contract is not measured at fair value with changes in fair value recognized in profit or loss.

An investment component is distinct if and only if, both of the following conditions are met;

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

The Company assesses its non-life insurance products to determine whether they contain distinct components which must be accounted for under another IFRS instead of under IFRS

After identifying and separating any distinct components, the Company applies IFRS 17 to the remaining components of the host insurance contract. Currently, the Company's products do not include any distinct components that require separation.

Level of aggregation

IFRS 17 defines the level of aggregation to be used for measuring insurance contracts and their related profitability. This is a key issue in identifying onerous contracts and in determining the recognition of profit or loss and presentation in the financial statements. The starting point for aggregating contracts is to identify portfolios of insurance contracts. A portfolio comprises contracts that are subject to similar risks and managed together. IFRS 17 requires the Group to determine the level of aggregation for applying its requirements. The level of aggregation for the Group is determined firstly by dividing the business written into portfolios using the current lines of business framework with consideration for the reserving segmentation and product types within each line of business to support the definition of similar risk. These lines of business are motor Insurance, home insurance, combined fire, and burglary, marine, engineering, oil and gas, goods in transit, gadget protection and drone insurance. Group makes an evaluation of whether a series of contracts need to be treated together as one unit based on reasonable and supportable information, or whether a single contract contains components that need to be separated and treated as if they were stand-alone contracts. As such, what is treated as a contract for accounting purposes may differ from what is considered as a contract for other purposes (i.e., legal or management).

IFRS 17 also requires that no group for level of aggregation purposes may contain contracts issued more than one year apart.

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

The Group divides portfolios of reinsurance contracts held applying the same principles set out above.

S/N	Class of Business	Coverage Period	2021 Grouping	2022 Grouping	2023 Grouping	Measurement Model
1	Motor	1 year	Non-onerous	Non-onerous	Non-onerous	PAA
2	Fire	1 year	Non-onerous	Non-onerous	Non-onerous	PAA
3	General Accident	1 year	Non-onerous	Non-onerous	Onerous and non-onerous	PAA
4	Marine	1 year	Non-onerous	Non-onerous	Non-onerous	PAA
5	Bond	1 year	Non-onerous	Non-onerous	Non-onerous	PAA
6	Oil and Gas	1 year	Non-onerous	Non-onerous	Non-onerous	PAA
7	Engineering	1 year	Non-onerous	Non-onerous	Non-onerous	PAA
8	Aviation	1 year	Non-onerous	Non-onerous	Non-onerous	PAA
9	Group Life	1 year	Non-onerous	Non-onerous	Non-onerous	PAA
10	Endowment	Long Term	Non-onerous	Non-onerous	Non-onerous	GMM
11	Protection	Long Term	Onerous and non-onerous	Onerous and non-onerous	Onerous and non-onerous	GMM
12	Investment Linked	Long Term	Non-onerous	Non-onerous	Onerous and non-onerous	GMM
13	Credit Life	Long Term	Onerous and non-onerous	Onerous and non-onerous	Onerous and non-onerous	GMM
14	Annuity	Long Term	Onerous and non-onerous	Onerous and non-onerous	Onerous and non-onerous	GMM

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Initial recognition of insurance contracts

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

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

Initial recognition of reinsurance contracts held

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

- The beginning of the coverage period of the group of reinsurance contracts held. (However, the Group delays the recognition of a group of reinsurance contracts held that provide proportionate coverage until the date any underlying insurance contract is initially recognised, if that date is later than the beginning of the coverage period of the group of reinsurance contracts held.

And

- The date the Group recognises an onerous group of underlying insurance contracts if the Group entered into the related reinsurance contract held in the group of reinsurance contracts held at or before that date.

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

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

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

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

Initial recognition of insurance acquisition cash flows

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

The company has aggregated its directly attributable expenses into the following classes including administrative and maintenance expense, claims and benefits expenses, management expenses and other operating expenses. The company allocates acquisition cost to policies based on applicable rate per policy, claims expenses are allocated based on number of claims on the policies and, a portion of maintenance cost is allocated based on the proportion of premium written.

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

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

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

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

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

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

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

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

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

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Insurance service expenses arising from insurance contracts issued are recognized in the profit or loss generally as they are incurred. The company's insurance expenses comprises:

- Incurred claims and other insurance service expenses
- Changes in the LIC related to claims and expenses incurred in the period excluding repayment of investment components.(if any)
- Changes in the LIC related to claims and expenses incurred in prior periods (related to past service)
- Other directly attributable insurance service expenses incurred in the period.
- Amortization of insurance acquisition cash flows, which is recognized at the same amount in both insurance service expenses and insurance contract revenue.
- Loss component of onerous groups of contracts initially recognized in the period.

Initial recognition of investment contracts with discretionary participation features

The date of initial recognition of an investment contract with discretionary participation features is the date that the entity becomes party to the contract. This is consistent with the requirements for recognition of a financial instrument in IFRS 9 and is likely to be earlier than the date of initial recognition for an insurance contract. Currently the Company does not issue investment contracts with discretionary participation features.

Onerous groups of contracts

The Company issues some contracts before the coverage period starts and the first premium becomes due. Therefore, the Company has determined whether any contracts issued form a group of onerous contracts before the earlier of the beginning of the coverage period and the date when the first payment from a policyholder in the group is due. The Company looks at facts and circumstances to identify if a group of contracts are onerous based on:

- Pricing information
- Results of similar contracts it has recognised
- Environmental factors such as a change in market experience or regulations
- Other Relevant risk factor which includes age, gender, occupation, geographical location and size of sum assured

For groups of contracts measured using the premium allocation approach (PAA), the Company assumes all groups of insurance contracts to be non-onerous unless the board has approved the sales of loss-making contracts through an official process. The company will assess the probability of non- onerous contracts becoming onerous in the future base on expert judgement of the projected combined ratio. For subsequent measurement, the company use combined ratio as facts and circumstances hence, a group of contracts will be deemed onerous if there has been a combined ratio of over 100% in two (2) subsequent annual reporting periods.

Measurement – Premium Allocation Approach

Insurance contract – Initial measurement

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

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

The Company applies the premium allocation approach (PAA) to all the insurance contracts that it issues and reinsurance contracts that it holds, as:

- The coverage period of each contract in the group is one year or less, including insurance contract services arising from all premiums within the contract boundary
- Or
- For contracts longer than one year, the Company has modelled possible future scenarios and reasonably expects that the measurement of the liability for remaining coverage for the group containing those contracts under the PAA does not differ materially from the measurement that would be produced applying the general model. In assessing materiality, the Company has also considered qualitative factors such as the nature of the risk and types of its lines of business.

All the Non-life products are measured using the PAA approach because the coverage period of each contract it issues is for a period of One (1) year except for the engineering, and oil and gas portfolio which could be issued for a period of more than one year. For this product, the company will perform the PAA eligibility test as required by the second criteria stated above and has set materiality level for difference in the liability for remaining coverage at plus or minus 5% for total portfolio and not more than plus or minus 10% for each group of insurance contracts or portfolio.

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The company interprets “reasonably expects” to mean the liability for remaining coverage under the premium allocation approach (PAA) and general measurement model (GMM) under all probable scenarios is Immaterial. Hence the company has defined probable scenario for both economic and non-economic assumptions which includes interest rate sensitivity of +/- 1%, expected combined ratio of +/-10%, lapse at +/-10%.

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

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

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

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

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

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

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

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

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

Reinsurance contracts held – initial measurement

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

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

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

Insurance contracts – subsequent measurement

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

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

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

Notes to the Financial Statements

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

Subsequent measurement – liability for incurred claims

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

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

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

Reinsurance contracts held – subsequent measurement

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

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

Insurance contracts – modification and derecognition

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

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

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

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

The Company derecognises insurance contracts when:

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

Or

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

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

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

Notes to the Financial Statements

Derecognition resulting from extinguishment

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

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

Derecognition resulting from transfer

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

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

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

Derecognition resulting from modification

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

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

And

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

Presentation

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

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

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

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

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

Level of aggregation - Life Business

The Company has elected to include in the same group, contracts where its ability to set prices or levels of benefits for policyholders with different characteristics is constrained by regulation. The annuity contracts, credit life contracts, endowment contracts, funeral expenses policy, group life, individual life, mortgage policy and term life insurance portfolios are divided into:

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

The reinsurance contracts held portfolios are further divided into:

- A group of contracts on which there is a net gain on initial recognition
- A group of contracts that have no significant possibility of a net gain arising subsequent to initial recognition
- A group of the remaining contracts in the portfolio

Notes to the Financial Statements

For contracts measured under the PAA, the company assume that no contracts in a portfolio of insurance contracts are onerous at initial recognition unless there has been an approval through an official process to implement commercial actions which include promotional discounts on premium rates, selling loss leaders to gain market shares or no claims discount on renewal of policies, which could result into a group of contracts being onerous.

For subsequent measurement, the onerous contract assessment is only required if facts and circumstances indicate that a group of contracts is onerous.

Contract boundary

A contract is an arrangement that binds one or both of the parties involved. If both parties are bound equally, the boundary of the contract is generally clear. Similarly, if neither party is bound, there is no genuine contract, thus:

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

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

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

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

The Company includes in the measurement of a group of insurance contracts all the future cash flows within the boundary of each contract in the group.

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

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

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

The company have set contract boundaries based on its portfolio of insurance contracts which is stated as follows:

For Individual Life

- Credit Life: The contract boundary is set equal to the term of the credit life policy
- Term Assurance: The contract boundary is set equal to the term of the term assurance policy
- Endowments: The contract boundary is set equal to the term of the endowment policy
- Funeral: The company has assumed that all policyholders will be dead by age 110, hence the contract boundary is 110 years.
- Education: The contract boundary is set equal to the term of the education policy.

For Group Life

- Group life: The contract boundary is set equal to the policy term which is one year
- Annuities: The company has assumed that all annuitants will be dead by age 120. Hence the contract boundary is 120 years.

For life contracts with renewal periods, the Company assesses whether premiums and related cash flows that arise from the renewed contract are within the contract boundary. The pricing of the renewals is established by the Company by considering all the risks covered for the policyholder by the Company, when underwriting equivalent contracts on the renewal dates for the remaining coverage. The Company reassess contract boundary of each group at the end of each reporting period.

Notes to the Financial Statements

Measurement – General Model

Insurance contract – Initial Measurement

The general model measures a group of insurance contracts as the sum of the following components, or ‘building blocks’, for each group of insurance contracts:

- Fulfilment cash flows, which comprise:
 - Estimates of expected future cash flows over the life of the contract
 - An adjustment to reflect the time value of money and the financial risks related to the future cash flows to the extent that the financial risks are not included in the estimates of the future cash flows
 - A risk adjustment for non-financial risk
- A contractual service margin representing unearned profit an entity will recognise as it provides service under the insurance contracts in the group

Fulfilment Cashflows (FCF)

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

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

The cash flows from each scenario are probability- weighted and discounted using current assumptions.

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

- Premiums and related cash flows
- Claims and benefits, including reported claims not yet paid, incurred claims not yet reported and expected future claims
 - Payments to policyholders resulting from embedded surrender value options
 - An allocation of insurance acquisition cash flows attributable to the portfolio to which the contract belongs
- Claims handling costs
- Policy administration and maintenance costs, including recurring commissions that are expected to be paid to intermediaries
- An allocation of fixed and variable overheads directly attributable to fulfilling insurance contracts
- Transaction-based taxes including; premium taxes, value added taxes
- Payments by the Company in a fiduciary capacity to meet tax obligations incurred by policyholder
- Allocation of fixed and variable overheads directly attributable to fulfilling insurance contracts
- Cost that the company incurs in providing investment- related services for investment contracts without direct participation features
- Any other costs specifically chargeable to the policyholder under the term of the contract

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

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

The measurement of fulfilment cash flows-includes insurance acquisition cash flows which are allocated based on rational and systematic manner as prescribed above.

Contractual Service Margin (CSM)

The Company’s CSM is a component of the asset or liability for the group of insurance contracts that represents the unearned profit the Company will recognise as it provides services in the future. The Company measures the CSM on initial recognition at an amount that, unless the group of contracts is onerous, results in no income or expenses arising from:

- Initial recognition of the fulfilment cash flows
- Derecognition at the date of initial recognition of any asset or liability recognised for insurance acquisition cash flows
- Any cash flows arising from the contracts in the group at that date

For groups of contracts assessed as onerous, the Company has recognised a loss in profit or loss for the net outflow, resulting in the carrying amount of the liability for the group being equal to the fulfilment cash flows and the CSM of the group being zero. A loss component has been established by the Company for the liability for remaining coverage for an onerous group depicting the losses recognized for additional disclosures on the loss component.

Notes to the Financial Statements

The liability for remaining coverage is the Company's obligation to investigate and pay valid claims for insured events that have not yet occurred (i.e., the obligation that relates to the unexpired portion of the coverage period) and at initial recognition, comprises all remaining expected future cash inflows and cash outflows under an insurance contract plus the CSM for that contract.

The liability for incurred claims is the Company's obligation to investigate and pay valid claims for insured events that have already occurred, including events that have occurred but for which claims have not been reported, and other incurred insurance expenses. At initial recognition of a group of contracts, the liability for incurred claims is usually nil as no insured events have occurred.

Insurance contracts – subsequent measurement

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

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

- The effect of any new contracts added to the group
 - Interest accreted on the carrying amount of the CSM during the reporting period, measured at the discount rates at initial recognition
 - The changes in fulfilment cash flows relating to future service, except to the extent that:
 - Such increases in the fulfilment cash flows exceed the carrying amount of the CSM, giving rise to a loss
- OR
- Such decreases in the fulfilment cash flows are allocated to the loss component of the liability for remaining coverage
 - The effect of any currency exchange differences on the CSM
 - The amount recognised as insurance revenue because of the transfer of services in the period, determined by the allocation of the CSM remaining at the end of the reporting period (before any allocation) over the current and remaining coverage period

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

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

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

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

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

The Company measures the carrying amount of a group of insurance contracts at the end of each reporting period as the sum of:

- (i) the liability for remaining coverage comprising fulfilment cash flows related to future service allocated to the group at that date and the CSM of the group at that date; and
- (ii) the liability for incurred claims for the Company comprised the fulfilment cash flows related to past service allocated to the group at that date.

Reinsurance contracts held – initial measurement

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

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

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

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

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

Reinsurance contracts held – Subsequent measurement

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

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

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

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

3.3 Revenue recognition

(i) Insurance revenue (PAA)

The insurance revenue for the period is the amount of expected premium receipts (excluding any investment component) allocated to the period. The Company allocates the expected premium receipts to each period of insurance contract services on the basis of the passage of time. But if the expected pattern of release of risk during the coverage period differs significantly from the passage of time, then the allocation is made on the basis of the expected timing of incurred insurance service expenses.

The Company changes the basis of allocation between the two methods above as necessary, if facts and circumstances change. The change is accounted for prospectively as a change in accounting estimate.

Insurance revenue (Non-PAA)

The Company's insurance revenue depicts the provision of coverage and other services arising from a group of insurance contracts at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those services. Insurance revenue from a group of insurance contracts is therefore the relevant portion for the period of the total consideration for the contracts, (i.e., the amount of premiums paid to the Company adjusted for financing effect (the time value of money) and excluding any distinct investment components). The total consideration for a group of contracts covers amounts related to the provision of services and is comprised of:

- Insurance service expenses, excluding any amounts allocated to the loss component of the liability for remaining coverage
- The risk adjustment for non-financial risk, excluding any amounts allocated to the loss component of the liability for remaining coverage
- The CSM release
- Amounts related to insurance acquisition cash flows

Notes to the Financial Statements

(ii) Loss component (PAA)

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

Loss component (Non-PAA)

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

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

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

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

(iii) Loss-recovery components

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

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

(iv) Investment income on financial assets

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

Interest income is recognized in profit or loss as it accrues and is calculated by using the effective interest rate method. Fees and commissions that are an integral part of the effective yield of the financial asset or liability are recognized as an adjustment to the effective interest rate of the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability.

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

(v) Net gains on financial assets

Represents gains and losses on investments carried at FVTPL. These include fair value gains, interest income, exchange gains and gains and losses on disposal of these financial assets.

(vi) Other operating income

Other operating income represents income generated from sources other than insurance service revenue, net gains on financial assets at FVTPL and investment income. It includes rental income and profit on disposal of property and equipment. Rental income is recognized on an accrual basis. This also includes mudarabah income from the Takaful insurance

3.4 Expense recognition

(i) Insurance finance income and expense

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

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

The Company systematically allocates expected total insurance finance income or expenses over the duration of the group of contracts to profit or loss using discount rates determined on initial recognition of the group of contracts.

In the event of transfer of a group of insurance contracts or derecognition of an insurance contract, the Company reclassifies the insurance income finance or expense to profit or loss as a reclassification adjustment to any remaining amounts for the group (or contract) that were previously recognised in other comprehensive income.

Notes to the Financial Statements

(ii) Net income or expense from reinsurance contracts held (PAA)

The Company presents separately on the face of the statement of profit or loss and other comprehensive income, the amounts expected to be recovered from reinsurers, and an allocation of the reinsurance premiums paid. The Company treats reinsurance cash flows that are contingent on claims on the underlying contracts as part of the claims that are expected to be reimbursed under the reinsurance contract held, and excludes investment components and commissions from an allocation of reinsurance premiums presented on the face of the statement of profit or loss and other comprehensive income

Net income or expense from reinsurance contracts held (Non-PAA)

The Company presents separately on the face of the statement of profit or loss and other comprehensive, income the amounts expected to be recovered from reinsurers, and an allocation of the reinsurance premiums paid. The Company treats reinsurance cash flows that are contingent on claims on the underlying contracts as part of the claims that are expected to be reimbursed under the reinsurance contract held and excludes investment components and commissions from an allocation of reinsurance premiums presented on the face of the statement of profit or loss and other comprehensive income.

(iii) Management expenses

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

3.5 Investment contracts

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

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

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

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

3.6 Cash and cash equivalents

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

3.7 Financial Instruments

Policy applicable before 1 January 2022

Classification

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

The Group classifies its financial assets into the following categories:

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

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

Initial recognition

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

Subsequent Measurement

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

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

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

Notes to the Financial Statements

Held-to-maturity investments

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

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

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

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

Loans and receivables

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

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

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

Available-for-sale financial assets

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

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

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

Amortised cost measurement

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

Fair value measurement

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

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

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

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

Notes to the Financial Statements

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

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

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

Identification and measurement of impairment

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

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

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

Offsetting

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

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

De-recognition

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial assets in a transaction in which substantially all the risks and rewards of ownership of the financial assets are transferred or in which the Group neither transfers nor retains substantially all the risks and rewards of ownership and it does not retain control of the financial asset. Any interest in transferred financial assets that qualify for de-recognition that is created or retained by the Group is recognised as a separate asset or liability in the statement of financial position. On de-recognition of the financial assets, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset transferred), and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit and loss. The Group enters into transactions whereby it transfers assets recognised on its financial position, but retains either all or substantially all of the risks and rewards of the transferred assets or a portion of them. If all or substantially all risks and rewards are retained, then the transferred assets are not derecognised from the financial position.

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

Notes to the Financial Statements

Policy applicable after 1 January 2022

Classification

i. Recognition and initial measurement

The Group recognises deposits with financial institutions and loans and borrowings on the date on which they are originated. All other financial instruments (including regular-way purchases and sales of financial assets) are recognised on the trade date, which is the date on which the Group becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is initially measured at fair value plus, for a financial asset or financial liability not measured at FVTPL, transaction costs that are directly attributable to its acquisition or issue.

ii. Classification and subsequent measurement

Financial assets not derecognised before 1 January 2023

Classification

On initial recognition, a financial asset is classified as measured at amortised cost, FVOCI or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

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

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are SPPI.

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

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are SPPI.

The Group elects to present changes in the fair value of certain equity investments that are not held for trading in OCI. The election is made on an instrument-by-instrument basis on initial recognition and is irrevocable.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. In addition, on initial recognition the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Business model assessment

The Group assesses the objective of the business model in which a financial asset is held for each portfolio of financial assets because this best reflects the way that the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice, including whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated (e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected); and
- the frequency, volume and timing of sales in prior periods, the reasons for such sales and expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Group's stated objective for managing the financial assets is achieved and how cash flows are realised.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

For a majority of debt investments, the objective of the Group's business model is to fund insurance contract liabilities. The Group undertakes significant buying and selling activity on a regular basis to rebalance its portfolio of assets and to ensure that contractual cash flows from the financial assets are sufficient to settle insurance contract liabilities. The Group determines that both collecting contractual cash flows as they come due and selling financial assets to maintain the desired asset profile are integral to achieving the business model's objective.

Certain debt securities are held in separate portfolios for long-term yield. These securities may be sold, but such sales are not expected to be more than infrequent. The Group considers that these securities are held within a business model whose objective is to hold assets to collect the contractual cash flows.

Notes to the Financial Statements

Portfolios of financial assets that are managed and whose performance is evaluated on a fair value basis, which include underlying items of participating contracts, and portfolios of financial assets that are held for trading are measured at FVTPL because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

Assessment of whether contractual cash flows are SPPI

For the purposes of this assessment, principal is defined as the fair value of the financial asset on initial recognition. However, the principal may change over time - e.g. if there are repayments of principal. Interest is defined as consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are SPPI, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- leverage features;
- prepayment and extension features;
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse asset arrangements); and
- features that modify consideration for the time value of money (e.g. periodic reset of interest rates).

A prepayment feature is consistent with the SPPI criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable compensation for early termination of the contract. In addition, for a financial asset acquired at a premium or discount to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant on initial recognition.

Some prepayment features permit the debtor to prepay the debt instrument at an amount calculated as the remaining contractual cash flows discounted at the current market benchmark interest rate plus a fixed spread. The Group has determined that these prepayment features are consistent with the SPPI criterion. Because the Group would be compensated only for the change in the market benchmark interest rate and for lost interest margin, the prepayment penalty would not include any non-SPPI risks and may be seen as reasonable compensation.

Subsequent measurement and gains and losses

Financial assets at FVTPL; Measured at fair value. Net gains and losses, including any interest or dividend income and foreign exchange gains and losses, are recognised in profit or loss, unless they arise from derivatives designated as hedging instruments in net investment hedges.

Debt investments at FVOCI: Measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI and accumulated in the fair value reserve. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Equity investments at FVOCI: Measured at fair value. Dividends are recognised as income in profit or loss when the Group's right to receive payment is established, unless they clearly represent a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss. Cumulative gains and losses recognised in OCI are transferred to retained earnings on disposal of an investment.

Financial assets at amortised cost: Measured at amortised cost using the effective interest method. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Financial assets derecognised before 1 January 2023

Classification

The Group classified its financial assets into one of the following categories:

- financial assets at FVTPL, and within this category as:
 - held-for-trading;
 - designated as at FVTPL;
- held-to-maturity investments;
- loans and receivables; and
- available-for-sale financial assets.

Subsequent measurement and gains and losses

Financial assets at FVTPL; Measured at fair value. Net gains and losses, including any interest or dividend income and foreign exchange gains and losses, were recognised in profit or loss, unless they arose from derivatives designated as hedging instruments in net investment hedges.

Held-to-maturity investments: Measured at amortised cost using the effective interest method.

Loans and receivables: Measured at amortised cost using the effective interest method.

Available-for-sale financial assets: Measured at fair value. Interest income calculated using the effective interest method, dividends, foreign exchange gains and losses and impairment were recognised in profit or loss. Other net gains and losses were recognised in OCI and accumulated in the fair value reserve. On derecognition, gains and losses accumulated in OCI were reclassified to profit or loss.

Notes to the Financial Statements

ii. Financial liabilities

Classification

The Group classifies its financial liabilities, other than financial guarantees, into one of the following categories:

- financial liabilities at FVTPL, and within this category as:
 - held-for-trading;
 - designated as at FVTPL; and
 - financial liabilities at amortised cost.

Subsequent measurement and gains and losses

Financial liabilities at FVTPL: Measured at fair value. Net gains and losses, including any interest expenses and foreign exchange gains and losses, are recognised in profit or loss, unless they arise from derivatives designated as hedging instruments in net investment hedges.

Financial liabilities at amortised cost: Measured at amortised cost using the effective interest method. Interest expenses and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Interest on financial instruments not derecognised before 1 January 2023

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

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

The effective interest rate is revised as a result of periodic re-estimation of cash flows of floating-rate instruments to reflect movements in market rates of interest. The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured on initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any loss allowance.

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

Financial assets not credit-impaired on initial recognition:

-If the financial asset is not credit-impaired, then interest income is calculated by applying credit-impaired on the effective interest rate to the gross carrying amount of the asset. When calculating the effective interest rate, the Group estimates future cash flows considering all contractual terms of the asset, but not ECL.

-If the financial asset has become credit-impaired subsequent to initial recognition, then interest income is calculated by applying the effective interest rate to the amortised cost of the asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

Financial assets credit-impaired on initial recognition:

-Interest income is calculated by applying a credit-adjusted effective interest rate to the amortised cost of the asset. The credit-adjusted effective interest rate is calculated using estimated future cash flows including ECL. The calculation of interest income does not revert to a gross basis, even if the credit risk of the asset improves.

Financial liabilities: Interest expenses are calculated by applying the effective interest rate to the amortised cost of the liability. When calculating the effective interest rate, the Group estimates future cash flows considering all contractual terms of the liability.

The calculation of the effective interest rate includes transaction costs and fees and points paid or received that are an integral part of the effective interest rate. Transaction costs are incremental costs that are directly attributable to the acquisition or issue of a financial asset or financial liability. Interest revenue calculated using the effective interest method and other finance costs presented in profit or loss include interest on financial assets and financial liabilities measured at amortised cost and debt investments measured at FVOCI.

Notes to the Financial Statements

Interest on financial instruments derecognised before 1 January 2023

Interest income and expenses were recognised in profit or loss using the effective interest method. The effective interest rate was the rate that exactly discounted the estimated future cash payments and receipts through the expected life of the financial asset or financial liability (or, where appropriate, a shorter period) to the carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Group estimated future cash flows considering all contractual terms of the financial instrument, but not future credit losses.

The calculation of the effective interest rate included transaction costs and fees and points paid or received that were an integral part of the effective interest rate. Transaction costs were incremental costs that were directly attributable to the acquisition or issue of a financial asset or financial liability.

Interest revenue calculated using the effective interest method and other finance costs presented in profit or loss included interest on financial assets and financial liabilities measured at amortised cost and available-for-sale financial assets.

iii. Impairment

Financial assets not derecognised before 1 January 2023

The Group recognises loss allowances for ECL on:

- financial assets measured at amortised cost; and
- debt investments measured at FVOCI.

The Group measures loss allowances at an amount equal to lifetime ECL, except in the following cases, for which the amount recognised is 12-month ECL:

- debt securities that are determined to have low credit risk at the reporting date; and
- other financial instruments (other than lease receivables) for which credit risk has not increased significantly since initial recognition.

Loss allowances for lease receivables are always measured at an amount equal to lifetime ECL.

Financial instruments for which 12-month ECL are recognised are referred to as 'Stage 1 financial instruments'. 12-month ECL are the portion of ECL that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

Financial instruments for which lifetime ECL are recognised because of a significant increase in credit risk since initial recognition but that are not credit-impaired are referred to as 'Stage 2 financial instruments'. Lifetime ECL are the ECL that result from all possible default events over the expected life of the financial instrument.

Financial instruments for which lifetime ECL are recognised and that are credit-impaired are referred to as 'Stage 3 financial instruments'.

In all cases, the maximum period considered when estimating ECL is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECL

ECL are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive).

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets measured at amortised cost, debt investments credit-impaired at FVOCI and lease receivables are credit-impaired. A financial asset is when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the debtor;
- a breach of contract such as a default or past-due event;
- the restructuring of an amount due to the Group on terms that the Group would not otherwise consider;
- the debtor entering bankruptcy or other financial reorganisation becoming probable; or
- the disappearance of an active market for a security because of financial difficulties.

A financial asset that has been renegotiated due to a deterioration in the borrower's condition is usually considered to be credit-impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment.

Notes to the Financial Statements

In assessing whether an investment in sovereign debt is credit-impaired, the Group considers the following factors:

- the market's assessment of creditworthiness as reflected in bond yields;
- the rating agencies' assessments of creditworthiness;
- the country's ability to access the capital markets for new debt issuance;
- the probability of debt being restructured, resulting in holders suffering losses through voluntary or mandatory debt forgiveness; and
- 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, including an assessment of the depth of those mechanisms and, irrespective of the political intent, whether there is the capacity to fulfil the required criteria.

Presentation of loss allowances in the statement of financial position

Loss allowances for ECL are presented as follows:

- financial assets measured at amortised cost: the loss allowance is deducted from the gross carrying amount of the assets; and
- debt investments measured at FVOCI: the loss allowance does not reduce the carrying amount of the financial assets (which are measured at fair value) but gives rise to an equal and opposite gain in OCI.

Write-off

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. This is generally the case when the Group determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. This assessment is carried out at the individual asset level.

Although the Group expects no significant recovery from amounts written off, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

Financial assets derecognised before 1 January 2023

At each reporting date, the Group assessed whether there was objective evidence that financial assets not measured at FVTPL were impaired. A financial asset or a group of financial assets was impaired when objective evidence demonstrated that a loss event had occurred after the initial recognition of the asset(s) and that the loss event had an impact on the future cash flows of the asset(s) that could be estimated reliably. This assessment was similar to determining whether a financial asset not derecognised before 1 January 2023 is credit-impaired (see above).

In addition, for an investment in an equity instrument, a significant or prolonged decline in its fair value below its cost was objective evidence of impairment. In general, the Group considered a decline of 20% to be significant and a period of nine months to be prolonged. However, in specific circumstances a smaller decline or a shorter period might have been appropriate. Impairment losses on financial assets were recognised as follows.

Financial assets at amortised cost: The Group considered evidence of impairment for these assets at both individual asset and collective levels. All individually significant assets were individually assessed for impairment. Those found not to be impaired were then collectively assessed for any impairment that had been incurred but not yet individually identified. Assets that were not individually significant were collectively assessed for impairment. Collective assessment was carried out by grouping together assets with similar risk characteristics.

In assessing collective impairment, the Group used historical information on the timing of recoveries and the amount of loss incurred, and made an adjustment if current economic and credit conditions were such that the actual losses were likely to be greater or lesser than suggested by historical trends.

An impairment loss was calculated as the difference between an asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses were recognised in profit or loss and reflected in an allowance account. When the Group considered that there were no realistic prospects of recovery of the asset, the relevant amounts were written off. If the amount of impairment loss subsequently decreased and the decrease was related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss was reversed through profit or loss.

Available-for-sale financial assets: Impairment losses on available-for-sale financial assets were recognised by reclassifying the losses accumulated in the fair value reserve to profit or loss. The amount reclassified was the difference between the acquisition cost (net of any principal repayment and amortisation) and the current fair value, less any impairment loss previously recognised in profit or loss. If the fair value of an impaired available-for-sale debt security subsequently increased and the increase was related objectively to an event occurring after the impairment loss was recognised, then the impairment loss was reversed through profit or loss. Impairment losses recognised in profit or loss for an investment in an equity instrument classified as available-for-sale were not reversed through profit or loss.

Notes to the Financial Statements

Impairment Methodology

Policy applicable from 1 January 2022

a. Overview of the Expected Credit Losses (ECL) principles

The Company recognizes allowance for expected credit losses on the following financial instruments that are not measured at FVTPL:

- Financial assets that are debt instruments
- Trade receivables and contract assets
- Financial guarantees issued

In this section, the instruments mentioned above are all referred to as 'financial instruments' or 'assets'. Equity instruments are not subject to impairment under IFRS 9.

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LT ECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss (12m ECL) as outlined.

The 12m ECL is the portion of LT ECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. Both LT ECLs and 12m ECLs are calculated on either an individual basis or a collective basis, depending on the nature of the underlying portfolio of financial instruments.

Loss allowances for account receivable are always measured at an amount equal to lifetime ECL. The Group has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument.

The Group's policies for determining if there has been a significant increase in credit risk are set out in Note 46(b)(ii).

Based on the above process, the Group groups its financial instruments into Stage 1, Stage 2, Stage 3 and POCI, as described below:

- Stage 1: When financial assets are first recognised, the Group recognises an allowance based on 12m ECLs. Stage 1 asset also include facilities where the credit risk has improved and the asset has been reclassified from Stage 2.
- Stage 2: When a financial asset has shown a significant increase in credit risk since origination, the Group records an allowance for the LT ECLs. Stage 2 asset also include facilities, where the credit risk has improved, and the asset has been reclassified from Stage 3.
- Stage 3: Financial assets considered credit impaired. The Group records an allowance for the LTECLs.
- POCI: Purchased or originated credit impaired (POCI) assets are financial assets that are credit impaired on initial recognition. POCI assets are recorded at fair value at original recognition and interest income is subsequently recognised based on a credit adjusted EIR. ECLs are only recognised or released to the extent that there is a subsequent change in the expected credit losses.

If, in a subsequent period, credit quality improves and reverses any previously assessed significant increase in credit risk since origination, depending on the stage of the lifetime – stage 2 or stage 3 of the ECL bucket, the Group would continue to monitor such financial assets for a probationary period of 90 days to confirm if the risk of default has decreased sufficiently before upgrading such exposure from Lifetime ECL (Stage 3) to 12-months ECL (Stage 2). In addition to the 90 days probationary period above, the Group also observes a further probationary period of 90 days to upgrade from Stage 2 to 3. This means a probationary period of 180 days will be observed before upgrading financial assets from Lifetime ECL (Stage 3) to 12-months ECL (Stage 1).

For financial assets for which the Group has no reasonable expectations of recovering either the entire outstanding amount, or a proportion thereof, the gross carrying amount of the financial asset is reduced. This is considered a (partial) derecognition of the financial asset

b. The calculation of ECLs

The Group calculates ECLs based on three probability-weighted scenarios to measure the expected cash shortfalls, discounted at an approximation to the EIR. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

The mechanics of the ECL calculations are outlined below and the key elements are as follows:

- PD: The Probability of Default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio.
- EAD: The Exposure at Default is 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 drawdowns on committed facilities, and accrued interest from missed payments.
- LGD: The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD.

Notes to the Financial Statements

When estimating the ECLs, the Group considers three scenarios (a base case, an upside and downside). Each of these is associated with different PDs, EADs and LGDs. When relevant, the assessment of multiple scenarios also incorporates how defaulted assets are expected to be recovered, including the probability that the assets will cure and the value of collateral or the amount that might be received for selling the asset.

Impairment losses and releases are accounted for and disclosed separately from modification losses or gains that are accounted for as an adjustment of the financial asset's gross carrying value.

The mechanics of the ECL method are summarised below:

- Stage 1: The 12-month ECL is calculated as the portion of LT ECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Group calculates the 12m ECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an approximation to the original EIR. This calculation is made for each of the three scenarios, as explained above.
- Stage 2: When an asset has shown a significant increase in credit risk since origination, the Group records an allowance for the LT ECLs. The mechanics are similar to those explained above, including the use of multiple scenarios, but PDs and LGDs are estimated over the lifetime of the instrument. The expected cash shortfalls are discounted by an approximation to the original EIR.
- Stage 3: For assets considered credit-impaired, the Group recognises the lifetime expected credit losses for these assets. The method is similar to that for Stage 2 assets, with the PD set at 100%.

• **POCI:** POCI assets are financial assets that are credit impaired on initial recognition. The Group only recognises the cumulative changes in lifetime ECLs since initial recognition, based on a probability-weighting of the three scenarios, discounted by the credit-adjusted EIR.

The mechanics of the ECL calculations are outlined below and the key elements are as follows:

- **PD: The Probability of Default** is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio.
- **EAD: The Exposure at Default** is 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 drawdowns on committed facilities, and accrued interest from missed payments.
- **LGD: The Loss Given Default** is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD.

When estimating the ECLs, the Group considers three scenarios (a base case, an upside and downside). Each of these is associated with different PDs, EADs and LGDs. When relevant, the assessment of multiple scenarios also incorporates how defaulted assets are expected to be recovered, including the probability that the assets will cure and the value of collateral or the amount that might be received for selling the asset.

Impairment losses and releases are accounted for and disclosed separately from modification losses or gains that are accounted for as an adjustment of the financial asset's gross carrying value.

The mechanics of the ECL method are summarised below:

- Stage 1: The 12-month ECL is calculated as the portion of LT ECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Group calculates the 12m ECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an approximation to the original EIR. This calculation is made for each of the three scenarios, as explained above.
- Stage 2: When an asset has shown a significant increase in credit risk since origination, the Group records an allowance for the LT ECLs. The mechanics are similar to those explained above, including the use of multiple scenarios, but PDs and LGDs are estimated over the lifetime of the instrument. The expected cash shortfalls are discounted by an approximation to the original EIR.
- Stage 3: For assets considered credit-impaired, the Group recognises the lifetime expected credit losses for these assets. The method is similar to that for Stage 2 assets, with the PD set at 100%.
- **POCI:** POCI assets are financial assets that are credit impaired on initial recognition. The Group only recognises the cumulative changes in lifetime ECLs since initial recognition, based on a probability-weighting of the three scenarios, discounted by the credit-adjusted EIR.

c. Forward looking information

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

- GDP growth
- Exchange rates
- Unemployment rates
- Inflation rates
- Crude oil price

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

Notes to the Financial Statements

Policy applicable before to 1 January 2022

The carrying amounts of these assets are reviewed at each reporting date to determine whether there is any objective evidence of impairment. A financial asset is impaired if objective evidence indicates that one or more events that have occurred since the initial recognition of the asset have had a negative effect on the estimated future cash flows of that asset and can be reliably estimated.

Objective evidence that a financial asset or group of assets is impaired includes observable data that comes to the attention of the Group about the following events:

- Significant financial difficulty of the issuer or debtor;
- A breach of contract, such as a default or delinquency in payments;
- It becoming probable that the issuer or debtor will enter bankruptcy or other financial reorganisation;
- The disappearance of an active market for that financial asset because of financial difficulties; or

- Observable data indicating that there is a measurable decrease in the estimated future cashflow from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the Group.

For financial assets measured at amortised cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant and individually or collectively for financial assets that are not individually significant. Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics. An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying value and the present value of the estimated future cash flows discounted at the original effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the statement of comprehensive income. If the financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under contract. The Group may measure impairment on the basis of an instrument's fair value using an observable market price.

For the purpose of a collective evaluation of impairment, financial assets are grouped on the basis of similar credit risk characteristics. Those characteristics are relevant to the estimation of future cashflows for groups of such assets by being indicative of the issuer's ability to pay all amounts due under the contractual terms of the debt instrument being evaluated. 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 (such as improved credit rating), the previously recognised impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognised in the statement of comprehensive income.

iv. Derecognition and contract modification

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount at the date of derecognition and the consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss. For debt investments at FVOCI and financial assets that had already been derecognised at 1 January 2023, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss. The cumulative gain or loss on equity investments designated as at FVOCI is not reclassified to profit or loss.

The Group enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised. Examples of such transactions are securities lending and sale-and-repurchase transactions.

In transactions in which the Group neither retains nor transfers substantially all of the risks and rewards of ownership of a financial asset and it retains control over the asset, the Group continues to recognise the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset.

If the terms of a financial asset are modified, then the Group evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognised and a new financial asset is recognised at fair value plus any eligible transaction costs. Any fees received as part of the modification are accounted for as follows.

- Fees that are considered in determining the fair value of the new asset and fees that represent reimbursement of eligible transaction costs are included in the initial measurement of the new asset.
- Other fees are included in profit or loss as part of the gain or loss on derecognition.

If cash flows are modified when the debtor is in financial difficulties, then the objective of the modification is usually to maximise recovery of the original contractual cash flows rather than to originate a new asset with substantially different terms. If the Group plans to modify a financial asset in a way that would result in forgiveness of cash flows, then it first considers whether a portion of the asset should be written off before the modification takes place (see 'Write-off' under (iii)).

If a financial asset measured at amortised cost or FVOCI is modified but not substantially, then the financial asset is not derecognised. If the asset had not been derecognised at 1 January 2023, then the Group recalculates the gross carrying amount of the financial asset by discounting the modified contractual cash flows at the original effective interest rate and recognises the resulting adjustment to the gross carrying amount as a modification gain or loss in profit or loss. For floating-rate financial assets, the original effective interest rate used to calculate the modification gain or loss is adjusted to reflect current market terms at the time of the modification. If such a modification is carried out because of financial difficulties of the borrower (see (iii)), then the gain or loss is presented together with impairment losses; in other cases, it is presented as interest revenue. Any costs or fees incurred and modification fees received adjust the gross carrying amount of the modified financial asset and are amortised over the remaining term of the modified financial asset.

Notes to the Financial Statements

Financial liabilities

The Group generally derecognises a financial liability when its contractual obligations expire or are discharged or cancelled. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

Notwithstanding the above, when, and only when, the Group repurchases its financial liability and includes it as an underlying item of direct participating contracts, the Group may elect not to derecognise the financial liability. Instead, the Group may elect to continue to account for that instrument as a financial liability and to account for the repurchased instrument as if it were a financial instrument-by asset and measure it at FVTPL. This election is irrevocable and is made on an instrument basis.

If a financial liability measured at amortised cost is modified but not substantially, then it is not derecognised.

- For financial liabilities that had not been derecognised at 1 January 2023, the Group recalculates the amortised cost of the financial liability by discounting the modified contractual cash flows at the original effective interest rate and recognises any resulting adjustment to the amortised cost as a modification gain or loss in 'other finance costs' in profit or loss. For floating-rate financial liabilities, the original effective interest rate used to calculate the modification gain or loss is adjusted to reflect current market terms at the time of the modification. Any costs and fees incurred adjust the carrying amount of the modified financial liability and are amortised over the remaining term of the modified financial liability.

- For financial liabilities that had been derecognised at 1 January 2023, the Group recognised any difference in present value as an adjustment to the effective interest rate and amortised it over the remaining life of the modified financial liability, with no immediate gain or loss recognised.

v. Cash and cash equivalents

Cash and cash equivalents include cash balances, unrestricted balances held with banks and highly liquid financial assets with original maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value, and are used by the Group in the management of its short term commitment. For cash flow purposes, cash and cash equivalents represent balances held with banks in Nigeria, placements with financial institutions and treasury bills with maturities of less than 90 days.

vii. Offsetting

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

Income and expenses are presented on a net basis only when it is required or permitted by a standard - e.g. gains and losses arising from a group of similar transactions such as the gains and losses on financial assets measured at FVTPL.

3.8 Trade receivables

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

3.9 Foreign currency transactions

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

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

3.10 Other Insurance related liabilities

Other insurance related represent financial obligations arising from the group's insurance business that are basically outside the scope of the definition of insurance contracts. These comprise amounts payable for reinsurers, co-insurers, agents and brokers at year end.

Trade payables

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

Notes to the Financial Statements

Other payables and Accruals

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

3.11 Other receivables and prepayments

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

3.12 Investment properties

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

Recognition and measurement

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

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

De-recognition

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

Transfers

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

3.13 Investment in joint venture

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

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

3.14 Property and equipment

Recognition and measurement

Items of property and equipment are measured at cost less accumulated depreciation and impairment losses if any except for land and building which is carried at revalued amount. When Land and Building are revalued, any accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount.

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

Subsequent costs

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

Depreciation

Depreciation is recognised in the statement of profit or loss and other comprehensive income on a straight-line basis to write down the cost of each asset, to their residual values over the estimated useful lives of each part of an item of property and equipment. Leased assets under finance lease are depreciated over the shorter of the lease term and their useful lives. Depreciation begins when an asset is available for use and ceases at the earlier of the date that the asset is derecognised or classified as held for sale in accordance with IFRS 5. Available for use is the date the asset is available for use. A non-current asset or disposal group is not depreciated while it is classified as held for sale.

Notes to the Financial Statements

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

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

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

De-recognition

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

Impairment

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

3.15 Intangible assets

Computer software

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

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful life of the software, from the date that it is available for use since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful life of software is five years. Amortisation method, useful lives, and residual values are reviewed at each financial year-end and adjusted if appropriate.

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

3.16 Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets other than deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable group of assets that generates cash flows that are largely independent from other assets. Impairment losses are recognised in profit or loss.

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

Notes to the Financial Statements

3.17 Income and deferred tax

Current tax

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

Minimum tax

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

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

Deferred tax

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

Deferred tax is not recognised for:

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

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

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

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

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

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

318.00 Statutory deposits

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

3.19 Hypothecation of assets

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

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

3.20 Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and where appropriate, the risks specific to the liability.

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

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

Notes to the Financial Statements

3.21 Employee benefits

Short-term employee benefits/Personnel expenses

Staff benefits such as wages, salaries and other benefits are recognized as employee benefit expenses. Short-term employee benefit obligations are measured on an undiscounted basis and are expensed 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 Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Defined contribution plans

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

Termination benefits

Termination benefits are payable whenever an employee's employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognizes termination benefits when it is demonstrably committed either to terminate the employment of current employees according to a detailed formal plan without possibility of withdrawal, or to provide termination benefits as a result of an offer made to encourage voluntarily redundancy if it is probable that the offer will be accepted and the number of acceptances can be estimated. Benefits falling due more than 12 months after balance sheet date are discounted to present value.

Post employment benefits

The Group operates a defined contributory retirement scheme as stipulated in the Pension Reform Act 2014. Under the defined contribution scheme, the Group pays fixed contributions of 10% to a separate entity – Pension Fund Administrators; employees also pay 8% to the same entity. Once the contributions have been paid, the Group retains no legal or constructive obligation to pay further contributions if the Fund does not hold enough assets to finance benefits accruing under the retirement benefit plan. The Group's obligations are recognised in the statement of comprehensive income.

3.22 Earnings/loss per share

The Group presents basic and diluted earnings per share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares. Earnings per share is determined by dividing the profit or loss attributable to ordinary shareholders by the weighted number of ordinary shares adjusted for any bonus shares issued.

3.23 Leases

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

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

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

Property lease classification – Company as lessor

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

Notes to the Financial Statements

3.24 Segment reporting

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

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

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

3.25 Contingent liabilities and assets

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group or the Group has a present obligation as a result of past events which is not recognized because it is not probable that an outflow of resources will be required to settle the obligation; or the amount cannot be reliably estimated. Contingent liabilities normally comprise of legal claims under arbitration or court process in respect of which a liability may crystallize.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

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

3.26 Share capital and other reserves

Share capital

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

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

Share premium

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

Treasury shares

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

Retained earnings/Accumulated deficit

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

Contingency reserve

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

Fair value reserve

The fair value reserve comprises the cumulative net change in the fair value of FVOCI financial assets until the assets are derecognised or impaired.

3.27 Discontinued operation

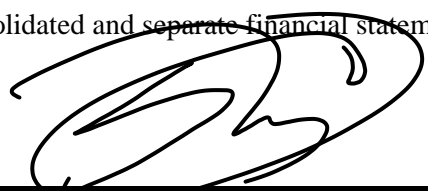
For discontinued operations, the Group presents discontinued operations in a separate line in the Income statement if an entity or a component of an entity has been disposed of or is classified as held for sale and: (a) represents a separate major line of business or geographical area of operations;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

Consolidated and Separate Statements of Financial Position


<i>In thousands of naira</i>	<i>Note</i>	Group 31 December 2024	Group 31 December 2023	Company 31 December 2024	Company 31 December 2023
Assets					
Cash and cash equivalents	6	21,770,481	19,217,453	3,910,810	9,265,799
Financial assets					
- measured at FVOCI	7	32,453,113	25,536,235	30,814,808	24,128,751
- measured at FVTPL	7	23,002,133	10,849,481	22,574,241	10,849,481
- measured at amortised cost	7	13,025,159	8,077,587	512,517	133,998
Trade receivables	8	934,141	271,955	507,794	207,729
Other receivables and prepayments	9	3,820,265	1,506,258	2,671,727	2,123,762
Reinsurance contract assets	13	12,928,601	10,483,865	9,280,075	8,543,256
Deferred tax assets	21(c)	861,211	861,211	861,211	861,211
Investment in subsidiaries	11	-	-	4,989,847	3,620,847
Investment properties	12	765,000	765,000	-	-
Property and equipment	15	3,765,229	3,731,447	1,523,011	1,504,929
Intangible assets	16	15,172	8,061	9,726	343
Statutory deposit	17	1,200,000	1,200,000	500,000	500,000
Total Assets		114,540,504	82,508,551	78,155,767	61,740,105
Liabilities					
Insurance contract liabilities	14	45,175,371	35,174,039	37,837,078	31,211,425
Investment contract liabilities	18	1,259,746	800,145	730,382	479,124
Other insurance related liabilities	19	2,466,372	5,118,697	1,428,117	4,451,110
Other payables and accruals	20	5,586,842	3,651,199	4,483,061	2,458,468
Current tax liabilities	21(b)	3,137,225	599,631	844,564	433,269
Deferred tax liabilities	21(c)	2,909,357	3,235,097	528,019	809,794
Employees benefit obligations	22	7,048	10,972	7,048	10,972
Total liabilities		60,541,960	48,589,780	45,858,268	39,854,162
Equity					
Share capital	23(a)	9,083,196	9,083,196	9,083,196	9,083,196
Share premium	23(b)	183,165	183,165	183,165	183,165
Treasury shares	23(c)	(67,130)	(67,130)	(67,130)	(67,130)
Contingency reserve	23(e)	11,059,945	7,829,441	7,015,656	5,860,637
Fair value and other reserves	23(f)	3,087,157	2,301,359	1,406,036	682,519
Retained earnings	23(d)	29,828,319	14,127,150	14,676,576	6,143,556
Equity attributable to owners of the company		53,174,653	33,457,181	32,297,499	21,885,943
Non-controlling interest	23(g)	823,891	461,591	-	-
Total equity		53,998,544	33,918,772	32,297,499	21,885,943
Total liabilities and equity		114,540,504	82,508,552	78,155,767	61,740,105

The material accounting policies and the accompanying notes form an integral part of these consolidated and separate

These consolidated and separate financial statements were approved by the Board on 30th January 2025 and signed on its



Mr. Stephen Alangbo
Managing Director/CEO
FRC/2017/PRO/DIR/003/00000016217



Mr. Uchenna Onodu
Head of Finance
FRC/2023/PRO/ICAN/001/597226

Consolidated and Separate Statements of Profit or Loss and Other Comprehensive Income

For the year ended 31 December

<i>In thousands of naira</i>	<i>Note</i>	Group 2024	Group 2023	Company 2024	Company 2023
Insurance revenue	24(a)	38,452,183	25,914,108	30,365,388	20,006,981
Insurance service expenses	24(a)	(25,016,771)	(17,952,762)	(18,783,178)	(14,141,057)
Net expenses from reinsurance contracts held	25	(11,416,110)	(8,298,907)	(9,615,119)	(5,957,538)
Insurance service result		2,019,301	(337,561)	1,967,091	(91,614)
Interest revenue using effective interest rate method	28	5,709,986	2,613,025	3,504,874	1,623,401
Other investment income	30	165,819	4,579,052	(483,427)	4,458,113
Net gain from foreign exchange	31	25,133,402	17,318,191	14,357,902	10,080,019
Investment return		31,009,207	24,510,268	17,379,348	16,161,533
Net finance expenses from insurance contracts issued	26	(481,300)	(1,030,184)	(536,603)	(1,030,184)
Net finance income from reinsurance contracts held	27	(648,221)	11,684	(630,887)	11,684
Net insurance finance expenses		(1,129,521)	(1,018,500)	(1,167,491)	(1,018,500)
Net financial result		29,879,685	23,491,768	16,211,858	15,143,033
Management Expenses	0	(6,699,205)	(6,072,875)	(5,000,262)	(4,774,836)
Other Finance cost	35	-	-	-	-
Profit/(Loss) before minimum tax		25,199,781	17,081,332	13,178,687	10,276,583
Minimum tax	21(a)	-	-	-	-
Profit/(Loss) before tax		25,199,781	17,081,332	13,178,687	10,276,583
Income tax expense	21(a)	(2,537,594)	(3,030,249)	(584,025)	(724,286)
Profit/(Loss) for the year		22,662,187	14,051,083	12,594,662	9,552,297
Profit/(Loss) for the year					
Attributable to owners of the company		22,311,222	14,034,759	12,594,662	9,552,297
Attributable to non-controlling interest holders		350,965	16,324	-	-
		22,662,187	14,051,083	12,594,662	9,552,297
Other comprehensive income					
Net change in fair value		785,799	1,385,065	723,517	939,090
Other comprehensive income/ (loss), net of tax		785,799	1,385,065	723,517	939,090
Total comprehensive income/(loss) for the year		23,447,986	15,436,148	13,318,179	10,491,387
Attributable to owners of the company		23,085,686	15,417,496	13,318,179	10,491,387
Attributable to non-controlling interest		362,300	18,652	-	-
		23,447,986	15,436,148	13,318,179	10,491,387
Basic and diluted earnings/(loss) per share (Kobo)	36	124	78	70	53

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

Consolidated and Separate Statements of Profit or Loss and Other Comprehensive Income
For the 1 October to 31 December

<i>In thousands of naira</i>	<i>Note</i>	Group 2024	Group 2023	Company 2024	Company 2023
Insurance revenue	24(a)	11,769,462	8,364,925	9,737,330	6,624,011
Insurance service expenses	24(a)	(10,784,318)	(8,450,767)	(7,505,899)	(6,559,270)
Net expenses from reinsurance contracts held	25	(2,329,960)	(2,510,196)	(2,718,146)	(1,871,680)
Insurance service result		(1,344,816)	(2,596,038)	(486,716)	(1,806,939)
Interest revenue using effective interest rate method	28	970,652	(3,715,534)	1,047,235	(393,172)
Other investment income	30	707,810	4,579,052	58,564	4,458,113
Net gain from foreign exchange	31	945,258	5,402,125	(2,287,155)	2,836,693
Investment return		2,623,720	6,265,643	(1,181,357)	6,901,634
Net finance expenses from insurance contracts issued	26	(28,182)	(444,773)	(46,210)	(583,751)
Net finance income from reinsurance contracts held	27	(584,922)	33,860	(612,310)	28,596
Net insurance finance expenses		(613,104)	(410,913)	(658,521)	(555,155)
Net financial result		2,010,616	5,854,730	(1,839,877)	6,346,479
Management Expenses	34	(2,060,319)	(3,132,739)	(1,560,807)	(2,599,979)
Profit/(Loss) before tax		(1,394,519)	125,953	(3,887,400)	1,939,561
Income tax expense	21(a)	(443,644)	2,238,641	751,226	1,915,824
Profit/(Loss) for the year		(1,838,163)	2,364,594	(3,136,173)	3,855,385
Profit/(Loss) for the year					
Attributable to owners of the company		(2,189,128)	2,364,594	(3,136,173)	3,855,385
Attributable to non-controlling interest holders		350,965	-	-	-
		(1,838,163)	2,364,594	(3,136,173)	3,855,385
Other comprehensive income		350,965			
Net change in fair value		554,138	-	407,903	-
Other comprehensive income/ (loss), net of tax		554,138	-	407,903	-
Total comprehensive income/(loss) for the year		(1,284,025)	2,364,594	(2,728,270)	3,855,385
Attributable to owners of the company		(1,646,326)	2,364,594	(2,728,270)	3,855,385
Attributable to non-controlling interest		362,300	-	-	-
		(1,284,025)	2,364,594	(2,728,270)	3,855,385
Basic and diluted earnings/(loss) per share (Kobo)	36	124	78	70	53

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

Consolidated and Separate Statements of Changes in Equity

For the year ended 31 December 2024

Group

<i>In thousands of naira</i>	Share Capital	Share Premium	Treasury Shares	Contingency Reserve	Fair value and other reserves	Retained Earnings	Shareholders' Equity	Non Controlling Interest	Total
At 1 January 2024 (as previously reported)	9,083,196	183,165	(67,130)	7,829,441	2,301,359	14,127,150	33,457,180	461,592	33,918,772
Adjustment on initial application of IFRS 9 & IFRS 17 (net of tax)	-	-	-	-	-	-	-	-	-
	9,083,196	183,165	(67,130)	7,829,441	2,301,359	14,127,150	33,457,180	461,592	33,918,772
Total comprehensive income for the year									
Profit for the year	-	-	-	-	-	21,838,296	21,838,296	350,965	22,189,261
Fair value changes on FVOCI securities	-	-	-	-	785,799	-	785,799	11,335	797,134
Total other comprehensive income for the year	-	-	-	-	785,799	21,838,296	22,624,095	362,300	22,986,395
<i>Transactions with owners, recorded directly in equity</i>									
Transfer to contingency reserve	-	-	-	3,230,504	-	(3,230,504)	-	-	-
Total contributions by and distributions to equity holders				3,230,504	-	(6,137,127)	(2,906,623)	-	(2,906,623)
Balance as at 31 December 2024	9,083,196	183,165	(67,130)	11,059,945	3,087,157	29,828,319	53,174,652	823,892	53,998,545

For the year ended 31 December 2023
Group

<i>In thousands of naira</i>	Share Capital	Share Premium	Treasury Shares	Contingency Reserve	Fair value and other reserves	Retained Earnings	Shareholders' Equity	Non Controlling Interest	Total
As at 1 January 2023, as previously reported	9,083,196	183,165	(67,130)	5,559,616	280,901	6,653,545	21,693,292	312,927	22,006,219
Adjustment on initial application of IFRS 9 & IFRS 17 (net of tax)	-	-	-	-	197,070	(3,958,001)	3,760,931	-	3,760,931
Restated balance as at 1 January 2023	9,083,196	183,165	(67,130)	5,559,616	477,971	2,695,544	17,932,361	312,927	18,245,288
Total comprehensive income for the year									
Profit for the year	-	-	-	-	-	13,701,431	13,701,431	137,330	13,838,762
Revaluation gain on property and equipment	-	-	-	-	371,363	-	371,363	-	371,363
ECL on FVOCI securities	-	-	-	-	66,960	-	66,960	-	66,960
Fair value changes on FVOCI securities	-	-	-	-	1,385,065	-	1,385,065	11,335	1,396,400
Total other comprehensive income for the year	-	-	-	-	1,823,388	13,701,431	15,524,819	148,665	15,673,485
Transactions with owners, recorded directly in equity									
Transfer to contingency reserve	-	-	-	2,269,825	-	(2,269,825)	-	-	-
Total contributions by and distributions to equity holders	-	-	-	2,269,825	-	(2,269,825)	-	-	-
Restated balance as at 31 December 2023	9,083,196	183,165	(67,130)	7,829,441	2,301,359	14,127,150	33,457,180	461,592	33,918,772

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

Consolidated and Separate Statements of Changes in Equity

For the year ended 31 December 2024

Company

<i>In thousands of naira</i>	Share Capital	Share Premium	Treasury Shares	Contingency Reserve	Fair value and other reserves	Retained Earnings	Shareholders' Equity	Total
At 1 January 2024	9,083,196	183,165	(67,130)	5,860,637	682,519	6,143,556	21,885,944	21,885,943
Adjustment on initial application of IFRS 9 & IFRS 17 (net of tax)	-	-	-	-	-	-	-	-
	9,083,196	183,165	(67,130)	5,860,637	682,519	6,143,556	21,885,944	21,885,943
Total comprehensive income for the year								
Profit for the year	-	-	-	-	-	12,594,662	12,594,662	12,594,662
Fair value changes on FVOCI securities	-	-	-	-	723,517	-	723,517	723,517
Total other comprehensive income for the year	-	-	-	-	723,517	12,594,662	13,318,179	13,318,179
Transactions with owners, recorded directly in equity								
Transfer to contingency reserve	-	-	-	1,155,019	-	(1,155,019)	-	-
Total contributions by and distributions to equity holders	-	-	-	1,155,019	-	(4,061,642)	(2,906,623)	(2,906,623)
Balance as at 31 December 2024	9,083,196	183,165	(67,130)	7,015,656	1,406,036	14,676,576	32,297,500	32,297,499

For the year ended 31 December 2023

Company

<i>In thousands of naira</i>	Share Capital	Share Premium	Treasury Shares	Contingency Reserve	Fair value and other reserves	Retained Earnings	Shareholders' Equity	Total
At 1 January 2023	9,083,196	183,165	(67,130)	4,508,692	(637,601)	2,028,786	15,099,108	15,099,108
Adjustment on initial application of IFRS 9 & IFRS 17 (net of tax)	-	-	-	-	197,070	(3,942,500)	(3,745,430)	(3,745,430)
Restated balance as at 1 January 2023	9,083,196	183,165	(67,130)	4,508,692	(440,531)	(1,913,714)	11,353,678	11,353,678
Total comprehensive income for the year								
Profit for the year	-	-	-	-	-	9,409,215	9,409,215	9,409,215
Revaluation gain on property and equipment	-	-	-	-	117,000	-	117,000	117,000
ECL on FVOCI securities	-	-	-	-	66,960	-	66,960	66,960
Fair value changes on FVOCI securities	-	-	-	-	939,090	-	939,090	939,090
Total other comprehensive income for the year	-	-	-	-	1,123,050	9,409,215	10,532,265	10,532,265
Transactions with owners, recorded directly in equity								
Transfer to contingency reserve	-	-	-	1,351,945	-	(1,351,945)	-	-
Total contributions by and distributions to equity holders	-	-	-	1,351,945	-	(1,351,945)	-	-
Balance as at 31 December 2023	9,083,196	183,165	(67,130)	5,860,637	682,519	6,143,556	21,885,944	21,885,943

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

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

		Group	Group	Company	Company
<i>In thousands of naira</i>	<i>Note</i>	2024	2023	2024	2023
Cash flows from operating activities					
Insurance premium received	44(i)	38,992,060	32,933,119	30,261,082	26,949,913
Deposit liabilities - contributions during the year	18	821,430	639,393	618,561	487,338
Deposit liabilities - withdrawals during the year	18	(405,949)	(537,860)	(411,423)	(287,448)
Reinsurance premium paid	44(iv)	(21,478,327)	(13,875,093)	(16,341,818)	(10,162,129)
Claims paid during the year		(8,559,431)	(11,453,935)	(7,302,593)	(9,781,174)
Reinsurance claims recovered		3,748,617	2,104,573	2,477,492	1,833,491
Other operating cashflows		(6,627,682)	(5,361,871)	(9,041,006)	(4,820,876)
		6,490,716	4,448,327	260,294	4,219,115
Net cash flows from operating activities		6,490,716	4,448,327	260,294	4,219,115
Investing activities:					
Interest received	28	5,709,986	2,108,699	3,504,874	1,698,114
Dividend received	44(ii)	83,707	413,747	44,062	329,691
Purchase of property and equipment	15	(401,231)	(599,613)	(299,202)	(374,376)
Purchase of intangibles	16	(8,613)	(7,435)	(10,649)	-
Liquidation of Investment in joint venture		-	510	-	280
Proceeds from Mingol properties		-	46,778	-	21,080
Purchases of Financial assets		(6,532,460)	(5,164,396)	(6,065,291)	(4,294,172)
Deposit for shares in Hilal Takaful		-	-	-	(1,200,000)
Proceeds from sale/disposal/redemption of financial assets		117,545	1,253,898	117,545	1,192,811
Net cash flows from investing activities		(1,031,066)	(1,947,812)	(2,708,661)	(2,626,572)
Financing activities:					
Dividend paid	23(d)	(2,906,623)	-	(2,906,623)	-
Net cash flows from financing activities		(2,906,623)	-	(2,906,623)	-
Net increase/(decrease) in cash and cash equivalents		2,553,028	2,500,515	(5,354,989)	1,592,543
Cash and cash equivalents, beginning of the year	6	19,217,453	10,885,696	9,265,799	5,957,724
Effect of exchange rate changes on cash and cash equivalents		-	5,831,242	-	1,715,532
Cash and cash equivalents, end of the year		21,770,481	19,217,453	3,910,810	9,265,799

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

Notes to the Financial Statements

For the year ended 30 September

6 Cash and cash equivalents

<i>In thousands of naira</i>	Group 2024	Group 2023	Company 2024	Company 2023
Cash	3,520	2,966	3,194	2,689
Balances with banks	2,201,615	5,881,708	560,114	4,520,762
Short-term deposits	19,606,437	13,373,871	3,358,406	4,753,252
Gross	21,811,573	19,258,545	3,921,714	9,276,703
ECL Allowance	(41,092)	(41,092)	(10,904)	(10,904)
	21,770,481	19,217,453	3,910,810	9,265,799
Current	21,770,481	19,217,453	3,910,810	9,265,799
Non-current	-	-	-	-
	21,770,481	19,217,453	3,910,810	9,265,799

(i) Movement in ECL allowance

<i>In thousands of naira</i>	Group 2024	Group 2023	Company 2024	Company 2023
Balance, beginning of the year	41,092	12,770	10,904	8,583
Charge for the year	-	28,322	-	2,321
Balance, end of the year	41,092	41,092	10,904	10,904

7 Financial assets

<i>In thousands of naira</i>	Group 2024	Group 2023	Company 2024	Company 2023
FVOCI financial assets (see note (a) below)	32,453,113	25,536,235	30,814,808	24,128,751
FVTPL financial assets (see note (b) below)	23,002,133	10,849,481	22,574,241	10,849,481
Amortised cost investments (see note (c) below)	13,025,159	8,077,587	512,517	133,998
	68,480,405	44,463,302	53,901,566	35,112,229
Current	23,450,339	12,683,192	24,296,719	12,978,904
Non-current	45,030,066	31,780,110	29,604,847	22,133,325
	68,480,405	44,463,302	53,901,566	35,112,229

(a) FVOCI financial assets

<i>In thousands of naira</i>	Group 2024	Group 2023	Company 2024	Company 2023
Quoted equity securities (see note (ii) below)	4,841,201	2,696,047	3,521,463	1,514,095
Unquoted investments (see note (iii) below)	4,091,136	2,820,664	3,756,817	2,595,132
Bonds (see note (iv) below)	23,520,777	20,019,523	23,536,529	20,019,523
	32,453,113	25,536,235	30,814,808	24,128,751
Impairment	-	-	-	-
	32,453,113	25,536,235	30,814,808	24,128,751

Notes to the Financial Statements

For the year ended 30 September

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

<i>In thousands of naira</i>	Group 2024	Group 2023	Company 2024	Company 2023
Bonds measured at fair value (see note (iv) below)	20,732,038	7,760,317	20,304,146	7,760,317
Investment in MTN ordinary shares	2,270,095	3,089,164	2,270,095	3,089,164
	23,002,133	10,849,481	22,574,241	10,849,481

(c) Amortised cost investments

<i>In thousands of naira</i>	Group 2024	Group 2023	Company 2024	Company 2023
Bonds/Treasury bills (see note (ii) below)	12,851,819	7,976,249	306,516	-
Loan to policy holders (see note (iii) below)	258,802	186,800	258,802	186,800
	13,110,621	8,163,049	565,319	186,800
ECL Allowance on bonds (see (d)(ii))	(32,660)	(32,660)	-	-
ECL Allowance loans (see (d)(ii))	(52,802)	(52,802)	(52,802)	(52,802)
	13,025,159	8,077,587	512,517	133,998

8 Trade receivables

(a) Trade receivables comprise:

<i>In thousands of naira</i>	Group 2024	Group 2023	Company 2024	Company 2023
Due from brokers, agents and other insurance companies	934,141	271,955	507,794	207,729
	934,141	271,955	507,794	207,729
Allowance for impairment (see note (c) below)	-	-	-	-
	934,141	271,955	507,794	207,729
Current	934,141	271,955	507,794	207,729
	934,141	271,955	507,794	207,729

(i) Trade receivables by insurance institutions:

<i>In thousands of naira</i>	Group 2024	Group 2023	Company 2024	Company 2023
Due from brokers	934,141	271,955	507,794	207,729
Due from other insurance companies	-	-	-	-
Total gross amount	934,141	271,955	507,794	207,729
Allowance for impairment (see note (c) below)	-	-	-	-
	934,141	271,955	507,794	207,729

Notes to the Financial Statements

For the year ended 30 September

9 Other receivables and prepayments

<i>In thousands of naira</i>	Group 2024	Group 2023	Company 2024	Company 2023
Non-financial				
Prepaid rent (see note (h) below)	56,721	94,284	46,956	90,848
Prepaid insurance	-	-	-	-
Withholding tax receivable	62,184	46,184	-	537
Stock of stationery	-	-	-	-
VAT control	198,824	181,029	198,824	181,029
Prepaid housing allowance	-	72,518	-	72,518
Other prepaid balances (see note (a) below)	392,212	302,788	315,238	231,013
	709,941	696,803	561,019	575,945
Financial				
Due from subsidiaries (see note (b) below)	-	-	47,336	1,439,926
Dividend receivable	40,624	4,380	40,512	4,324
Receivables from Meristem	-	5,804	-	5,804
Insurance recoverable	48,619	3,221	48,619	3,221
Due from Staff (see note (g) below)	29,693	23,890	28,104	21,572
Due from Mingol Properties Ltd (see note (f) below)	-	-	-	-
Other receivables (see note (c) below)	3,040,615	821,387	1,995,366	122,198
	3,159,551	858,682	2,159,936	1,597,045
Total other receivables and prepayments	3,869,493	1,555,485	2,720,955	2,172,990
Allowance for impairment (see note (d) below)	(49,228)	(49,228)	(49,228)	(49,228)
	3,820,265	1,506,257	2,671,727	2,123,762

11 Investment in subsidiaries

<i>In thousands of naira</i>	Group 2024	Group 2023	Company 2024	Company 2023
Fin Insurance Company Limited (see note (a)(i) below)		-	3,154,748	3,154,748
Hilal Takaful Nigeria Limited previously called Cornerstone Takaful Nigeria Limited (see note (a)(ii) Cornerstone Leasing and Investment Limited		-	1,835,099	466,099
		-	4,989,847	3,620,847
Impairment allowance (see note (a) below)		-	-	-
		-	4,989,847	3,620,847
Current		-	-	-
Non-current		-	4,989,847	3,620,847
		-	4,989,847	3,620,847

12 Investment properties

<i>In thousands of naira</i>	Group 2024	Group 2023	Company 2024	Company 2023
Balance, beginning of the year	765,000	680,000	-	-
Fair value gains	-	85,000	-	-
Balance, end of the year	765,000	765,000	-	-
Current	-	-	-	-
Non-current	765,000	765,000	-	-
	765,000	765,000	-	-

Notes to the Financial Statements

13 Reinsurance contracts

<i>In thousands of naira</i>	Group 2024	Group 2023	Company 2024	Company 2023
Assets for Remaining Coverage (Note 13a)	8,288,058	5,805,514	5,401,161	4,801,093
Amount Recoverable for Incurred Claims (Note 13a)	4,640,543	4,678,351	3,878,914	3,742,163
	12,928,601	10,483,865	9,280,075	8,543,256
Current	8,288,058	5,805,514	5,401,161	4,801,093
Non-current	4,640,543	4,678,351	3,878,914	3,742,163

Notes to the Financial Statements

14 Insurance contract liabilities

Reconciliation of the measurement components of insurance contract balances for the Group

LIFE		NON LIFE			GROUP TOTAL
31st December 2024		31st December 2024			
Liabilities for remaining coverage (LRC):	¥'000	Liabilities for remaining coverage (LRC):	¥'000	¥'000	¥'000
Best estimate liability	11,416,217	Best estimate liability	-	-	11,416,217
Risk adjustment	201,508	Risk adjustment	-	-	201,508
Contractual service margin	3,254,577	Contractual service margin	-	-	3,254,577
LRC	14,872,301	LRC	-	-	14,872,301
Unearned premium reserve	14,872,301	Unearned premium reserve	-	15,776,994	30,649,295
Deferred acquisition cost	-	Deferred acquisition cost	-	-	-
Excluding loss component	14,872,301	Excluding loss component	-	15,776,994	30,649,295
Loss component	-	Loss component	-	-	-
LRC	14,872,301	LRC	-	15,776,994	30,649,295
Liabilities for incurred claims (LIC):		Liabilities for incurred claims (LIC):			
Incurred claims	3,009,956	Incurred claims	-	-	3,009,956
Estimated PV of FCF	-	Estimated PV of FCF	-	10,069,941	10,069,941
Risk adjustment	-	Risk adjustment	-	1,446,179	1,446,179
LIC	3,009,956	LIC	-	11,516,120	14,526,076
Total insurance contract liabilities	17,882,256	Total insurance contract liabilities	-	27,293,114	45,175,371
31st December 2023		31st December 2023			
Liabilities for remaining coverage (LRC):		Liabilities for remaining coverage (LRC):			
Best estimate liability	10,232,775	Best estimate liability	-	-	10,232,775
Risk adjustment	163,436	Risk adjustment	-	-	163,436
Contractual service margin	2,162,905	Contractual service margin	-	-	2,162,905
LRC	12,559,116	LRC	-	-	12,559,116
Unearned premium reserve	12,559,116	Unearned premium reserve	-	7,011,968	22,892,661
Deferred acquisition cost	-	Deferred acquisition cost	-	-	-
Excluding loss component	12,559,116	Excluding loss component	-	7,011,968	22,892,661
Loss component	-	Loss component	-	-	-
LRC	12,559,116	LRC	-	7,011,968	22,892,661
Liabilities for incurred claims (LIC):		Liabilities for incurred claims (LIC):			
Incurred claims	2,284,454	Incurred claims	-	-	2,284,454
Estimated PV of FCF	-	Estimated PV of FCF	-	6,701,868	9,166,583
Risk adjustment	-	Risk adjustment	-	414,650	830,341
LIC	2,284,454	LIC	-	7,116,518	12,281,378
Total insurance contract liabilities	14,843,570	Total insurance contract liabilities	-	14,128,486	35,174,039

Notes to the Financial Statements

14 Insurance contract liabilities

Reconciliation of the measurement components of insurance contract balances for the Company

LIFE		NON-LIFE		COMPANY TOTAL
31st December 2024		31st December 2024		
Liabilities for remaining coverage (LRC):	₺'000	Liabilities for remaining coverage (LRC):	₺'000	₺'000
Best estimate liability	11,416,217	Best estimate liability	-	11,416,217
Risk adjustment	201,508	Risk adjustment	-	201,508
Contractual service margin	3,254,577	Contractual service margin	-	3,254,577
LRC	14,872,301	LRC	-	14,872,301
Unearned premium reserve	14,872,301	Unearned premium reserve	8,803,649	23,675,950
Deferred acquisition cost	-	Deferred acquisition cost	-	-
Excluding loss component	14,872,301	Excluding loss component	8,803,649	23,675,950
Loss component	-	Loss component	-	-
LRC	14,872,301	LRC	8,803,649	23,675,950
Liabilities for incurred claims (LIC):		Liabilities for incurred claims (LIC):		
Incurred claims	3,009,956	Incurred claims	-	3,009,956
Estimated PV of FCF	-	Estimated PV of FCF	9,985,989	9,985,989
Risk adjustment	-	Risk adjustment	1,165,183	1,165,183
LIC	3,009,956	LIC	11,151,172	14,161,128
Total insurance contract liabilities	17,882,256	Total insurance contract liabilities	19,954,821	37,837,078
31st December 2023		31st December 2023		
Liabilities for remaining coverage (LRC):		Liabilities for remaining coverage (LRC):		
Best estimate liability	10,232,775	Best estimate liability	-	10,232,775
Risk adjustment	163,436	Risk adjustment	-	163,436
Contractual service margin	2,162,905	Contractual service margin	-	2,162,905
LRC	12,559,116	LRC	-	12,559,116
Unearned premium reserve	12,559,116	Unearned premium reserve	8,086,651	20,645,767
Deferred acquisition cost	-	Deferred acquisition cost	-	-
Excluding loss component	12,559,116	Excluding loss component	8,086,651	20,645,767
Loss component	-	Loss component	-	-
LRC	12,559,116	LRC	8,086,651	20,645,767
Liabilities for incurred claims (LIC):		Liabilities for incurred claims (LIC):		
Incurred claims	2,284,454	Incurred claims	-	2,284,454
Estimated PV of FCF	-	Estimated PV of FCF	7,550,813	7,550,813
Risk adjustment	-	Risk adjustment	730,391	730,391
LIC	2,284,454	LIC	8,281,204	10,565,658
Total insurance contract liabilities	14,843,570	Total insurance contract liabilities	16,367,855	31,211,425

Notes to the Financial Statements

15 Property and equipment

(a) Group

31 December 2024

<i>In thousands of naira</i>	Land	Buildings	Right of use assets	Leasehold improvements	Motor vehicles	Equipment	Furniture & fittings	Total
Cost								
At 1 January 2024	2,100,000	898,544	-	64,877	1,405,815	730,349	220,362	5,419,947
Additions	-	-	-	-	160,137	210,117	30,977	401,231
Disposals	-	-	-	-	(21,050)	-	-	(21,050)
Revaluation gain	-	-	-	-	-	-	-	-
At 31 December 2024	2,100,000	898,544	-	64,877	1,544,902	940,466	251,339	5,800,128
Accumulated depreciation								
At 1 January 2024	-	-	-	28,775	796,248	673,440	190,037	1,688,500
Charge for the year	-	29,118	-	-	240,232	72,553	4,497	346,399
Revaluation adjustment	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
At 31 December 2024	-	29,118	-	28,775	1,036,480	745,993	194,534	2,034,899
Net book value								
At 31 December 2024	2,100,000	869,426	-	36,102	508,422	194,474	56,805	3,765,229
At 31 December 2023	2,100,000	898,544	-	36,102	609,567	56,909	30,325	3,731,447

Group

31 December 2023

<i>In thousands of naira</i>	Land	Buildings	Right of use assets	Leasehold improvements	Motor vehicles	Equipment	Furniture & fittings	Total
Cost								
At 1 January 2023	1,883,500	651,497	-	64,877	1,004,026	685,831	198,510	4,488,241
Additions	-	43,647	-	-	486,223	47,833	21,910	599,613
Disposals	-	-	-	-	(84,434)	(3,315)	(58)	(87,807)
Revaluation gain	216,500	203,400	-	-	-	-	-	419,900
Revaluation adjustment	-	-	-	-	-	-	-	-
Reclassification	-	-	-	-	-	-	-	-
At 31 December 2023	2,100,000	898,544	-	64,877	1,405,815	730,349	220,362	5,419,947
Accumulated depreciation								
At 1 January 2023	-	-	-	27,478	659,283	637,057	186,810	1,510,628
Charge for the year	-	6,545	-	1,297	201,425	39,756	3,227	252,250
Revaluation adjustment	-	(6,545)	-	-	-	-	-	(6,545)
Disposals	-	-	-	-	(64,460)	(3,373)	-	(67,833)
At 31 December 2023	-	-	-	28,775	796,248	673,440	190,037	1,688,500
Net book value								
At 31 December 2023	2,100,000	898,544	-	36,102	609,567	56,909	30,325	3,731,447
At 31 December 2022	1,883,500	651,497	-	37,399	344,743	48,774	11,700	2,977,613

Notes to the Financial Statements

(b) Company 31 December 2024

<i>In thousands of naira</i>	Land	Buildings	Right of use assets	Leasehold improvements	Motor vehicles	Equipment	Furniture & fittings	Total
Cost								
At 1 January 2024	450,000	480,000	-	64,877	1,060,298	600,794	148,298	2,804,267
Additions	-	-	-	-	92,317	185,264	21,621	299,202
Disposals	-	-	-	-	-	-	-	-
Revaluation gain	-	-	-	-	-	-	-	-
Revaluation adjustment	-	-	-	-	-	-	-	-
At 31 December 2024	450,000	480,000	-	64,877	1,152,615	600,794	148,298	3,103,469
Accumulated depreciation								
At 1 January 2024	-	-	-	28,776	591,090	539,628	139,844	1,299,338
Charge for the year	-	20,325	-	-	194,424	63,345	3,027	281,120
Revaluation adjustment	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
At 31 December 2024	-	20,325	-	28,776	785,514	602,973	142,871	1,580,458
Net book value								
At 31 December 2024	450,000	459,675	-	36,101	367,101	(2,179)	5,427	1,523,011
At 31 December 2023	450,000	480,000	-	36,101	469,208	61,166	8,454	1,504,929

Company 31 December 2023

<i>In thousands of naira</i>	Land	Buildings	Right of use assets	Leasehold improvements	Motor vehicles	Equipment	Furniture & fittings	Total
Cost								
At 1 January 2023	450,000	349,997	-	64,877	743,950	564,256	131,042	2,304,122
Additions	-	-	-	-	320,582	36,538	17,256	374,376
Disposals	-	-	-	-	(4,234)	-	-	(4,234)
Revaluation gain	-	130,003	-	-	-	-	-	130,003
Revaluation adjustment	-	-	-	-	-	-	-	-
At 31 December 2023	450,000	480,000	-	64,877	1,060,298	600,794	148,298	2,804,267
Accumulated depreciation								
At 1 January 2023	-	-	-	27,479	440,803	507,065	137,694	1,113,041
Charge for the year	-	-	-	1,297	154,521	32,563	2,150	190,531
Revaluation adjustment	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	(4,234)	-	-	(4,234)
At 31 December 2023	-	-	-	28,776	591,090	539,628	139,844	1,299,338
Net book value								
At 31 December 2023	450,000	480,000	-	36,101	469,208	61,166	8,454	1,504,929
At 31 December 2022	450,000	349,997	-	37,398	303,147	57,191	(6,652)	1,191,081

- (i) The Group and Company had no capital commitments as at 31 December 2023 (2022: Nil)
- (ii) There were no capitalized borrowing costs related to the acquisition of property and equipment during the year (2022: Nil).
- (iii) There are no restrictions on the Group and Company's title to its property and equipment.
- (iv) All property and equipment items are non-current.
- (v) Right of use assets have been reclassified to prepaid rent due to its low value and short-term nature. (see note 9)
- (vi) Land and Buildings were revalued by external, independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of the properties being valued. The independent valuers, John Odibah & Partners with FRC number FRC/2022/00000014211 and Funsho Oladimeji & Company with FRC/2012/000000000109 valued the properties on the basis of open market value as at 31 December 2023. The principal valuers are Mr. Odiba John Malik with FRC number FRC/2022/PRO/NIESV/002/455450 and Oladimeji Funsho Peter with FRC number FRC/2013/NIESV/00000001304.

Notes to the Financial Statements

16 Intangible assets

<i>In thousands of naira</i>	Group 2024	Group 2023	Company 2024	Company 2023
Cost				
Balance, beginning of the year	233,287	225,852	185,897	185,897
Additions	8,613	7,435	10,649	-
Balance, end of the year	241,900	233,287	196,424	185,897
Amortisation				
Balance, beginning of the year	225,226	219,586	185,676	184,768
Charge for the year	1,143	5,640	1,143	908
Balance, end of the year	226,369	225,226	186,819	185,676
Carrying amount	15,172	8,061	9,726	343

17 Statutory deposit

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

<i>In thousands of naira</i>	Group 2024	Group 2023	Company 2024	Company 2023
Non life business	800,000	800,000	300,000	300,000
Life business	200,000	200,000	200,000	200,000
Cornerstone Takaful Nigeria	200,000	200,000	-	-
	1,200,000	1,200,000	500,000	500,000
Current	-	-	-	-
Non-current	1,200,000	1,200,000	500,000	500,000
	1,200,000	1,200,000	500,000	500,000

18 Investment contract liabilities

<i>In thousands of naira</i>	Group 2024	Group 2023	Company 2024	Company 2023
Investment contract liabilities	1,259,746	800,145	730,382	479,124
The movement in investment contract liabilities is analysed below:				
Balance, beginning of the year	800,145	668,581	479,124	249,915
Reclassification	-	-	-	-
Contributions	821,430	639,393	618,561	487,338
Withdrawals	(405,949)	(537,860)	(411,423)	(288,160)
Guaranteed interest	44,120	30,031	44,120	30,031
Balance, end of the year	1,259,746	800,145	730,382	479,124
Current	-	-	-	-
Non-current	1,259,746	800,145	730,382	479,124
	1,259,746	800,145	730,382	479,124

Notes to the Financial Statements

19 Other Insurance related liabilities

<i>In thousands of naira</i>	Group 2024	Group 2023	Company 2024	Company 2023
Payables to reinsurers	1,746,211	1,283,483	900,315	742,933
Payables to coinsurers	-	213,135	-	213,135
Commission payable	-	41,127	-	41,127
Premium Deposits	720,161	3,580,952	527,802	3,453,915
	2,466,372	5,118,697	1,428,117	4,451,110
Current	2,466,372	5,118,697	1,428,117	4,451,110
Non-current	-	-	-	-
	2,466,372	5,118,697	1,428,117	4,451,110

20 Other payables and accruals

<i>In thousands of naira</i>	Group 2024	Group 2023	Company 2024	Company 2023
Financial				
Performance bonus	136,516	300,693	165	693
National Housing Fund payable	2,211	7,380	2,303	7,380
Accrued expenses	1,779,332	1,532,765	1,593,838	1,343,389
Accounts payable (see note (ii) below)	38,300	38,300	38,300	38,300
Professional fee payable (see note (iii) below)	8,907	8,907	8,907	8,907
NAICOM levy payable	-	288,681	-	229,532
Sundry creditors (see note (i) below)	3,324,510	1,368,576	2,594,727	737,847
	5,289,775	3,545,302	4,238,240	2,366,048
Non-financial				
PAYE	43,806	63,587	26,346	55,910
Withholding tax payable	253,261	42,310	218,474	36,510
	297,066	105,897	244,820	92,420
	5,586,842	3,651,199	4,483,061	2,458,468
Current	5,586,842	3,651,199	4,483,061	2,458,468
Non-current	-	-	-	-
	5,586,842	3,651,199	4,483,061	2,458,468

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Notes to the Financial Statements

21 Taxation

(a) Tax expense

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

<i>In thousands of naira</i>	Group 2024	Group 2023	Company 2024	Company 2023
Income tax based on the taxable profit/loss for the year	2,537,594	3,030,249	584,025	724,286
Total current income tax for the year	2,537,594	3,030,249	584,025	724,286
Income tax charge/(credit)	2,537,594	3,030,249	584,025	724,286
Total tax charge/(credit) for the year	2,537,594	3,030,249	584,025	724,286

Notes to the Financial Statements

(b) Current tax liabilities

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

<i>In thousands of naira</i>	Group 2024	Group 2023	Company 2024	Company 2023
Balance, beginning of the year	599,631	442,151	433,269	283,854
Income tax for the year (see note (a) above)	2,537,594	168,746	411,295	103,280
Adjustment in respect of prior years	-	-	-	-
Minimum tax	-	212,322	-	143,082
Payment during the year	-	(223,588)	-	(96,947)
Balance, end of the year	3,137,225	599,631	844,564	433,269
Current	3,137,225	599,631	844,564	433,269
Non-current	-	-	-	-
	3,137,225	599,631	844,564	433,269

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

<i>In thousands of naira</i>	Group 2024	Group 2023	Company 2024	Company 2023
Balance, beginning of the year	861,211	861,211	861,211	861,211
Recognised in profit or loss	-	-	-	-
	861,211	861,211	861,211	861,211

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

<i>In thousands of naira</i>	Group 2024	Group 2023	Company 2024	Company 2023
Balance, beginning of the year	3,235,097	331,604	809,794	175,788
Recognised in profit or loss	-	2,861,503	-	621,006
Prior year closing balance recognised in retained earnings	(325,740)	-	(281,775)	-
Recognised in other comprehensive income:				
- Revaluation gain on property and equipment	-	41,990	-	13,000
	2,909,357	3,235,097	528,019	809,794

Notes to the Financial Statements

Notes to the Financial Statements

22 Employees' Retirement Obligations

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

<i>In thousands of naira</i>	Group 2024	Group 2023	Company 2024	Company 2023
Balance, beginning of the year	10,972	19,493	10,972	17,469
Pension expense for the year	24,279	-	24,279	-
Payments made during the year	(28,204)	(8,521)	(28,204)	(6,497)
	7,048	10,972	7,048	10,972
Current	7,048	10,972	7,048	10,972
Non-current	-	-	-	-
	7,048	10,972	7,048	10,972

Notes to the Financial Statements

23 Equity

(a) Share capital

<i>In thousands of naira</i>	Group 2024	Group 2023	Company 2024	Company 2023
Issued and fully paid:				
Balance, beginning of the year	9,083,196	9,083,196	9,083,196	9,083,196
Balance, end of the year	9,083,196	9,083,196	9,083,196	9,083,196

(b) Share premium

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

<i>In thousands of naira</i>	Group 2024	Group 2023	Company 2024	Company 2023
Balance, beginning of the year	183,165	183,165	183,165	183,165
Balance, end of the year	183,165	183,165	183,165	183,165

(c) Treasury shares

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

<i>In thousands of naira</i>	Group 2024	Group 2023	Company 2024	Company 2023
Balance, beginning of the year		(67,130)	(67,130)	(67,130)
Addition during the year		-	-	-
Balance, end of the year		(67,130)	(67,130)	(67,130)

(d) Retained Earnings/(losses)

<i>In thousands of naira</i>	Group 2024	Group 2023	Company 2024	Company 2023
Balance, beginning of the year	14,127,150	6,653,545	6,143,556	2,028,786
Effect of IFRS 17 & IFRS 9 Adjustment	-	(3,958,001)	-	(3,942,500)
	14,127,150	2,695,544	6,143,556	(1,913,714)
Transfer to contingency reserves (see note (e) below)	(3,230,504)	(2,269,825)	(1,155,019)	(1,351,945)
Profit/(Loss) for the year	21,838,296	13,701,431	12,594,662	9,409,215
Dividend paid	(2,906,623)	-	(2,906,623)	-
Balance, end of the year	29,828,319	14,127,150	14,676,576	6,143,556

Notes to the Financial Statements

(e) Contingency reserve

<i>In thousands of naira</i>	Group 2024	Group 2023	Company 2024	Company 2023
Balance, beginning of the year	7,829,441	5,559,616	5,860,637	4,508,692
Transfer from retained earnings (See note (d) above)	3,230,504	2,269,825	1,155,019	1,351,945
Balance, end of the year	11,059,945	7,829,441	7,015,656	5,860,637

(f) Fair value and other reserves

<i>In thousands of naira</i>	Group 2024	Group 2023	Company 2024	Company 2023
Fair value reserve (See note (i) below)	1,749,216	963,418	832,649	109,132
Asset revaluation reserve (See note (ii) below)	1,337,941	1,337,941	573,387	573,387
Balance, end of the year	3,087,157	2,301,359	1,406,036	682,519

(i) Fair value reserve

<i>In thousands of naira</i>	Group 2024	Group 2023	Company 2024	Company 2023
Balance, beginning of the year as previously stated	963,418	(685,677)	109,132	(1,093,988)
IFRS 9 Adjustments	-	197,070	-	197,070
As at 1 January (restated)	963,418	(488,607)	109,132	(896,918)
Fair value changes on FVOCI	785,799	1,385,065	723,517	939,090
ECL on FVOCI securities	-	66,960	-	66,960
Fair value changes	-	-	-	-
Balance, end of the year	1,749,216	963,418	832,649	109,132

(ii) Asset revaluation reserve

<i>In thousands of naira</i>	Group 2024	Group 2023	Company 2024	Company 2023
Balance, beginning of the year	1,337,941	966,578	573,387	456,387
Revaluation gain on land and building	-	413,353	-	130,000
Tax effects on other comprehensive income	-	(41,990)	-	(13,000)
Balance, end of the year	1,337,941	1,337,941	573,387	573,387

(g) Non-controlling interest in Equity

<i>In thousands of naira</i>	Group 2024	Group 2023	Company 2024	Company 2023
Balance, beginning of the year	461,591	312,926	-	-
Share of profit for the year	350,965	137,330	-	-
Share of other comprehensive income	11,335	11,335	-	-
Balance, end of the year	823,891	461,591	-	-

Notes to the Financial Statements

24 (a) Insurance revenue

December 2024
Group

<i>In thousands of naira</i>	Annuity	Protection	Investment Linked	Group Life	Credit Life	Endowment	Non-life	Total
Amounts relating to changes in liabilities for remaining coverage								
Expected benefits incurred	734,611	43,083	34,414	4,378,888	890,966	118	30,832,891	36,914,970
Expected expenses incurred	7,754	9,947	36,120	-	69,866	385	-	124,072
Loss Component: systematic allocation	(96,354)	(35,103)	(84,965)	-	(60,880)	(1,691)	-	(278,993)
Change in the risk adjustment	1,132	176	1,237	(16,015)	3,251	67	-	(10,152)
CSM recognised for services provided	14,584	210,173	194,750	-	1,302,403	54	-	1,721,965
Recovery of acquisition cash flows	34,447	(126,062)	27,146	-	43,978	813	-	(19,679)
Total	696,174	102,214	208,702	4,362,872	2,249,583	(253)	30,832,891	38,452,183
Contracts not measured under the PAA	696,174	102,214	208,702	-	2,249,583	(253)	-	3,256,420
Contracts measured under the PAA	-	-	-	4,362,872	-	-	30,832,891	35,195,763
Total Insurance revenue	696,174	102,214	208,702	4,362,872	2,249,583	(253)	30,832,891	38,452,183

Notes to the Financial Statements

(a) Insurance revenue
December 2024
Company

Contracts not measured under the PAA

<i>In thousands of naira</i>	Annuity	Protection	Investment Linked	Group Life	Credit Life	Endowment	Non-Life	Total
Amounts relating to changes in liabilities for remaining coverage								
Expected benefits incurred	734,611	43,083	34,414	4,378,888	890,966	118	22,746,096	28,828,175
Expected expenses incurred	7,754	9,947	36,120	-	69,866	385	-	124,072
Loss Component: systematic allocation	(96,354)	(35,103)	(84,965)	-	(60,880)	(1,691)	-	(278,993)
Change in the risk adjustment	1,132	176	1,237	(16,015)	3,251	67	-	(10,152)
CSM recognised for services provided	14,584	210,173	194,750	-	1,302,403	54	-	1,721,965
Recovery of acquisition cash flows	34,447	(126,062)	27,146	-	43,978	813	-	(19,679)
Total	696,174	102,214	208,702	4,362,872	2,249,583	(253)	22,746,096	30,365,388
Contracts not measured under the PAA	696,174	102,214	208,702	-	2,249,583	(253)		3,256,420
Contracts measured under the PAA	-	-	-	4,362,872	-	-	22,746,096	27,108,969
Total Insurance revenue	696,174	102,214	208,702	4,362,872	2,249,583	(253)	22,746,096	30,365,388

Notes to the Financial Statements

24 (b) Insurance service expense

December 2024
Group

<i>In thousands of naira</i>		Annuity	Protection	Investment Linked	Group Life	Credit Life	Endowment	Non-Life	Total
Incurring claims		(741,749)	(43,921)	(4,387)	(1,443,143)	(441,334)	-	(9,606,983)	(12,281,516)
Incurring Fulfilment expenses		(470)	(20,385)	(4,296)	(260,674)	(115,480)	(58)	(3,224,814)	(3,626,177)
Loss Component: systematic allocation		96,354	35,103	84,965	-	60,880	1,691	-	278,993
Incurring claims and other attributable expenses	14a (i)	(645,865)	(29,203)	76,282	(1,703,817)	(495,933)	1,633	(12,831,797)	(15,628,700)
Amortisation of insurance acquisition cash flows	14a (i)	(34,447)	126,062	(27,146)	(427,167)	(43,978)	(813)	(4,045,864)	(4,453,352)
<i>Changes related to past & current service</i>									
Changes in BEL related to LIC		-	(24,342)	33,891	(770,763)	65,711	-	(1,872,195)	(2,567,698)
Changes in RA related to LIC		-	-	-	-	-	-	(615,838)	(615,838)
Changes related to past & current service	14a (i)	-	(24,342)	33,891	(770,763)	65,711	-	(2,488,033)	(3,183,536)
Future Service: Loss Component: losses and reversal of losses		(589,142)	(184,993)	87,572	-	(1,036,955)	(27,665)	-	(1,751,182)
Total Insurance service expenses		(1,269,454)	(112,475)	170,600	(2,901,747)	(1,511,155)	(26,846)	(19,365,694)	(25,016,771)

Notes to the Financial Statements

(b) Insurance service expense
December 2024
Company

<i>In thousands of naira</i>	Note	Annuity	Protection	Investment Linked	Group Life	Credit Life	Endowment	Non-Life	Total
Incurring claims		(741,749)	(43,921)	(4,387)	(1,443,143)	(441,334)	-	(5,934,584)	(8,609,118)
Incurring Fulfilment expenses		(470)	(20,385)	(4,296)	(172,535)	(115,480)	(58)	(2,418,065)	(2,731,289)
Loss Component: systematic allocation		96,354	35,103	84,965	-	60,880	1,691	-	278,993
Incurring claims and other attributable expenses	14a (ii)	(645,865)	(29,203)	76,282	(1,615,678)	(495,933)	1,633	(8,352,649)	(11,061,413)
Amortisation of insurance acquisition cash flows	14a (ii)	(34,447)	126,062	(27,146)	(427,167)	(43,978)	(813)	(2,975,631)	(3,383,119)
<i>Changes related to past & current service</i>									
Changes in BEL related to LIC		-	(24,342)	33,891	(750,952)	65,711	-	(1,476,980)	(2,152,672)
Changes in RA related to LIC		-	-	-	-	-	-	(434,791)	(434,791)
Changes related to past & current service	14a (ii)	-	(24,342)	33,891	(750,952)	65,711	-	(1,911,771)	(2,587,463)
Future Service: Loss Component: losses and reversal of losses	14a (ii)	(589,142)	(184,993)	87,572	-	(1,036,955)	(27,665)	-	(1,751,182)
Total Insurance service expenses		(1,269,454)	(112,475)	170,600	(2,793,797)	(1,511,155)	(26,846)	(13,240,051)	(18,783,178)

Notes to the Financial Statements

25 Net expenses from reinsurance contracts held

December 2024
Group

<i>In thousands of naira</i>	Note	Annuity	Protection	Investment Linked	Group Life	Credit Life	Endowment	Non-Life	Total
Expected recovery for claims		-	(1,349)	-	(1,144,432)	(69,722)	(2)	(14,795,980)	(16,011,485)
Reinsurance RA allocation		-	(36)	-	(1,832)	(2,132)	(0)	-	(4,001)
Reinsurance CSM allocation		-	9,190	(1,845)	(6,199)	185,486	(844)	(324,057)	(138,269)
Allocation of reinsurer Insurance Revenue	13a	-	7,805	(1,845)	(1,152,463)	113,632	(846)	(15,120,037)	(16,153,755)
Amounts recoverable for claims	13a	-	-	-	604,081	182,220	-	3,715,922	4,502,223
<i>Changes related to past service,current and future service</i>									
changes in BEL related to reinsurance LIC		-	-	-	(193,717)	29,255	-	159,224	(5,239)
changes in RA related to reinsurance LIC		-	-	-	1,861	-	-	238,798	240,659
Changes related to past service,current and future service	13a	-	-	-	(191,856)	29,255	-	398,022	235,421
Amounts recoverable from reinsurer		-	-	-	412,225	211,475	-	4,113,944	4,737,644
Net expenses from reinsurance contracts held		-	7,805	(1,845)	(740,238)	325,107	(846)	(11,006,093)	(11,416,110)

Notes to the Financial Statements

**Net expenses from reinsurance contracts held
December 2024
Company**

<i>In thousands of naira</i>	Note	Annuity	Protection	Investment Linked	Group Life	Credit Life	Endowment	Non-Life	Total
Expected recovery for claims		-	(1,349)	-	(1,144,432)	(69,722)	(2)	(11,531,370)	(12,746,874)
Expected recovery of service expenses		-	-	-	-	-	-	-	-
Reinsurance RA allocation		-	(36)	-	(1,832)	(2,132)	(0)	-	(4,001)
Reinsurance CSM allocation		-	9,190	(1,845)	-	185,486	(844)	-	191,987
Allocation of reinsurer Insurance Revenue	13a	-	7,805	(1,845)	(1,146,264)	113,632	(846)	(11,531,370)	(12,558,888)
Amounts recoverable for claims	13a	-	-	-	604,081	182,220	-	2,090,916	2,877,218
<i>Changes related to past service,current and future service</i>									
changes in BEL related to reinsurance LIC		-	-	-	(193,717)	29,255	-	120,786	(43,676)
changes in RA related to reinsurance LIC		-	-	-	-	-	-	110,227	110,227
Changes related to past service,current and future service	13a	-	-	-	(193,717)	29,255	-	231,014	66,551
Amounts recoverable from reinsurer		-	-	-	410,364	211,475	-	2,321,930	2,943,769
Net expenses from reinsurance contracts held		-	7,805	(1,845)	(735,900)	325,107	(846)	(9,209,440)	(9,615,119)

Notes to the Financial Statements

26 (a) Insurance finance expenses

December 2024
Group

<i>In thousands of naira</i>	Annuity	Protection	Investment Linked	Group Life	Credit Life	Endowment	Non-Life	Total
Unwind of discount on FCFs: LRC	(489,852)	(11,496)	(423,283)	-	(236,601)	(1,385)	-	(1,162,618)
Effect of change in economic assumptions: LRC	(181,456)	(7,258)	(4,875)	-	(3,339)	(38)	-	(196,965)
Effect of change in economic assumptions: LIC	-	-	-	145,110	-	-	209,243	354,353
Interest accretion on CSM	(43,759)	(174,128)	(40,897)	-	(35,770)	(4,708)	-	(299,262)
Effect of change in Discount rate assumptions: LRC	822,672	140,259	(4,232)	-	28,598	3,378	-	990,675
Change in FV of underlying items	-	-	(167,483)	-	-	-	-	(167,483)
FCFs that do not adjust the CSM	-	-	-	-	-	-	-	-
Total Net finance expenses from insurance contracts	107,605	(52,622)	(640,770)	145,110	(247,112)	(2,754)	209,243	(481,300)

Notes to the Financial Statements

Insurance finance expenses
December 2024
Company

<i>In thousands of naira</i>	Annuity	Protection	Investment Linked	Group Life	Credit Life	Endowment	Non-Life	Total
Unwind of discount on FCFs: LRC	(489,852)	(11,496)	(423,283)	-	(236,601)	(1,385)	-	(1,162,618)
Unwind of discount on FCFs: LIC	-	-	-	-	-	-	-	-
Effect of change in economic assumptions: LRC	(181,456)	(7,258)	(4,875)	-	(3,339)	(38)	-	(196,965)
Effect of change in economic assumptions: LIC	-	-	-	145,110	-	-	153,940	299,050
Interest accretion on CSM	(43,759)	(174,128)	(40,897)	-	(35,770)	(4,708)	-	(299,262)
Effect of change in Discount rate assumptions: LRC	822,672	140,259	(4,232)	-	28,598	3,378	-	990,675
Effect of movements in exchange rates: LRC	-	-	-	-	-	-	-	-
Effect of movements in exchange rates: LIC	-	-	-	-	-	-	-	-
Change in FV of underlying items	-	-	(167,483)	-	-	-	-	(167,483)
Total Net finance expenses from insurance contracts	107,605	(52,622)	(640,770)	145,110	(247,112)	(2,754)	153,940	(536,603)

Notes to the Financial Statements

27 Reinsurance finance income

December 2024 Group

<i>In thousands of naira</i>	Annuity	Protection	Investment Linked	Group Life	Credit Life	Endowment	Non-Life	Total
Interest accreted to reinsurance contracts (locked-in rates)	-	(5,641)	264	-	(84,300)	90	-	(89,588)
Interest accreted to insurance contracts (current rates)	-	277	-	-	38,724	1	-	39,003
Change in financial assumptions through OCI	-	-	-	(9,341)	-	-	(593,579)	(602,920)
Changes in non-performance risk of reinsurer	-	-	-	(6,354)	-	-	11,638	5,284
Net foreign exchange income or expense	-	-	-	-	-	-	-	-
Total Net finance expenses from reinsurance contracts	-	(5,364)	264	(15,695)	(45,576)	91	(581,941)	(648,221)

Reinsurance finance income December 2024 Company

<i>In thousands of naira</i>	Annuity	Protection	Investment Linked	Group Life	Credit Life	Endowment	Non-Life	Total
Interest accreted to reinsurance contracts (locked-in rates)	-	(5,641)	264	-	(66,966)	90	-	(72,254)
Interest accreted to insurance contracts (current rates)	-	277	-	-	38,724	1	-	39,003
Change in financial assumptions through OCI	-	-	-	(9,341)	-	-	(593,579)	(602,920)
Changes in non-performance risk of reinsurer	-	-	-	(6,354)	-	-	11,638	5,284
Net foreign exchange income or expense	-	-	-	-	-	-	-	-
Total Net finance expenses from reinsurance contracts	-	(5,364)	264	(15,695)	(28,242)	91	(581,941)	(630,887)

Notes to the Financial Statements

28 Interest revenue using effective interest rate method

<i>In thousands of naira</i>	Group 2024	Group 2023	Company 2024	Company 2023
Interest income on financial assets at amortised cost (a)	3,049,801	430,493	1,387,800	3,436
Interest income on financial assets at FVOCI (b)	1,839,197	1,599,916	1,839,197	1,599,916
Interest income on cash and cash equivalents (c)	820,988	582,616	277,877	20,049
	5,709,986	2,613,025	3,504,874	1,623,401

30 Other investment income

Other investment income/(loss)	165,819	4,579,052	(483,427)	4,458,113
Total	165,819	4,579,052	(483,427)	4,458,113

31 Net gain from foreign exchange

<i>In thousands of naira</i>	Group 2024	Group 2023	Company 2024	Company 2023
Net gain from foreign exchange	25,133,402	17,318,191	14,357,902	10,080,019

32 Other operating income

<i>In thousands of naira</i>	Group 2024	Group 2023	Company 2024	Company 2023
Miscellaneous income (see note (a) below)	9,064	66,963	8,649	66,206
Profit on disposal of property & equipment	21,511	2,856	8,751	2,754
	30,575	69,820	17,401	68,959

34 Management Expenses

Management Expenses comprise

<i>In thousands of naira</i>	Group 2024	Group 2023	Company 2024	Company 2023
Management expenses	6,699,205	6,094,246	5,000,262	4,782,122

Notes to the Financial Statements

44 Statement of cash flow notes

Details of the statement of cash flows workings are presented below. Certain comparative figures have been reclassified in the statement of cash flows in order to align to the presentation adopted in the current year. The impact of these reclassification has been considered to be immaterial.

<i>In thousands of naira</i>	<i>Note</i>	Group	Group	Company	Company
		2024	2023	2024	2023
(i) Premium received					
Premiums received		39,654,246	32,406,139	30,561,147	26,612,235
Add: Opening receivables (Gross)	8(a)	271,955	798,935	207,729	545,407
Less: Closing receivables (Gross)	8(a)	(934,141)	(271,955)	(507,794)	(207,729)
		38,992,060	32,933,119	30,261,082	26,949,913
(ii) Dividend income received					
Dividend income		114,461	408,256	80,250	334,015
Add: Opening dividend receivable	9	9,871	9,871	4,324	-
Less: Closing dividend receivable	9	(40,624)	(4,380)	(40,512)	(4,324)
		83,707	413,747	44,062	329,691
(iv) Reinsurance premium paid					
Reinsurance premiums paid		21,015,599	12,834,781	16,184,436	9,459,745
Add: Closing reinsurance payable	19	1,746,211	1,283,483	900,315	742,933
Less: Opening reinsurance payable	19	(1,283,483)	(243,171)	(742,933)	(40,549)
		21,478,327	13,875,093	16,341,818	10,162,129

40 Securities Trading Policy

In compliance with Rule 17.15 Disclosure of Dealings in Issuers' shares, Rulebook of the Exchange 2015 (Issuers Rule) Cornerstone Insurance PLC maintains an effective Securities Trading Policy which guides Directors, Audit Committee Members, employees and all individuals categorized as insiders as to their dealing in the Company's shares. The Policy is regularly reviewed and updated by the Board. The Company has made specific inquiries of all the Directors and other insiders and is not aware of any infringement of the Policy during the period.

41 Free Float Computation

Shareholding Structure/Free Float Status

Description	31-Dec-24		31-Dec-23	
	Unit	Percentage	Unit	Percentage
Issued Share Capital	18,166,392,725	100%	18,166,392,725	100%
Substantial Shareholdings (5% and above)				
Banc-assure Limited	8,803,503,588	48.46%	8,803,503,588	48.46%
Capasure Limited	5,547,786,518	30.54%	5,547,786,518	30.54%
Total Substantial Shareholdings	14,351,290,106	79%	14,351,290,106	79%
Directors' Shareholdings (direct and indirect), excluding directors with substantial interests				
Total Directors' Shareholdings	0	0.000%	0	0.000%
Other Influential Shareholdings				
Total Other Influential Shareholdings	-	-	-	-
Free Float in Units and Percentage	3,815,102,619	21%	3,815,102,619	21%
Free Float in Value	₦ 12,208,328,381		₦ 2,517,967,729	

Declaration:

- (A) Cornerstone Insurance Plc with a free float percentage of 21% as at 31 December 2024, is compliant with The Exchange's free float
(B) Cornerstone Insurance Plc with a free float value of N12,208,328,381.00 as at 31 December 2024, is compliant with The Exchange's free