Annual Report & Accounts 2021

# Creating Enduring Values

Linkage
Assurance Plc
RC:162306


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Authorized and Regulated by The National Insurance Commission. RIC-026

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About Us

## What we are

Linkage Assurance Plc. was incorporated 26 March, 1991 and was licensed to cover and transact non-life insurance businesses on 7 October, 1993.

As part of the recapitalization and consolidation reforms of Federal Government of Nigeria, the company merged with Central Insurance Company Limited on 27 February, 2007 to form a new and bigger Linkage Assurance Plc. to further provide quality service to our clients who form the bedrock of who we are.

We are one of the leading insurance service providers in Nigeria, with a reputation for prompt and accurate service delivery, efficiency and customer satisfaction. For over two decades, we are and have been driven by our tested relationship with various respectable brokers/agents. Through our alliance with reputable financial institutions and our growing investment in human resources & information technology, we maintain the professional mien required of a global reputable insurance company.

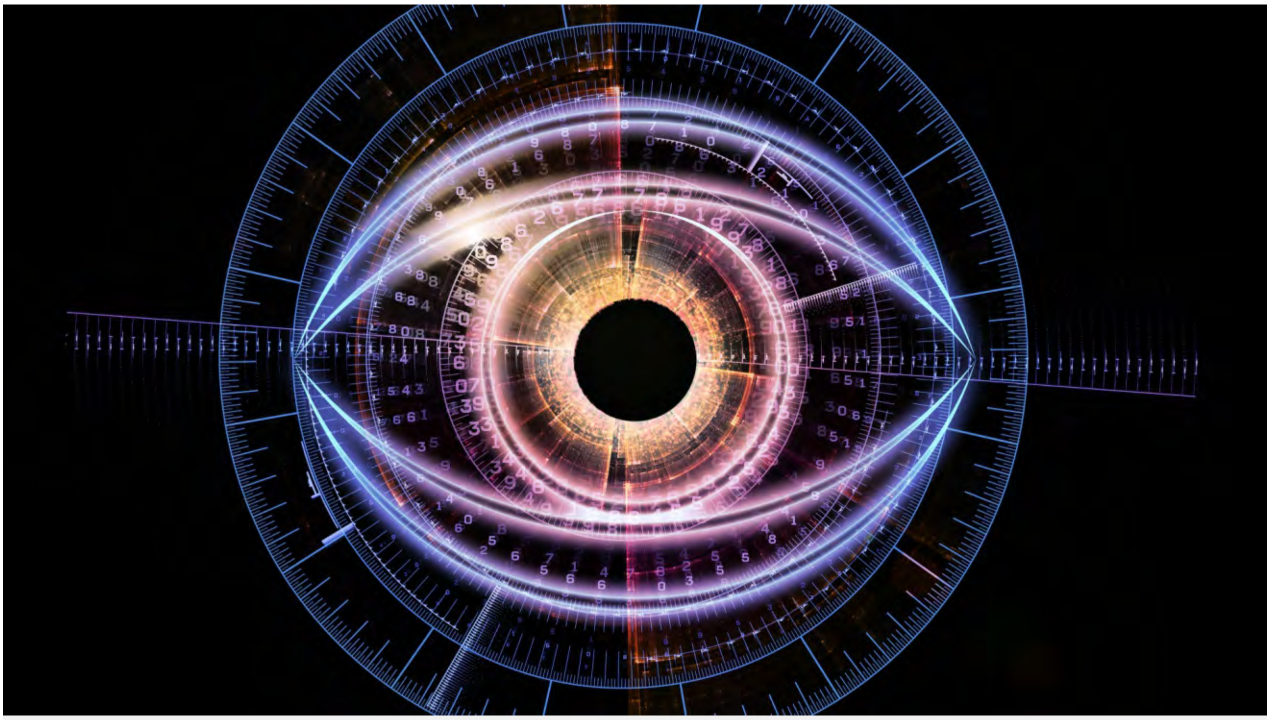
## Linkage Assurance Plc Affirms The A- Status

Agusto & Co., a top rating agency has rated Linkage Assurance Plc and affirmed the A- status on the Insurer. This rating confirms on the Company, a satisfactory financial condition and adequate capacity to meet claims obligation as well as a Stable Outlook.

## Our Investment Portfolio

We have developed high competence in investment management having grown our investment portfolio to over N27 billion as at 31st December 2021. Our increasingly steady participation in fixed income, equity & debt instruments in both capital and money markets has produced returns resulting in appreciable increase in our investment portfolio.

# Brand Platform



## VISION STATEMENT

To consistently exceed customers expectation.

## MISSION STATEMENT

To use best-in-class technology, competent and engaged workforce to deliver superior services and returns to our stakeholders.

## OUR CORE VALUE

E P I I C

Excellence Professionalism Integrity Innovation Customer Focus

We believe in consistently "Walking the Talk" and keeping promises to all stakeholders through emphasis on honesty, transparency and the highest degree of ethical standards.

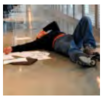
# Service Offerings

We offer a full range of integrated non-life insurance services backed up with commitment to excellence and quality service delivery to the satisfaction of our clients.

**Automobile**
Private Motor
Commercial Vehicle
Motor Trade
Motor Cycle

**Property**
Fire and Allied Perils
Theft/Burglary
Householders
Industrial All Risks(Material Damage)

**General Accident**
Fidelity Guarantee
Money Insurance
Goods In Transit
Group Personal Accident/Personal Accident



**Liability Group**
Employer's Liability
Personal/Public Liability

**Transportation**
Goods in transit
Marine Hull
Marine Cargo


**Health & Compulsory Insurances**
Travel Insurance
Miscellaneous/Compulsory Insurances
Builder's Liability
HealthCare Professional Indemnity

**Marine**
Marine Cargo
Marine Hull & Liability
Port Operators (Bailee) Liability

**Aviation**
Aviation Cargo
Aviation Hull & Liability
Aviation Passenger Liability

**Bonds**
- Advance Payment Bond
- Performance Bond
- Counter Guarantee Bond
- Bid Bond /Tender

**Oil/Gas & Special Risk**
- Energy Risk/Power Plants
- Oil & Gas
- Operators Extra Expenses
- Control of Well
- Gas Plants
- Refineries & Petrochemical Plants

**Engineering Insurance**
- Erection All Risks
- Construction All Risks
- Plant All Risks
- Boiler& Pressure Vessel
- Machinery Breakdown
- Electronic/Telecommunication Equipment
- Business Interruption (consequent upon
- Machinery. Breakdown)

| Retail Products | |
|---|---|
| Motor Third Party Plus | Budget motor insurance |
| Events Insurance | Material damage + accident |
| Estate Insurance | Fire + Burglary cover for homes & estates |
| Purple Motor Plan | Comprehensive motor cover for women |
| Shop Insurance | Comprehensive risk cover for stores, supermarkets , malls and plazas |
| SME Comprehensive | Comprehensive risk cover for SMEs |
| Citadel Shield Plan | Personal/Group Personal Accident cover for students and pupils |

| Agricultural Insurance | |
|---|---|
| Livestock Insurance | Covers swine, sheep, goat, cattle and rabbits against diseases, fire, and accidents. |
| Poultry Insurance | Covers commercial birds against mortality from diseases, fire, flood, windstorm, and accident. |
| Multi Perils Crop Insurance | Covers cost of production and expected yield. |
| Fishery and Fish Farm | Covers mortality of farmed fish against flood, diseases, fire, and accident. |
| Farm Produce & Properties | Fire and Burglary on farm produce, Machineries, buildings, and properties. |
| Area Yield Index Insurance | Protection against named perils on farm output. |

# Notice Of Annual General Meeting

NOTICE IS HEREBY GIVEN that the 28th Annual General Meeting of LINKAGE ASSURANCE PLC will hold on Thursday, 23rd JUNE 2022 at, CIVIC CENTRE, Ozumba Mbadiwe Road, Victoria Island, Lagos by 10:00 am to transact the following business:

## ORDINARY BUSINESS

1. To receive and consider the Audited Financial Statements for the year ended 31 December 2021 together with the Reports of the Directors, Auditors, Audit Committee, and the Board Appraisal Report.

2. (a) To re- elect the following Directors retiring by rotation:

i. Mrs. Funkazi Koroye-Crooks
ii. Mr. Maxwell Ebibai.

(b) To ratify the appointment of Mr. Pius Otia as Non-Executive Director.

3. To authorize the Directors to fix the remuneration of the Auditors.
4. Disclosure of the remuneration of Managers of the Company.
5. To elect members of the Statutory Audit Committee.

## Special Business

**To consider and if thought fit to pass the following Ordinary Resolutions:**

1. That the remuneration of the Directors of the Company for the year ending December 31, 2021, be and is hereby fixed at N15m only.

2. To appoint DCSL Corporate Services Limited as Board Evaluation Consultant.

## PROXY

A member of the Company entitled to attend and vote at the Annual General Meeting can appoint a proxy to attend and vote instead of him/her.

In view of the current Covid-19 pandemic, the directives to minimize social contacts by restricting the number of persons at public gatherings and in accordance with the Corporate Affairs Commission's Guidelines on Holding of Annual General Meetings (AGM) of Public Companies by taking advantage of Section 254 of the Companies and Allied Matters Act (CAMA) using Proxies, all members are hereby advised that attendance for the meeting shall be by PROXY ONLY.

A member of the Company entitled to attend and vote at the above meeting is entitled to appoint a proxy to attend and vote in his/her place. A proxy need not be a member of the Company. Consequently, members are required to appoint a proxy of their choice from the list of the proposed proxies to represent them at the meeting: a) **Chief Joshua B. Fumudoh (Chairman), Mr. Daniel Braie (MD/CEO) and Mr. Moses Omorogbe (Company Secretary).**

A proxy form is enclosed in the Annual Report. For the instrument of proxy to be valid, it must be completed, duly stamped for the purposes of this meeting. The Company has made arrangements at its cost for the stamping of the duly completed proxy forms which must be deposited at the office of the Registrar, Centurion Registrars, 33C, Cameron Road, Ikoyi, Lagos or services@centurionregistrars.com or the Registered Office of the Company, Linkage Plaza, Plot 20, Block 94, Providence Street, Off Adewunmi Adebimpe Lekki Phase 1, Lagos not less than forty-eight hours before the time of the meeting

## (a) CLOSURE OF REGISTER

The Register of members will be closed from 6th of June 2022 to 10th of June 2022 both days inclusive to enable the Registrars update the Register of Members.

# Notice Of Annual General Meeting

## (b) AUDIT COMMITTEE

In accordance with Section 404 (6) of Companies and Allied Matters Act, 2020, any member may nominate a shareholder for appointment to the Audit Committee. Such nomination should be in writing and must reach the Company Secretary not less than 21 days before the meeting. The National Insurance Commission Code of Corporate Governance Code, 2009, states that some of the members of Audit Committee should have knowledge of accounting, financial analysis, and financial reporting.

Section 404 (5) of the Companies and Allied Matters Act 2020 provides that all the members of the Audit Committee shall be financially literate and at least one (1) member shall be a member of a professional accounting body in Nigeria established by an Act of the National Assembly. The Nigerian Code of Corporate Governance issued by the Financial Reporting Council of Nigeria also provides that members of the Audit Committee should be financially literate and able to read and interpret financial statements.

## ( c) WEBSITE

A copy of this Notice and other information relating to the meeting can be found on our website at http://www.linkageassurance.com. Responses can also be sent through our email address: info@linkageassurance.com

## (d) RIGHTS OF SECURITIES' HOLDERS TO ASK QUESTIONS

Securities' Holders have a right to ask questions not only at the Meeting, but also in writing prior to the Meeting, and such questions must be submitted to the Company not later than seven (7) days to the Meeting.

**REGISTERED OFFICE**
Linkage Plaza
Plot 20, Block 94,
Providence Street,
Off Adewunmi Adebimpe Lekki
Phase 1, Lagos
P.O. Box 74175
Victoria Island
Lagos

Dated this 20th Day of May 2022

BY ORDER OF THE BOARD

MOSES OMOROGBE
Company Secretary
FRC/2017/NBA/00000017141

# Corporate Information

| | | |
|---|---|---|
| **Board of Directors** | | |
| Chairman | Chief Joshua Bernard Fumudoh | Chairman |
| Other Directors | Mr. Tamunoye Zifere Alazigha | Non-executive Director |
| | Mr. Olakunle Agbebi | Non-executive Director |
| | Mr Okanlawon Adelagun | Executive Director |
| | Mr. Bernard Nicolaas Griesel | Non-executive Director |
| | Mr. Daniel Braie | Managing Director |
| | Mrs. Funkazi Koroye-Crooks | Non-executive Director |
| | Mr. Maxwell Ebibai | Non-executive Director |
| | Mr. Pius Otia | Non-executive Director |
| | Mr. Abubakar Shehu Dahiru | Non-executive Director |

| | |
|---|---|
| Managing Director | Mr. Daniel Braie |
| Company Secretary | Mr. Moses Omorogbe |
| Registered Office | Linkage Plaza<br>Plot 20, Block 94, Providence Street<br>Off Adewunmi Adebimpe Street<br>Lekki-Epe Expressway, Lekki, Lagos |
| Registrars | Centurion Registrars<br>33C, Cameron Road,<br>Ikoyi, Lagos.<br>www.centurionregistrars.com |
| Auditor | Ernst & Young<br>10th Floor, UBA House<br>57, Marina<br>Marina, Lagos<br>www.ey.com |
| Reinsurers | African Reinsurance Corporation, Lagos, Nigeria<br>Swiss Reinsurance Company Ltd, Zurich, Switzerland<br>Continental Reinsurance Plc, Lagos, Nigeria<br>WAICA Reinsurance, Sierra Leone<br>Arab Insurance Company, Bahrain<br>Cathedral @ Underwriter Syndicates No. 2010 MMX, London<br>ZEP-RE (PTA Reinsurance Company), Nairobi, Kenya<br>Atrium Underwriting Limited @ Lloyd's Underwriter Syndicate, UK<br>Hannover Ruck SE, Hannover, Germany |
| Principal Bankers | Access Bank Plc.<br>Ecobank Nigeria Plc.<br>FCMB Limited.<br>Fidelity Bank Plc.<br>First Bank of Nigeria Limited.<br>Guaranty Trust Bank Plc.<br>Heritage Bank Limited.<br>Keystone Bank Limited.<br>Polaris Bank Limited.<br>Stanbic IBTC Bank Limited.<br>Union Bank Plc.<br>United Bank for Africa Plc.<br>Unity Bank Plc.<br>Zenith Bank Plc. |
| Actuary | O & A Hedge Actuarial Consulting |
| RC No. | 162306 |
| FRC Registered No. | FRC/2012/0000000000339 |

Authorized and regulated by National Insurance Commission RIC - 026

# Financial Highlights

| Comprehensive Income Statement | 31 Dec 2021 ₦'000 | 31 Dec 2020 ₦'000 | Changes (%) |
|---|---|---|---|
| Gross premium written | 11,161,499 | 8,331,841 | 34 |
| Gross premium income | 10,454,408 | 7,952,990 | 31 |
| Net premium income | 5,428,543 | 4,450,402 | 22 |
| Underwriting (loss)/profit | (2,584,189) | 825,589 | (413) |
| Investment and other income | 1,328,929 | 3,895,447 | (66) |
| (Loss)/profit before taxation | (3,878,914) | 2,536,069 | (253) |
| (Loss)/profit after taxation | (3,990,638) | 2,395,012 | (267) |
| **Statement of financial position** | | | |
| Total assets | 38,710,185 | 33,877,404 | 14 |
| Insurance contract liabilities | 11,635,256 | 5,728,661 | 103 |

| Key Ratios | 31 Dec 2021 % | 31 Dec 2020 % |
|---|---|---|
| Claims ratio | 82 | 37 |
| Claims ratio (net) | 93 | 31 |
| Underwriting expenses ratio | 36 | 36 |
| Fees and Commission income ratio | 8 | 8 |
| Management expenses ratio | 24 | 25 |
| Underwriting (loss)/profit margin | (23) | 10 |

## Our Performance
Gross premium written grew by 34% to N11.16billion as at December 2021 from N8.33billion recorded in prior year comparative. The Company suffered an underwriting loss of N2.5billion as a result of increased technical expenses. Loss before tax stood at N3.9billion as at December 2021 against a profit of N2.5billion in the prior period, the major driver being increased claims expenses and fair value loss on Bond investments.

## Outlook
We will continue to refine our strategy in line with the political, economic, sociological and technological changes in the industry. We will also continue to develop innovative products, alternative channels of distributions and strategic initiatives that will enable us achieve our corporate goals and objectives. With a medium-to-long term perspective, we believe that we will benefit from growth in these initiatives.

## Retail products
We have developed and launched a number of retail products. These include the Linkage Third Party Plus, which is a budget friendly motor insurance that provides not only the compulsory Third party protection but an additional Own damage protection to the tune of N250,000. This product is only available from our Company, Linkage Assurance Plc. Others are the Linkage SME Comprehensive, Citadel Shield (which provides compensation as a result of injuries from accident for pupils and students in recognized academic establishments). Linkage Events Xclusive Insurance, Linkage Shop Insurance, Purple Motor Plan (comprehensive motor cover exclusively for women), and the Linkage Estate Insurance. We are also making efforts to deploy our online portal to make our products and services available to our customers especially the digital savvy customers and enterprises.

## Agric Insurance
In line with our strategic focus, we have developed a bouquet of Agricultural Insurance products as risk management initiatives for both small, medium and large-scale farmers and agribusiness. These include Livestock Insurance Solution, Multiperil Crop Insurance Solution, Fish Farm & Fisheries Insurance, Poultry Farm Insurance, Area Yield Index Insurance and Farm All Risk (Material Damage).

## Operational Efficiency
In line with the vision statement, we have embarked on extensive digital transformation , this is expected to be one of the major drivers of operational efficiency as it will improve our business process, eliminate wastages, and positively impact our performances.

# Business Review

# Chairman's Statement

Chief Joshua B. Fumudoh
Chairman

"Despite the outlook of 2022, harsh operating environment, and stiff competition, we at Linkage Assurance Plc are most confident that we would record improved results than prior years. We have planned out working and achievable strategies to this effect and coupled with an experienced work force, I know the tide can be turned."

Distinguished Shareholders, fellow members of the board, our esteemed guests, members of the press, ladies, and gentlemen. I am honoured to welcome you all to the 28th Annual General Meeting of Linkage Assurance Plc and to present to you the Annual Report and Financial Statements for the financial year ended December 2021.

Before we delve into the results for the year ended December 2021, I will give an overview of the economic environment which directly impacts our financials.

## The Global Economy

The global recovery in 2021 was to a great extent driven by vigorous consumer payout and substantial growth in investment and communication technology. Although trade in consumer goods improved, surpassing the pre-pandemic level, the momentum decelerated towards the end of 2021. The multiplier effects of this were witnessed globally in China, the EU countries, and the United States of America, as the effects of fiscal and monetary stimuli dissipated.

The rate of economic growth relatively has been weak in most developing countries and economies in transition. In contrast commodity exporting countries have benefitted from rising commodity prices , while increasing energy costs have been seen to trigger inflation in most economies around the world.

After rebounding to 5.5 percent in 2021, global growth is expected to decelerate to 4.1 percent in 2022, reflecting continued COVID-19 outbreaks, decline in fiscal support, and lingering supply restrictions.

Consequently , as a result of the Covid-19 Pandemic , economic recovery worldwide will not be at the pace previously projected as higher food, energy costs, and more supply-chain disruptions is expected to linger in most economies. Therefore, global growth is projected to relax further to 3.2 percent in 2023.

## The Sub-Saharan Economy

Despite the fact that growth in the three largest Sub-Sharan Africa (SSA) economies-Angola, Nigeria, and South Africa- was estimated at 3.1 percent for 2021, the region was able to achieve 3.5percent growth rate during the period. This was supported by a rebound in commodity prices and a gradual easing of social restrictions. Nevertheless, recurrent virus flare-ups in several countries and low vaccination rates slowed the pace of the recovery.

Although economic growth in Nigeria, the region's largest economy, was estimated at 2.4 percent last year , Nigeria was able to record a growth rate of 3.4 percent. This was primarily driven by the recovery in non-oil sectors despite the fact that oil production remained below pre-pandemic levels, as result of disruptions to maintenance work and declining extractive investments. Also social unrest and violence continued to weigh on consumer and business confidence.

## The Domestic Economy

Nigeria's economy grew in 2021 at the fastest annual pace in eight years, relying more on the non-oil sector. The Gross Domestic Product expanded at 3.40 per cent last year, the most since 2014 when it grew at 6.22 per cent based on data gotten from the National Bureau of Statistics

The Ministry of Finance predicted a 2.5 per cent growth rate for the year and the Central Bank of Nigeria projected 3.1 per cent. Growth in the last quarter of the year was however the slowest when compared to the two previous quarters. The GDP expanded 3.98 per cent between October and December over the same quarter in 2020, less than 4.03 per cent growth rate recorded in the third quarter and 5.01 recorded in the second quarter.

The fourth quarter growth, while slower, was the fifth straight quarter the nation recorded positive growth since the 2020 Covid-triggered recession that followed economic contraction of -6.10 per cent and -3.62 per cent in the second and third quarters of that year.

The total GDP stood at N49.28 trillion in nominal terms, while in real terms, GDP rose to N20.33 trillion. The performance of the economy found strength from the non-oil sector, mainly agriculture, which grew 4.73 per cent. The oil sector which contributed 7.24 per cent to the economy, declined by 8.06 per cent.

The country's economic growth and investment is greatly affected by the high cost and barriers to ease of doing business. This has affected many potential investors and availability of foreign currencies in Nigeria. In many parts of the country, business activities and operations have been brought to a halt due to incessant banditry and political unrest.

## 2022 Outlook

According to the World Bank, in Nigeria, growth is projected to strengthen somewhat to 2.5 percent in 2022 and 2.8 percent in 2023. The oil sector should benefit from higher oil prices, a gradual easing of the Organization of the Petroleum Exporting Countries (OPEC) production cuts, and domestic regulatory reforms.

Activity in service sectors is expected to continue as well, particularly in telecommunications and financial services. However, the reversal of pandemic-induced income and employment losses is expected to be slow; this, along with high food prices, restrains a faster recovery in domestic demand.

Also, economic activities in the non-oil economy will remain low due to the high levels of violence and social unrest as well as the threat of fresh COVID-19 flare-ups.

The continuous conflict between Russia and Ukraine will presumably have significant implications for the global economy, which is just recuperating from the tensity of the Covid pandemic. The International Monetary Fund (IMF) had explained the fact that in the global market, Russia and Ukraine are significant commodity producers, and disruptions have led to increase in prices of merchandise, particularly prices of oil and natural gas. Food costs have experienced an upraise with Ukraine and Russia representing up to 30% of the global production for wheat.

Due to this, various economies would feel the impact with more slow development and quicker inflation.

## Conclusion

Despite the outlook of 2022, harsh operating environment, and stiff competition, we at Linkage Assurance Plc are most confident that we would record improved results than prior years. We have planned out working and achievable strategies to this effect and coupled with an experienced work force, I know the tide can be turned.

On behalf of the Board of Directors, I want to sincerely appreciate all stakeholders for the unwavering support towards the company.

I have no doubt that this will be a successful AGM.

Thank you and God Bless.

**Chief Joshua B. Fumudoh**
Chairman

## MD/CEO's Statement

**Mr. Daniel Braie**
Managing Director

> **Notwithstanding the harsh economic environment and associated uncertainties in 2021, The company posted N11.16 billion Gross Written Premium, 34% year-on-year growth and one of the highest in the industry.**

## The Insurance Industry

The Insurance sector proved promising at the outset of the year 2021. Most insurers went into the year with hope, enthusiasm, and expectations, as it marked the beginning of a new business dispensation, after the devasting economic downturn arising from Covid-19 pandemic.

Many insurance Companies reviewed their operational strategies to weather the impact of the storm of the pandemic. There was increased adoption of IT solutions to drive business operations.

Despite the ray of hope that came with the beginning of the year, Insurance Industry had to grapple with the negative residues of the COVID-19 pandemic and the EndSARS protests. There was industry wide spike in claims resulting from business interruption and other material damage claims arising from Covid-19 restrictions and EndSARS protest.

## Our Financial Performance in 2021

For us at Linkage Assurance Plc, notwithstanding the harsh economic environment and associated uncertainties in 2021, The company posted N11.16 billion Gross Written Premium, 34% year-on-year growth and one of the highest in the industry. Underwriting loss of N1.39bn was recorded for the year on account of huge claims experience and reinsurance expenses.

On a net basis, investment portfolio recorded N1.10bn income against N3.75bn in 2020. This was due to Fair value loss on our Bond investment portfolio.

The huge claims experience and the fair value loss from Bond investment portfolio led to a Loss Before Tax of N3.9bn.

## Corporate Social Responsibility

During the year, as a socially responsible corporate organization and in line with our philosophy to give back to the society, communities, and organizations, we embarked on several projects and goodwill activities.

## Corporate Social Responsibility to support Down Syndrome Foundation

As a socially responsible corporate organization we were able to execute the following CSR initiates :

- Donation to Down Syndrome Society of Nigeria (DSFN) to support children living with down syndrome.
- Linkage Assurance Plc made some financial contributions towards the 47th African Insurance Organization (AIO) conference which was held in Lagos, Nigeria, September 2021.

## Looking Ahead -2022

Our outlook for 2022 is encapsulated in our theme for the year which is "Recovery Mode". We are aware of the challenges and uncertainties that 2022 may unfold . Already, the war between Russia and Ukraine is affecting marine insurance and commodity prices around the world. This is exacerbated by the dwindling purchasing power of many household and insecurity in most parts of the country. However , we are optimistic that we shall be able to weather the storm and turn the tides for better in our revenue generation and growth .

Consequently, we shall be executing our strategic initiatives in line with our 2022 strategic focus which is hinged around our four business pillars: Business Growth, Operational Excellence, Financial Excellence and Customers & People Excellence.

To improve our business process and services, we will commence the first phase of our digital transformation plan during the year.

We are glad to let you know that the brand renewal project which we initiated last year is beginning to pay as our brand acceptance and patronage is getting better .

We are also committed in skill and competence development of our employees who are our greatest asset.

Finally, I want to thank our esteemed shareholders , customers, brokers and partners for your patronage and confidence in our ability to serve you .

I believe with the grace of God we shall be able to achieve and surpass our targets and present a more impressive results for the year 2022.

Thank you.

**Mr. Daniel Braie**
Managing Director

# Reports of the Directors

It is the pleasure of the Directors to submit their annual report together with the audited financial statements for the year ended 31 December 2021.

## 1. Legal status

The Company was incorporated on the 26th of March 1991 as a private limited liability company - Linkage Assurance Company Limited. It was registered by the National Insurance Commission on the 7th of October, 1993 to transact general insurance business and commenced operations in January, 1994. The Company became a Public Limited Liability Company in 2003 and the Company's shares, which are quoted on the Nigerian Stock Exchange, were first listed on 18 November, 2003. In compliance with regulatory directives on re-capitalization in the Insurance Industry in 2007, the Company merged with the former Central Insurance Company Limited. The registered office of the Company is Plot 20 Block 94 Providence Street, Off Adewunmi Adebimpe Street, Lekki Phase 1, Lekki, Lagos, Nigeria.

## 2. Principal activity

The Company was registered to transact all classes of life and non-life insurance business, insurance claims payment and investments. Subsequently it disposed its life business in February 2007 and concentrated on the non-life insurance business.

## 3. Operating results

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

| | 31 Dec 2021 N'000 | 31 Dec 2020 N'000 |
|---|---|---|
| Gross premium written | 11,161,499 | 8,331,841 |
| (Loss)/profit before tax expense | (3,878,914) | 2,536,069 |
| Income tax expense | (111,724) | (141,057) |
| (Loss)/profit after tax expense | **(3,990,638)** | **2,395,012** |

## 4. Directors

The Directors who served during the year were as follows:

| | |
|---|---|
| Chief Joshua Bernard Fumudoh | Chairman |
| Mr. Tamunoye Zifere Alazigha | Non-executive Director |
| Mrs. Imo Oyewole* | Non-executive Director |
| Mr. Olakunle Agbebi | Non-executive Director |
| Mr Okanlawon Adelagun | Executive Director |
| Mrs. Obafunke Alade-Adeyefa* | Non-executive Director |
| Mr. Bernard Nicolaas Griesel | Non-executive Director |
| Mr. Daniel Braie | Managing Director |
| Mrs. Funkazi Koroye-Crooks | Non-executive Director |
| Mr. Maxwell Ebibai | Non-executive Director |
| Mr. Pius Otia** | Non-executive Director |
| Mr. Abubakar Shehu Dahiru | Non-executive Director |

***Exited the Board 20th May 2021**

**** Joined the Board on 8th December 2021**

## 5. Directors interest in shares

The interests of the Directors in the issued share capital of the Company as recorded in the register of members as at 31 December 2021 and as notified by them for the purpose of fulfilling Section 301 of the Companies and Allied Matters Act (CAMA) 2020 are as follows:

| | 2021 Direct | 2021 Indirect | 2021 Total | 2020 Direct | 2020 Indirect | 2020 Total |
|---|---|---|---|---|---|---|
| Chief Joshua B. Fumudoh* | - | - | - | - | - | - |
| Mr. Tamunoye Zifere Alazigha* | - | - | - | - | - | - |
| Mrs. Imo Oyewole | - | - | - | - | - | - |
| Mr. Olakunle Agbebi | - | - | - | - | - | - |
| Mr Okanlawon Adelagun | - | - | - | - | - | - |
| Mrs. Obafunke Alade-Adeyefa | - | - | - | - | - | - |
| Mr. Bernard Nicolaas Griesel | - | 1,858,165,841 | 1,858,165,841 | - | 1,327,000,000 | 1,327,000,000 |
| Mr. Daniel Braie | - | - | - | - | - | - |
| Mrs. Funkazi Koroye-Crooks* | - | - | - | - | - | - |
| Mr. Maxwell Ebibai* | - | - | - | - | - | - |
| Mr. Abubakar Shehu Dahiru | - | - | - | - | - | - |

*Directors representing the interest of Bayelsa State Ministry of Finance Incorporated (BSMFI).

Directors with indirect interest in the issued share capital of the Company as recorded in the Register of members were as follows:

| Name of shareholder | Institution represented | No. of Shares 31 Dec 2021 | No. of Shares 31 Dec 2020 |
|---|---|---|---|
| Mr. Bernard Nicolaas Griesel | Stanbic IBTC Nominees Nigeria | 1,858,165,841 | 1,327,000,000 |

**6. Contracts**

In accordance with Section 303 of the Companies and Allied Matters Act (CAMA) 2020, all contracts with related parties were conducted at arms length. Information relating to related parties transactions are contained in Note 47 to the financial statements.

**7. Shareholding**

The Company's issued share capital of N7 billion is made up of 14 billion ordinary shares of 50k each which are held by Nigerian individuals and institutional investors. There was an increase of N2 billion in paid-up issued share capital during the year which is made up of 4bn ordinary shares. The additional share capital is a result of a bonus share issue of two shares for every five shares held by existing shareholders. The bonus shares were issued from retained earnings. According to the register of members, no shareholder other than the following held more than 5% of the issued share capital of the Company as at 31 December 2021.

| | | |
|---|---|---|
| Bayelsa State Ministry of Finance Incorporated (BSMFI) | 7,480,787,548 | 53.43% |
| Stanbic IBTC Nominees Nigeria Limited | 1,858,165,841 | 13.27% |
| Apel Asset Limited - Nominee | 709,459,330 | 5.07% |

***b) Analysis of shareholding structure***

**i) As at 31 December 2021**

| Range | No of Holders | | % of Holders | Units Held | % Units Held |
|---|---|---|---|---|---|
| 1 - 10,000 | 10,540 | | 47.49 | 50,171,670 | 0.36 |
| 10,001 - 50,000 | 7,271 | | 32.76 | 169,792,549 | 1.21 |
| 50,0001 - 100,000 | 1,961 | | 8.84 | 142,191,883 | 1.02 |
| 100,001 - 500,000 | 1,898 | | 8.55 | 388,651,031 | 2.78 |
| 500,001 - 1,000,000 | 244 | | 1.10 | 174,920,026 | 1.25 |
| 1,000,001 - 5,000,000 | 198 | | 0.89 | 421,787,545 | 3.01 |
| 5,000,001 - 10,000,000 | 26 | | 0.12 | 187,334,935 | 1.34 |
| 10,000,001 - 50,000,000 | 40 | 1 | 0.18 | 876,251,481 | 6.26 |
| 50,000,001 - 100,000,000 | 4 | | 0.02 | 314,025,261 | 2.24 |
| 100,000,001 - 500,000,000 | 7 | | 0.03 | 1,226,460,900 | 8.76 |
| 500,000,001 - 10,000,000,000 | 3 | | 0.01 | 10,048,412,719 | 71.77 |
| **Grand Total** | **22,192** | **1** | **100** | **14,000,000,000** | **100** |

**i) As at 31 December 2020**

| Range | No of Holders | | % of Holders | Units Held | % Units Held |
|---|---|---|---|---|---|
| 1 - 10,000 | 11,474 | | 52.14 | 45,288,336 | 0.45 |
| 10,001 - 50,000 | 7,133 | | 32.42 | 153,906,779 | 1.54 |
| 50,0001 - 100,000 | 1,453 | | 6.60 | 101,209,655 | 1.01 |
| 100,001 - 500,000 | 1,538 | | 6.99 | 291,398,342 | 2.91 |
| 500,001 - 1,000,000 | 165 | | 0.75 | 112,473,369 | 1.12 |
| 1,000,001 - 5,000,000 | 174 | | 0.79 | 336,021,203 | 3.36 |
| 5,000,001 - 10,000,000 | 18 | | 0.08 | 127,932,449 | 1.28 |
| 10,000,001 - 50,000,000 | 37 | 1 | 0.17 | 660,380,183 | 6.60 |
| 50,000,001 - 100,000,000 | 6 | | 0.03 | 437,446,428 | 4.37 |
| 100,000,001 - 500,000,000 | 5 | | 0.02 | 1,063,262,263 | 10.63 |
| 500,000,001 - 5,000,000,000 | 2 | | 0.01 | 6,670,680,993 | 66.71 |
| **Grand Total** | **22,005** | **1** | **100** | **10,000,000,000** | **100** |

## 8 Human Resources

### *i. Employment of disabled persons*

As a matter of policy, the Company does not discriminate against disabled persons. Full and fair consideration is given to applications for employment received from disabled persons, with due regard to their particular aptitudes and abilities. In the event of any employee becoming disabled in the course of employment, the Company is in a position to arrange appropriate training to ensure the continuous employment of such a person without subjecting him/her to any disadvantage in his/her career development. As at 31 December 2021, the Company had no disabled persons in its employment.

### *ii. Employee's development and training*

The Company is committed to staff training in order to keep them abreast with new developments in the industry and this cut across all categories of staff. During the year under review, the Company utilized the professional training services of several organizations for the benefit of staff.

### *iii. Health, safety at work and staff welfare*

Health, safety and fire drills are regularly organised to keep employees alert at all times. The Company engages the services of health care providers towards meeting the medical needs of the employees and their immediate families at its expense. The Company also provides adequate transportation and housing facilities for all levels of employees.

### *iv. Gender Composition*

Our employment policy shows no discrimination to gender or nationality. In accordance with international best practice, women are well represented at both the Board, Senior Management and the entirer workforce.

| Gender Distribution for Year 2021 Ending December 31, 2021 | | |
|---|---|---|
| **Composition of Employees** | **Number** | **Percentage** |
| Female | 81 | 45.51% |
| Male | 97 | 54.49% |
| **Total** | **178** | **100.00%** |
| **Board Composition by Gender** | | |
| Female | 1 | 12.50% |
| Male | 7 | 87.50% |
| **Total** | **8** | **100.00%** |
| **Top Management Composition by Gender (Executive Director- CEO)** | | |
| Female | 0 | 0.00% |
| Male | 2 | 100.00% |
| **Total** | **2** | **100.00%** |
| Top Management Composition by Gender (GM- Principal Manager) | | |
| Female | 1 | 11.11% |
| Male | 7 | 88.89% |
| **Total** | **8** | **100.00%** |

## 9. Securities Trading Policy

The Company has a Securities Trading Policy which governs the trading of the Company's Securities by Insiders. The Policy has been circulated to all Directors and employees and also uploaded on the Company's website. The Company has contacted the Directors and they confirmed complying with the Nigerian Exchange Limited Rules as well as the Company's Securities Trading Policy.

## 10. Code of Business Conduct And Ethics

The Company has Code of Business Conduct and Ethics for Directors and Code of Business Conduct and Ethics for Employees. Directors are bound by the Code of Business Conduct and Ethics for Directors while the Management and Employees are bound by the Code of Business Conduct and Ethics for Employees which they subscribed at the time of engagement.

## 11. Complaints Management Policy Framework

The Company has developed a Complaints Management Policy Framework in compliance with the Securities & Exchange Commission's Rules on Complaints Management Framework of the Nigerian Capital Market' which guides the Company, being publicly listed Company on the Nigerian Stock Exchange (NSE), on how to handle and resolve complaints arising from issues regarding the Company's operations. The purpose of the Policy is to establish an effective and efficient complaints management system that is responsive, confidential, equitable and transparent.

**The Policy:**

i. Provides an avenue for customer's complaints and dispute resolutions.
ii. Recognizes, promotes and protects the customer's right, including the right to comment and provide feedback on service;
iii. Provide an efficient, fair and accessible framework for resolving customer complaints and monitoring feedback to improve service delivery;
iv. Informs customers on the customer feedback handling processes; and
v Provides staff with information about the customer feedback process.

The framework functions to enable complaints to be fairly investigated and possible conflicts of interest to be identified and mitigated. The Policy is endorsed by the Board of Directors and ensures full implementation and monitors compliance through Senior Management. The Policy is accessible through the Company's website.

## 12 Property and equipment

Changes in property and equipment during the year under review are shown in note 15 to the financial statements. In the opinion of the directors, the market value of the Company's assets is not lower than the value shown in the financial statements.
Changes in property and equipment during the year under review are shown in note 15 to the financial statements. In the opinion of the directors, the market value of the Company's assets is not lower than the value shown in the financial statements.

## 13 Acquisition of own shares

The Company did not purchase its own shares during the year under review.

## 14 Fines and penalties

The Company did not pay any fines/penalties to regulators during the year (2020: Nil).

## 15 Remuneration Policy

Linkage Assurance Plc has an established remuneration framework for the Board and employees which aligns with the provisions of extant laws and regulations. The company's remuneration policy is geared towards attracting, retaining, and motivating the best talents at the Board and Management levels to achieve the company's financial strategic objectives. Linkage Assurance Plc ensures that the of the Board and Management are set levels which are fair and competitive taking into consideration the economic realities in the financial services sector and the Nigerian Code of Corporate Governance, 2018.

As part of the requirement of section 257 of CAMA 2020, included in the personnel cost (Note 42) are renumeration of Managers who for this purpose are part of the Executive Management Team of the company."

## 16 Directors' Remuneration

The Company ensures that remuneration paid to its Directors complies with the provisions of the Code of Corporate Governance issued by its regulators.

| Type of package fixed | Description | Timing |
|---|---|---|
| Basic Salary | Part of gross salary package for Executive Directors only. Reflects the Insurance Industry competitive salary package and the extent to which the Company's objectives have been met for the financial year. | Paid monthly during the financial report |
| Other Allowances | Part of gross salary package for Executive Directors only. Reflects the Insurance Industry competitive salary package and the extent to which the Company's objectives have been met for the financial year. | Paid at periodic intervals during the financial year. |
| Director Fees | Paid quarterly to Non-Executive Directors only | Paid at the end of every quarter. |
| Reimbursable Marketing Allowance | Paid annually to both Executive and Non-Executive Directors | Paid annually |
| Sitting Allowance | Allowances paid to Non-Executive Directors only for attending Board and Board Committee | Paid after each meeting. |

# Reports of the Directors

## 17 Events after reporting date:

There are no significant events after the reporting date which could have had a material effect on the financial affairs of the Company as at 31 December 2021 and on the profit or loss and other comprehensive income for the year ended.

## 18 Audit Committee

| | |
|---|---|
| Mr. Balogun Shamusideen Olalekan | Chairman/Shareholder |
| Engr. S.A. Orji | Shareholder |
| Mr. Tamunoye Alazigha | Non-Executive Director |
| Mr. Maxwell Ebibai | Non-Executive Director |
| Mr. Olakunle Alade- Adeyefa* | Non-Executive Director |
| Mrs. Esther Osijo | Shareholder |

*

* Exited the Board on the *20th of May 2021*

## 19 Auditor

Messrs. Ernst & Young (EY) acted as the Company's independent auditor during the financial year ended 31 December 2021. The independent auditor's report was signed by Babayomi Ajijola, a partner in the firm, with Financial Reporting Council (FRC) membership number FRC/2013/ICAN/00000001196. Messrs. Ernst & Young (EY) has indicated willingness to continue in office as auditor in accordance with S.401(2) of the Companies and Allied Matters Act 2020, Laws of the Federation of Nigeria.

## 20 Donations

Donations during the year ended 31 December 2021 amounted to ₦3.60million (2020: ₦30.24 million). The beneficiaries are as

| 2021 Description | Organisation | Amount (N) |
|---|---|---|
| Payment for contribution towards hosting of the 47th African Insurance Organization (AIO) conference and the annual general assembly | Nigerian Insurers Association | 3,000,000 |
| Payment for sponsorship of 2021 forum jotter for CIIN Professional forum | Chartered Insurance Institute of Nigeria | 300,000 |
| Corporate Social Responsibility to support Down Syndrome Foundation | Down Syndrome Society of Nigeria | 250,000 |
| Sponsorship of CIIN 2021 Academic Award | Chartered Insurance Institute of Nigeria | 40,000 |
| | | **3,590,000** |

By order of the Board

**Company Secretary**
Mr. Moses Omorogbe
FRC/2017/NBA/00000017141
17 March 2022

# Corporate Governance

# Sustainability Report

We subscribe to the global drive entrench sustainable business practices. As part of our own commitment to this global movement, we have tailored our business operations to embed sustainable business practices.

Sustainable business practice is a sine quo non for long-time survival of any business entity. At Linkage Assurance Plc, we acknowledge this truism and have designed our policies, processes, and procedures to ensure enduring sustainability of our business.

Our business operations are being carried out with the consciousness to provide sustainable return, to our employees, shareholders, and other stakeholders. We have developed and entrenched good corporate governance and ethical standards in our day-to day operations.

## Corporate Governance

We are continuously refining our processes to ensure they align with both local and international best practice on corporate governance.

Our robust corporate governance framework incorporates both local and international best practice. The Board is conscious of its overall responsibility to entrench good corporate practice and have put in necessary modalities to monitor the implementation of the corporate governance framework.

The corporate governance framework is periodic reviewed and benchmarked against the Codes of Corporate Governance and international best practice. The review is usually carried out reputable external consulting who assess the Company's level of corporate governance practice with best practice.

## Business Practices

We are focused on our vision to deliver superior service to our esteemed customers and returns to our shareholders through best business practices. Our business practices are guided by the vision and mission statements.

We understand the unique role insurance is expected to play in gradually reviving the global economy. As a matter of fact, we have put together unique set of corporate insurance solutions to against individual and business risks.

We have strategically designed our services to support government efforts to diversify the economy through agriculture, power, and manufacturing. In this regard, we have designed products aimed at meeting insurance needs of these sectors.

Our retail products are designed towards deepening insurance penetration in the country. Over the years, we have invested in digital infrastructure to drive the retail arm of the business with specific focus on the need of individuals and small-scale businesses.

Compliance with relevant laws and regulation is critical for business sustenance, in that regard we have finetuned our governance structure to ensure continues respect and compliance while carrying on our business. we have over the years created good working relationship with our regulators and have fulfil our obligations to the States where we operate and the Federal Government

## Environmental Sustainability

We have set up framework to promote protection of our local government, our effects include deliberate and targeted reduction of use of paper. We are developing a robust digital document management system that eliminate or drastic reduce the use of papers. We have also adopted a safe waste management and disposal system.

In the past few years, we have involved ourselves in the areas of providing support for victims environmental related disasters such as flooding. Drugs and other materials were distributed to people and communities that were displaced by the flooding that ravaged some parts of the Country.

Our goal is to ensure that our activities have very minimum impact on the environment.

## Anti-Corruption

We recognise the danger corruption poses to the long-time survival of business and have put in place necessary anti-corruption policies and processes. We have zero tolerance for corruption in our operations.

We ensure our business operations comply with national and global anti-corruption standards. Our anti-corruption policies and processes are crafted in line with international best practice.

There is a robust corruption reporting process and Whistle-blower Policy. Employees and members of the public are encouraged to us our corruption reporting channels to report cases of corruption.

## Occupational Health & Safety

We take safety at the work environment and the health of workers. seriously. All our work environments are equipped with necessary facilities that promote safety within the workplace.

Our health insurance package is tailor-made to cater for diverse health needs of our workforce.

Our working hours are in line with local and international regulations.

We try to live up to our core values through the philosophy of diversity and inclusion practices in our business. We always aim to provide equal opportunities that will enable all our employees to learn, grow and build successful careers for themselves. We ensure that all our employees are treated fairly, and with respect regardless of their nationality, tribe, sexual orientation, or religious beliefs.

It is our believe that respect for human rights is critical and fundamental to stable work environment. We are therefore committed to providing a work environment that is conducive for an individuals and groups to carry out duties and contribute positively to the prosperity of the Company.

**DCSL Corporate Services Limited**
235 Ikorodu Road
Ilupeju, Lagos
P. O. Box 965, Marina
Lagos, Nigeria
Tel: +234 9 1271 7817
www.dcsl.com.ng

**Abuja Office:**
Statement Hotel, Plot 1002
1st Avenue, Off Shehu Shagari
Way, Abuja
Tel: +234 9 461 4902
RC NO. 352393

May 2022

**REPORT OF THE EXTERNAL CONSULTANTS ON THE PERFORMANCE EVALUATION OF THE BOARD OF DIRECTORS OF LINKAGE ASSURANCE PLC FOR THE YEAR ENDED DECEMBER 31, 2021.**

DCSL Corporate Services Limited (DCSL) was engaged by Linkage Assurance Plc ("Linkage") to carry out a performance evaluation of the Board of Directors for the year-ended December 31, 2021 in line with the provisions of the Nigerian Code of Corporate Governance 2018 (NCCG), National Insurance Commission (NAICOM) Implementation Guidelines of Corporate Governance, 2021 ("NAICOM Guidelines"), Securities and Exchange Commission (SEC) Corporate Governance Guidelines (SCGG), as well as global best practices on Corporate Governance.

The evaluation entailed a review of the Company's corporate and statutory documents, Minutes of Board and Committee meetings, policies and other ancillary documents made available to us, to ascertain the level of the Board's compliance with corporate governance practices with particular reference to the provisions of the above-mentioned Codes as well as global Best Practices and considered the following seven key corporate governance parameters:

1. Board Structure and Composition;
2. Strategy and Planning;
3. Board Operations and Effectiveness;
4. Measuring and Monitoring of Performance;
5. Risk Management and Compliance;
6. Corporate Citizenship; and
7. Transparency and Disclosure

We also conducted an evaluation of the performance of the Board Committees and deplored Peer Review Forms to assess the performance of individual Directors and the Chairman.

Following a review of the policies and processes put in place by the Board, we confirm that the Board of Directors is committed to ensuring best corporate governance practices and adherence to the principles enshrined in the NAICOM Guidelines, NCCG and the SCGG as well as globally accepted best practices. Upon the conclusion of the performance evaluation of the Board, we confirm that the Board and Company substantially complied with the provisions of the applicable Codes.

We have noted a few areas that require improvement and proffered appropriate recommendations, trusting that the Board will take steps to address and implement same. Details of our key findings and recommendations are contained in our detailed Report.

Yours faithfully,
**For: DCSL Corporate Services Ltd**

Bisi Adeyemi
**Managing Director**
**FRC/2013/NBA/00000002716**

# Corporate Governance Report

Linkage Assurance Plc ("Linkage") is committed to implementing the best practice standards of Corporate Governance.
The Board of Linkage is mindful of its obligations under the National Insurance Commission Corporate Governance Code (NAICOM Code), the Securities & Exchange Commission Corporate Governance Code (SEC Code) as well as the Post Listing Rules & Requirements of the Nigerian Stock Exchange.

The Company's high standard in Corporate Policies and Governance are designed to encourage transparency in all its activities as well as ensure the protection of the long term interest of all Stakeholders. The business of the Company is conducted with high level of Integrity.

## Board selection and appointment process

The Board of the Company follows a formal and transparent process for the selection and appointment of Directors. The appointment of executive and non-executive directors to the Board is done through a formal and transparent process and in accordance with the Companies and Allied Matters Act, CAP, C20 LFN, 2020, NAICOM Code of Corporate Governance, SEC Code of Corporate Governance and the Company's internal policy for appointment of Directors.

The Board Enterprise Risk Management & Governance Committee oversees the process of the selection and interview of prospective appointees to the Board. The Committee carefully analyses the business and strategic plans of the Company vis-à-vis the existing strengths and weaknesses, the skills and experience gaps in the Board in selecting a suitable candidate for appointment.

External Consultants may be engaged to conduct the search for suitable candidates that meet the criteria set by the Board.

The Committee shortlist and interview candidates with the requisite skills and experience, thereafter conduct formal background check of the prospective candidates to ensure that they are fit and proper persons to be appointed to the Board.

Successful candidates are presented to the Board for approval in a meeting duly convened in accordance with the articles of association of the Company. The Candidate(s) name is forwarded to NAICOM for approval. While the Company Secretary notifies the Nigerian Stock Exchange (NSE) and the Securities and Exchange Commission of the appointment and also file the relevant forms with the Corporate Affairs Commission (CAC). The appointment of the candidate(s) by the Board is presented to the Shareholders for ratification at the next Annual General Meeting of the Company.

## Induction and Continuous Training of Directors

Newly appointed Directors are familiarized with the operations of the Company through a formal induction program. The new directors are provided with detailed information about the operations of the Company and their roles and responsibilities. The new Directors are also provided with the Memorandum and Articles of Association and other relevant information materials of the Company. Directors are availed with periodic continuous training programs to deepen their knowledge and understanding on emerging trends in the insurance industry and corporate governance. The trainings are usually facilitated by reputable training agencies.

## Roles and Responsibilities of The Board

The Board reserves to itself all functions that are likely to have a material impact on the performance and reputation of the Company.
The following matters are specifically reserved for the Board:

I. Provide leadership and setting the strategic objectives of the Company and ensures that the human and financial resources are effectively deployed towards attaining the set goals.
ii. Ensure effective succession planning for the Chairman, the Executive Directors and the MD/CEO.
iii. Overseeing the integrity of the Company's accounting and corporate reporting systems including external audit.
iii. Ensuring the Company has in place an appropriate risk management framework and setting the risk appetite within which the Board expects Management to operate.
iv. Approval of the Company's remuneration framework and other Policy documents.
v. Approval and monitoring Compliance with the corporate governance framework of the Company.
vi. Approval and monitoring of the operating budget and major capital expenditures

## Biographical Details of New Director and Directors for Re-election

**Mr. Pius Otia** is a seasoned public servant and businessman. He is the proprietor and Managing Director of Prime Project Montessori/ model School Ltd, Yenagoa. He had served a member of the Bayelsa State House of Assembly and a member of the Bayelsa State Internal Revenue Service,

Mr. Otia holds B.Sc. Political and Admin. Studies and MBA (Accounting) both from the University of Port Harcourt.

**Mrs. Funkazi Koroye-Crooks** is a Lawyer with over 30 years' experience. She was a former Consultant with the World Intellectual Property Organization (WI PO) and presently Special Adviser to Bayelsa State Governor. She holds a Masters Degree in law from the London School of Economics.

**Mr. Maxwell Ebibai** is the current Commissioner of Finance, Bayelsa State. Prior to his appointment by the Bayelsa State Government he was a Senior Vice-President with the Asset Management Corporation of Nigeria (AMCON) and was the Head, Loan Administration. Mr. Maxwell holds a Masters degree in Banking and Finance.

## Corporate Governance Structure

The Board of Directors of Linkage Assurance Plc. has overall responsibility for ensuring the highest standards of corporate governance is maintained and adhered to by the Company. In order to promote effective governance of the Company, the following structures have been put in place for the execution of Linkage Assurance Plc's Corporate Governance strategy:

1. Board of Directors;
2. Board Committees; and
3. Executive Management Committees

## The Board

The Board of Directors of Linkage, comprising of Ten (10) members is accountable to the shareholders and also responsible for the control, management and periodic review of the Company's business strategy. The Board of Directors is also committed to ensuring that the Company adheres strictly to the regulations guiding the operations of the Insurance Industry and other financial services sector in Nigeria.

The Board of Directors performs its functions either as a full Board or through the under listed established statutory committee and Committees of the Board:

## Statutory Audit Committee

The Committee is composed of 6 members as follows:

| S/N | Name | Status |
|---|---|---|
| 1 | Mr. Shamusideen O. Balogun | Chairman/Shareholder |
| 2 | Engr. S. A. Orji | Shareholder |
| 3 | Mr. Tamunoye Alazigha | Non-Executive Director |
| 4 | Mrs. Obafunke Alade Adeyefa* | Non-Executive Director |
| 5 | Mr. Maxwell Ebibai* | Non-Executive Director |
| 6 | Mrs. Esther O. Osijo | Shareholder |

**Exited the Committee effective 20th May 2021*

This Committee, which is chaired by a shareholder, has the responsibility of ensuring that the accounting and reporting policies of the Company are in accordance with legal requirements and agreed ethical practices. The Committee reviews the scope & planning of audit requirements and it is also responsible for other matters reserved for the Audit Committee by the Sec 404 of Companies and Allied Matters Act (CAMA) 2020 and the Company's Articles of Association.

## Finance, Investment & General purpose Committee

The Committee is composed of 5 members as follows:

| S/N | Name | Status |
|---|---|---|
| 1 | Mr. Bernard Nicolaas Griesel | Chairman |
| 2 | Mrs. Obafunke Alade Adeyefa* | Director |
| 3 | Mr. Tamunoye Alazigha | Director |
| 4 | Mr. Olakunle Agbebi | Director |
| 5 | Mrs. Imo Oyewole* | Director |

**Exited the Committee on 20th May 2021*

This Committee reviews matters relating to the investment of the Company's funds, management of all other assets and makes recommendation to the Board for approval. It also ensures maximum returns on investments and protection of the Company's assets.

The Committee periodically evaluates the Company's risk policies and also provides appropriate advice and recommendations on matters relevant to risk management.

**Enterprise Risk Management & Governance Committee**
The Committee is composed of 6 members as follows:

| S/N | Name | Status |
|---|---|---|
| 1 | Mr. Olakunle Agbebi | Chairman |
| 2 | Mrs. Funkazi Koroye-Crooks | Director |
| 3 | Mr. Maxwell Ebibai | Director |
| 4 | Mrs. Imo Oyewole* | Director |
| 5 | Mr. Tamunoye Alazigha | Director |
| 6 | Mr. Shehu D. Abubakar | Director |

**Exited the Committee on 20th May 2021*

This Committee reviews and recommends for approval to the Board, matters bordering on Board Appointments, Staff Recruitment, Staff Compensation, Welfare and Promotions. Matters relating to the strategy for growth and advancement of the Company are also the responsibility of this Committee.

**Audit & Compliance Committee**
The Committee is composed of 5 members as follows:

| S/N | Name | Status |
|---|---|---|
| 1 | Mr. Shehu D. Abubakar | Chairman |
| 2 | Mrs. Obafunke Alade Adeyefa* | Director |
| 3 | Mr. Bernard Nicolaas Griesel | Director |
| 4 | Mrs. Imo Oyewole* | Director |
| 5 | Mrs. Funkazi Koroye-Crooks | Director |

**Exited the Committee on 20th May 2021*

**Executive Management Committees:**

These are Committees comprising of the senior management of the Company. They are set up to ensure that all risk limits as contained in Board and regulatory policies are complied with at all times. They provide inputs for the respective Board Committees and also ensure that recommendations of the Board Committees are effectively and efficiently implemented. The Committees are risk driven as they are set up to identify, analyze, synthesize and make recommendations on risks arising from within the Company's operating environment. The Committees meet as frequently as risk issues occur to immediately take actions and decisions within the confines of their powers. The Committees include the Executive Management Committee, Management Investment Committee, Business Strategy Committee and the Management Enterprise Risk Committee.

**Internal Audit Function:**

In consonance with the commitment of the Company to be a dynamic world class Company fully accountable to the Board of Directors and shareholders, the Internal Audit Unit has been further strengthened with the recruitment of additional staff to broaden its scope and thus enhance the control and oversight service rendered at Management level.

The Internal Audit is a Control Unit established within the Management to independently examine and evaluate the activities of the Company. The Company's Internal Audit Unit reports to the Audit Committee.

Shareholders' Relationship:
The Company is accountable and committed to the shareholders and uses various fora to advise shareholders on the performance of the Company. This includes annual report and accounts, access to the Company Secretary by shareholders for all enquiries and free interactions with the members of the Board during Annual General Meetings.

**Cummulative Years of Service:**

**a. Tenure of Directors**
The tenure for the Managing Director and the Executive Directors is determined by the Board considering performance, the existing succession planning mechanism, continuity of the Board and the need for continuous refreshing of the Board.

The tenure of each of the company's Non-Executive Director is for a defined period and can be re-elected for additional terms subject to satisfactory performance and approval by the Shareholders. However, the principles of the Nigerian Code of Corporate Governance 2018 limit the cumulative tenure of the Managing Director to ten years and that of NonExecutive Directors at a cumulative term of nine years.

| S/N | Directors | Date Of Appointment | Years Of Service |
|---|---|---|---|
| 1 | Chief Joshua B. Fumudoh | 31st January, 2018 | 3 Years 11 Months |
| 2 | Mr. Tamunoye Zifere Alazigha | 13th August, 2013 | 8 Years 5 Months |
| 3 | Mr. Olakunle Agbebi | 17th January, 2017 | 4 Years 11 Months |
| 4 | Mr. Shehu Abubakar | 30th January, 2019 | 2 Years 11 Months |
| 5 | Mrs. Funkazi Koroye-Crooks | 13th December, 2017 | 4 Years |
| 6 | Mr. Maxwell Ebibai | 13th December, 2017 | 4 Years |
| 7 | Mr. Bernard Nicholaas Griesel | 27th April, 2017 | 4 Years 8 Months |
| 8 | Mr. Pius Otia | 9th December, 2021 | - |
| 9 | Mr. Daniel Braie | 17th January, 2017 | 4 Years 11 Months |
| 10 | Mr. Okanlawon Adelagun | 7th December, 2018 | 3 Years |

**Company Secretary:**
All stakeholders have access to the services of the Company Secretary. The Company Secretary is responsible for facilitating the induction and professional development of Board Members as well as ensuring information flow within the Board, its Committees and Management of the Company. Attendance at the Board and committee meetings during the year ended 31 December 2020 is as follows:

**Key:**
N/A Not Applicable as the individual is no longer a member of the Board.
X Absent at meetings

| S/N | Names of Directors | 19-Feb-21 | 9 Mar 21 | 24-Apr-21 | 8 Aug 21 | 9-Dec-21 |
|---|---|---|---|---|---|---|
| 1 | Chief Joshua Bernard Fumudoh | 1 | 1 | 1 | 1 | 1 |
| 2 | Mr. Tamunoye Zifere Alazigha | 1 | 1 | 1 | 1 | 1 |
| 3 | Mrs. Imo Oyewole | 1 | 1 | 1 | N/A | N/A |
| 4 | Mr. Olakunle Agbebi | 1 | 1 | 1 | 1 | 1 |
| 5 | Mr Okanlawon Adelagun | 1 | 1 | 1 | 1 | 1 |
| 6 | Mrs. Obafunke Alade-Adeyefa | 1 | 1 | 1 | N/A | N/A |
| 7 | Mr. Bernard Nicolaas Griesel | 1 | 1 | 1 | 1 | 1 |
| 8 | Mr. Daniel Braie | 1 | 1 | 1 | 1 | 1 |
| 9 | Mrs. Funkazi Koroye-Crooks | 1 | 1 | 1 | 1 | 1 |
| 10 | Mr. Maxwell Ebibai | 1 | 1 | 1 | X | 1 |
| 11 | Mr. Abubakar Shehu Dahiru | X | 1 | 1 | 1 | 1 |

Attendance at The Finance, Investment & Strategy Committee Meetings held during the year ended 31 December 2021

| S/N | Names of Directors | 18-Feb-21 | 23-Apr-21 | 28-Jul-21 | 8-Dec-21 |
|---|---|---|---|---|---|
| 1 | Mr. Bernard Nicolaas Griesel | 1 | 1 | 1 | 1 |
| 2 | Mrs. Obafunke Alade Adeyefa | 1 | 1 | N/A | N/A |
| 3 | Mr. Tamunoye Alazigha | 1 | 1 | 1 | 1 |
| 4 | Mr. Olakunle Agbebi | 1 | 1 | 1 | 1 |
| 5 | Mrs. Imo Oyewole | 1 | 1 | 1 | 1 |
| 6 | Mr. Daniel Braie | 1 | 1 | 1 | 1 |

Attendance at the Statutory Audit Committee Meetings held during the year ended 31 December 2021

| S/N | Members | 19 Feb | 22 Apr | 27 Jul | 7-Dec-21 |
|---|---|---|---|---|---|
| 1 | Mr. Shamusideen O. Balogun | 1 | 1 | 1 | 1 |
| 2 | Engr. S. A. Orji | 1 | 1 | 1 | 1 |
| 3 | Mr. Tamunoye Alazigha | 1 | 1 | 1 | 1 |
| 4 | Mrs. Obafunke Alade Adeyefa | 1 | 1 | N/A | N/A |
| 5 | Mrs. Esther O. Osijo | 1 | 1 | 1 | 1 |
| 6 | Mr. Maxwell Ebibai | 1 | N/A | N/A | N/A |

# Corporate Governance Report

Attendance at the ERM & Governance Committee Meetings held during the year ended 31 December 2021

| S/N | Names of Directors | 17 Feb | 23 Apr | 28 Jul | 12 Aug | 8-Dec-21 |
|---|---|---|---|---|---|---|
| 1 | Mr. Olakunle Agbebi | 1 | 1 | 1 | 1 | 1 |
| 2 | Mrs. Funkazi Koroye-Crooks | 1 | 1 | 1 | 1 | 1 |
| 3 | Mr. Maxwell Ebibai | X | 1 | 1 | 1 | 1 |
| 4 | Mrs. Imo Oyewole | 1 | 1 | 1 | 1 | 1 |
| 5 | Mr. Tamunoye Alazigha | 1 | 1 | 1 | 1 | 1 |
| 6 | Mr. Shehu D. Abubakar | 1 | 1 | 1 | 1 | 1 |

Attendance at the Board Audit & Compliance Committee Meetings held during the year 31 December 2021

| S/N | Names of Directors | 18 Feb | 9 Mar | 22 Apr | 27 Jul | 7-Dec-21 |
|---|---|---|---|---|---|---|
| 1 | Mr. Shehu D. Abubakar | X | 1 | 1 | 1 | 1 |
| 2 | Mrs. Obafunke Alade Adeyefa | 1 | 1 | 1 | N/A | N/A |
| 3 | Mr. Bernard Nicolaas Griesel | 1 | 1 | 1 | 1 | 1 |
| 4 | Mrs. Imo Oyewole | 1 | 1 | 1 | N/A | N/A |
| 5 | Mrs. Funkazi Koroye-Crooks | 1 | 1 | 1 | 1 | 1 |

By order of the Board

**Company Secretary**
**Mr. Moses Omorogbe**
FRC/2017/NBA/00000017141
17 March 2022

## Report of the Statutory Audit Committee to the members of Linkage Assurance Plc

In compliance with the Provisions of Section 404(4) of the Companies and Allied Matters Act (CAMA) 2020, we the members of the Audit Committee of Linkage Assurance Plc received the Audited Financial Statements for the year ended 31 December 2021 together with the Management Letter from the external auditors and management responses thereto at a duly convened meeting of the committee and hereby report as follows:

We confirm that;

1 We have received the scope and planning of the audit for the year ended 31 December 2021;

2 We reviewed the external auditor's Management Letter together with management responses; and

3 We ascertained that the accounting and reporting policies of the Company for the year ended 31 December 2021 are in accordance with legal requirement and agreed with ethical practices.

In our opinion, the scope and planning of the audit for the year ended 31 December 2021 were adequate and management responses to the auditor's findings were satisfactory.

We confirm that the internal control system was consistently and effectively monitored through effective internal audit.

The external auditors confirm that they received full cooperation from the management during the course of the statutory audit. The Committee therefore recommends that the audited financial statements for the year ended 31 December 2021 and the Auditors' report thereon be presented for adoption by the Company at the Annual General Meeting.

**Mr. Shamusideen O. Balogun**
FRC/2015/NIM/00000013086
Chairman, Audit Committee

### Members of the Committee

| Name | Status |
|---|---|
| 1 Mr. Shamusideen O. Balogun | Chairman/Shareholder |
| 2. Engr. S. A. Orji | Shareholder |
| 3. Mrs. Esther O. Osijo | Shareholder |
| 4. Mr. Tamunoye Alazigha | Non-Executive Director |
| 5.Mrs. Obafunke Alade Adeyefa* | Non-Executive Director |
| 6. Mr. Maxwell Ebibai* | Non-Executive Director |

**Left the Committee on 20th May 2021*

# Enterprise Risk Management Declaration Statement

In accordance with the requirements of Section 2.10 of NAICOM's guidelines for developing risk management framework of 2012, the Board of Directors of Linkage Assurance Plc. hereby declares that, to the best of its knowledge and belief, and having made appropriate

a) the Company has systems in place for the purpose of ensuring compliance with the guideline

b) the Board is satisfied with the efficacy of the processes and systems surrounding the production of financial information of the company

c) the Company has in place a risk management strategy, developed in accordance with the requirements of this guideline, setting out its approach to risk management; and

d) the systems that are in place for managing and monitoring risks, and the risk management framework, are appropriate to the Company, having regard to such factors as the size, business mix and complexity of the Company's operations.

**Chief Joshua B. Fumudoh**
Chairman
FRC/2018/IODN/00000017911

**Mr. Daniel Braie**
Managing Director/CEO
FRC/2018/CIIN/00000018082

## Statement of Directors' Responsibilities in Relation to the Preparation of Financial Statements

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

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

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

SIGNED ON BEHALF OF THE BOARD OF DIRECTORS BY:

**Chief Joshua B. Fumudoh**
Chairman
FRC/2018/IODN/00000017911

**Mr. Daniel Braie**
Managing Director/CEO
FRC/2018/CIIN/00000018082

# Certification Pursuant to Section 60(2) of Investment and Securities Act No. 29 of 2007

We the undersigned, hereby certify the following with regards to our audited financial statements for the year ended 31 December 2021 that:

(i) We have reviewed the report and to the best of our knowledge, the report does not contain:

- any untrue statement of a material fact, or
- omission to state a material fact, which would make the financial statements misleading in the light of circumstances under which such statements were made;
- to the best of our knowledge, the financial statements and other financial information included in the report fairly present in all material respects the financial condition and results of operation of the Company as of, and for the periods presented in the report.

(ii) We:

- are responsible for establishing and maintaining internal controls.
- have designed such internal controls to ensure that material information relating to the Company is made known to such officers by others within those entities particularly during the period in which the periodic reports are being prepared;
- have evaluated the effectiveness of the Company's internal controls as of date within 90 days prior to the report;
- have presented in the report our conclusions about the effectiveness of our internal controls based on our evaluation as of that date;

(iii) We have disclosed to the auditors of the Company and audit committee:

- all significant deficiencies in the design or operation of internal controls which would adversely affect the Company's ability to record, process, summarize and report financial data and have identified for the Company's auditors any material weakness in internal controls, and
- any fraud, whether or not material, that involves management or other employees who have significant role in the Company's internal controls;

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

**Mr. Daniel Braie**
Managing Director/CEO
FRC/2018/CIIN/00000018082

**Emmanuel Otitolaiye**
Chief Financial Officer
FRC/2014/ICAN/00000008524

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57, Marina
Lagos, Nigeria

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Fax: +234 (01) 463 0481
ey.com

## INDEPENDENT AUDITOR'S REPORT

## TO THE SHAREHOLDERS OF LINKAGE ASSURANCE PLC

### Report on the Audit of the Financial Statements

***Opinion***

We have audited the financial statements of Linkage Assurance Plc ("the Company"), which comprise the statement of financial position as at 31 December 2021, and the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year ended, and a summary of significant accounting policies and notes to the financial statements.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2021 and its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards and the relevant provisions of the Companies and Allied Matters Act 2020, the Insurance Act 2003, and relevant circulars issued by the National Insurance Commission of Nigeria ("NAICOM") and in compliance with the Financial Reporting Council of Nigeria Act No. 6, 2011.

***Basis for opinion***

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

***Key audit matters***

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

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

# Independent Auditor's Report

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INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF LINKAGE ASSURANCE PLC - Continued

*Key audit matters – continued*

| Key audit matters | How our audit addressed the matter |
|---|---|
| ***Actuarial valuation of insurance contract liabilities***<br><br>The Company has material insurance contract liabilities (outstanding claims) of ₦8.87 billion (2020: ₦3.67billion) representing 65% (2020: 49%) of the Company's total liabilities. Actuarial valuation of these insurance contract liabilities is an area that involves significant judgment over uncertain future outcomes and therefore was an area of significance to our audit.<br><br>At each reporting date, the Company reviews its unexpired risk, and a liability adequacy test is performed. Provision for reported claims is based on historical experience, however, the eventual liabilities may differ from the estimated amounts. Furthermore, the estimated liabilities for claims that have occurred but are yet to be reported involve judgment and economic assumptions.<br><br>Consistent with the insurance industry practice and regulatory guideline, the Company engaged an independent actuary to test the adequacy of the valuation of insurance contract liabilities as at year-end. The complexity of the valuation models may give rise to errors as a result of inadequate/incomplete data or the design or application of the models.<br><br>Economic assumptions such as interest rates and future inflation rates and actuarial assumptions such as customer behaviour and uniform risk occurrence throughout the period are key inputs used to determine these liabilities. Significant judgement is applied in setting these assumptions and small changes in a number of these key assumptions could have a material impact on the calculation of the liabilities.<br><br>Insurance contract liabilities, related accounting policies and significant judgments and assumptions are disclosed in Notes 17.1, 4.22 and 6.2 respectively to the financial statements. | Our audit procedures included the following:<br><br>▪ We reviewed and documented management's process for estimating non-life policy claims.<br><br>▪ We assessed the design of internal controls over the integrity of underwriting and claims data in the system as well as over the reserving and claims processes.<br><br>▪ We performed file reviews of specific underwriting contracts in order to maximize our understanding of the book of business and validate initial loss estimates.<br><br>▪ We tested subsequent year claim payments to confirm the reasonableness of the initial loss estimates.<br><br>With the assistance of our in-house actuarial specialists, we performed the following audit procedures on the Company's actuarial reports:<br><br>▪ We considered the appropriateness of the economic assumptions used in the valuation of the insurance contracts with reference to the Company's and industry's data and expectations of investment returns, and expense developments.<br><br>▪ We considered the appropriateness of the non-economic assumptions used in the valuation of the insurance contracts by reference to Company-specific and industry data.<br><br>▪ We assessed the competence and objectivity of the Company's independent actuary, confirming they are qualified and affiliated with the appropriate industry bodies.<br><br>We reviewed the qualitative and quantitative disclosures for appropriateness and reasonableness to ensure conformity with required guidelines of National Insurance Commission (NAICOM). |

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**INDEPENDENT AUDITOR'S REPORT**

**TO THE SHAREHOLDERS OF LINKAGE ASSURANCE PLC - Continued**

***Key audit matters - continued***

| Key audit matters | How our audit addressed the matter |
|---|---|
| ***Valuation of investment in an unquoted equity instrument***<br><br>The Company has a material investment of ₦17.6 billion (2020: ₦14.20billion) in an unquoted equity instrument classified as available for sale and measured at fair value through other comprehensive income.<br><br>The fair value of the investment is estimated using the Discounted Cash-Flows (DCF) method which requires significant estimates and assumptions including a financial forecast of the investee, growth rates, and discount factors. The significant judgment involved and uncertainty in relation to estimation of future cash flows and other assumptions make this an area of significance to our audit.<br><br>Investment in unquoted equity instruments (including significant assumptions and judgments) and related accounting policies are disclosed in Notes 8.2, and 4.21 respectively to the financial statements. | With the assistance of our in-house valuation specialists, we performed the following audit procedures:<br><br>▪ We evaluated the appropriateness of the valuation methodology employed by the external expert and assessed the reasonableness of underlying assumptions used in determining the fair value of the investment in an unquoted equity instrument.<br><br>▪ We assessed the competence, capabilities, and objectivity of the external expert engaged by the directors. We also verified and assessed the expert's qualifications and experience. We discussed the scope of work and confirmed that no scope limitations were imposed upon the expert by the directors.<br><br>▪ We reviewed the qualitative and quantitative disclosures for appropriateness and reasonableness to ensure conformity with disclosure requirements of relevant accounting standards. |

***Other matter***

The financial statements of Linkage Assurance Plc for the year ended 31 December 2020 were audited by another auditor who expressed an unqualified opinion on those financial statements on 12 March 2021.

***Other information***

The directors are responsible for the other information. The other information comprises the information included in the document titled "Linkage Assurance Plc Annual Report for the year ended 31 December 2021", which includes the Corporate Information, the Financial Highlights, the Directors' Report, Report of the Statutory Audit Committee, Enterprise Risk Management Declaration Statement, Statement of Directors' responsibilities, Certification of Financial Statements, and Other National Disclosures as required by the Companies and Allied Matter Act, 2020 and the Financial Reporting Council of Nigeria Act No. 6, 2011, and the Corporate Governance report as required by NAICOM and the Nigerian Securities and Exchange Commission, which we obtained prior to the date of this report. Other information does not include the financial statements and our auditor's report thereon.

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

Independent Auditor's Report

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## INDEPENDENT AUDITOR'S REPORT

## TO THE SHAREHOLDERS OF LINKAGE ASSURANCE PLC - Continued

*Other information - continued*

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

*Responsibilities of the Directors for the Financial Statements*

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with the International Financial Reporting Standards and the relevant provisions of the Companies and Allied Matters Act 2020, the Insurance Act 2003, and relevant circulars issued by the National Insurance Commission of Nigeria ("NAICOM") and in compliance with the Financial Reporting Council of Nigeria Act No. 6, 2011, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

*Auditor's Responsibilities for the Audit of the Financial Statements*

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

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

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

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

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

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

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**INDEPENDENT AUDITOR'S REPORT**

**TO THE SHAREHOLDERS OF LINKAGE ASSURANCE PLC - Continued**

***Auditor's Responsibilities for the Audit of the Financial Statements - continued***

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

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

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

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

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

In accordance with the requirements of the Fifth Schedule of the Companies and Allied Matters Act, 2020 and Section 28(2) of the Insurance Act, 2003, we confirm that:

i. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of the audit;

ii. In our opinion, proper books of account have been kept by the Company, in so far as it appears from our examination of those books; and

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

Penalty
The Company did not pay any penalties in respect of contraventions during the year ended 31 December 2021.

-------------------------------------------
Babayomi Ajijola
FRC/2013/ICAN/00000001196
For: Ernst & Young
Lagos, Nigeria

Date: 31 March 2022

# Board Of Directors

**Chief Joshua B. Fumudoh**
Chairman

Managing Director of
Manufacturing and Marketing Co. (Nig.) Ltd.
Chairman, Boston Capital Investment Ltd.
Chairman, BCI Global Properties Ltd.
Chairman, MAMCO-Bayelsa Palm.
Director, National E-Government Strategies Ltd.
President Ijaw National Congress (1994-2000).
Member, National Political ReformsConference, 2005
Member, National Conference,2014.
Alumnus, University of Lagos

**Mr. Daniel Braie**
Managing Director

Chartered Insurance Practitioner
of over 37 years standing.
Former General Manager (Operations)/Company
Secretary-Trust & Guarantee
Insurance Co.Ltd.
Former DGM/Group Head
(Enterprise Marketing) - Crusader Nigeria Plc.
Former Managing Director- Eloms Nigeria Enterprises.
Alumnus- West African Insurance Institute, Liberia.
Alumnus - Enugu State University of Science &
Technology (ESUTBusiness School).
Associate - Nigerian Institute of Management

**Mr. Tamunoye Zifere Alazigha**
Non-executive Director

Managing Director, Bayelsa Development and Investment
Corporation.
Former Vice President & Group Head of Corporate
Strategy, BGL Plc.
Former Director, Quantitative Research & Strategy,
US Trust, Bank of America.
CEP Alumnus, Lagos Business School.
Alumnus, Courant Institute of Mathematical Sciences,
New York University.
Alumnus, London Metropolitan University.

**Mrs. Funkazi Koroye-crooks**
Non-executive Director

Commissioner Bayelsa State Ministry of Trade, Industry and Investment.
Former Special Adviser to the Bayelsa State Governor on
International Development and Partnership.
Company Secretary, Petrobay Nigeria Ltd.
General Counsel/Company Secretary, Bayelsa
Development and Investment Company.
Magistrate (Youth) Hounslow Bench, West London
(currently on leave of absence.
Appeal Court Magistrate (currently on leave of absence).
Former Consultant, World Intellectual Property Organization (WIPO).
Former, Head of the Africa Department, International.
Federation of the Phonographic Industry (IFPI).
Alumnus University of Ife.
Alumnus, Nigerian Law School.
Alumnus, London School of Economics

**Mr. Olakunle Agbebi**
Non-executive Director (minority Shareholders)

Founding/Principal Partner,Olakunle Agbebi & Co.
Chairman, OA & C Properties Limited.
Former Director, TMC Savings & Loans Limited.
Member, Nigerian Bar Association.
Member, Business Recovery & Insolvency Practitioners
Association of Nigeria.
Alumnus, Nigerian Law School.
Alumnus, University of Jos.
Alumnus University of Lagos

# Board Of Directors

**Mr. Bernard Nicolaas Griesel**
Non-executive Director

Analyst, Steyn Capital Management, South Africa.
Member, South African Institute of Chartered Accountants.
Audit Senior, Deloitte & Touch LLP USA.
Audit Senior, Deloitte & Touch South Africa.
Alumnus, University of Stellenbosch South Africa.

**Mr. Maxwell Ebibai**
Non-executive Director

Commissioner of Finance, Bayelsa State.
Former Senior Vice-President with the Asset Management Corporation of Nigeria (AMCON).
Former Assistant General Manager, Bank PHB Plc.
Associate, Standard Trust Bank Limited.
Alumnus University of Chicago Booth School of Business.
Alumnus, Bayero University.
Alumnus, Rivers State University of Science and Technology.

**Mr. Okanlawon Adelagun**
Executive Director

Principal Consultant, OkadelConsulting
Executive Director (Business Development), Union Assurance Plc
Managing Director, IGI Insurance(Ghana) Limited
Deputy-General Manager(Technical), T & G Insurance Co. Ltd
Member of Chartered Insurance Institute (London)
Member Chartered Insurance Institute of Nigeria
Alumnus of University of Ibadan
Alumnus of Swiss InsuranceTraining Centre (SITC)

**Mr. Abubakar Shehu Dahiru**
Independent Director

Solicitor/Partner- Mizan-Consult (Law-office)
Senior Legal Officer/Head-Revenue Mobilization Allocation & Fiscal Commission.
Business Development Manager/Regional Manager (North) - Sky Power Aviation Handling Company.
Special Adviser to the Governor of Adamawa State.
Alumnus of University of Abuja.
Alumnus of Ahmadu Bello University, Zaria.

**Mr. Pius Otia**
Non-executive Director

Managing Director, Prime Project Montessori/ model School Ltd, Yenagoa
Former member of the Bayelsa State House of Assembly
Former Director Bayelsa State Properties and Investment Company Limited
Former Member, Bayelsa State Board of Internal Revenue,
Alumnus University of Port Harcourt
Alumnus Federal University of Technology, Owerri

# Management Team

**Mr. Daniel Braie**
Managing Director

**Mr. Okanlawon Adelagun**
Executive Director
Technical

**Mr. Anthony Saiki**
Head, Oil And Gas

**Mr. Emmanuel Otitolaiye**
Chief Financial
Officer

**Mr. Humphrey Ozegbe**
Head, Human Capital

**Mr. Taoheed Sikiru**
Head, Internal Audit

**Mr. Imo Imo**
Head, Strategy &
Business Development

# Financial Statements

# General information and statement of significant accounting policies

## 1 Corporate Information

### 1.1 Reporting entity
Linkage Assurance Plc. ("LINKAGE" or "the Company") was incorporated in Nigeria on 26th of March 1991 as a private limited liability company domiciled in Nigeria. It was registered by the National Insurance Commission on the 7th of October 1993 to transact general insurance business and commenced operations in January, 1994. The Company became a public limited liability company in 2003 and the Company's shares, which were quoted on the Nigerian Stock Exchange were first listed on 18 November 2003. The registered office of the Company is Plot 20 Block 94 Lekki Epe Express way, Lekki, Lagos, Nigeria.

The Company's high standard in corporate policies and governance are designed to encourage transparency in all its activities as well as ensure the protection of the long term interest of all stakeholders. The business of the Company is conducted with high level of integrity.

### 1.2. Principal activities
The Company was registered to transact all classes of life and non-life insurance business, insurance claims payment and investments. Subsequently it disposed its life business in February 2007 and concentrated on the non-life insurance business.

## 2 Basis of Preparation

### 2.1 Statement of compliance
The financial statements of Linkage Assurance Plc. have been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and in the manner required by the Companies and Allied Matters Act (CAMA), 2020, the Financial Reporting Council of Nigeria Act, 2011, the Insurance Act 2003 and relevant National Insurance Commission (NAICOM) circulars.

The financial statements were authorized for issue by the Company's board of directors on 9 March 2021. Details of the Company's accounting policies are included in Note 4.

### 2.2 Going concern
These financial statements have been prepared on the going concern basis. The Company has no intention or need to reduce substantially its business operations. The Directors believe that the going concern assumption is appropriate for the Company due to sufficient capital adequacy ratio.

### 2.3 Basis of measurement
The financial statements have been prepared under the historical cost basis except for the following:
(i) Financial instruments at fair value through profit or loss are measured at fair value
(ii) Available-for-sale financial assets are measured at fair value
(iii) Land and buildings are carried at fair value
(iv) Investment properties are measured at fair value
(v) Insurance contract liabilities at present value and
(vi) Defined benefit obligation measured at present value.

### 2.4 Use of judgments and estimates
In preparation of these financial statements, management has made judgments and estimates that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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

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

#### (b) Assumptions and estimation uncertainties

Information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have a significant of risk of resulting in material adjustment on the amounts recognized in the financial statements are included in the following notes to the financial statements:

(i) Note 13 - determining the fair value of investment properties on the basis of significant unobservable inputs.
(ii) Note 6.2 and 17 - valuation of insurance contract liabilities: key actuarial assumptions.
(iii) Note 22 - measurement of defined benefits obligations; key actuarial assumptions.
(iv) Note 8.2 - determining the fair value of unquoted equity instruments on the basis of significant unobservable inputs.

### 2.5 Functional and presentation Currency

The financial statements are presented in Nigerian Naira (₦) and amounts presented / disclosed are rounded to the nearest thousands unless otherwise stated. Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (the "functional currency"). The Company is incorporated in Nigeria and has adopted Naira as its functional currency.

## 3 Changes in accounting policies

The Company has consistently applied the accounting policies set out in Note 4.1 to 4.28 to all periods presented in these financial statements. A number of other new standards are effective from 1 January 2021 but do not have a material effect on the Company's financial statements.

## 4 Significant accounting policies

The Company has consistently applied the following accounting policies to all periods presented in these financial statements.

### 4.1 Cash and cash equivalents

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

For the purpose of the statement of cash flow, cash and cash equivalents consist of cash and cash equivalents as defined above.

### 4.2 Financial instruments

Financial instruments include all financial assets and liabilities. These instruments are typically held for liquidity, investment and strategic planning purposes. All financial instruments are initially recognized at fair value plus (or minus) directly attributable transaction costs, except those carried at fair value through profit or loss where transaction costs are recognized immediately in profit or loss. Financial instruments are recognized when the Company becomes a party to the contractual provisions of the instrument.

### 4.2.1 Classification of financial assets

The Company classifies its financial assets into the following categories:

- Financial assets at fair value through profit or loss
- Held-to-maturity investments
- Loans and receivables
- Available-for-sale financial assets

Management determines the appropriate classification of its investments at initial recognition and the classification depends on the purpose for which the investments were acquired or originated. The Company's financial assets include cash and short-term deposits, trade and other receivables, quoted and unquoted financial instruments.

***Financial assets at fair value through profit or loss***

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 recognized in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value and subsequent changes in fair value, including any interest or dividend income, are recognized in profit or loss.

***Held to maturity***

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that management has the positive intention and ability to hold to maturity. Where a sale occurs, other than of an insignificant amount of held-to-maturity assets, the entire category would be tainted and classified as available-for-sale. These assets are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortized cost using the effective interest method.

***Loans and receivables***

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Company provides money, goods or services directly to a debtor with no intention of trading the receivable. These assets are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortized cost using the effective interest method.

***Available-for-sale financial assets (AFS)***

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not classified as (a) loans and receivables, (b) held-to-maturity investments or (c) financial assets at fair value through profit or loss. Available-for-sale financial instruments are securities that are intended to be held for an indefinite period of time and which may be sold in response to liquidity needs or in response to changes in market conditions.

These assets are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences on debt instruments, are recognized in OCI and accumulated in the fair value reserve. When these assets are derecognized or impaired, the gain or loss accumulated in equity is reclassified to profit or loss.

### 4.2.2 Non-derivative financial liabilities –Measurement

Other non-derivative financial liabilities are initially measured at fair value less any directly attributable transaction costs.

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Subsequent to initial recognition, these liabilities are measured at amortized cost using the effective interest method.

### 4.2.3 Impairment of non derivative financial assets

The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset is impaired. Objective evidence of impairment is established as a result of one or more events that occurred after initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset that can be reliably estimated.

A financial asset not classified as at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence of impairment.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Company on terms that the Company would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, the disappearance of an active market for a security because of financial difficulties, adverse changes in the status of borrowers or issuers, or observable data indicating that there is a measurable decrease in the expected cashflow from a group of financial assets.

For an investment in an equity security, objective evidence of impairment includes a significant or prolonged decline in its fair value below its costs. The Company considers a decline of 20% to be significant and a period of nine months to be prolonged. The Company considers evidence of impairment for receivables and held-to-maturity investment securities at both specific and collective level. Those not to be specifically impaired are collectively assessed for any impairment that has been incurred but not yet identified. Assets that are not individually significant are collectively assessed for impairment by grouping together assets with similar risk characteristics.

In assessing collective impairment, the Company uses historical information on the timing of recoveries and the amount of loss incurred, and makes adjustment if current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss is 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 are recognized in profit or loss and reflected in an allowance account. When the Company considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, then the previously recognized impairment loss is reversed through profit or loss.

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

### 4.2.4 De-recognition of financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred, or has assumed an obligation to pay those cash flows to one or more recipients, subject to certain criteria. Any interest in transferred financial assets that is created or retained by the Company is recognized as a separate asset or liability.

### 4.2.5 Financial liabilities

Financial liabilities are classified as either financial liabilities at fair value through profit or loss (at FVTPL) or 'other financial liabilities'. Financial liabilities are recognized initially at fair value and in the case of other financial liabilities, less directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, insurance payables and investment contracts. The Company's financial liabilities are classified as other financial liabilities.

Other financial liabilities which includes creditors arising out of reinsurance arrangements, direct insurance arrangement and other payable, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortized cost using the effective interest method, with interest expense recognized on an effective interest basis.

The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

***De-recognition***

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

### 4.2.6 Offsetting financial instruments
Financial assets and liabilities are set off and the net amount presented in the statement of financial position when, the Company has a legally enforceable right to set off the recognized amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

### 4.3 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 Company has access at that date. The fair value of a liability reflects its non-performance risk.

A number of the Company's accounting policies and disclosures require the measurements of fair values for both the financial and non-financial assets and liabilities.

When one is available, the Company 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 Company uses valuation techniques that maximize 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.

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

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 Company 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.

Portfolios of financial assets and financial liabilities that are exposed to market risk and credit risk that are managed by the Company 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.

### 4.4 Financial guarantee contracts
Financial guarantee contracts are contracts that require the Company to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantee liabilities are initially recognized at fair value, which is the premium received and then amortized over the life of the financial guarantee. Subsequent to initial recognition, the financial guarantee liability is measured at the higher of (i) the amount determined n accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets and (ii) the amount initially recognized less, when appropriate, cumulative amortization recognized in accordance with IFRS 15. Financial guarantees are included within other liabilities.

### 4.5 Trade receivables
Trade receivables arising from insurance contracts represent premium receivable with determinable payments that are not quoted in an active market and the Company has no intention to sell. Premium receivables are those for which credit notes issued by brokers are within 30 days, in conformity with the “NO PREMIUM NO COVER” policy.Trade receivables are classified as loans and receivables.

The Company assesses at each reporting date whether there is objective evidence that an insurance receivable is impaired. If there is objective evidence that the insurance receivable is impaired, the carrying amount of the insurance receivable is reduced accordingly through an allowance account and recognized as impairment loss in profit or loss.

Trade receivables include amounts due from agents, brokers and insurance contract holders. Trade receivables are recognized when due.

### 4.6 Reinsurance
The Company cedes business to reinsurers in the normal course of business for the purpose of limiting its net loss potential through the transfer of risks. Premium ceded comprise gross written premiums. Reinsurance arrangements do not relieve the Company from its direct obligations to its policyholders. In the course of ceding out business to reinsurers, the Company incurs expenses. This is recognized as reinsurance expense in the statement of profit or loss.

### 4.7 Deferred acquisition costs and revenue
The incremental costs directly attributable to the acquisition of new business are deferred by recognizing an asset. For other

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insurance contracts, acquisition costs including both incremental acquisition costs and other indirect costs of acquiring and processing new business are deferred (deferred acquisition costs).

Where such business is reinsured the reinsurers' share is carried forward as deferred income.

Deferred acquisition costs and deferred origination costs are amortized systematically over the life of the contracts and tested for impairment at each reporting date. Any amount not recoverable is expensed. They are derecognized when the related contracts are settled or disposed of.

***Deferred Acquisition Revenue***

The Company recognizes commissions receivable on outwards reinsurance contracts as a deferred income and amortized over the average term of the expected premiums payable.

### 4.8 Investment properties

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met; and excludes the cost of the day-to-day servicing of an investment property.

Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date.

Gains or losses arising from changes in the fair values of investment properties are included in the profit or loss and other comprehensive income in the year in which they arise.

Investment properties are de-recognized either when they have been disposed of, or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognized in the profit or loss and other comprehensive income in the year of retirement or disposal.

Transfers are made to or from investment properties only when there is a change in use evidenced by the end of owner-occupation, commencement of an operating lease to another party or completion of construction or development. When the use of property changes from owner-occupied to investment property the property is re-measured to fair value and reclassified accordingly. Any gain arising from this re-measurement is recognized in profit or loss to the extent that it reverses a previous impairment loss on the specific property, with any remaining gain recognized in OCI and presented in the revaluation reserve. Any loss recognized in profit or loss.

### 4.9 Intangible assets

The intangible assets include computer software acquired for use in the Company's operation.

Software acquired by the Company is stated at cost less accumulated amortization and accumulated impairment losses (where this exists). Acquired intangible assets are recognized at cost on acquisition date. Subsequent to initial recognition, these assets are carried at cost less accumulated amortization and impairment losses in value, where appropriate.

Subsequent expenditure on software assets is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

Amortization is recognized in the profit or loss and other comprehensive income 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 economic benefits embodied in the asset. The assets are usually amortized over their useful life most which do not exceed 4 years. Amortization methods are reviewed at each financial year and adjusted if appropriate.

Intangible assets are derecognized at disposal date or at the date when it is permanently withdrawn from use without the ability to be disposed of. The differences between the carrying amounts at the date of derecognition and any disposal proceeds as applicable, is recognized in profit or loss.

There was no internally developed software at the date of reporting.

### 4.10 Property and equipment

*Recognition and measurement*

All categories of property and equipment are initially recorded at cost. Items of property and equipment except land and buildings are subsequently measured at revalued amount less accumulated depreciation and impairment losses. Cost includes expenditures 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 bring 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 capitalized borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalized as part of equipment.

Land are stated at revalued amount while buildings are subsequently stated at revalued amount less depreciation and impairment losses. All other property and equipment are stated at historical cost less depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Land and buildings are revalued every three (3) years. Increase in the carrying amount of land and buildings arising from revaluation are credited to revaluation reserve in other comprehensive income.

Decreases that offset previous increases in land and buildings arising from revaluation are charged against the revaluation reserve while other decreases, if any, are charged to profit or loss.

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

*Depreciation*
Depreciation is provided on a straight line basis so as to allocate the cost/re-valued amounts less their residual values over the estimated useful lives of the classes of assets. Depreciation begins when an asset is available for use and ceases at the earlier of the date that the asset is derecognized or classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations.

The estimated useful lives of the property and equipment for the current and comparative periods are as follows:

| | |
|---|---|
| Land | Nil |
| Buildings | 50 years |
| Buildings work in progress | Nil |
| Computer hardware and office equipment | 4 years |
| Furniture and fittings | 4 years |
| Motor vehicles | 4 years |

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

Land is not depreciated.

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

### 4.11 Impairment of non-financial assets

The carrying amounts of the Company's non-financial 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. Indefinite-lived intangible assets are tested annually for impairment. An impairment loss is recognized if the carrying amount of an asset or cash-generating unit (CGU) exceeds its recoverable amount.

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

The recoverable amount of an asset or cash-generating unit 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.

Impairment losses are recognized in profit or loss. In respect of other non-financial assets, impairment losses recognized 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 and is reversed through profit or loss 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 amortization, if no impairment loss had been recognized.

### 4.12 Statutory deposit

The Company maintains a statutory deposit with the Central Bank of Nigeria (CBN) which represents 10% of the minimum capitalization in compliance with the Insurance Act. This balance is not available for the day-to-day operations of the Company and is measured at cost.

### 4.13 Insurance contract liabilities

Estimates have to be made both for the expected ultimate cost of claims reported at the reporting date and for expected ultimate cost of claims incurred but not yet reported (IBNR) at the reporting date.

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It can take a significant period of time before the ultimate claims cost can be established with certainty and for the same type of policies.

The ultimate cost of outstanding claims is estimated by using one of the ranges of standard actuarial claims projection techniques – Discounted Inflation Adjusted Chain Ladder method.

The main assumption underlying this technique is that a Company's past claims development experience can be used to project future claims development and hence ultimate claims costs. As such, this method extrapolates the development of paid and incurred losses, average costs per claim and claim numbers based on the observed development of earlier years and expected loss ratios. Historical claims development is mainly analyzed by accident years, but can also be further analyzed by geographical area, as well as by significant business lines and claim types.

Large claims are usually separately addressed, either by being reserved at the face value of loss adjuster estimates or separately projected in order to reflect their future development. In most cases, no explicit assumptions are made regarding future rates of claims inflation or loss ratios. Instead, the assumptions used are those implicit in the historical claims development data on which the projections are based.

Additional qualitative judgment is used to assess the extent to which past trends may not apply in future, (for example to reflect one-off occurrences, changes in external or market factors such as public attitudes to claiming, economic conditions, levels of claims inflation, judicial decisions and legislation, as well as internal factors such as portfolio mix, policy features and claims handling procedures) in order to arrive at the estimated ultimate cost of claims that present the likely outcome from the range of possible outcomes, taking account of all the uncertainties involved.

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

## 4.14 Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company uses the definition of a lease in IFRS 16.

At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Company recognizes a right of use asset and a lease liability at the lease commencement date. The right of use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

The Company determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

**Lease payments included in the measurement of the lease liability comprise the following:**

– fixed payments, including in-substance fixed payments;
– variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
– amounts expected to be payable under a residual value guarantee; and
– the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in other liabilities in the statement of financial position.

*Short-term leases and leases of low-value assets*
The Company has elected not to recognize right-of-use assets and lease liabilities for leases of low value assets and short term leases, including IT equipment. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

**As a Lessor**
At inception or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. When the Company acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Company makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Company applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, then the Company applies IFRS 15 to allocate the consideration in the contract. The Company applies the derecognition and impairment requirements in IAS 39 to the net investment in the lease. The Company further regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease.

The Company recognizes lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'other revenue'.

Generally, the accounting policies applicable to the Company as a lessor in the comparative period were not different from IFRS 16 except for the classification of the sub-lease entered into during current reporting period that resulted in a finance lease classification.

### 4.15 Provisions
Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligation as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

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

**(ii) Post-employment benefits**

Defined contribution plans
The Company operates a defined contribution plan in accordance with the provisions of the Pension Reform Act 2014. The contribution of the employee and employer is 8% and 10% of the qualifying monthly emoluments (i.e. basic, housing and transport) of employees respectively. The Company's obligations for contributions to the plan are recognized as an expense in profit or loss when they are due. Prepaid contributions are recognized as asset to the extent that a cash refund or reduction in future payments is available.

**Defined benefit plan**
The Company commenced the operation of a staff sinking fund scheme upon obtaining Board of directors' approval in May 2014. This Sinking Fund is non-contributory defined employee exit benefit plan under which the Company alone makes fixed


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contributions into a separate entity and the fund can only be accessed by staff members at the point they are exiting the Company for reasons other than dismissal.

The amount payable to exiting staff is dependent on years of service and compensation as at date of exit. This value of this benefit is actuarially determined at each reporting date by an independent actuary using the projected unit credit method.

When the calculation results in a potential asset for the Company, the recognized asset is limited to the present value of the economic benefits available in the form of any future refund from the plan or reductions in the future contributions to the plan. To calculate the present value of the economic benefits, consideration is given to any applicable minimum funding requirements. Remeasurements of the net defined benefits liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest) are recognized in OCI.

The Company determines the net interest expense (income) on the defined benefits liability (asset) for the period by applying a discount rate used to measure the defined benefits liability (asset) taking into account any changes in the defined benefit liability (asset) during the period as a result of contributions and benefits payments. Net interest expense and other expenses related to defined benefit plan are recognized in the profit or loss.

***(iii) Termination benefits***

Termination benefits are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Company recognizes termination benefits when it is demonstrably committed to terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy.

Termination benefits are expensed at the earlier of when the Company can no longer withdraw the offer of those benefits and when the Company recognizes cost for a restructuring. If benefits are not expected to be settled within 12 months of the reporting date then they are discounted.

## 4.17 Taxation

### Company Income Tax

Income tax expense comprises current tax (company income tax, tertiary education tax, National Information Technology Development Agency levy and Nigeria Police Trust Fund levy) and deferred tax. It is recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

The Company has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore accounted for them under IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

### Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year, and any adjustment to 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 or substantively enacted at the reporting date and is assessed as follows:

- Company income tax is computed on taxable profits
- Tertiary education tax is computed on assessable profits
- National Information Technology Development Agency levy is computed on profit before tax
- Nigeria Police Trust Fund levy is computed on net profit (i.e. profit after deducting all expenses and taxes from revenue earned by the company during the year)

Total amount of tax payable under CITA is determined based on the higher of two components namely Company Income Tax (based on taxable income (or loss) for the year); and minimum tax. Taxes based on profit for the period are treated as income tax in line with IAS 12.

### Minimum tax

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. 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.

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.

The Company offsets the tax assets arising from withholding tax (WHT) credits and current tax liabilities if, and only if, the entity has a legally enforceable right to set off the recognized amounts, and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously. The tax asset is reviewed at each reporting date and written down to the extent that it is no longer probable that future economic benefit would be realized.

### Deferred tax

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amount used for taxation purposes. Deferred tax is not recognized for:

* temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting not taxable profit or loss;

* taxable temporary differences arising on the initial recognition of goodwill; and

* temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

Deferred tax assets are recognized for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future tax profits will be available against which they can be used. Future taxable profit are determined based on the reversal of relevant taxable temporary differences. If the amount of the taxable temporary differences is insufficient to recognize a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Company. 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 realized; such reductions are reversed when the probability of the future taxable profits improves.

Unrecognized deferred tax assets are reassessed at each reporting date and recognized to the extent that it has become probable that future taxable profits will be against which they can be used.
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, and reflects uncertainty related to income taxes, if any.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. For this purpose, the carrying amount of investment property measured at fair value is presumed to be recovered through sale, and the Company has not rebutted this presumption.

Deferred tax assets and liabilities are offset only if certain criteria are met.

### 4.18 Other receivables and prepayments
Other receivables include cash advance, sundry receivables, withholding tax recoverable, etc. Other receivables are carried at amortized cost using the effective interest rate less accumulated impairment losses.

Prepayments include amounts paid in advance by the Company on rent, staff benefits, vehicle repairs etc. Expenses paid in advance are amortized on a straight line basis to the profit and loss account.

### 4.19 Share capital and reserves

#### *a. Share capital*

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

#### *Share premium*
The Company classifies share premium as equity when there is no obligation to transfer cash or other assets.

#### *b. Dividend*
Dividend on ordinary shares are recognized and deducted from equity when they are approved by the Company's shareholders, while interim dividends are deducted from equity when they are paid. Dividends for the year/period that are approved after the reporting date are disclosed as an event after reporting date and as note within the financial statements.

#### *c. Contingency reserves*

Contingency reserve is calculated at the higher of 3% of gross premium and 20% of net profits. This amount is expected to be accumulated until it amounts to the higher of minimum paid-up capital for a non-life (general) insurance company or 50% of gross premium in accordance with section 21(2) of the Insurance Act of Nigeria and relevant National Insurance Commission (NAICOM) guidelines and circulars.

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

#### *e. Fair value reserve*
The fair value reserve comprises the cumulative net change in the fair value of the Company's available-for-sale investments. Net fair value movements are recycled to profit or loss if an underlying available-for-sale investment is either derecognized or impaired.

# General information and statement of significant accounting policies

***f. Re-measurement reserve***

The re-measurement reserve comprises the actuarial gains and losses on defined benefits post employment plan.

**4.20 Contingent liabilities and assets**

Possible obligations of the Company, the existence of which will only be confirmed by the occurrence or non-occurrence of uncertain future events not wholly within the control of the Company and present obligations of the Company where it is not probable that an outflow of economic benefits will be required to settle the obligation or where the amount of the obligation cannot be measured reliably, are not recognized in the Company statement of financial position but are disclosed in the notes to the financial statements.

Possible assets of the Company, the existence of which will only be confirmed by the occurrence or non-occurrence of uncertain future events not wholly within the control of the Company, are not recognized in the Company's statement of financial position but are disclosed in the notes to the financial statement where an inflow of economic benefits is probable.

**4.21 Foreign currency translation**

The financial statements are presented in Nigerian naira (₦), which is the functional and presentation currency, and rounded down to the nearest thousand (000) unless otherwise indicated.

***Transactions and balances***

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange operating gains or losses resulting from the settlement of such transactions and from translation at year/period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the profit or loss.

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

**4.22 Insurance contracts**

**(a) Classification**

IFRS 4 requires contracts written by insurers to be classified as either 'insurance contracts' or 'investment contracts' depending on the level of insurance risk transferred. The Company only issues contracts that transfer insurance risks.

Insurance contracts are those contracts where a party (the policy holder) transfers significant insurance risk to another party (insurer) and the latter agrees to compensate the policyholder or other beneficiary if a specified uncertain future event (the insured event) adversely affects the policyholder, or other beneficiary.

General insurance business means insurance business of any class or classes not being long term insurance business. Classes of General insurance include:

- Fire insurance business
- General accident insurance business;
- Motor vehicle insurance business;
- Engineering insurance business;
- Marine insurance business;
- Oil and gas insurance business;
- Bonds credit guarantee insurance business; and
- Miscellaneous insurance business

For all these contracts, premiums are recognized as revenue proportionally over the period of coverage. The portion of premium received on in-force contracts that relates to unexpired risk at the end of reporting date is reported as the unearned premium liability.

**(b) Recognition and measurement of insurance contracts**

*Premium income is recognized on assumption of risks.*

**(I) Premiums**

Premiums comprise gross written premiums on insurance contracts entered into during the year, irrespective of whether they relate in whole or in part to a later accounting period. Premiums are shown before deductions of commissions and are gross of any taxes or duties levied on premiums.

**(ii) *Unearned premium provision***

The provision for unearned premiums (unexpired risk) represents the proportion of premiums written in the periods up to the accounting date that relates to the unexpired terms of policies in force at the end of reporting date. This is estimated to be earned in subsequent financial years, computed separately for each insurance contract using a time proportionate basis.

**(iii) *Gross premium earned***

Gross premium earned includes estimates of premiums due but not yet received, less unearned premium.

**(iv) *Claims payable***
Claims incurred consist of claims and claims handling expenses paid during the financial year together with the movement in the provision for outstanding claims and incurred but not yet reported (IBNR) claims. Claims paid represent all payments made during the year, whether arising from events during that or earlier years/periods.

Claims and loss adjustment expenses are charged to income statement as incurred based on the estimated liability for compensation owed to contract holders or third parties damaged by the contract holders.

Outstanding claims represent the estimated ultimate cost of settling all claims arising from incidents occurring prior to the end of reporting date, but not settled at that date. Outstanding claims computed are subject to liability adequacy tests to ensure that material and reasonably foreseeable losses arising from existing contractual obligations are recognized.

**(v) *Commissions and deferred acquisition costs***
Commissions earned and payable are recognized in the period in which relevant premiums are written. A proportion of commission payable is deferred and amortized over the period in which the related premium is earned. Deferred acquisition costs represent the proportion of acquisition costs which corresponds to the unearned premium and are deferred as an asset and recognized in the subsequent period.

**(vi) *Liability adequacy test***

At the end of reporting date, liability adequacy tests are performed to ensure that material and reasonably foreseeable losses arising from existing contractual obligations are recognized. In performing these tests, current best estimates of future contractual cash flows and claims handling and administration expenses and investment income backing such liabilities are considered. Any deficiency is charged to Statement of comprehensive income by increasing the carrying amount of the related insurance liabilities.

**(vii) *Salvage and Subrogation Reimbursement***

Some insurance contracts permit the Company to sell (usually damaged) property acquired in settling a claim (for example salvage). The Company may also have the right to pursue third parties for payment of some or all costs (for example subrogation).

Salvaged property is recognized in other receivables and prepayments when the amount that can reasonably be recovered from the disposal of the property has been established and salvage recoveries are included as part of claims recoveries.

Subrogation reimbursements are recognized in claim recoveries when the amount to be recovered from the liable third party has been established.

### 4.23 Revenue

Revenue comprises insurance premium derived from the provision of risk underwriting services; and interest and dividend income earned on investment securities held by the Company.

#### Revenue recognition

*Insurance premium revenue*
The revenue recognition policy relating to insurance contracts is set out under 4.22.(b)(i)

*Commission earned*
The revenue recognition policy on commission is disclosed in 4.22.(b)(v)

*Investment income*
Interest income for interest bearing financial instruments, are recognized within 'investment & other income' in the income statement using the effective interest method. The effective interest rate is the rate that exactly discount the estimated future cash payments and receipts through the expected life of the financial asset (or, where appropriate, a shorter period) to the net carrying amount of the financial asset. The effective interest rate is calculated on initial recognition of the financial asset and is not revised subsequently. Investment income also includes dividends when the right to receive payment is established. For listed securities, this is the date the security is listed as ex-dividend.

*Other operating income*
Other operating income comprises income from realized profits on sale of securities, realized foreign exchange gains/(losses), rental income and other sundry income recognized when earned.

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

Rental income from investment property is recognized as revenue on a straight line basis over the term of the lease. Lease incentives granted are recognized as an integral part of the total rental income, over the term of the lease.

# General information and statement of significant accounting policies

### 4.24 Net claims expenses
Net claims expenses comprise claims incurred and claims handling expenses incurred during the financial year and changes in the provision for outstanding claims net of recoveries/recoverable from reinsurers.

**(a) Claims**
Claims and loss adjustment expenses are charged to income as incurred based on the estimated liability for compensation owed to policyholders and/or beneficiaries. They included direct and indirect claims settlement costs and arise from events that have occurred up to the end of the reporting period even if they have not been reported to the Company.

The Company does not discount its liabilities for unpaid claims. Liabilities for unpaid claims are estimated using the input of assessments for individual cases reported to the Company and statistical analyses for the claims incurred but not reported, and to estimate the expected ultimate cost of more complex claims that may be affected by external factors. No provision has been made for possible claims under contracts that are not in existence at the end of the reporting period.

***(b) Reinsurance claims***
Reinsurance claims are recognized when the related gross insurance claim is recognized according to the terms of the relevant contract.

### 4.25 Underwriting expenses

Underwriting expenses comprise acquisition costs and other underwriting expenses. Acquisition cost comprise all direct and indirect costs arising from the writing of insurance contracts. Examples include, but are not limited to, commission expense, superintendent fees and other technical expenses. Other underwriting expenses are those incurred in servicing existing policies/contracts. These are charged in the income statement.

### 4.26 Operating expense

Expenses are decreases in economic benefits during the accounting period in the form of outflows, depletion of assets or incurrence of liabilities that result in decrease in equity, other than those relating to distributions to equity participants. Expenses are recognized on an accrual basis regardless of the time of spending cash. Expenses are recognized in the income statement when a decrease in future economic benefit related to a decrease in an assets or an increase of a liability has arisen that can be measured reliably. Expenses are measured at historical cost.

Only the portion of cost of a previous period that is related to the income earned during the reporting period is recognized as an expense. Expenses that are not related to the income earned during the reporting period, but expected to generate future economic benefits, are recorded in the financial statement as assets. The portion of assets which is intended for earning income in the future periods shall be recognized as an expense when the associated income is earned.

Expenses are recognized in the same reporting period when they are incurred in cases when it is not probable to directly relate them to particular income earned during the current reporting period and when they are not expected to generate any income during the coming years.

### 4.27 Operating segments
IFRS 8 Operating segments requires operating segments to be identified on the basis of internal reports about components of the Company that are regularly reviewed by the Chief Operating Decision Maker (in the case of the Company, the Chief Executive) to allocate resources to the segments and to assess their performance.

The Company's reportable segments under IFRS 8 are therefore identified as follows: fire, accident, motor vehicle, engineering, oil and gas and others. The other segment relates to marine and aviation business class revenue which do not meet the quantitative threshold. (Refer to note 5).

The accounting policies of the reportable segments are the same as the Company's accounting policies. Segment result represents the result of each segment without allocation of certain expenses, finance costs and income tax. This is the measure reported to the Company's Chief Executive for the purpose of resource allocation and assessment of segment performance.

### 4.28 Earnings per share
The Company presents earnings per share for its ordinary shares. The basic earnings per share (EPS) are calculated by dividing the net profit attributable to shareholders' by the weighted average number of ordinary shares in issue during the year. Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

### 4.29 New standards, interpretations and amendments to existing standards

**(a) Effective standards not yet adopted by the Company**
There are new or revised Accounting Standards and Interpretations in issue that are effective but not yet adopted by the Company. This include the following Standards and Interpretations that are applicable to the business of the entity and may have an impact on future financial statements:

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

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

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

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

*Classification and measurement*

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

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

# General information and statement of significant accounting policies

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

| Financial Assets 31 December 2021 | IAS 39 Classification | | IFRS 9 Classification | Carrying Amount 31 December 2021 |
|---|---|---|---|---|
| Cash and cash equivalents | Loans and receivables | | Amortized cost | 3,476,697 |
| Financial assets at fair value through profit or loss | FVTPL | | FVTPL | 5,050,881 |
| Available-for-sale financial assets: | | | | |
| Quoted equities | AFS | | FVOCI | - |
| Unquoted equities | AFS | | FVOCI | 17,628,000 |
| Unquoted equities- at cost | AFS | | FVOCI | 64,029 |
| Loans and receivables | Loans and receivables | | Amortized cost | 141,658 |
| Held-to-Maturity investments | Loans and receivables | | Amortized cost | 3,690,194 |
| Trade receivables | Loans and receivables | | Amortized cost | 81,468 |
| Other receivables (less prepayments and other assets) | Loans and receivables | | Amortized cost | 129,090 |
| Reinsurance assets (less prepaid reinsurance, outstanding claims and IBNR) | Loans and receivables | | Amortized cost | 3,006,069 |
| | | | | |
| **Financial Assets 31 December 2020** | **IAS 39 Classification** | | **IFRS 9 Classification** | **Carrying Amount 31 December 2020** |
| Cash and cash equivalents | Loans and receivables | | Amortized cost | 3,592,711 |
| Financial assets at fair value through profit or loss | FVTPL | | FVTPL | 8,655,489 |
| Available-for-sale financial assets: | | | | |
| Quoted equities | AFS | | FVOCI | - |
| Unquoted equities | AFS | | FVOCI | 14,243,000 |
| Unquoted equities- at cost | AFS | | FVOCI | 64,029 |
| Loans and receivables | Loans and receivables | | Amortized cost | 76,671 |
| Held-to-Maturity investments | Loans and receivables | | Amortized cost | 1,509,466 |
| Trade receivables | Loans and receivables | | Amortized cost | 63,974 |
| Other receivables (less prepayments and other assets) | Loans and receivables | | Amortized cost | 172,611 |
| Reinsurance assets (less prepaid reinsurance, outstanding claims and IBNR) | Loans and receivables | | Amortized cost | 1,239,009 |

*Impairment*

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

The Company do not currently have an Expected Credit Loss (ECL) model for financial assets; hence the potential impact of the ECL impairment on profit or loss and equity has not been estimated.

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

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

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

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

The optional solutions are:

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

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

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

With respect to IFRS 9 above, the Company is eligible to apply IFRS 9 deferral approach since IFRS 9 has not been previously applied by the Company and the activities of the Company are predominantly connected with insurance.

To determine if the Company's activities are predominantly connected with insurance, the Company has assessed the ratio of the Company's liabilities connected with insurance - including investment contracts liabilities - compared with it's total liabilities as at 31 December 2015. See the assessment below:

| | **LIABILITIES** | | | **AS REPORTED (A)** | **Admissible for Predominance Test (B)** |
|---|---|---|---|---|---|
| | | | | **31-Dec-15** | **31-Dec-15** |
| | | | | | |
| | Insurance contract liabilities | | | 2,276,752 | 2,276,752 |
| | Trade payables | | | 229,316 | 229,316 |
| | Provision and other payables | | | 327,273 | - |
| | Retirement benefit obligations | | | 84,225 | - |
| | Income tax liabilities | | | 147,355 | 147,355 |
| | Deferred tax liabilities | | | 117,921 | - |
| | | | | **3,182,842** | **2,653,423** |
| | | | | | |
| | | | | Score = (B/A)% | **83.37%** |

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

a) Its activities are predominantly connected with insurance contracts;
b) As at 31 December 2015, which is the reporting date that immediately precedes 1 April 2016, the carrying amount of its liabilities arising from insurance contracts was ₦2.65 billion which was 83.37% of the total carrying amount of all its liabilities as at that date.
c) The Company's activities have remained the same and are predominantly connected with insurance contracts. The majority of the activities from which the Company earns income and incur expenses are insurance-related.

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

**Fair value disclosures**
i) Financial assets with contractual terms that give rise to cash flows that are solely payments of principal and interest (SPPI)
The Company's financial assets with contractual terms that give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding are as follows:

a) Cash and cash equivalents
b) Available-for-sale financial assets (Bonds)
c) Loans and receivables
d) Held-to-Maturity financial assets
e) Trade receivables
f) Reinsurance assets (less prepaid reinsurance and reinsurers' share of outstanding claims and IBNR)
g) Other receivables (only financial receivables)

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

These are financial assets that meet the definition of financial assets designated at fair value through profit or loss in line with IFRS 9; or that are managed and whose performance is evaluated on a fair value basis. These are:
a) Financial assets measured though profit and loss
b) Equity securities and Investment funds

# General information and statement of significant accounting policies

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

| Fair value disclosures | | | | |
|---|---|---|---|---|
| **As at 31 December 2021** | **Financial assets that meet the SPPI criterion** | | **All other financial assets** | |
| **Category** | **Fair value** | **Fair value change during the reporting period** | **Fair value** | **Fair value change during the reporting period** |
| *In thousands of Naira* | | | | |
| Cash and cash equivalents* | 3,476,697 | - | - | - |
| Debt securities* | | | | |
| Held-to-maturity* | 3,690,194 | - | - | - |
| Loans and receivables* | 141,658 | - | - | - |
| Trade and other receivables* | 210,558 | - | - | - |
| Statutory deposits* | 500,000 | - | - | - |
| **Subtotal** | **8,019,107** | **-** | **-** | **-** |
| Equity securities - FVOCI | - | - | 18,701,618 | 3,397,853 |
| Financial instruments - FVTPL | - | - | 5,050,881 | (1,268,490) |
| **Total** | **8,019,107** | **-** | **23,752,499** | **2,129,363** |
| * The fair values of these financial assets approximate their cost. | | | | |

(b) Standards issued but not yet effective

(i) Insurance contracts (IFRS 17) - Effective for financial year commencing 1 January 2023
IFRS 17 replaced IFRS 4 Insurance Contracts

IFRS 17 supersedes IFRS 4 Insurance Contracts and aims to increase comparability and transparency about profitability. The new standard introduces a new comprehensive model ("general model") for the recognition and measurement of liabilities arising from insurance contracts. In addition, it includes a simplified approach and modifications to the general measurement model that can be applied in certain circumstances and to specific contracts, such as:

- Reinsurance contracts held;
- Direct participating contracts; and
- Investment contracts with discretionary participation features.

Under the new standard, investment components are excluded from insurance revenue and service expenses. Entities can also choose to present the effect of changes in discount rates and other financial risks in profit or loss or OCI. The new standard includes various new disclosures and requires additional granularity in disclosures to assist users to assess the effects of insurance contracts on the entity's financial statements.

The entity is in the process of determining the impact of IFRS 17 and will provide more detailed disclosure on the impact in future financial statements.

The standard is effective for annual periods beginning on or after 1 January 2023. Early adoption is permitted.

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

The amendments address the conflict between IFRS 10 and IAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that the gain or loss resulting from the sale or contribution of assets that constitute a business, as defined in IFRS 3, between an investor and its associate or joint venture, is recognised in full. Any gain or loss resulting from the sale or contribution of assets that do not constitute a business, however, is recognised only to the extent of unrelated investors' interests in the associate or joint venture. The IASB has deferred the effective date of these amendments indefinitely, but an entity that early adopts the amendments must apply them prospectively.

This standard is not applicable to the Company.

### (iii) Amendments to IAS 1 - Classification of Liabilities as Current or Non-current

In January 2020, the Board issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current.The amendments clarify:
- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

*Right to defer settlement*
The Board decided that if an entity's right to defer settlement of a liability is subject to the entity complying with specified conditions, the entity has a right to defer settlement of the liability at the end of the reporting period if it complies with those conditions at that date.

*Existence at the end of the reporting period*
The amendments also clarify that the requirement for the right to exist at the end of the reporting period applies regardless of whether the lender tests for compliance at that date or at a later date.

*Management expectations*
IAS 1.75A has been added to clarify that the 'classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement of the liability for at least twelve months after the reporting period'. That is, management's intention to settle in the short run does not impact the classification. This applies even if settlement has occurred when the financial statements are authorised for issuance.

*Meaning of the term 'settlement'*
The Board added two new paragraphs (paragraphs 76A and 76B) to IAS 1 to clarify what is meant by 'settlement' of a liability. The Board concluded that it was important to link the settlement of the liability with the outflow of resources of the entity.

In cases where a conversion option is classified as a liability or part of a liability, the transfer of equity instruments would constitute settlement of the liability for the purpose of classifying it as current or non-current. Only if the conversion option itself is classified as an equity instrument would settlement by way of own equity instruments be disregarded when determining whether the liability is current or non-current.

The Company will apply this amendment when it becomes effective on 1 January 2023.

**(iv) Amendments to IFRS 3 - Reference to the Conceptual Framework**
In May 2020, the IASB issued Amendments to IFRS 3 Business Combinations - Reference to the Conceptual Framework. The amendments are intended to replace a reference to a previous version of the IASB's Conceptual Framework (the 1989 Framework) with a reference to the current version issued in March 2018 (the Conceptual Framework) without significantly changing its requirements.

The amendments add an exception to the recognition principle of IFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets or IFRIC 21 Levies, if incurred separately. The exception requires entities to apply the criteria in IAS 37 or IFRIC 21, respectively, instead of the Conceptual Framework, to determine whether a present obligation exists at the acquisition date.

At the same time, the amendments add a new paragraph to IFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

These amendments will currently have no impact on the financial statements of the Company, and it is effective annual reporting periods beginning on or after 1 January 2022.

**(v) Amendments to IAS 16 - Property, Plant and Equipment: Proceeds before Intended Use**
The amendment prohibits entities from deducting from the cost of an item of property, plant and equipment (PP&E), any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

These amendments will currently have no impact on the financial statements of the Company, and it is effective annual reporting periods beginning on or after 1 January 2022.

**(vi) Amendments to IAS 37 - Onerous Contracts – Costs of Fulfilling a Contract**
In May 2020, the IASB issued amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making.

The amendments apply a 'directly related cost approach'. The costs that relate directly to a contract to provide goods or services include both incremental costs (e.g., the costs of direct labour and materials) and an allocation of costs directly related to contract activities (e.g., depreciation of equipment used to fulfil the contract as well as costs of contract management and supervision). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

These amendments will currently have no impact on the financial statements of the Company, and it is effective annual reporting periods beginning on or after 1 January 2022.

**(vii) Definition of Accounting Estimates - Amendments to IAS 8**
In February 2021, the IASB issued amendments to IAS 8, in which it introduces a definition of 'accounting estimates'. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted as long as this fact is disclosed.

The Company will apply this amendment when it becomes effective on 1 January 2023.

**(viii) Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2**

In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments to IAS 1 are applicable for annual periods beginning on or after 1 January 2023 with earlier application permitted. Since the amendments to the Practice Statement 2 provide non-mandatory guidance on the application of the definition of material to accounting policy information, an effective date for these amendments is not necessary.

The Company is currently assessing the impact of the amendments to determine the impact they will have on the Company's accounting policy disclosures.

**(ix) Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12**

The IASB proposed amendments to IAS 12 that would require an entity to recognise deferred tax on initial recognition of particular transactions to the extent that the transaction gives rise to equal amounts of deferred tax assets and liabilities. The proposed amendments would apply to transactions such as leases and decommissioning obligations for which an entity recognises both an asset and a liability.

The Board expects that applying the proposed amendments would increase comparability between entities and would result in useful information for users of financial statements. This is because it would align the accounting for the tax effects of particular transactions with the general principle in IAS 12 of recognising deferred tax for all temporary differences.

These amendments will currently have no impact on the financial statements of the Company.

**(c) Annual Improvements 2018-2020 cycle (issued in May 2020)**

***(i) IFRS 1 First-time Adoption of International Financial Reporting Standards - Subsidiary as a first-time adopter***

• The amendment permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to IFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of IFRS 1.

• An entity applies the amendment for annual reporting periods beginning on or after 1 January 2022. Earlier application is permitted.

These amendments will currently have no impact on the financial statements of the Company.

***(ii) IFRS 9 Financial Instruments - Fees in the '10 per cent' test for derecognition of financial liabilities***

• The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. There is no similar amendment proposed for IAS 39.

• An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

• An entity applies the amendment for annual reporting periods beginning on or after 1 January 2022. Earlier application is permitted.These amendments will currently have no impact on the financial statements of the Company."

***(iii) IAS 41 Agriculture - Taxation in fair value measurements***

• The amendment removes the requirement in paragraph 22 of IAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of IAS 41.

• An entity applies the amendment to fair value measurements on or after the beginning of the first annual reporting period beginning on or after 1 January 2022. Earlier application is permitted.

These amendments will currently have no impact on the financial statements of the Company.

# Statement of profit or loss and other comprehensive income

For the Year Ended 31 December 2021

| | Note | 31 Dec 2021 N'000 | 31 Dec 2020 N'000 |
|---|---|---|---|
| Gross premium written | 31 | 11,161,499 | 8,331,841 |
| Changes in unearned premium | 32 | (707,091) | (378,851) |
| **Gross premium income** | 32 | **10,454,408** | **7,952,990** |
| Reinsurance expenses | 33 | (5,025,865) | (3,502,588) |
| **Net premium income** | | **5,428,543** | **4,450,402** |
| Fees and commission income | 34 | 834,229 | 625,656 |
| **Net underwriting income** | | **6,262,772** | **5,076,058** |
| Net claims expenses | 35 | (5,033,251) | (1,367,934) |
| Underwriting expenses | 36 | (3,813,709) | (2,882,535) |
| **Underwriting (loss)/profit** | | **(2,584,189)** | **825,589** |
| Investment income | 37 | 2,293,357 | 2,011,815 |
| Impairment loss decrease/(increase) on financial assets | 38 | 35,788 | (84,895) |
| Net fair value (loss)/gains on financial assets at fair value through profit or loss | 39 | (1,268,490) | 1,819,593 |
| Other operating income | 40 | 304,062 | 64,039 |
| Fair value changes on investment property | 37 | 7,500 | - |
| Fair value changes on property and equipment | 41 | - | (10,240) |
| Management expenses | 42 | (2,666,942) | (2,089,832) |
| **(Loss)/profit before taxation** | | **(3,878,914)** | **2,536,069** |
| Income tax expense | 23.1 | (111,724) | (141,057) |
| **(Loss)/profit after taxation** | | **(3,990,638)** | **2,395,012** |
| **Other comprehensive income net of tax** | | | |
| **Items that will be reclassified subsequently to profit or loss:** | | | |
| Net fair value gain on available-for-sale financial assets | 43 | 3,397,853 | 869,259 |
| | | 3,397,853 | 869,259 |
| **Items that will not be reclassified subsequently to profit or loss** | | | |
| Remeasurement of defined benefit obligation | 30.2 | (8,204) | (5,187) |
| Revaluation gain on property and equipment | 29 | - | 76,690 |
| **Other comprehensive income, net of taxes** | | **3,389,649** | **940,762** |
| **Total comprehensive (loss)/income for the year** | | **(600,989)** | **3,335,774** |
| Basic and diluted (losses)/earnings per share (kobo) | 44 | **(28.5)** | **17.1** |

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

# Statement of financial position

For the Year Ended 31 December 2021

| | Note | 31 Dec 2021 N'000 | 31 Dec 2020 N'000 |
|---|---|---|---|
| **Assets** | | | |
| Cash and cash equivalents | 7 | 3,476,697 | 3,592,711 |
| Investment securities | 8 | 27,584,351 | 25,144,141 |
| Trade receivables | 9 | 81,468 | 63,974 |
| Reinsurance assets | 10 | 4,639,643 | 2,445,920 |
| Deferred acquisition cost | 11 | 432,828 | 328,812 |
| Other receivables and prepayments | 12 | 333,655 | 501,131 |
| Investment properties | 13 | 157,500 | 150,000 |
| Intangible assets | 14 | 36,866 | 1,199 |
| Property and equipment | 15 | 1,467,178 | 1,349,516 |
| Statutory deposit | 16 | 500,000 | 300,000 |
| **Total assets** | | **38,710,185** | **33,877,404** |
| **Liabilities** | | | |
| Insurance contract liabilities | 17 | 11,635,256 | 5,728,661 |
| Trade payables | 19 | 765,141 | 704,169 |
| Other payables | 20 | 1,053,785 | 922,984 |
| Lease liabilities | 21 | - | 219 |
| Defined benefit obligations | 22 | 89,659 | 62,981 |
| Current tax liabilities | 23 | 60,257 | 82,565 |
| **Total liabilities** | | **13,604,099** | **7,501,579** |
| **Equity** | | | |
| Share capital | 25.1 | 7,000,000 | 5,000,000 |
| Share premium | 26 | 560,294 | 729,044 |
| Contingency reserve | 27 | 2,882,618 | 2,547,773 |
| Retained earnings | 28 | (3,517,299) | 3,308,185 |
| Assets revaluation reserve | 29 | 828,773 | 828,773 |
| Re-measurement reserve | 30.2 | 5,040 | 13,244 |
| Fair value reserve | 30.1 | 17,346,660 | 13,948,807 |
| **Total equity** | | **25,106,086** | **26,375,825** |
| **Total liabilities and equity** | | **38,710,185** | **33,877,404** |

The financial statements were approved on 17 March 2022 and signed on behalf of the Board of Directors by:

**Chief Joshua B. Fumudoh**
**Chairman**
**FRC/2018/IODN/00000017911**

**Mr. Daniel Braie**
**Managing Director/CEO**
**FRC/2018/CIIN/00000018082**

**Emmanuel Otitolaiye**
**Chief Financial Officer**
**FRC/2014/ICAN/00000008524**

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

# Statement of changes in equity

For the Year Ended 31 December 2021

| | Note | Share capital | Share premium | Contingency Reserve | Asset revaluation reserve | Re-measure ment reserve | Fair value reserve | Accummulate losses | Total |
|---|---|---|---|---|---|---|---|---|---|
| | | N'000 | N'000 | N'000 | N'000 | N'000 | N'000 | N'000 | N'000 |
| **At 1 January 2021** | | 5,000,000 | 729,044 | 2,547,773 | 828,773 | 13,244 | 13,948,807 | 3,308,184 | 26,375,825 |
| **Comprehensive income** | | | | | | | | | |
| Loss for the year | | - | - | - | - | - | - | (3,990,638) | (3,990,638) |
| Other comprehensive income: | | | | | | | | | |
| Remeasurement of defined benefit obligation | 30.2 | - | - | - | - | (8,204) | - | - | (8,204) |
| Net fair value changes on AFS financial assets | | - | - | - | - | - | 3,397,853 | - | 3,397,853 |
| **Total comprehensive income** | | **-** | **-** | **-** | **-** | **(8,204)** | **3,397,853** | **(3,990,638)** | **(600,990)** |
| Transfer from share premium | | - | (168,750) | - | - | - | - | - | (168,750) |
| Transfer to contingency reserve | 27 | - | - | 334,845 | - | - | - | (334,845) | - |
| Bonus share issue from retained earnings | 25.1 | 2,000,000 | - | - | - | | - | (2,000,000) | - |
| | | 2,000,000 | (168,750) | 334,845 | - | - | - | (2,334,845) | (168,750.0) |
| **Transactions with owners of the Company** | | | | | | | | | |
| Dividend paid | | - | - | - | - | - | - | (500,000) | (500,000) |
| **At 31 December 2021** | | **7,000,000** | **560,294** | **2,882,618** | **828,773** | **5,040** | **17,346,660** | **(3,517,299)** | **25,106,086** |
| **At 1 January 2020** | | 3,999,999 | 729,044 | 2,068,770 | 752,083 | 18,431 | 13,079,548 | 2,392,175 | 23,040,050 |
| **Comprehensive income** | | | | | | | | | |
| Profit for the year | | - | - | - | - | - | - | 2,395,012 | 2,395,012 |
| Other comprehensive income: | | | | | | | | | |
| Remeasurement of defined benefit obligation | 30.2 | - | - | - | - | (5,187) | - | - | (5,187) |
| Net fair value changes on AFS financial assets | | - | - | - | - | - | 869,259 | - | 869,259 |
| Revaluation gain on property and equipment | | - | - | - | 76,690 | - | | - | 76,690 |
| **Total comprehensive income** | | **-** | **-** | **-** | **76,690** | **(5,187)** | **869,259** | **2,395,012** | **3,335,774** |
| Bonus share issue from retained earnings | 25.1 | 1,000,000 | - | - | - | - | - | (1,000,000) | - |
| Recognition of share fractions | | 1 | - | - | - | - | - | - | 1 |
| Transfer to contingency reserve | 27 | - | - | 479,002 | - | - | - | (479,002) | - |
| | | 1,000,001 | - | 479,002 | - | - | - | (1,479,002) | 1 |
| **At 31 December 2020** | | **5,000,000** | **729,044** | **2,547,773** | **828,773** | **13,244** | **13,948,807** | **3,308,184** | **26,375,825** |

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

Linkage Assurance Plc

# Statement of cash flows

For the Year Ended 31 December 2021

| | Note | 31 Dec 2021 N'000 | 31 Dec 2020 N'000 |
|---|---|---|---|
| **Operating activities** | | | |
| Premiums received from policy holders | 45(b) | 11,141,069 | 8,330,897 |
| Premiums received in advance | 19.1 | 60,454 | 2,936 |
| Deposit without details | 20.2(a) | 278,591 | 217,086 |
| Reinsurance payments | 45(d) | (4,997,642) | (3,488,437) |
| Claims paid | 35 | (3,989,302) | (2,404,455) |
| Reinsurance claim recoveries | 45(c) | 1,699,447 | 908,259 |
| Salvage recovery | 45(c) | 63,146 | 22,678 |
| Commission paid | 45(e) | (3,115,123) | (1,642,971) |
| Maintenance expenses paid | 42 | (759,461) | (1,273,913) |
| Commission received | 45(f) | 803,447 | 692,517 |
| Cash payment to and on behalf of employees | 45(l) | (789,455) | (890,683) |
| Other operating cash payments | 45(a) | (1,650,713) | (940,980) |
| Corporate tax paid | 23 | (134,032) | (133,882) |
| **Net cash flows used in operating activities** | | (1,389,574) | (600,948) |
| **Investing activities** | | | |
| Purchase of properties and equipment | 45(i) | (298,301) | (57,777) |
| Purchase of intangible assets | 14 | (47,759) | - |
| Proceeds from sale of property and equipment | 45(j) | 1,091 | 1,153 |
| Purchase of investment securities | 45(h) | (4,743,993) | (6,855,700) |
| Proceeds from sale of investment securities - FVTPL | 45(h) | 4,168,919 | 2,293,652 |
| Proceeds from redemption - HTM | 8.6 | 329,214 | 5,251,890 |
| Loan repayments - Loans and Receivables | 45(h) | 36,778 | 244,106 |
| Dividend received | 37 | 1,212,565 | 906,959 |
| Rental income received | 40 | 6,200 | 4,500 |
| Interest received | 45(g) | 1,080,792 | 858,981 |
| **Net cash flows from investing activities** | | 1,745,506 | 2,647,764 |
| **Financing activities** | | | |
| Payment of finance lease liabilities | 45(k) | (219) | (61,704) |
| Dividend paid | 28 | (500,000) | - |
| **Net cash flows used in financing activities** | | (500,219) | (61,704) |
| Net (decrease)/increase in cash and cash equivalents | | (144,287) | 1,985,112 |
| Cash and cash equivalents at the beginning of the year | | 3,592,711 | 1,609,222 |
| Impact of exchange difference on cash held | | 28,273 | (1,623) |
| **Cash and cash equivalents at end of the year** | 7 | 3,476,697 | 3,592,711 |

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

# Notes to the financial statements

For the Year Ended 31 December 2021

## 5 Segment reporting

Operating segments

IFRS 8 Segment Reporting requires operating segments to be identified on the basis of internal reports of reportable segments that are regularly reviewed by the Chief Executive to allocate resources to the segments and to assess their performance The Company's reportable segments under IFRS 8 are therefore identified as follows:"

- Fire
- Accident
- Motor
- Marine
- Aviation
- Bond
- Engineering
- Oil & Gas
- Agric

The following is an analysis of the Company's revenue and result by reportable segment for the year ended 31 December 2021.

| | Fire N'000 | Accident N'000 | Motor N'000 | Marine N'000 | Aviation N'000 | Bond N'000 | Engineering N'000 | Oil & Gas N'000 | Agric N'000 | Total N'000 |
|---|---|---|---|---|---|---|---|---|---|---|
| **Income:** | | | | | | | | | | |
| Gross premium written | 2,009,396 | 1,021,744 | 2,177,342 | 910,684 | 613,958 | 10,688 | 448,825 | 3,923,661 | 45,201 | 11,161,499 |
| Net change in unearned premium | (360,176) | (26,440) | (164,814) | 19,527 | 6,171 | 1 | 22,470 | (187,137) | (16,691) | (707,090) |
| | **1,649,220** | **995,304** | **2,012,528** | **930,211** | **620,129** | **10,689** | **471,295** | **3,736,524** | **28,510** | **10,454,409** |
| Reinsurance Expenses | (1,182,044) | (553,171) | - | (367,986) | (409,888) | (5,277) | (230,002) | (2,200,648) | (25,225) | (4,974,241) |
| Movement in Prepaid-Reinsurance Cost | 86,981 | (6,685) | (196) | (36,024) | 5,153 | (13) | (32,255) | (78,634) | 10,049 | (51,624) |
| Re-insurance cost | (1,095,063) | (559,856) | (196) | (404,010) | (404,735) | (5,290) | (262,257) | (2,279,282) | (15,176) | (5,025,865) |
| Net premium income | **554,157** | **435,448** | **2,012,332** | **526,201** | **215,394** | **5,399** | **209,038** | **1,457,242** | **13,334** | **5,428,544** |
| Commision received | 334,168 | 170,094 | 1,450 | 134,846 | 901 | 1,750 | 71,297 | 115,930 | 3,793 | 834,229 |
| Net underwriting Income | **888,325** | **605,542** | **2,013,782** | **661,047** | **216,295** | **7,149** | **280,335** | **1,573,172** | **17,127** | **6,262,773** |
| **Expenses:** | | | | | | | | | | |
| Gross Claims incurred | (4,667,418) | (739,350) | (1,136,187) | (273,448) | (222,504) | 4,605 | (12,492) | (2,072,733) | (6,135) | (9,125,662) |
| Recovery on Claims incurred | 2,344,261 | 199,305 | 82,013 | 58,246 | 114,683 | (34) | (50,516) | 1,340,975 | 3,477 | 4,092,410 |
| Net claims incurred | (2,323,157) | (540,045) | (1,054,174) | (215,202) | (107,821) | 4,571 | (63,008) | (731,758) | (2,658) | (5,033,252) |
| Acqusition cost | (351,573) | (230,329) | (275,496) | (262,015) | (114,438) | (1,590) | (93,786) | (818,698) | (4,680) | (2,152,605) |
| Maintenance expenses | (299,047) | (152,064) | (324,041) | (135,532) | (91,372) | (1,591) | (66,796) | (583,935) | (6,727) | (1,661,104) |
| | **(2,973,777)** | **(922,438)** | **(1,653,711)** | **(612,749)** | **(313,631)** | **1,390** | **(223,590)** | **(2,134,391)** | **(14,065)** | **(8,846,961)** |
| **Segment underwriting profit/(loss)** | **(2,085,452)** | **(316,896)** | **360,071** | **48,298** | **(97,336)** | **8,539** | **56,745** | **(561,219)** | **3,062** | **(2,584,189)** |

**31 Dec 2020**

| | Motor N'000 | Fire N'000 | Accident N'000 | Marine N'000 | Aviation N'000 | Bond N'000 | Oil & Gas N'000 | Engineering N'000 | Total N'000 |
|---|---|---|---|---|---|---|---|---|---|
| **Income:** | | | | | | | | | |
| Gross premium written | 1,603,328 | 1,285,338 | 867,508 | 682,393 | 523,866 | 5,553 | 2,850,767 | 513,088 | 8,331,841 |
| Net change in unearned premium | (130,026) | (75,530) | (14,041) | (104,899) | 14,702 | 1,891 | 20,689 | (91,637) | (378,851) |
| | **1,473,302** | **1,209,808** | **853,467** | **577,494** | **538,568** | **7,444** | **2,871,456** | **421,451** | **7,952,990** |
| Reinsurance Expenses | (4,619) | (788,132) | (478,968) | (279,283) | (361,581) | (3,315) | (1,358,762) | (227,927) | (3,502,587) |
| **Net premium income** | 1,468,683 | 421,676 | 374,499 | 298,211 | 176,987 | 4,129 | 1,512,694 | 193,524 | 4,450,403 |
| Commision Received | 839 | 249,020 | 141,310 | 85,050 | 1,974 | 967 | 48,646 | 97,850 | 625,656 |
| Net underwriting Income | **1,469,522** | **670,696** | **515,809** | **383,261** | **178,961** | **5,096** | **1,561,340** | **291,374** | **5,076,059** |
| **Expenses:** | | | | | | | | | |
| Net claims incurred | (470,092) | (318,387) | (164,589) | (58,815) | (93,519) | (577) | (160,406) | (101,548) | (1,367,933) |
| Acquisition cost | (209,203) | (242,028) | (201,507) | (157,133) | (87,376) | (1,383) | (639,030) | (70,963) | (1,608,623) |
| Maintenance expenses | (245,144) | (196,524) | (132,639) | (104,336) | (80,098) | (849) | (435,874) | (78,450) | (1,273,914) |
| | **(924,439)** | **(756,939)** | **(498,735)** | **(320,284)** | **(260,993)** | **(2,809)** | **(1,235,310)** | **(250,961)** | **(4,250,470)** |
| **Segment underwriting profit/(loss)** | **545,083** | **(86,243)** | **17,074** | **62,977** | **(82,032)** | **2,287** | **326,030** | **40,413** | **825,589** |

## 6 Capital and Risk Management

### 6.1 Capital Management – Objectives, Policies and Approaches.

The Finance Bill 2021 amended sections 9, 10, and 102 of Insurance Act 2003 defines Capital requirements as follows:
(i) the excess of admissible assets over liabilities, less the amount of own shares held by the company;
(ii) subordinated liabilities subject to approval by the Commission; and
(iii) any other financial instrument as prescribed by the Commission from time to time.

Admissible Assets are defined as Share Capital, Share Premium, Retained Earnings, Contingency Reserves, and any other admissible assets will be subject to the approval of the Commission.

Management is currenlty assessing the impact of the Capital requirments on the Company's capital management. The Company awaits further guidelines from the regulator (NAICOM).

The objective of our capital management is to ensure that the Company is adequately capitalized at all times, even after experiencing significant adverse events. In addition, we seek to optimize the structure and sources of our capital to ensure that it consistently delivers maximum returns to our shareholders and guarantees adequate protection of our policyholders.

Our capital management policy is to hold sufficient capital to meet regulatory capital requirements (RCR) and also to sufficiently accommodate our risk exposures as determined by our risk appetite. Other objectives include to:

- maintain the required level of capital that guarantee security to our policyholders;
- maintain financial strength that would support business growth in line with strategy;
- maintain strong credit ratings and healthy capital ratios to support business objectives;
- retain financial flexibility by maintaining strong liquidity and consistent positive equity returns;
- allocate capital efficiently to ensure that returns on capital employed meet the requirements of capital providers and shareholders.

Our approach to managing capital involves managing assets, liabilities and risks in a coordinated way, assessing shortfalls between reported and required capital levels on a regular basis and taking appropriate actions to influence our capital position in the light of changes in economic and market conditions, and risk characteristics.

The primary source of capital used is equity shareholders' funds. In addition, we utilize adequate and efficient reinsurance arrangements to protect shareholders' funds by reducing the need for further funding following unfavorable events such as catastrophes or just large random single claims.

The Company has had no significant changes in its policies during the year ended 31 December 2021. However, there was a change in the Company's capital structure during the year ended 31 December 2021. The Company increased its share capital by N2 billion.

| **Analysis of shareholders funds** | **31 Dec 2021 N'000** | **31 Dec 2020 N'000** |
|---|---|---|
| Total assets | 38,710,185 | 33,877,404 |
| Less: Total liabilites | 13,604,099 | 7,501,579 |
| **Shareholders funds as at year end** | **25,106,086** | **26,375,825** |
| Adjustment for non-capital items | 469,694 | 330,011 |
| **Available capital resources** | **24,636,392** | **26,045,814** |
| Changes in available capital | -5% | 14% |

The Company's available capital is based on the shareholders' equity/fund as adjusted to reflect the full economic capital base available to absorb any unexpected volatility in results of operations. Thus, available capital resources, after adjusting for non-capital assets, is N24,636,3992,000 (2020: N26,045,814,000) amounting to a decrease over the comparative period.

The statutory minimum capital requirement for Non-life business is N3billion.

| | **31 Dec 2021 N'000** | **31 Dec 2020 N'000** |
|---|---|---|
| Total shareholders' funds | 25,106,086 | 26,375,825 |
| Regulatory required capital | 3,000,000 | 3,000,000 |
| Excess over minimum capital | 22,106,086 | 23,375,825 |
| Capitalisation rate | 837% | 879% |

## Capital Management – Objectives, Policies and Approaches.
## The Minimum Capital Requirement

NAICOM released a circular dated 3 June 2020 (NAICOM/DPR/CIR/25-04/2020) to all insurance and reinsurance companies in Nigeria. The circular indicated the difficulty to proceed with the 31 December 2020 recapitalization deadline due to the incidences of COVID-19 pandemic. The Commission extended and segmented the recapitalization process into two phases; general insurance business are required to meet 50% of the minimum capital requirement of N10bn by 31 December 2020 and have full compliance of the remaining balance by 30 September 2021. However, as at year end, The National House of Assembly suspended the directive of NAICOM as a relief due to the ongoing COVID-19 pandemic.

### The solvency margin requirement

Insurance industry regulator measures the financial strength of non-life insurers using a solvency margin model, NAICOM generally expect non-life insurers to comply with this capital adequacy requirement. This test compares insurers' capital against its risk profile. Section 24 (1) of the Insurance Act, 2003 requires that an insurer shall in respect of its business other than its life insurance business, maintain at all times a margin of solvency being the excess of the value of its admissible assets in Nigeria over its liabilities in Nigeria. The solvency margin shall not be less than 15 percent of the gross premium income less reinsurance premiums paid out during the year under review or the minimum paid-up capital whichever is greater.

During the period, the Company has complied with this capital requirement. The regulator has the authority to request more extensive reporting and can place restrictions on the Company's operations if the Company falls below this requirement as deemed necessary.

The Company's solvency margin is as follows:

| | 31 Dec 2021 N'000 | 31 Dec 2020 N'000 |
|---|---|---|
| **Assets** | | |
| Cash and cash equivalents | 3,476,697 | 3,592,711 |
| Investment securities | 9,742,322 | 10,837,112 |
| Trade receivables | 81,468 | 63,974 |
| Other receivables and prepayment | 110,604 | 73,549 |
| Reinsurance assets | 4,577,086 | 2,235,746 |
| Deferred acquisition cost | 432,828 | 328,812 |
| Property and equipment | 1,268,982 | 1,349,516 |
| Intangible Assets | 36,866 | - |
| Investment Property | 157,500 | - |
| Statutory deposit | 500,000 | 300,000 |
| **Total admissible assets** | **20,384,353** | **18,781,420** |
| **The solvency margin requirement** | | |
| **Liabilities** | | |
| Insurance contract liabilities | 11,635,256 | 5,728,661 |
| Trade payables | 765,141 | 701,233 |
| Other payables | 1,053,785 | 922,984 |
| Defined benefit obligations | 89,659 | 62,981 |
| Finance lease obligation | - | 219 |
| Current tax liabilities | 60,257 | 82,565 |
| **Total admissible liabilities** | **13,604,098** | **7,498,643** |
| **Excess of total admissible assets over admissible liabilities (solvency margin)** | **6,780,255** | **11,282,776** |

| | 31 Dec 2021 N'000 | 31 Dec 2020 N'000 |
|---|---|---|
| Higher of (a) and (b): | | |
| Gross premium income | 10,454,408 | 7,952,990 |
| Less: Reinsurance expense | (5,025,865) | (3,502,588) |
| **Net premium** | 5,428,543 | 4,450,402 |
| **(a) 15% of net premium** | 814,281 | 667,560 |
| **(b) Minimum paid up capital** | 3,000,000 | 3,000,000 |
| **The higher thereof:** | **3,000,000** | **3,000,000** |
| **Excess of solvency margin over minimum capital base** | **3,780,255** | **8,282,776** |
| **Solvency margin ratio** | **226%** | **376%** |

## 6.2 Insurance risk

The Company issues contracts that transfer insurance risk. This section summarizes this risk and the way it is being managed.

### *(a) Types of insurance risk contracts*

The Company principally issues the following types of general insurance contracts: Motor, Fire, General Accidents, Aviation, Marine, Engineering, Bond and Oil & Gas. The risks under this policies usually cover twelve months duration. The most significant risks in this policies arise from climate changes, natural disasters and terrorist activities. For longer tail claims that take some years to settle, there is also inflation risk.

These risks however do not vary significantly with the risk location, type of insured and industry.

### *(b) Management of insurance risk*

The risks facing us in any insurance contract arise from fluctuations in the timing, frequency and severity of claims and claims settlements relative to expectations; unexpected claims arising from a single source or cause; inaccurate pricing of risks or inappropriate underwriting of risks when underwritten; and inadequate reinsurance protection or other risk transfer techniques.

The principal risk that the Company faces under its insurance contracts is that the actual claims and benefits payments, or its timing thereof, exceed the carrying amount of the insurance liabilities. This could occur because the frequency or severity of claims and benefits are greater than estimated. Insurance events are random, and the actual number and amount of claims and benefits will vary from year to year from the level established using statistical techniques. The objective of the Company is to ensure that sufficient reserves are available to cover these liabilities. In addition, the Company manages this risk through its underwriting strategy, adequate reinsurance arrangements and proactive claims handling and investigations.

Our insurance underwriting strategy has been developed in such a way that the types of insurance risks accepted are diversified to achieve a sufficiently large population of risks to reduce the variability of the expected outcome. Insurance risk is increased by the lack of risk diversification in terms of type and amount of risk, geographical location and type of industry covered.

Underwriting limits are in place to enforce appropriate risk selection criteria. For example, the Company has the right not to renew certain policies, it can impose excess or deductibles and has the right to reject the payment of a fraudulent claim. Insurance contracts also entitle the Company to pursue third parties for payment of some or all of claims costs.

The Company purchases reinsurance as part of its insurance risk mitigation programme. The reinsurance arrangements include excess and proportional coverage. The effect of such reinsurance arrangements is that the Company should not suffer total net insurance losses in any one year. Amount recoverable from reinsurers are estimated in a manner consistent with the outstanding claims provision and are in accordance with the reinsurance contracts.

The Company has a specialized claims unit that ensures mitigation of the risks surrounding all known claims. This unit investigates and adjusts all claims in conjunction with appointed loss adjusters. The Company actively manages and pursues early settlements of claims to reduce its exposure to unpredictable developments. Risk concentration is assessed per class of business. The concentration of insurance risk before and after reinsurance by class in relation to the type of insurance risk accepted is summarized below, with reference to the carrying amount of the insurance liabilities (gross and net of reinsurance) arising from all non-life insurances.

## Notes to the financial statements

For the Year Ended 31 December 2021

### (c) Insurance risk concentration per policy type

| Line of business | 31 Dec 2021 N'000 Gross premium | 31 Dec 2021 N'000 Reinsurance | 31 Dec 2021 N'000 Net | 31 Dec 2020 N'000 Gross premium | 31 Dec 2020 N'000 Reinsurance | 31 Dec 2020 N'000 Net |
|---|---|---|---|---|---|---|
| Fire | 2,009,396 | (1,095,063) | 914,333 | 1,285,338 | (788,132) | 497,206 |
| Accident | 1,021,744 | (559,856) | 461,888 | 867,508 | (478,968) | 388,540 |
| Motor | 2,177,342 | (196) | 2,177,146 | 1,603,328 | (4,619) | 1,598,709 |
| Marine | 910,684 | (404,010) | 506,674 | 682,393 | (279,283) | 403,110 |
| Aviation | 613,958 | (404,735) | 209,223 | 523,866 | (361,581) | 162,285 |
| Bond | 10,688 | (5,290) | 5,398 | 5,553 | (3,315) | 2,238 |
| Engineering | 448,825 | (262,257) | 186,568 | 513,088 | (227,927) | 285,161 |
| Oil & Gas | 3,923,661 | (2,279,282) | 1,644,379 | 2,850,767 | (1,358,762) | 1,492,005 |
| Agric | 45,201 | (15,176) | 30,025 | - | - | - |
| | **11,161,499** | **(5,025,865)** | **6,135,634** | **8,331,841** | **(3,502,587)** | **4,829,254** |

### (d) Key Assumptions

The principal assumption underlying the liability estimates is that the Company's future claims development will follow a similar pattern to past claims development experience. This includes assumptions in respect of average claims costs, claim handling costs, claim inflation factors and claims numbers for each accident year. Additional qualitative judgements are used to assess the extent to which past trends may not apply in the future, for example: once-off occurrence; changes in market factors such as public attitude to claiming; economic conditions as well as internal factors such as portfolio mix, policy conditions and claims handling procedures. Judgement is further used to assess the extent to which external factors such as judicial decisions and government legislation affect the estimates.

Other key circumstances affecting the reliability of assumptions include variation in interest rates, delays in settlement and changes in foreign currency rates.

### (e) Sensitivity Analysis

The insurance claims liabilities above are sensitive to the key assumptions that follow. However, it has not been possible to quantify the sensitivity of certain assumptions such as legislative changes or uncertainty in the estimation process.

The following analysis is performed for reasonably possible movements in key assumptions with all other assumptions held constant, showing the impact on gross and net liabilities, profit before tax and equity fund. The correlation of assumptions will have a significant effect in determining the ultimate claims liabilities, but to demonstrate the impact due to changes in assumptions, assumptions had to be changed on an individual basis. It should be noted that the movements in these assumptions are not linear.

### (f) Insurance risk concentration per policy type

| Line of business<br>In thousands of naira | 31 Dec 2021 N'000 Gross outstanding claims | 31 Dec 2021 N'000 Reinsurance recoveries | 31 Dec 2021 N'000 Net liabilities | 31 Dec 2020 N'000 Gross outstanding claims | 31 Dec 2020 N'000 Reinsurance recoveries | 31 Dec 2020 N'000 Net liabilities |
|---|---|---|---|---|---|---|
| Motor | 733,533 | 61,275 | 672,257 | 353,390 | 37,236 | 316,155 |
| Fire | 4,365,472 | 2,331,390 | 2,034,082 | 835,078 | 570,389 | 264,689 |
| General accident | 1,162,590 | 472,038 | 690,551 | 753,905 | 414,759 | 339,146 |
| Engineering | 159,063 | 63,626 | 95,437 | 409,166 | 312,719 | 96,447 |
| Marine | 277,074 | 50,657 | 226,417 | 97,875 | 29,561 | 68,314 |
| Bond | 2,411 | - | 2,411 | 80,330 | 33 | 80,297 |
| Aviation | 128,624 | 20,585 | 108,039 | 53,656 | 5,000 | 48,656 |
| Oil & Gas | 2,034,039 | 772,935 | 1,261,104 | 1,086,036 | 13,326 | 1,072,710 |
| Agric | 6,135 | 3,476 | 2,659 | - | - | - |
| | **8,868,941** | **3,775,986** | **5,092,955** | **3,669,437** | **1,383,023** | **2,286,414** |

### (g) Claims Development Table

The Company has reported and disclosed its claims reserves based on the requirements of IFRS 4 - Insurance Contracts. Below is the claims development information over the period 2008 – 2021 as follows:

| Cumulative Chain Ladder's Claim payments (in N'000) by Development Year | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Accident Year** | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 |
| **2008** | 171,095 | 341,135 | 391,732 | 399,788 | 402,928 | 402,946 | 403,291 | 403,453 | 403,453 | 403,453 | 403,453 | 403,453 | 403,453 | 403,453 |
| **2009** | 173,657 | 332,796 | 370,353 | 377,513 | 391,386 | 392,893 | 393,802 | 394,509 | 394,509 | 394,509 | 394,509 | 394,509 | 394,509 | |
| **2010** | 137,798 | 329,938 | 359,675 | 363,038 | 377,066 | 377,511 | 378,187 | 382,120 | 382,120 | 382,120 | 382,120 | 382,120 | | |
| **2011** | 169,264 | 350,581 | 389,954 | 396,496 | 398,241 | 401,875 | 402,527 | 403,221 | 403,229 | 403,229 | 403,229 | | | |
| **2012** | 191,853 | 342,972 | 381,191 | 392,646 | 396,171 | 396,224 | 396,825 | 396,936 | 396,936 | 396,936 | | | | |
| **2013** | 159,852 | 368,943 | 393,739 | 401,850 | 402,522 | 405,682 | 409,572 | 409,576 | 409,576 | | | | | |
| **2014** | 214,831 | 388,055 | 413,867 | 416,091 | 419,434 | 421,939 | 422,454 | 422,454 | | | | | | |
| **2015** | 347,921 | 550,131 | 584,112 | 594,763 | 595,968 | 601,224 | 601,241 | | | | | | | |
| **2016** | 339,049 | 518,961 | 563,887 | 570,314 | 570,760 | 570,760 | | | | | | | | |
| **2017** | 348,603 | 598,734 | 633,092 | 634,956 | 645,773 | | | | | | | | | |
| **2018** | 440,401 | 677,717 | 704,207 | 707,169 | | | | | | | | | | |
| **2019** | 429,952 | 736,006 | 806,418 | | | | | | | | | | | |
| **2020** | 483,544 | 1,138,090 | | | | | | | | | | | | |
| **2021** | 874,857 | | | | | | | | | | | | | |
| **LDFs** | | **1.77192** | **1.08039** | **1.01469** | **1.01073** | **1.0049** | **1.00271** | **1.00235** | **1** | **1** | **1** | **1** | **1** | **1** |

The claims development information over the period 2007 – 2020 is as follows:

| Cumulative Chain Ladder's Claim payments (in N'000) by Development Year | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Accident Year** | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 |
| **2007** | 152,755 | 134,625 | 41,902 | 10,416 | 2,964 | 1,834 | 1,080 | 5 | 470 | - | - | | | |
| **2008** | 271,568 | 285,238 | 51,796 | 8,056 | 3,139 | 334 | 345 | 162 | - | - | - | | | |
| **2009** | 175,944 | 225,974 | 93,072 | 64,576 | 31,461 | 1,507 | 606 | 1,139 | - | - | - | | | |
| **2010** | 280,328 | 257,899 | 117,497 | 136,000 | 16,732 | 1,406 | 1,058 | 3,933 | - | - | 74 | | | |
| **2011** | 188,021 | 209,088 | 119,363 | 172,367 | 2,056 | 5,317 | 947 | 694 | 8 | - | | | | |
| **2012** | 206,910 | 265,358 | 85,262 | 83,530 | 6,970 | 110,924 | 35,388 | 111 | 9,340 | | | | | |
| **2013** | 184,702 | 380,558 | 36,518 | 8,111 | 672 | 22,874 | 3,890 | 67 | | | | | | |
| **2014** | 390,700 | 282,279 | 26,057 | 2,437 | 3,344 | 2,505 | 315 | | | | | | | |
| **2015** | 490,091 | 708,228 | 53,231 | 153,927 | 5,345 | | | | | | | | | |
| **2016** | 655,500 | 900,972 | 97,185 | 21,487 | 80,475 | | | | | | | | | |
| **2017** | 479,042 | 518,080 | 671,537 | 65,925 | | | | | | | | | | |
| **2018** | 620,415 | 813,120 | 97,609 | | | | | | | | | | | |
| **2019** | 918,574 | 298,644 | | | | | | | | | | | | |
| **2020** | 1,085,909 | | | | | | | | | | | | | |

## Notes to the financial statements

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### (h) Sensitivity Analysis of Liability for Claims

| 31 December 2021<br>Criteria | Changes in Assumption | Gross Liabilities ₦'000 | Net Liabilities ₦'000 | Profit before tax ₦'000 | Equity Fund ₦'000 |
|---|---|---|---|---|---|
| | Impact on variables | | | | |
| Average claims cost | +10% increase | 639 | 321 | (318) | (159) |
| Number of claims | +10% increase | 399 | 171 | (228) | (114) |
| Average claims settlement period | Reduction by 3 months | (665,153) | (571,168) | 93,985 | 65,793 |

| 31 December 2020<br>Criteria | Changes in Assumption | Gross Liabilities ₦'000 | Net Liabilities ₦'000 | Profit before tax ₦'000 | Equity Fund ₦'000 |
|---|---|---|---|---|---|
| | Impact on variables | | | | |
| Average claims cost | +10% increase | 573 | 328 | (245) | (122) |
| Number of claims cost | +10% increase | 240 | 137 | (103) | (52) |
| Average claims settlement period | Reduction by 3 months | (554,294) | (475,973) | 78,321 | 54,828 |

### 6.3 Financial risks

The Company is exposed to a range of financial risks through its financial instruments and reinsurance assets.

The key financial risk is that in the long term its investments proceeds are not sufficient to meet the obligations arising from its insurance contracts. The most important components of the financial risks are:

- Credit risks
- Liquidity risks
- Market risks
- Property risks.

### *(a) Credit risks*

Credit risk is the risk of default and change in credit quality of issuers of securities, counter-parties and untimely or non-payment of premiums by policyholders as at when due.

The categories of credit risk exposed to by the Company are:

(i) Direct default risk: which is the risk of non-receipt of cash flows or assets due to the Company because brokers, policyholders and other debtors default on their obligations.

(ii) Concentration risk: which is the exposure of losses due to excessive concentration of business activities to individual counterparties, groups of individuals or related entities, counterparties in specific geographical locations, industry sector, specific products, etc.

(iii) Counterparty risk: this is the risk that a counterparty is not able or willing to meet its financial obligations as they fall due.

In managing credit exposures to counterparties, the Company had instituted the following policies and procedures:

(i) A credit risk management policy, which sets out the assessment and determination of credit risk components. In addition, it sets out the net exposure limits for each counterparty, based on geographical and industry segmentation. The policy is regularly reviewed for pertinence and for changes in the risk environment.

(ii) Reinsurance arrangement is entered with counterparties that have a good credit rating. Concentration risk is avoided by following policy guidelines on counterparties' limits that are set each year by the board of directors and reviewed regularly. At each reporting date, management performs an assessment of creditworthiness of reinsurers and updates the reinsurance purchase strategy, ascertaining suitable allowance for impairment, if need be.

(iii) The credit risk in respect of customer balances incurred on non-payment of premiums will only persist during the grace period specified in Section 50 of the Insurance Act.

(iv) The Company sets the maximum amounts and limits that may be advanced to corporate counterparties by reference to their long-term credit ratings.

***Credit risk exposure and concentration***

The Company's maximum credit risk exposure as per its statement of financial position as at 31 December 2019 and 31 December 2018 is the carrying amounts of each component. The maximum risk exposure presented below does not include the exposure that arises in the future as a result of the changes in values. Credit risk is spread across many industries, firms and individuals. The Company monitors concentration of credit risk by sector as shown below.

In summary, our credit exposure is highly concentrated in the financial institutions sector – commercial banks, insurance

**31 December 2021**

| *In thousands of Naira* | Financial institutions | Manufacturing | Aviation | Others | Total |
|---|---|---|---|---|---|
| Cash and cash equivalents | 3,476,697 | - | - | - | 3,476,697 |
| Financial assets: | | | | | |
| Fair value through profit or loss | 5,050,881 | - | - | - | 5,050,881 |
| Available-for-sale | 18,487,589 | - | - | 64,029 | 18,551,618 |
| Loans and receivables | 39,793 | - | - | 101,865 | 141,658 |
| Held to maturity | 2,441,208 | - | - | 1,248,986 | 3,690,194 |
| Reinsurance assets (less unearned premium) | 4,639,643 | - | - | - | 4,639,643 |
| Trade receivables | 81,468 | - | - | - | 81,468 |
| Other receivables | - | - | - | 333,655 | 333,655 |
| Statutory deposit | 500,000 | - | - | - | 500,000 |
| **Gross credit risk exposure** | 34,717,278 | - | - | 1,748,535 | 36,465,813 |

**31 December 2020**

| *In thousands of Naira* | Financial institutions | Manufacturing | Aviation | Others | Total |
|---|---|---|---|---|---|
| Cash and cash equivalents | 3,592,711 | - | - | - | 3,592,711 |
| Financial assets: | | | | | |
| Fair value through profit or loss | 8,655,489 | - | - | - | 8,655,489 |
| Available-for-sale | 14,838,486 | - | - | 64,029 | 14,902,515 |
| Loans and receivables | 35,507 | - | - | 41,164 | 76,671 |
| Held to maturity | 558,190 | - | - | 951,276 | 1,509,466 |
| Reinsurance assets (less unearned premium) | 2,445,920 | - | - | - | 2,445,920 |
| Trade receivables | 63,974 | - | - | - | 63,974 |
| Other receivables | - | - | - | 501,131 | 501,131 |
| Statutory deposit | 300,000 | - | - | - | 300,000 |
| **Gross credit risk exposure** | 30,490,277 | - | - | 1,557,600 | 32,047,877 |

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### *Credit risk quality*

One of the principal criteria used to judge the risk of default (or quality) of our credit risk exposure is credit quality of the counterparty we are exposed to. This we determine by using our internal credit rating criteria, which is benchmarked against Global Credit Rating Co.'s rating criteria as comparatively shown below:

| Credit Quality | GRC Rating Scale | Linkage Rating Scale | Definition of Criteria |
|---|---|---|---|
| LOW | AAA | AAA | Highest Credit Quality: The risk factors are negligible, being only slightly more than risk-free government instruments. |
| | AA+ - AA- | | |
| | A+ - A- | AA | Very High Credit Quality: Protection factors are very strong. Adverse changes in business, economic or financial conditions would increase investment risk, although not significant. |
| MEDIUM | BBB+ - BBB- | BBB | Adequate protection factors and considered sufficient for prudent investment. However, there is considerable variability in risk during economic cycles. |
| | BB+ - BB- | | Below investment grade but capacity for timely repayment exists. Present or prospective financial protection factors fluctuate according to industry's conditions or company's fortunes. Overall, quality may move up or down frequently within this categories. |
| | B+ - B- | BB | Below investment grade and possessing risk that obligations will not be met when due. Financial protection factors will fluctuate widely according to economic cycles, industry conditions and/or company fortunes. |
| HIGH | CCC | NOT RATED | Well below investment grade securities. Considerable uncertainty exists as to timely payment of principal or interest. Protection factors are narrow and risk can be substantial with unfavorable economic/industry conditions, and/or with unfavorable company development. |
| | DD | | Defaulted debt obligations. The issuer failed to meet scheduled principals and/or interest payments. Company has been, or is likely to be, placed under the order of the court. |

Overall, our credit risk exposure has maintained a low risk profile. This is because our exposure to high risk counterparties has been low in order to protect policyholder funds and secure the liquidity of operating funds.

It is the Company's policy to maintain accurate and consistent risk ratings across its credit portfolio. This enables management to focus on the applicable risks and the comparison of credit exposures across all lines of business, geography and products. The rating system is supported by a variety of financial analytics combined with processed market information to provide the main inputs for the measurement of counterparty risk. All internal ratings are tailored to the various categories and are derived in accordance with the Company's rating policy. The attributable risk ratings are assessed and updated regularly.

During the year, no credit exposure limit was exceeded.

We provide a further analysis of our credit risk exposure in terms of counterparty's financial instruments as investment grades or non-investment grades, as well as Neither Past Due or Past Due but Not Impaired. All our financial assets during the period are neither past due or past due but not impaired with the exception of trade receivables as shown below.

### As at 31 December 2021

| | Neither Past Due nor Impaired | | | | |
|---|---|---|---|---|---|
| | Investment Grades | Non-Investment Grades | | Past Due and Impaired | Total |
| *In thousands of Naira* | | Satisfactory | Unsatisfactory | | |
| Assets | | | | | |
| Cash and cash equivalents | 3,603,672 | 445 | - | 127,421 | 3,476,697 |
| Financial assets: | | | | | |
| *- FVTPL* | 5,050,881 | - | - | - | 5,050,881 |
| *- Available-for-sale* | 18,701,618 | - | - | - | 18,701,618 |
| *- Held-to-maturity* | 2,441,208 | 1,248,986 | - | - | 3,690,194 |
| *- Loans and receivables* | 39,793 | 101,865 | - | - | 141,658 |
| Reinsurance assets | | 4,639,643 | - | - | 4,639,643 |
| Trade receivables | | 81,468 | - | - | 81,468 |
| Other receivables | | 333,655 | - | - | 333,655 |
| Statutory deposit | 500,000 | - | - | - | 500,000 |
| **Total credit exposure** | 30,337,172 | 6,406,062 | | 127,421 | 36,615,813 |

**As at 31 December 2020**

| *In thousands of Naira* | Neither Past Due nor Impaired | | | | |
|---|---|---|---|---|---|
| | Investment Grades | Non-Investment Grades: Satisfactory | Non-Investment Grades: Unsatisfactory | Past Due and Impaired | Total |
| Assets | | | | | |
| Cash and cash equivalents | 3,719,490 | 642 | - | 127,421 | 3,592,711 |
| Financial assets: | | | | | |
| *- FVTPL* | 8,655,489 | - | - | - | 8,655,489 |
| *- Available-for-sale* | 14,902,515 | - | - | - | 14,902,515 |
| *- Held-to-maturity* | 558,190 | 951,276 | - | - | 1,509,466 |
| *- Loans and receivables* | 35,507 | 41,164 | - | - | 76,671 |
| Reinsurance assets | - | 2,445,920 | - | - | 2,445,920 |
| Trade receivables | - | 63,974 | - | - | 63,974 |
| Other receivables | - | 501,131 | - | - | 501,131 |
| Statutory deposit | 300,000 | - | - | - | 300,000 |
| **Total credit exposure** | 28,171,191 | 4,004,107 | - | 127,421 | 32,047,877 |

***Impaired Financial Assets***

As at 31 December 2021, there were no impaired reinsurance assets (31 December 2020: Nil) and impaired loans and receivables amounted to N141.14 million (31 December 2020: N176.93 million).

For assets to be classified "past-due and impaired" contractual payments must be in arrears for more than 90 days. No collateral is held as security for any past due or impaired assets.

***Credit Collateral***

The amount and type of collateral required depends on an assessment of credit risk of the counterparty. Guidelines are implemented regarding the acceptability of types of collateral and the valuation parameters. Collateral is mainly obtained for securities lending and for cash purposes. Credit risk is also mitigated by entering into collateral agreements.

Management monitors the market value of the collateral, requests additional collateral when needed and performs an impairment valuation when applicable. The collateral can be sold or replaced by the Company, where necessary and is repayable if the contract terminates or the contract's fair value decreases. No collateral received from the counterparty has been sold or repledged this year.

**Liquidity Risk**

Liquidity risk is the risk that cash may not be available to pay obligations when due at a reasonable cost. The characteristic nature of our business requires the availability of adequate cash flow to meet our contractual obligations to policyholders (and other third parties) in the event of claim settlement.

This is the risk of loss arising due to insufficient liquid assets to meet cash flow requirements or to fulfil financial obligation once claims crystallize. In the case of catastrophic events there is also a liquidity risk associated with the timing differences between gross cash outflows and expected reinsurance recoveries.

The Company's exposure to liquidity risk comprises of:

(i) Funding (Cash-flow) Liquidity Risk:
This is the risk of not meeting current and future cash flow and collateral needs, both expected and unexpected, without materially affecting daily operations or overall financial condition of the Company."

(ii) Market (Asset) Liquidity Risk:
This is the risk of loss which is occasioned by the incapacity to sell assets at or near their carrying value at the time needed."

The Company mitigates its exposure to liquidity risk through the following mechanisms:

- Liquidity policy, which sets out the assessment and determination of what constitutes the Company's liquidity risk. Compliance with the policy is monitored and exposures and breaches are reported to the Assets and Liability Management Committee. The policy is regularly reviewed for pertinence and for changes in the risk environment.

- Guidelines are set for asset allocations, portfolio limit structures and maturity profiles of assets, in order to ensure sufficient funding available to meet insurance contracts obligations.

- Contingency funding plans are in place, which specify minimum proportions of funds to meet emergency calls as well as specifying events that would trigger such plans.
- The Company's catastrophe excess–of–loss reinsurance contracts contain clauses permitting the immediate draw down of funds to meet claim payments should claim events exceed a certain size.
- Below is a maturity profile summary of the Company's undiscounted contractual obligations cash flows of financial assets matched with financial liabilities. For insurance contract liabilities and reinsurance assets, maturity profile estimates are based on timing of net cash flows from the recognized insurance liabilities.
- Unearned premiums and the reinsurers' share of unearned premiums have been excluded from the analysis as they are not contractual obligations.
- In addition, the Company maintains a portfolio of highly marketable and diverse assets that can be easily liquidated in the event of an unforeseen interruption of cash flow.

## Maturity Analysis (on Expected maturity basis)

The table below summarizes the expected utilization or settlement of assets and liabilities:

| | 31 December 2021 | | | 31 December 2020 | | |
|---|---|---|---|---|---|---|
| *In thousands of Naira* | Current | Non-Current | Total | Current | Non-Current | Total |
| **Assets** | | | | | | |
| Cash and cash equivalents | 3,476,697 | - | 3,476,697 | 3,592,711 | - | 3,592,711 |
| Financial assets | 8,882,733 | 18,701,618 | 27,584,351 | 915,684 | 24,228,457 | 25,144,141 |
| Trade receivables | 81,468 | - | 81,468 | 63,974 | - | 63,974 |
| Reinsurance assets | 4,639,643 | - | 4,639,643 | 2,445,920 | - | 2,445,920 |
| Deferred acquisition cost | 432,828 | - | 432,828 | 328,812 | - | 328,812 |
| Other receivables & prepayments | 333,655 | - | 333,655 | 501,131 | - | 501,131 |
| Investment property | - | 157,500 | 157,500 | - | 150,000 | 150,000 |
| Intangible assets | | 36,866 | 36,866 | | 1,199 | 1,199 |
| Property & equipment | - | 1,467,178 | 1,467,178 | - | 1,349,516 | 1,349,516 |
| Statutory deposit | - | 500,000 | 500,000 | - | 300,000 | 300,000 |
| **Total Assets** | 17,847,024 | 20,863,162 | 38,710,186 | 7,848,233 | 26,029,172 | 33,877,404 |
| | | | | | | |
| **Liabilities** | | | | | | |
| Insurance liabilities | 11,635,256 | - | 11,635,256 | 5,728,661 | - | 5,728,661 |
| Trade payables | 765,141 | - | 765,141 | 704,169 | - | 704,169 |
| Finance lease obligation | - | - | - | 219 | - | 219 |
| Other payables | 1,053,785 | - | 1,053,785 | 819,984 | - | 819,984 |
| Provision for litigation | - | - | - | - | 103,000 | 103,000 |
| Retirement benefit obligations | - | 89,659 | 89,659 | - | 62,981 | 62,981 |
| Income tax liabilities | 60,257 | - | 60,257 | 82,565 | - | 82,565 |
| Deferred tax liabilities | - | - | - | - | - | - |
| **Total Liabilities** | 13,168,439 | 435,659 | 13,604,098 | 7,335,598 | 165,981 | 7,501,579 |

### (c) Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The identification, management, control, measurement and reporting of market risk are aligned towards the sub-risk categories namely:

- Foreign exchange risk
- Interest-rate risk
- Equity price risk

The Company's market risk policy sets out the assessment and determination of what constitutes market risk for the Company. Compliance with the policy is monitored and exposures and breaches are reported to the Company's Asset Liability Management Committee and Board through its Audit, Compliance and Risk Management Committee. The policy is reviewed regularly for pertinence and for changes in the risk environment.

- Guidelines are set for asset allocation and portfolio limit structure, to ensure that assets back specific policyholders' liabilities and those assets are held to deliver income and gains for policyholders which are in line with expectations of the policyholders.

- The Company stipulates diversification benchmarks by type of instrument and geographical area based on exposure to variations in interest rates, equity prices and foreign exchange.

- There is strict control over hedging activities.

### (i) Currency (Foreign Exchange) Risk

Currency risk is the potential risk of loss from fluctuating foreign exchange rates as a result of the Company's exposure to foreign currency denominated transactions. It is also the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Company's principal transactions are carried out in Naira and its exposure to foreign exchange risk arises primarily with respect to transactions denominated in foreign currencies. The Company's financial assets are primarily denominated in local currency as its insurance contract liabilities and investment. This mitigates the foreign currency exchange rate risk for its operations. Thus, the main foreign exchange risk arises from translation of recognized assets and liabilities denominated in currencies other than those in which insurance and investment contract liabilities are expected to be settled.

# Notes to the financial statements
For The Year Ended 31 December 2021

**Analysis of assets and liability by major currencies**
The table below summarizes the Company's financial assets and liabilities by major currencies:

| 31 December 2021 | Naira | Euro | Pound Sterling | US Dollars | Total |
|---|---|---|---|---|---|
| **Assets** | **N'000** | **N'000** | **N'000** | **N'000** | **N'000** |
| Cash and cash equivalents | 3,396,093 | 23,461 | 2,143 | 55,000 | 3,476,697 |
| Financial assets | 26,548,369 | - | - | 1,035,982 | 27,584,351 |
| Trade receivables | 81,468 | - | - | - | 81,468 |
| Reinsurance assets | 4,577,086 | - | - | 62,557 | 4,639,643 |
| Deferred acquisition cost | 432,828 | - | - | - | 432,828 |
| Other receivables | 129,090 | - | - | - | 129,090 |
| Statutory deposit | 500,000 | - | - | - | 500,000 |
| **TOTAL ASSETS** | **35,664,934** | **23,461** | **2,143** | **1,153,539** | **36,844,076** |
| **Liabilities** | | | | | |
| Trade payables | 704,169 | - | - | - | 704,169 |
| Finance lease obligation | 219 | | | | 219 |
| Other payables | 819,984 | - | - | - | 819,984 |
| Provision for litigations | 103,000 | - | - | - | 103,000 |
| **TOTAL LIABILITIES** | **1,627,372** | **-** | **-** | **-** | **1,627,372** |

| 31 December 2020 | Naira | Euro | Pound Sterling | US Dollars | Total |
|---|---|---|---|---|---|
| **Assets** | **N'000** | **N'000** | **N'000** | **N'000** | **N'000** |
| Cash and cash equivalents | 3,481,938 | 23,452 | 2,296 | 85,025 | 3,592,711 |
| Financial assets | 24,470,770 | - | - | 673,371 | 25,144,141 |
| Trade receivables | 63,974 | - | - | - | 63,974 |
| Reinsurance assets | 2,235,747 | - | - | 210,173 | 2,445,920 |
| Deferred acquisition cost | 328,812 | - | - | - | 328,812 |
| Other receivables | 172,611 | - | - | - | 172,611 |
| Statutory deposit | 300,000 | - | - | - | 300,000 |
| **TOTAL ASSETS** | **31,053,852** | **23,452** | **2,296** | **968,569** | **32,048,169** |
| **Liabilities** | | | | | |
| Trade payables | 704,169 | - | - | - | 704,169 |
| Finance lease obligation | 219 | | | | 219 |
| Other payables | 819,984 | | | | 819,984 |
| Provision for litigations | 103,000 | - | - | - | 103,000 |
| **TOTAL LIABILITIES** | **1,627,372** | **-** | **-** | **-** | **1,627,372** |

The Company has no significant concentration of foreign currency risk.

Sensitivity analysis - foreign currency risk
The analysis that follows is performed for reasonably possible movements in key variables with all other variables held constant, showing the impact on profit before tax and equity due to changes in the fair value of currency sensitive monetary assets and liabilities including insurance contract claim liabilities. The correlation of variables will have a significant effect in determining the ultimate impact on market risk, but to demonstrate the impact due to changes in variables, variables had to be changed on an individual basis. The movements in these variables are non–linear.

The method used for deriving sensitivity information and significant variables did not change from the previous period.

**Sensitivity analysis of major currencies**

| Major Currencies | 31 December 2021 Changes in exchange rate (%) | Impact on Profit before tax | Impact on equity | 31 December 2020 Changes in exchange rate (%) | Impact on Profit before tax | Impact on equity |
|---|---|---|---|---|---|---|
| EURO | +10% | 2,346 | 2,346 | +10% | 2,345 | 2,345 |
| GBP | +10% | 214 | 214 | +10% | 230 | 230 |
| USD | +10% | 115,354 | 115,354 | +10% | 96,857 | 96,857 |
| | | | | | | |
| EURO | -10% | (2,346) | (2,346) | -10% | (2,345) | (2,345) |
| GBP | -10% | (214) | (214) | -10% | (230) | (230) |
| USD | -10% | (115,354) | (115,354) | -10% | (96,857) | (96,857) |

### *(ii) Interest rate risk*

Interest rate risk is the risk that the value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Investment in fixed interest rate instruments exposes the Company to cash flow interest risk and fair value interest risk. This is because the Company's investment approach is conservative with high investment in fixed income instruments. The Company does not have interest-rate based liabilities. However, the Company's investment income moves with interest rate over the time creating unrealized gains or losses.

The Company's interest risk policy requires it to manage interest rate risk by maintaining an appropriate mix of fixed rate instruments. The policy also requires it to manage the maturities of interest bearing financial assets and interest bearing financial liabilities. Any gap between fixed and variable rate instruments and their maturities are effectively managed by the Company through derivative financial instruments. Interest on fixed interest rate instruments is priced at inception of the financial instrument and is fixed until maturity or terminated.

The Company has no significant concentration of interest rate risk.

### 1 Sensitivity analysis - interest rate risk

The table below details analysis of the impact of interest rate changes on reasonably possible movements in key variables with all other variables held constant, showing the impact on profit before tax (due to changes in fair value of floating rate financial assets and liabilities, including the effect of fair value hedges) and equity (that reflects adjustments to profit before tax). The correlation of variables will have a significant effect in determining the ultimate impact on interest rate risk, but to demonstrate the impact due to changes in variables, variables had to be changed on an individual basis. It should be noted that movements in these variables are non–linear.

The method used for deriving sensitivity information and significant variables did not change from the previous period.

**31 December 2021**

| Interest earning assets | Basis points | Impact on Profit before tax | Up to 1 Year | 1 -3 Years | 3 - 5 Years | > 5 years | Total |
|---|---|---|---|---|---|---|---|
| | | N'000 | N'000 | N'000 | N'000 | N'000 | N'000 |
| Short term deposit | +100 | 16,982 | 16,982 | - | - | - | 16,982 |
| Other investments (a) | +100 | 17,214 | 17,214 | - | - | - | 17,214 |
| Bonds | +100 | 45,421 | - | 45,421 | - | - | 45,421 |
| | | | | | | | |
| Short term deposit | -100 | (16,982) | (16,982) | - | - | - | (16,982) |
| Other investments (a) | -100 | (17,214) | (17,214) | - | - | - | (17,214) |
| Bonds | -100 | (45,421) | - | (45,421) | - | - | (45,421) |

Other investments consists of promissory notes of N197.78m (2019: Nil) and investment notes of N915.70m (2019: Nil)

31 December 2020

| Interest earning assets | Basis points | Impact on Profit before tax | Up to 1 Year | 1 -3 Years | 3 - 5 Years | > 5 years | Total |
|---|---|---|---|---|---|---|---|
| | | N'000 | N'000 | N'000 | N'000 | N'000 | N'000 |
| Short term deposit | +100 | 22,843 | 22,843 | - | - | - | 22,843 |
| Treasury Bill | +100 | 11,491 | 11,491 | - | - | - | 11,491 |
| Bonds | +100 | 64,764 | - | 64,764 | - | - | 64,764 |
| | | | | | | | |
| Short term deposit | -100 | (22,843) | (22,843) | - | - | - | (22,843) |
| Treasury bill | -100 | (11,491) | (11,491) | - | - | - | (11,491) |
| Bonds | -100 | (64,764) | - | (64,764) | - | - | (64,764) |

### (iii) Equity Risk

Equity price risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Company's equity price risk exposure relates to financial assets whose values will fluctuate as a result of changes in market prices, principally quoted stocks and shares securities.

The Company's price risk policy requires it to manage such risks by setting and monitoring objectives and constraints on investments, diversification plans, limits on investments in each country, sector and market and careful and planned use of derivative financial instruments.

The Company has no significant concentration of price risk.

#### Sensitivity Analysis - equity price risk

The following table contains the fair value and related equity price risk sensitivity of the Company's listed and non-listed equity securities. The equity price risk sensitivity has been calculated based on what the Company views to be reasonably possible changes in the equity prices for the coming year. For listed equities a 20% change in the equity price has been used in the calculation of the sensitivity as at 31 December 2020. For non-listed securities a 40% change in the equity prices has been used in the calculation of the sensitivity.

**Sensitivity Analysis - equity price risk**

| Market Indices | 31 Dec 2021 Fair Value | 31 Dec 2021 Impact on Profit before tax | 31 Dec 2021 Impact on Equity | 31 Dec 2020 Fair Value | 31 Dec 2020 Impact on Profit before tax | 31 Dec 2020 Impact on Equity |
|---|---|---|---|---|---|---|
| | - | - | - | - | - | - |
| Fair value through profit or loss | 5,050,881 | 1,010,176 | 707,123 | 8,655,489 | 1,731,098 | 1,211,768 |
| Available-for-sale - Quoted | 859,589 | 171,918 | 120,342 | 595,486 | 119,097 | 83,368 |
| Available-for-sale - Unquoted | 17,842,029 | 3,568,406 | 2,497,884 | 14,307,029 | 5,722,812 | 4,005,968 |
| | | | | | | |
| Fair value through profit or loss | 5,050,881 | (1,010,176) | (707,123) | 8,655,489 | (1,731,098) | (1,211,768) |
| Available-for-sale - Quoted | 859,589 | (171,918) | (120,342) | 595,486 | (119,097) | (83,368) |
| Available-for-sale - Unquoted | 17,842,029 | (3,568,406) | (2,497,884) | 14,307,029 | (5,722,812) | (4,005,968) |

### Operational Risk

Operational risk is the risk of loss arising from system failure, human error, fraud or external events. When controls fail to perform, operational risks can cause damage to reputation, have legal or regulatory implications or can lead to financial loss. The Company cannot expect to eliminate all operational risks, but by initiating a rigorous control framework and by monitoring and responding to potential risks, the Company is able to manage the risks. Controls include effective segregation of duties, access controls, authorization and reconciliation procedures, staff education and assessment processes, including the use of internal audit. Business risks such as changes in environment, technology and the industry are monitored through the Company's strategic planning and budgeting process.

### Valuation Model

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market condition (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique.

Fair values are determined at prices quoted in active markets. In the current environment, such price information is typically not available for all instruments and the Company applies valuation techniques to measure such instruments. These valuation techniques make maximum use of market observable data but in some cases management estimate other than observable market inputs within the valuation model. There is no standard model and different assumptions would generate different results.

Fair values are subject to a control framework designed to ensure that input variables and output are assessed independent of the risk taker. These inputs and outputs are reviewed and approved by a valuation committee. The Company has minimal exposure to financial assets which are valued at other than quoted prices in an active market.

**Valuation Model**

The table below shows financial assets carried at fair value:

| | 31 Dec 2021 | | | 31 Dec 2020 | | |
|---|---|---|---|---|---|---|
| *In thousands of Naira* | Level 1 | Level 2 | Level 3 | Level 1 | Level 2 | Level 3 |
| **Financial assets** | | | | | | |
| Quoted investments | 5,050,881 | - | - | 8,655,489 | - | - |
| Investment in unit trust scheme | 859,589 | - | - | 595,486 | - | - |
| Unquoted equity investments | - | - | 17,628,000 | - | - | 14,243,000 |
| | **5,910,470** | **-** | **17,628,000** | **9,250,975** | **-** | **14,243,000** |

Fair value measurements recognized in the statement of financial position. The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, Company into Levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following table sets out the fair values of financial instruments not measured at fair value and analyses them by the level in the fair value hierarchy into which each fair value measurement is categorized.

**As at 31 December 2021**

| *In thousands of Naira* | Level 1 N'000 | Level 2 N'000 | Level 3 N'000 | Total fair value N'000 | Total carrying amount N'000 |
|---|---|---|---|---|---|
| **Assets** | | | | | |
| Cash and cash equivalents | - | 3,476,697 | - | 3,476,697 | 3,476,697 |
| Financial assets: | | | | | |
| Available-for-sale | - | - | 64,029 | 64,029 | 64,029 |
| Loans and receivables | - | 141,658 | - | 141,658 | 141,658 |
| Held to maturity | 3,690,194 | - | - | 3,690,194 | 3,690,194 |
| Trade receivables | - | 81,468 | - | 81,468 | 81,468 |
| Other receivables and prepayments | - | 333,655 | - | 333,655 | 333,655 |
| | | | | 7,787,701 | 7,787,701 |
| **Liabilities** | | | | | |
| Insurance contract liabilities | - | 11,635,256 | - | 11,635,256 | 11,635,256 |
| Trade payables | - | 765,141 | - | 765,141 | 765,141 |
| Other payables | - | 1,053,785 | - | 1,053,785 | 1,053,785 |
| Finance lease obligations | - | - | - | - | - |
| Defined benefit obligations | - | 89,659 | - | 89,659 | 89,659 |
| | | | | 13,543,841 | 13,543,841 |

**31 December 2020**

| | Level 1 N'000 | Level 2 N'000 | Level 3 N'000 | Total fair value N'000 | Total carrying amount N'000 |
|---|---|---|---|---|---|
| **Assets** | | | | | |
| Cash and cash equivalents | 3,592,711 | - | - | 3,592,711 | 3,592,711 |
| Financial assets: | | | | | |
| Loans and receivables | - | - | 102,442 | 102,442 | 76,671 |
| Held to maturity | 1,569,956 | - | - | 1,569,956 | 1,509,466 |
| Trade receivables | - | - | 63,974 | 63,974 | 63,974 |
| Other receivables and prepayments | - | - | 501,131 | 501,131 | 501,131 |
| | | | | 5,830,214 | 5,743,953 |

# Notes to the financial statements

For The Year Ended 31 December 2021

**Valuation Model**
**31 December 2020**

| | Level 1 N'000 | Level 2 N'000 | Level 3 N'000 | Total fair value N'000 | Total carrying amount N'000 |
|---|---|---|---|---|---|
| **Liabilities** | | | | | |
| Insurance contract liabilities | - | - | 5,728,661 | 5,728,661 | 5,728,661 |
| Trade payables | - | - | 704,169 | 704,169 | 704,169 |
| Other payables | - | - | 922,984 | 922,984 | 922,984 |
| Finance lease obligations | - | - | 219 | 219 | 219 |
| Defined benefit obligations | - | - | 62,981 | 62,981 | 62,981 |
| | | | | 7,419,014 | 7,419,014 |

## 7 Cash and cash equivalents

Cash and cash equivalents comprise:

| | 31 Dec 2021 N'000 | 31 Dec 2020 N'000 |
|---|---|---|
| Cash in hand | 445 | 642 |
| Balances with banks & other financial institutions (see (b) below) | 3,603,672 | 3,719,490 |
| | 3,604,117 | 3,720,132 |
| Allowance for impairment (see (a) below) | (127,421) | (127,421) |
| **Cash and bank balance as at year end** | **3,476,697** | **3,592,711** |
| (a) **Allowance for impairment** | | |
| Balance as at the beginning of the year | 127,421 | 127,421 |
| Addition | - | - |
| Balance as at the end of the year (see '( c ) below for details) | **127,421** | **127,421** |

(b) These are cash balances and short-term placements with banks and other financial institutions with tenor of 90 days or less. Cash & cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and have a maturity of three months or less from the date of acquisition.

(c) Amount relates to short term investments with Resort Savings and Loans (N75.1 million), Triumph Bank (N20.1 million), Profound Finance and Investment Ltd (N9.5 million), Assurance bank (N9.3 million), Center Point Merchant Bank (N7.4 million and others (N6 million) which are fully impaired and their recoverability are in doubt.

## 8 Financial assets

The Company's financial assets comprise fair value through profit or loss financial assets, available-for-sale financial assets, loans and receivables and unquoted equity at cost.

| | 31 Dec 2021 N'000 | 31 Dec 2020 N'000 |
|---|---|---|
| Fair value through profit or loss (note 8.1) | 5,050,881 | 8,655,489 |
| Available-for-sale (note 8.2) | 18,701,618 | 14,902,515 |
| Loans and receivables (note 8.5) | 141,658 | 76,671 |
| Held to maturity (note 8.6) | 3,690,194 | 1,509,466 |
| | 27,584,351 | 25,144,141 |

### 8(a) Financial instrument classification

| *In thousands of Naira* | 31 Dec 2021 Fair Value through Profit or Loss | Available for Sale | Loans and Receivables | Held to Maturity | Total |
|---|---|---|---|---|---|
| - Listed | 5,050,881 | 859,589 | - | 810,410 | 6,720,880 |
| - Unlisted | - | 17,842,029 | - | 2,879,784 | 20,721,813 |
| - Other financial assets | - | - | 141,658 | - | 141,658 |
| | 5,050,881 | 18,701,618 | 141,658 | 3,690,194 | 27,584,351 |
| Within one year | 5,050,881 | - | 141,658 | 3,690,194 | 8,882,733 |
| More than one year | - | 18,701,618 | - | - | 18,701,618 |
| | 5,050,881 | 18,701,618 | 141,658 | 3,690,194 | 27,584,351 |

## 8(b) Financial instrument classification

| | 31 Dec 2020 | | | | |
|---|---|---|---|---|---|
| *In thousands of Naira* | Fair Value through Profit or Loss | Available for Sale | Loans and Receivables | Held to Maturity | Total |
| - Listed | 8,655,489 | 595,486 | - | 360,410 | 9,611,385 |
| - Unlisted | - | 14,307,029 | - | 1,149,056 | 15,456,085 |
| - Other financial assets | - | - | 76,671 | - | 76,671 |
| | 8,655,489 | 14,902,515 | 76,671 | 1,509,466 | 25,144,141 |
| Within one year | 245,328 | - | 42,483 | 627,873 | 915,684 |
| More than one year | 8,410,161 | 14,902,515 | 34,188 | 881,593 | 24,228,457 |
| | 8,655,489 | 14,902,515 | 76,671 | 1,509,466 | 25,144,141 |

## 8.1 Fair value through profit or loss

The movement in the investment at fair value through profit or loss is as follows:

| *In thousands of Naira* | 31 Dec 2021 | 31 Dec 2020 |
|---|---|---|
| Balance as at the beginning of the year | 8,655,489 | 4,449,949 |
| Addition during the year | 1,832,801 | 4,679,599 |
| Disposal during the year | (4,168,919) | (2,293,652) |
| | 6,319,371 | 6,835,896 |
| Fair value (loss)/gain | (1,268,490) | 1,819,593 |
| Balance as at the end of the year | **5,050,881** | **8,655,489** |

**(a)** The fair value of quoted financial instruments is determined by reference to published price quotations in an active market (fmdq). The resulting fair value changes have been recognized in profit or loss.

## 8.2 Available for sale

Available for sale financial assets comprise:

| *In thousands of Naira* | 31 Dec 2021 | 31 Dec 2020 |
|---|---|---|
| Unquoted equities - at FVTOCI (see (a) below) | 17,628,000 | 14,243,000 |
| Equity mutual funds | 859,589 | 595,486 |
| Bonds at FVTOCI | 150,000 | - |
| Unquoted equities - at cost | 64,029 | 64,029 |
| | **18,701,618** | **14,902,515** |

| **Reconciliation of Movements in Available for Sale during the year 2021** | 31 Dec 2021 | 31 Dec 2020 |
|---|---|---|
| Gross balance as at January 1 | 14,902,515 | 13,483,256 |
| Addition during the year | 401,250 | 550,000 |
| Fair value gain | 3,397,853 | 869,259 |
| **Balance as at December 31** | **18,701,618** | **14,902,515** |

(a) The unquoted equities carried at fair value above represent the 117,647,058 ordinary shares of N1 each of Stanbic IBTC Pension Managers Limited held by Linkage Assurance Plc.
The fair value of the investment as at 31 December 2021 was N17.628billion (31 December 2020: N14.243 billion) and was determined using the discounted cash flow (DCF) method and level 3 inputs of the IFRS 13 *Fair Value Measurement* fair value hierarchy.

The valuation was done by Sirius Associate. The valuation report was signed by Oluwakemi A. Adeniran with FRC number FRC/2012/ICAN/00000000205.

# Notes to the financial statements
For The Year Ended 31 December 2021

### Summary of Significant Assumptions

| Description | 31-Dec-21 | 31-Dec-20 |
|---|---|---|
| Growth in gross income (GI) % over the next 5 years | 12 | 7 |
| Operating expenses / Gross income % | 30 | 30 |
| Depreciation and amortization / Gross income % | 2 | 2 |
| Effective tax rate (Tax / Profit before tax) % | 33 | 32 |
| Capital expenditure / Gross income % over the next 5 years | 18, 30, 2, 2, 2 | 37, 19, 33, 2, 2 |
| Perpetual growth rate % | 6.79 | 3.75 |
| Period counts over the next 5 years | 0.5, 1.5, 2.5, 3.5, 4.5 | 0.5, 1.5, 2.5, 3.5, 4.5 |
| Expected market rate of return % | 23.33 | 17.47 |
| Risk-free rate % | 13.28 | 7.42 |
| Market risk premium % | 10.05 | 10.05 |
| Beta | 1 | 1 |
| Weighted average cost of capital % | 23.33 | 17.470 |
| Equity value of Stanbic IBTC Pension Managers Limited (see note 8.4(a)) | 187.377 | 151.392 |
| Illiquidity discount % | 20 | 20 |
| Value of Linkage Assurance PLC's equity stake | N17.628 billion | N14.243billion |

The analysis below shows the changes in equity value of Stanbic IBTC Pension Managers Limited's (SIPML) with respect to changes in weighted average cost of capital (WACC) and the terminal growth rate of free cash flow (FCF).

**Sensitivity Analysis**
**At 31 December 2021**

Equity Value (N million)
Terminal growth rate of FCF

| | | 5.29% | 5.79% | 6.29% | 6.79% | 7.29% | 7.79% | 8.29% | 8.79% |
|---|---|---|---|---|---|---|---|---|---|
| WACC | 21.33% | 200,581 | 204,791 | 209,281 | 214,080 | 219,220 | 224,741 | 230,685 | 237,103 |
| | 21.83% | 194,251 | 198,150 | 202,300 | 206,726 | 211,456 | 216,523 | 221,965 | 227,824 |
| | 22.33% | 188,301 | 191,919 | 195,763 | 199,853 | 204,216 | 208,879 | 213,874 | 219,238 |
| | 22.33% | 182,698 | 186,061 | 189,628 | 193,417 | 197,450 | 201,751 | 206,347 | 211,272 |
| | 23.33% | 177,413 | 180,545 | 183,860 | 187,377 | 191,112 | 195,088 | 199,328 | 203,860 |
| | 23.83% | 172,419 | 175,341 | 178,429 | 181,698 | 185,164 | 188,847 | 192,767 | 196,948 |
| | 24.33% | 167,695 | 170,424 | 173,304 | 176,349 | 179,572 | 182,990 | 186,622 | 190,487 |
| | 24.83% | 163,219 | 165,772 | 168,463 | 171,303 | 174,305 | 177,484 | 180,854 | 184,435 |
| | 25.33% | 158,972 | 161,364 | 163,882 | 166,535 | 169,336 | 172,296 | 175,431 | 178,754 |

**At 31 December 2020**

Equity Value (N million)
Terminal growth rate of FCF

| | | 2.25% | 2.75% | 3.25% | 3.75% | 4.25% | 4.75% | 5.25% | 5.75% |
|---|---|---|---|---|---|---|---|---|---|
| WACC | 15.47% | 164,024 | 168,780 | 173,925 | 179,509 | 185,591 | 192,240 | 199,540 | 207,591 |
| | 15.97% | 157,501 | 161,844 | 166,528 | 171,596 | 177,096 | 183,087 | 189,636 | 196,826 |
| | 16.47% | 151,449 | 155,426 | 159,704 | 164,319 | 169,311 | 174,729 | 180,630 | 187,081 |
| | 16.97% | 145,820 | 149,472 | 153,390 | 157,604 | 162,150 | 167,068 | 172,406 | 178,219 |
| | 17.47% | 140,572 | 143,934 | 147,532 | 151,392 | 155,544 | 160,022 | 164,867 | 170,126 |
| | 17.97% | 135,670 | 138,771 | 142,083 | 145,628 | 149,431 | 153,521 | 157,934 | 162,707 |
| | 18.47% | 131,080 | 133,947 | 137,003 | 140,266 | 143,759 | 147,506 | 151,536 | 155,884 |
| | 18.97% | 126,774 | 129,431 | 132,256 | 135,267 | 138,482 | 141,924 | 145,616 | 149,588 |
| | 19.47% | 122,728 | 125,194 | 127,811 | 130,596 | 133,563 | 136,731 | 140,123 | 143,761 |

## 8.5 Loans and receivables
### 31 December 2021

| | Gross Amount N'000 | Impairment N'000 | Carrying Amount N'000 |
|---|---|---|---|
| Due from third parties (see note a & b below) | 200,048 | (91,974) | 108,074 |
| Loan to staff | 32,230 | - | 32,230 |
| Loan to policy holders | 13,655 | (13,655) | - |
| Ex-staff loans | 36,863 | (35,509) | 1,354 |
| | **282,796** | **(141,138)** | **141,658** |

### 31 December 2020

| | Gross Amount N'000 | Impairment N'000 | Carrying Amount N'000 |
|---|---|---|---|
| Due from third parties (see note a & b below) | 163,270 | (127,764) | 35,506 |
| Loan to staff | 31,919 | - | 31,919 |
| Loan to policy holders | 13,655 | (13,655) | - |
| Ex-staff loans | 44,755 | (35,509) | 9,246 |
| | **253,599** | **(176,928)** | **76,671** |

### (a) Breakdown of Due from third parties

| **Name of third parties** | 31 Dec 2021 N'000 | 31 Dec 2020 N'000 |
|---|---|---|
| Lease Fin. - Olumegbon | 297 | 297 |
| Tsf Fin. - Lease Fin. | 927 | 927 |
| Pine Hill Leasing | 39,793 | 35,508 |
| Lease-Glc Resources | 4,374 | 4,374 |
| Konikolo Trust Fund | 49,087 | 71,577 |
| Sunfair Comm. Prod. Ltd | 1,500 | 49,087 |
| Aquila Leasing Ltd. | 58,020 | 1,500 |
| Taxaide Global | 46,050 | |
| **Total** | **200,048** | **163,270** |

### (b) Impairment allowance

| *In thousands of Naira* | 31 Dec 2021 | 31 Dec 2020 |
|---|---|---|
| Balance at the beginning of the year | (176,928) | (127,764) |
| Movement during the period | 35,790 | (49,164) |
| Balance at the end of the year | **(141,138)** | **(176,928)** |

Loans and receivables are measured at amortised cost using the effective interest rate. The effective interest rate for the purpose of staff loan valuation is the applicable market lending rates at the time of availment. The impairment allowance of N141million consists of N91.97million impairment on due from third parties, N13.65 million on Loans to policy holders and N35.51million on ex-staff loans.

## 8.6 Held to maturity

| *In thousands of Naira* | 31 Dec 2021 | 31 Dec 2020 |
|---|---|---|
| Balance at the beginning of the year | 1,520,658 | 5,263,082 |
| Redemptions during the year | (329,214) | (5,251,890) |
| | **1,191,444** | **11,192** |
| Additions during the period | 2,509,942 | 1,509,466 |
| | **3,701,386** | **1,520,658** |
| Impairment loss | (11,192) | (11,192) |
| Balance at the end of the year | **3,690,194** | **1,509,466** |

(a) The held to maturity instrument consists of bonds investment of N1.97billion (2020: N360.41 million), investment notes of N1.32billion (2020: N951.28 million) and promissory notes of N399.50 million (2020: N197.78 million).

(b) The impairment loss of N11.19 million consists of impairment charge on investments in DEAP Capital of N11.19 million (2020: N11.19 million).

**Breakdown of HTM is as follows:**

| *In thousands of Naira* | 31 Dec 2021 | 31 Dec 2020 |
|---|---|---|
| Bonds Investment | 1,968,793 | 360,410 |
| Investment notes | 1,321,909 | 951,276 |
| Promissory notes | 399,491 | 197,780 |
| | **3,690,194** | **1,509,466** |

## 9 Trade receivables

| *In thousands of Naira* | 31 Dec 2021 | 31 Dec 2020 |
|---|---|---|
| Due from broker | 81,468 | 63,974 |
| | **81,468** | **63,974** |

## 9.1 Analysis of debtors in days

| *In thousands of Naira* | 31 Dec 2021 | 31 Dec 2020 |
|---|---|---|
| Within 30 days | 81,468 | 63,974 |
| | **81,468** | **63,974** |

## 10 Reinsurance assets

| *In thousands of Naira* | 31 Dec 2021 | 31 Dec 2020 | Changes during the year |
|---|---|---|---|
| Prepaid reinsurance (note 10(a)) | 801,100 | 852,723 | (51,623) |
| Reinsurance recoverable on outstanding claims (note 10(b) ) | 3,006,069 | 1,239,009 | 1,767,060 |
| Reinsurance projection on IBNR (note 10( c ) | 769,917 | 144,014 | 625,903 |
| | 4,577,086 | 2,235,746 | 2,341,339 |
| Due from Reinsurers (see note (i) below) | 62,557 | 210,174 | (147,617) |
| | **4,639,643** | **2,445,920** | **2,193,722** |

( i ) This represents amount due from reinsurers on claims paid during the year.

### (a) Movement in prepaid reinsurance costs

| *In thousands of Naira* | 31 Dec 2021 | 31 Dec 2020 |
|---|---|---|
| Balance at the beginning of the year | 852,723 | 615,645 |
| Additions during the year | 4,974,242 | 3,739,666 |
| Reinsurance expense in the year (see note 33.1) | (5,025,865) | (3,502,588) |
| Balance at the end of the year | **801,100** | **852,723** |

### (b) Movement in reinsurance recoverable on outstanding claims

| *In thousands of Naira* | 31 Dec 2021 | 31 Dec 2020 |
|---|---|---|
| Balance at the beginning of the year | 1,239,009 | 429,637 |
| Recoveries during the year (see note 17.1(a) ) | 1,767,060 | 809,372 |
| Balance at the end of the year | **3,006,069** | **1,239,009** |

### (C) Movement in reinsurance recoverable on IBNR projection

| *In thousands of Naira* | 31 Dec 2021 | 31 Dec 2020 |
|---|---|---|
| Balance at the beginning of the year | 144,014 | 150,873 |
| Changes during the year (see note 17.1( c ) | 625,902 | (6,859) |
| Balance at the end of the year | **769,916** | **144,014** |

Reinsurance assets are valued after an allowance for recoverability has been assessed.

# Notes to the financial statements
For The Year Ended 31 December 2021

## 10.1 Breakdown of prepaid reinsurance is as follows:

| *In thousands of Naira* | 31 Dec 2021 | 31 Dec 2020 |
|---|---|---|
| Motor | - | 196 |
| Fire | 321,768 | 234,787 |
| General accident | 107,551 | 114,235 |
| Engineering | 55,312 | 87,567 |
| Marine | 100,533 | 136,557 |
| Bond | 611 | 624 |
| Aviation | 32,345 | 27,192 |
| Agric | 10,049 | - |
| Oil & Gas | 172,931 | 251,565 |
| | **801,099** | **852,723** |

## 11 Deferred acquisition cost

### 11.1 Deferred acquisition costs represent commissions on unearned premium relating to the unexpired period of risks and comprise:

| *In thousands of Naira* | 31 Dec 2021 | 31 Dec 2020 |
|---|---|---|
| Motor | 75,824 | 57,777 |
| Fire | 103,596 | 63,870 |
| Accident | 41,223 | 37,421 |
| Engineering | 26,711 | 27,600 |
| Marine | 33,677 | 36,540 |
| Bond | 182 | 200 |
| Aviation | 13,407 | 11,505 |
| Oil & Gas | 135,247 | 93,899 |
| Agric | 2,961 | - |
| | **432,828** | **328,812** |

### 11.2 Movement in the deferred acquisition costs

| *In thousands of Naira* | 31 Dec 2021 | 31 Dec 2020 |
|---|---|---|
| Balance at the beginning of the year | 328,812 | 262,550 |
| (Decrease) / increase during the year (see note 36.1) | 104,016 | 66,262 |
| Balance at the end of the year | **432,828** | **328,812** |

## 12 Other receivables and prepayments

| *In thousands of Naira* | 31 Dec 2021 | 31 Dec 2020 |
|---|---|---|
| Prepayments (see (a) below) | 204,565 | 328,520 |
| Other receivables (see (b) below) | 135,301 | 178,822 |
| | 339,866 | 507,342 |
| Allowance for impairment | (6,211) | (6,211) |
| | **333,655** | **501,131** |

### (a) Prepayments

| *In thousands of Naira* | 31 Dec 2021 | 31 Dec 2020 |
|---|---|---|
| Prepaid staff benefits (see ( i ) below) | 110,604 | 73,549 |
| Deposits with stock broker (see (ii) below) | 2,602 | 2,602 |
| Prepaid rent | 49,048 | 46,808 |
| Other prepaid expenses (see (iii) below) | 42,311 | 205,561 |
| | **204,565** | **328,520** |

( i ) This represents amounts prepaid to staff of the Company with respect to rent advance (N31.61million), furniture grant (N2.57 million, staff fleet premium advance (N0.3 million) and car loan encashment (N76.13million).

(ii) The impairment allowance of N2.6 million represents impairment on deposits with stock brokers.

(iii) This includes expenses incurred by the Company whose payments were made in advance but services have not been fully rendered within specific period intervals.

### (b) Other receivables

| *In thousands of Naira* | 31 Dec 2021 | 31 Dec 2020 |
|---|---|---|
| Withholding tax recoverable | 112,561 | 111,004 |
| Sundry receivables (see (i) below) | 22,740 | 67,818 |
| | 135,301 | 178,822 |
| Allowance for impairment (see (ii) below) | (6,211) | (6,211) |
| | **129,090** | **172,611** |

( i ) This represents balance on contribution to claims pool.
(ii) The impairment allowance of N6.2 million represents impairment on deposits with stock brokers.

| Movement in allowance for impairment | | |
|---|---|---|
| *In thousands of Naira* | 31 Dec 2021 | 31 Dec 2020 |
| Balance at the beginning of the year | 6,211 | 16,494 |
| Reversal | - | (10,283) |
| Balance at the end of the year | 6,211 | 6,211 |

## 13 Investment properties

**(a) The balance in this account can be analysed as follows:**

| S/N | Location of asset | Carrying amount as at 1 January 2021 N'000 | Additions N'000 | Disposals N'000 | Reclassi -fication N'000 | Fair value gain/(loss) N'000 | Carrying amount as at 31 December 2021 N'000 |
|---|---|---|---|---|---|---|---|
| 1 | No. 9C Shekinah Green Estate, Apo District, Abuja. | 75,000 | - | - | - | 3,750 | 78,750 |
| 2 | No. 11C Shekinah Green Estate, Apo District, Abuja. | 75,000 | - | - | - | 3,750 | 78,750 |
| | | 150,000 | - | - | - | 7,500 | 157,500 |

The Company possess Deed of Conveyance for the investment properties 1 and 2 above.

### (b) Reconciliation of carrying amount

| *In thousands of Naira* | 31 Dec 2021 | 31 Dec 2020 |
|---|---|---|
| Balance at the beginning of the year | 150,000 | 150,000 |
| Fair value gain/(loss) | 7,500 | - |
| Balance at the end of the year | **157,500** | **150,000** |

### ( c ) Measurement of fair values

***( i ) Fair value hierarchy of the investment properties are as follows:***

| *In thousands of Naira* | 31 Dec 2021 | 31 Dec 2020 |
|---|---|---|
| *Level 1* | - | - |
| *Level 2* | - | - |
| *Level 3* | 157,500 | 150,000 |
| | **157,500** | **150,000** |

***Valuation technique and significant unobservable inputs***

The following table shows the valuation technique used in measuring the fair value of investment property as at 31 December 2021, as well as the significant unobservable inputs used.

| Valuation technique | Significant unobservable inputs | Inter-relationship between key unobservable inputs and fair value measurement |
|---|---|---|
| The fair values are determined by applying the direct market evidence comparative method of valuation to derive the open market value. This valuation model reflects the current price on actual transaction for similar properties in the neighbourhood in recent time. References were made to prices of land and comparable properties in the neighbourhood. The data obtained were analysed and adjustment was made to reflect differences in site area and the actual location, quality of construction and off-site facilities. | -Rentals for similar property<br>-Rate of development in the area<br>-Quality of the building and repairs.<br>-Influx of people and/or businesses to the area<br>-Price per square meter N235,000-N250,000 | The estimated fair value would increase (decrease) if the rate of development in the area increases (decreases), quality of the building increases (decreases), influx of people and/or business to the area increases (decreases). |

The valuation was done by Andy Bassey & Associate Estate Surveyors & Valuers with firm FRC number FRC/2012/00000000487. The valuation report was signed by Andem Bassey (FNIVS, RSV) with FRC number FRC/2012/NIESV/00000000363.

# Notes to the financial statements

For The Year Ended 31 December 2021

## 14 Intangible assets

| *In thousands of Naira* | 31 Dec 2021 | 31 Dec 2020 |
|---|---|---|
| **Cost** | | |
| Balance at the beginning of the year | 67,147 | 67,147 |
| Addition during the year | 47,759 | - |
| Balance at the end of the year | **114,906** | **67,147** |
| | | |
| **Accumulated Amortisation** | | |
| Balance at the beginning of the year | 65,948 | 59,828 |
| Charge for the year | 12,092 | 6,120 |
| Balance at the end of the year | 78,040 | 65,948 |
| | | |
| **Carrying amount** | | |
| Balance at the end of the year | **36,866** | **1,199** |

The intangible assets include computer software acquired for use in the Company's operation. The assets are usually amortized over their useful life most which do not exceed 4 years. Amortization methods are reviewed at each financial year and adjusted if appropriate.

## 15 Property and equipment
### At 31 December 2021

| *In thousands of Naira* | Land | Buildings | Motor Vehicles | Office furniture & fittings | Office Machinery & Equipment | Building (Work in progress) | Total |
|---|---|---|---|---|---|---|---|
| **Cost/valuation** | | | | | | | |
| At 1 January 2021 | 847,420 | 287,817 | 581,711 | 153,924 | 376,237 | 85,861 | 2,332,970 |
| Additions | - | - | 272,240 | 4,689 | 21,372 | - | 298,301 |
| Disposal | - | - | - | (2,396) | (159,929) | - | (162,325) |
| At 31 December 2021 | 847,420 | 287,817 | 853,951 | 156,217 | 237,680 | 85,861 | 2,468,946 |
| **Accumulated depreciation** | | | | | | | |
| At 1 January 2021 | - | 89,837 | 452,187 | 140,572 | 300,858 | - | 983,454 |
| Charge for the year | - | 4,704 | 136,099 | 5,987 | 32,800 | - | 179,590 |
| Disposal | - | - | - | (2,342) | (158,934) | - | (161,276) |
| At 31 December 2021 | - | 94,542 | 588,285 | 144,218 | 174,723 | - | 1,001,767 |
| **Carrying amount** | | | | | | | |
| At 31 December 2021 | 847,420 | 193,276 | 265,665 | 12,000 | 62,956 | 85,861 | 1,467,178 |
| At 31 December 2020 | 847,420 | 197,980 | 129,524 | 13,352 | 75,379 | 85,861 | 1,349,516 |

### Property and equipment
### At 31 December 2020

| *In thousands of Naira* | Land | Buildings | Motor Vehicles | Office furniture & fittings | Office Machinery & Equipment | Building (Work in progress) | Total |
|---|---|---|---|---|---|---|---|
| **Cost/valuation** | | | | | | | |
| At 1 January 2020 | 757,200 | 291,392 | 629,511 | 145,751 | 330,428 | 105,136 | 2,259,418 |
| Additions | - | 920 | | 8,173 | 48,684 | - | 57,777 |
| Disposal | - | - | (47,800) | | (2,875) | - | (50,675) |
| Revaluation loss | - | (4,495) | - | - | - | (19,275) | (23,770) |
| Revaluation gain | 90,220 | - | - | - | - | - | 90,220 |
| At 31 December 2020 | 847,420 | 287,817 | 581,711 | 153,924 | 376,237 | 85,861 | 2,332,970 |
| **Accumulated depreciation** | | | | | | | |
| At 1 January 2020 | - | 82,083 | 388,009 | 133,171 | 274,975 | - | 878,238 |
| Charge for the year | - | 7,754 | 107,603 | 7,401 | 27,776 | - | 150,534 |
| Disposal | - | - | (43,425) | - | (1,893) | - | (45,318) |
| At 31 December 2020 | - | 89,837 | 452,187 | 140,572 | 300,858 | - | 983,454 |
| **Carrying amount** | | | | | | | |
| At 31 December 2020 | 847,420 | 197,980 | 129,524 | 13,352 | 75,379 | 85,861 | 1,349,516 |
| At 31 December 2019 | 757,200 | 209,309 | 241,502 | 12,580 | 55,453 | 105,136 | 1,381,180 |

## 15 Property and equipment

The fair value hierarchy of the property and equipment according IFRS 13 is shown below:

| Class of PPE | 31 December 2021 | | | 31 December 2020 | | |
|---|---|---|---|---|---|---|
| *In thousands of Naira* | Level 1 | Level 2 | Level 3 | Level 1 | Level 2 | Level 3 |
| Land | - | - | 847,420 | - | - | 847,420 |
| Building | - | - | 193,276 | - | - | 197,980 |
| Building (work in progress) | - | - | 85,861 | - | - | 85,861 |
| | - | - | **1,126,557** | **-** | **-** | **1,131,261** |

In December 2020, the Company's land and buildings were revalued. The Company engaged the services of an independent valuer, Andy Bassey & Associate Estate Surveyors & Valuers (FRC/2012/NIESV/00000000363). The Company revalues its land and buildings every three years as stated in its accounting policy.

a) There were no capitalized borrowing costs related to the acquisition of property and equipment during the year
b) In the opinion of the directors, the market value of the Company's property and equipment is not less than the value shown in the financial statements as at year end.
c) The Company had no capital commitments as at the reporting date (December 2020: nil).
d) There was no item of property and equipment that has been pledged as security for borrowings as at the year ended 31 December 2021 (December 2020: nil).
e) An impairment assessment was conducted and no impairment indicator was identified.

**Below table shows the details of the property and equipment carried at revalued amount:**

| Name of property | Date of acquisition | Title document | Location | Carrying amount | Steps taken for perfection of document |
|---|---|---|---|---|---|
| Land and Building In Lekki express way | 20-Nov-05 | Deed of Assignment | Plot 20, Block 94, Lekki express way | 769,681 | Lagos State Governor Concent obtained on 26/09/2016 |
| Land and Building at Ilupeju | 12-Mar-02 | Deed of Assignment | 11A, Coker road, ilupeju, Lagos State | 98,100 | The company had applied to register the deed of assignment with the Lagos State Lands Registry |
| Land in Yenagoa | 30-Apr-12 | Letter of allocation by Bayelsa State Government | Central business district Swali, Yenagoa, Bayelsa State | 55,000 | The company had applied to register the allocation letter with the Bayelsa State Lands Registry |
| Linkage Millennium Tower, Port Harcourt | 26-Sep-03 | Deed of Assignment | Amadi layout along Port Harcourt/ Aba Express road | 208,480 | The company had applied to register the deed of assignment with the Rivers State Ministry of Lands |
| | | | | **1,131,261** | |

## f) Land and building: historical costs

The Company has adopted the carrying value of land and buildings as at 1 January 2012 as the deemed cost of the assets. This represents the cost of the assets when the Company first adopted IFRS. If land and building were stated on the historical cost basis, the carrying amounts as at 31 December 2021 would be as follows:

| | Land N'000 | Buildings N'000 |
|---|---|---|
| Cost | 266,348 | 78,224 |
| Accumulated depreciation | - | (8,447) |
| **Carrying amount** | **266,348** | **69,777** |

## 16 Statutory deposit

| | 31 Dec 2021 N'000 | 31 Dec 2020 N'000 |
|---|---|---|
| Statutory deposit with CBN | 500,000 | 300,000 |

The statutory deposit represents the Company's deposit with the Central Bank of Nigeria in compliance with the Insurance Act of Nigeria. The amount is not available for the day-to-day funding operations of the Company. It is therefore regarded as restricted cash. During the year, a deposit of N200 million was made by the Company to the Central Bank of Nigeria on 7 January 2021 to increase its statutory deposit from N300 million to N500 million.

## 17 Insurance contract liabilities

| | 31 Dec 2021 N'000 | 31 Dec 2020 N'000 |
|---|---|---|
| Provision for claims reported by policyholders (note 17.1(a)) | 6,107,518 | 2,774,646 |
| Provision for IBNR (note 17.1( c )) | 2,761,423 | 894,791 |
| Outstanding claims provision | 8,868,941 | 3,669,437 |
| Provision for unearned premium (note 17.2) | 2,766,315 | 2,059,224 |
| Total insurance contract liabilities | 11,635,256 | 5,728,661 |

### 17.1 Analysis of claims reserve based on nature

| | 31 December 2021 | | | 31 December 2020 | | |
|---|---|---|---|---|---|---|
| *In thousands of Naira* | Gross claims | Reinsurance | Net | Gross claims | Reinsurance | Net |
| Reported claims (see (a) below) | 6,107,518 | 3,006,069 | 3,101,449 | 2,774,646 | 1,239,009 | 1,535,637 |
| IBNR (see ( c ) below) | 2,761,423 | 769,917 | 1,991,506 | 894,791 | 144,014 | 750,777 |
| | **8,868,941** | **3,775,986** | **5,092,955** | **3,669,437** | **1,383,023** | **2,286,414** |

**(a) The movement in claims reported by policy holders is shown below:**

| | 31 December 2021 | | | 31 December 2020 | | |
|---|---|---|---|---|---|---|
| *In thousands of Naira* | Reported claims | Reinsurance | Net | Reported claims | Reinsurance | Net |
| Balance at the beginning of the year | 2,774,646 | 1,239,009 | 1,535,637 | 2,267,862 | 429,637 | 1,838,225 |
| Movement during the year | 3,332,872 | 1,767,060 | 1,565,812 | 506,784 | 809,372 | (302,588) |
| Balance at the end of the year | **6,107,518** | **3,006,069** | **3,101,449** | **2,774,646** | **1,239,009** | **1,535,637** |

Analysis of outstanding claims per class of business:

(b) *In thousands of Naira*

| | 31 December 2021 | | | 31 December 2020 | | |
|---|---|---|---|---|---|---|
| | Gross Outstanding claims | Reinsurance recoveries | Net | Gross Outstanding claims | Reinsurance recoveries | Net |
| Motor | 416,124 | 48,896 | 367,228 | 200,482 | 27,423 | 173,059 |
| Fire | 2,984,614 | 2,143,986 | 840,628 | 703,609 | 502,694 | 200,915 |
| General accident | 1,008,769 | 459,480 | 549,289 | 654,828 | 383,100 | 271,728 |
| Engineering | 127,234 | 73,800 | 53,435 | 346,789 | 285,978 | 60,811 |
| Marine | 196,999 | 38,081 | 158,918 | 69,706 | 22,705 | 47,001 |
| Bond | - | - | - | 73,315 | - | 73,315 |
| Aviation | 75,275 | 12,500 | 62,775 | 31,835 | 5,000 | 26,835 |
| Oil & Gas | 1,293,843 | 226,291 | 1,067,553 | 694,082 | 12,108 | 681,974 |
| Agric | 4,660 | 3,029 | 1,631 | | | |
| | **6,107,518** | **3,006,069** | **3,101,452** | **2,774,646** | **1,239,009** | **1,535,637** |

### 17.1 Analysis of claims reserve based on nature

**(c) Age analysis of outstanding claims at the end of the year is shown below:**

| Days outstanding | 31 Dec 2021 N'000 | 31 Dec 2020 N'000 |
|---|---|---|
| 0 - 90 days | 1,706,213 | 1,259,250 |
| 91 - 180 days | 475,285 | 243,261 |
| 181 - 270 days | 909,261 | 130,443 |
| 271 - 365 days | 609,815 | 144,823 |
| Over 365 days | 2,406,943 | 996,869 |
| **Total** | 6,107,518 | 2,774,646 |

# Notes to the financial statements

For The Year Ended 31 December 2021

Below are further breakdown of the outstanding claims and the reasons for their existence:

**Outstanding claims days (N'000)**

| | 0-90 days | 91-180 Days | 181-270 Days | 271-365 Days | Over 365 Days | Total |
|---|---|---|---|---|---|---|
| Discharge vouchers signed and returned by policyholders | 30,904 | - | - | - | - | 30,904 |
| Discharge vouchers not yet signed and returned by policyholders | - | - | - | - | - | - |
| Claims reported but incomplete documentation | 1,671,597 | 466,333 | 828,824 | 605,009 | 1,917,884 | 5,489,648 |
| Claims reported but being adjusted | 3,712 | 7,952 | 5,403 | 1,750 | 487,748 | 506,564 |
| Claims repudiated | - | - | - | 1,000 | - | 1,000 |
| Awaiting adjusters final report | - | 1,000 | 74,074 | 2,056 | 1,181 | 78,311 |
| Litigation awarded | - | - | - | - | 45 | 45 |
| Insured instructed has advices reopening | - | - | 500 | - | - | 500 |
| Third party liability outstanding | - | - | - | - | - | - |
| Adjusters fee payable | - | - | 460 | - | 86 | |
| **Total** | **1,706,213** | **475,285** | **909,261** | **609,815** | **2,406,943** | **6,107,518** |

## (d) The movement in Incurred But Not Reported (IBNR) reserves is shown below:

| | 31 December 2021 | | | 31 December 2020 | | |
|---|---|---|---|---|---|---|
| *In thousands of Naira* | IBNR claims | Reinsurance | Net | IBNR claims | Reinsurance | Net |
| At the beginning of the year | 894,791 | 144,014 | 750,777 | 704,646 | 150,873 | 553,773 |
| Movement during the year | 1,866,632 | 625,903 | 1,240,729 | 190,145 | (6,859) | 197,004 |
| At the end of the year | **2,761,423** | **769,917** | **1,991,506** | **894,791** | **144,014** | **750,777** |

Analysis of IBNR claims per class of business:

| | 31 December 2021 | | | 31 December 2020 | | |
|---|---|---|---|---|---|---|
| *In thousands of Naira* | IBNR claims | Reinsurance recoveries | Net | IBNR claims | Reinsurance recoveries | Net |
| Motor | 317,409 | 12,379 | 305,030 | 152,908 | 9,812 | 143,096 |
| Fire | 1,380,857 | 187,404 | 1,193,454 | 131,469 | 67,695 | 63,774 |
| General accident | 153,821 | 12,557 | 141,264 | 99,077 | 31,659 | 67,418 |
| Engineering | 31,829 | (10,174) | 42,003 | 62,377 | 26,741 | 35,636 |
| Marine | 80,075 | 12,576 | 67,499 | 28,169 | 6,856 | 21,313 |
| Bond | 2,411 | - | 2,411 | 7,015 | 33 | 6,982 |
| Aviation | 53,350 | 8,084 | 45,266 | 21,821 | - | 21,821 |
| Agric | 1,475 | 448 | 1,028 | **-** | - | - |
| Oil & Gas | 740,196 | 546,644 | 193,552 | **391,955** | 1,218 | **390,737** |
| | **2,761,423** | **769,917** | **1,991,506** | **894,791** | 144,014 | **750,777** |

The Liability Adequacy Test (LAT) as at 31 December 2021 was carried out by O&A Hedge Actuarial Consulting with FRC number FRC/2019/00000012909. The valuation report was signed by Layemo B. Abraham with FRC number FRC/2016/NAS/00000015764.

## 17.2 Breakdown of unearned premium per class of business:

| | 31 Dec 2021 | | | 31 Dec 2020 | | |
|---|---|---|---|---|---|---|
| *In thousands of Naira* | Unearned Premium | Prepaid Reinsurance | Net | Unearned Premium | Prepaid Reinsurance | Net |
| Motor | 718,770 | - | 718,770 | 553,956 | 196 | 553,760 |
| Fire | 707,350 | 321,768 | 385,582 | 347,175 | 234,787 | 112,388 |
| General accident | 235,314 | 107,551 | 127,763 | 208,873 | 114,235 | 94,637 |
| Engineering | 146,925 | 55,312 | 91,613 | 169,395 | 87,567 | 81,828 |
| Marine | 191,713 | 100,533 | 91,180 | 211,240 | 136,557 | 74,683 |
| Bond | 1,154 | 611 | 543 | 1,155 | 624 | 531 |
| Aviation | 71,711 | 32,345 | 39,366 | 77,882 | 27,192 | 50,690 |
| Oil & Gas | 676,686 | 172,931 | 503,754 | 489,549 | 251,565 | 237,984 |
| Agric | 16,691 | 10,049 | 6,643 | - | - | - |
| | **2,766,315** | **801,100** | **1,965,215** | **2,059,224** | **852,723** | **1,206,501** |

**(a)** The movement in the unexpired risk reserves is shown below:

| *In thousands of Naira* | 31 Dec 2021 Unexpired Risk reserve | 31 Dec 2021 Reinsurance | 31 Dec 2021 Net | 31 Dec 2020 Unexpired Risk reserve | 31 Dec 2020 Reinsurance | 31 Dec 2020 Net |
|---|---|---|---|---|---|---|
| Balance at the beginning of the year | 2,059,224 | 852,723 | 1,206,501 | 1,680,373 | 615,645 | 1,064,728 |
| Premium written in the year | 11,161,499 | 4,974,242 | 6,187,257 | 8,331,841 | 3,739,666 | 4,592,175 |
| Premium earned during the year | (10,454,409) | (5,025,865) | (5,428,544) | (7,952,990) | (3,502,588) | (4,450,402) |
| Balance at the end of the year | **2,766,315** | **801,100** | **1,965,215** | **2,059,224** | **852,723** | **1,206,501** |

| *In thousands of Naira* | 31 Dec 2021 Unexpired Risk reserve | 31 Dec 2021 Reinsurance | 31 Dec 2021 Net | 31 Dec 2020 Unexpired Risk reserve | 31 Dec 2020 Reinsurance | 31 Dec 2020 Net |
|---|---|---|---|---|---|---|
| Unexpired risk reserve | 2,059,224 | 852,723 | 1,206,501 | 1,680,373 | 615,645 | 1,064,728 |
| Additional unexpired risk reserve | 707,091 | (51,624) | 758,715 | 378,851 | 237,078 | 141,774 |
| Balance at the end of the year | **2,766,315** | **801,100** | **1,965,215** | 2,059,224 | 852,723 | 1,206,501 |

## 18 Hypothecation

| *In thousands of Naira* | 31 Dec 2021 Insurance fund | 31 Dec 2021 Shareholders fund | 31 Dec 2021 Total | 31 Dec 2020 Insurance fund | 31 Dec 2020 Shareholders fund | 31 Dec 2020 Total |
|---|---|---|---|---|---|---|
| Assets | | | | | | |
| Cash and cash equivalents | 3,376,697 | 100,000 | 3,476,697 | 3,242,711 | 350,000 | 3,592,711 |
| Financial assets | 3,690,194 | 23,894,157 | 27,584,351 | 1,509,466 | 23,634,675 | 25,144,141 |
| Trade receivables | | - | - | | - | - |
| Reinsurance assets | 4,639,643 | - | 4,639,643 | 2,445,920 | - | 2,445,920 |
| Deferred acquisition cost | - | 432,828 | 432,828 | - | 328,812 | 328,812 |
| Other receivables and prepayments | - | 333,655 | 333,655 | - | 501,131 | 501,131 |
| Investment properties | - | 157,500 | 157,500 | - | 150,000 | 150,000 |
| Intangible assets | - | 36,866 | 36,866 | - | 1,199 | 1,199 |
| Property and equipment | - | 1,467,178 | 1,467,178 | - | 1,349,516 | 1,349,516 |
| Statutory deposit | - | 500,000 | 500,000 | - | 300,000 | 300,000 |
| **Total assets** | **11,706,534** | **26,922,184** | **38,628,717** | **7,198,097** | **26,615,333** | **33,813,430** |
| **Liabilities** | | | | | | |
| Insurance contract liabilities | 11,635,256 | - | 11,635,256 | 5,728,661 | - | 5,728,661 |
| Trade payables | - | 765,141 | 765,141 | - | 704,169 | 704,169 |
| Other payables | - | 1,053,785 | 1,053,785 | - | 819,984 | 819,984 |
| Finance lease obligations | - | - | - | - | 219 | 219 |
| Defined benefit obligations | - | 89,659 | 89,659 | - | 62,981 | 62,981 |
| Income tax liabilities | - | 60,257 | 60,257 | - | 82,565 | 82,565 |
| Deferred tax liabilities | - | - | - | - | - | - |
| **Total liabilities** | **11,635,256** | **1,968,842** | **13,604,098** | **5,728,661** | **1,669,918** | **7,398,579** |
| **GAP** | **71,278** | **24,953,342** | **25,024,619** | **1,469,436** | **24,945,414** | **26,414,851** |

( i ) Asset allocation was done in accordance with NAICOM guidelines to meet the minimum requirement of Section 26(1)( c ) of the Insurance Act 2003 for hypothecation of investments representing the insurance funds.

## 19 Trade payables

| | 31 Dec 2021 N'000 | 31 Dec 2020 N'000 |
|---|---|---|
| Insurance payables (note 19.1) | 765,141 | 704,169 |
| | **765,141** | **704,169** |

## 19.1 Insurance payables

| | 31 Dec 2021 N'000 | 31 Dec 2020 N'000 |
|---|---|---|
| Commission payables to brokers | 139,177 | 96,037 |
| Premium received in advance | 60,454 | 2,936 |
| Due to re-insurers (see 'a' below) | 481,525 | 504,926 |
| Other payables to agents and brokers (see 'b' below) | 83,985 | 100,270 |
| | **765,141** | **704,169** |

# Notes to the financial statements

For The Year Ended 31 December 2021

| Movement in insurance payables | 31 Dec 2021 N'000 | 31 Dec 2020 N'000 |
|---|---|---|
| Balance at the beginning of the year | 704,169 | 363,724 |
| Addition in the year | 60,972 | 340,445 |
| Balance at the end of the year | 765,141 | 704,169 |

**(a)** This is a payable to reinsurance companies as at 31 December 2021 (2020:N505m).

**(b)** This represents business acquisition costs payable to agents and brokers as at 31 December 2021 (2020: N100.3million)

## 20 Other payables

| | 31 Dec 2021 N'000 | 31 Dec 2020 N'000 |
|---|---|---|
| Due to Auditors | 4,838 | 25,000 |
| NAICOM levy | 111,615 | 83,318 |
| Expenses payable (see note 20.1 ) | 139,567 | 296,506 |
| Deferred commission revenue (see (a) below) | 159,844 | 175,234 |
| Other payables (see note 20.2a ) | 291,921 | 239,926 |
| | 707,785 | 819,984 |
| Provision for litigation (see note 20.2b) | 346,000 | 103,000 |
| | 1,053,785 | 922,984 |

a) Deferred commission revenue represents the acquisition commission income received in advance on insurance contract policies ceded to reinsurers and co-insurers with maturity beyond the reporting period. The movement during the year is shown below:

| | 31 Dec 2021 N'000 | 31 Dec 2020 N'000 |
|---|---|---|
| Deferred commission income as at 1 January | 175,234 | 108,373 |
| Fees and commission received during the year | 818,839 | 656,162 |
| Fees and commission earned during the year (see note 34.2) | (834,229) | (589,301) |
| Deferred commission income at the end of the year | 159,844 | 175,234 |

## 20.1 Expenses payable

| | 31 Dec 2021 N'000 | 31 Dec 2020 N'000 |
|---|---|---|
| Expenses accrued (see ( i ) below) | 139,567 | 296,506 |
| | 139,567 | 296,506 |

( i ) This represents expenses incurred during the year by the Company but for which bills/invoices have not been received from vendors as at 31 December 2021.

## 20.2 Other liabilities
## (a) Other payables

| | 31 Dec 2021 N'000 | 31 Dec 2020 N'000 |
|---|---|---|
| Travel insurance | 975 | 975 |
| National Housing Fund (NHF) | 1,025 | 1,025 |
| Pension for Life agents/Company | 604 | 603 |
| Deposit without details (see ( c ) below) | 278,591 | 217,086 |
| Sundry payables (see (d) below) | 10,726 | 20,237 |
| | 291,921 | 239,926 |

## (b) Provision for litigation (see (i) below)

| | 31 Dec 2021 N'000 | 31 Dec 2020 N'000 |
|---|---|---|
| Balance at the beginning of the year | 103,000 | 103,000 |
| Addition during the year | 243,000 | - |
| | 346,000 | 103,000 |

**( i )** Included in provision for litigation is additional provision of N243 million which represents estimated outflow from a judgment delivered against the Company during the year. The case is being handled by Hybrid Solicitors with FRC number FRC/2021/00000013862; and solicitor's response was duly signed by Adepate Demilade with FRC number FRC/2021/002/00000022694. The total estimated liability as at December 2021 is N346million (2020: N103million). The case is currently being appealed at the Court of Appeal.

**(c)** These are payments for which the purpose have not been identified as at reporting date.

**(d)** These are other sundry payables which include legal fees of N8.5million.

## 21 Finance lease obligation

The Company leased four motor vehicles under finance lease during the year. The average lease term is 3 years. The Company has the option to purchase the motor vehicles for a nominal amount at the end of the lease term. The Company's obligation under finance leases are secured by the lessor's title to the leased assets. The interest rate underlying the obligation under finance lease is fixed at 23% per annum in line with the terms of the lease contract.

| | Future minimum lease payments | | Interest | | Present value of future minimum lease payments | |
|---|---|---|---|---|---|---|
| | 31 Dec 2021 N'000 | 31 Dec 2020 N'000 | 31 Dec 2021 N'000 | 31 Dec 2020 N'000 | 31 Dec 2021 N'000 | 31 Dec 2020 N'000 |
| Not later than one year | - | - | - | 219 | - | 219 |
| | - | - | - | 219 | - | 219 |

| Reconciliation of movement in Finance Lease Obligation *In thousands of Naira* | 31 Dec 2021 | 31 Dec 2020 |
|---|---|---|
| Balance at the beginning of the year | 219 | 61,923 |
| Payments made during the year | (219) | (61,704) |
| Balance at the end of the year (see note 21) | - | 219 |

## 22 Defined benefit obligations

| | Defined benefit liability | | Fair value of plan assets | | Defined benefit liability / (asset) | |
|---|---|---|---|---|---|---|
| | 31 Dec 2021 N'000 | 31 Dec 2020 N'000 | 31 Dec 2021 N'000 | 31 Dec 2020 N'000 | 31 Dec 2021 N'000 | 31 Dec 2020 N'000 |
| At the beginning of the year | 161,560 | 141,078 | (98,579) | (91,232) | 62,981 | 49,846 |
| Current service cost | 34,625 | 29,573 | - | - | 34,625 | 29,573 |
| Past service cost | - | - | - | - | - | - |
| Interest cost (income) | 14,356 | 18,413 | (14,329) | (15,683) | 27 | 2,730 |
| Contribution by employer | - | - | - | - | - | - |
| Benefits paid by the employer | (14,604) | (32,691) | 14,604 | - | - | (32,691) |
| Actuarial (gain)/loss on liability arising from: | | | | | | |
| - Assumptions | (14,116) | 20,667 | (1,466) | 8,336 | (15,582) | 29,003 |
| - Experience | 7,609 | (15,480) | - | - | 7,609 | (15,480) |
| At the end of the year | **189,430** | **161,560** | **(99,771)** | **(98,579)** | **89,659** | **62,981** |

The Company operates a defined benefit plan for qualifying employees on services rendered. With effect from 1 January 2014, employees who have served at least 5 years are entitled to a gratuity on a defined benefit scale which is graduated. The new benefit formula applies to benefit accruing from services rendered in the prior and future years. The Company commenced funding of plan in 2017.

### (a) Sensitivity of the Present Value of the DBO to Principal Assumptions

The results of the valuation are highly sensitive to the underlying assumptions. The variability of the liability cost is expected to be higher for this small scheme size as seen in the table below.

| | Base Result N'000 | +1% N'000 | -1% N'000 |
|---|---|---|---|
| Discount Rate | 189,430 | 177,923 | 202,447 |
| Salary Increase Rate | 189,430 | 202,257 | 177,881 |
| Mortality | 189,430 | 189,589 | 189,284 |

# Notes to the financial statements
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Actual experience resulting into a change in any of the key assumptions might change the value of the liability disclosed as shown in the Sensitivity Table" above. For example, in a standard defined benefit scheme pension arrangement, adding or deducting 1% from the discount rate assumption could result in a 14-16% change in the value of liability for the actives with a term of, say, 20 years to retirement. The weighted average term to retirement for the Linkage Assurance Gratuity Scheme is around 9.8 years

**The Sensitivity Table above illustrates the effect of:**
The discount rate assumption on the defined benefit obligation if there was an increase or decrease of 1% to discount rate. This could result in decrease or increase of about 6 to 7% respectively.

## (a) Sensitivity of the Present Value of the DBO to Principal Assumptions

**The Sensitivity Table above illustrates the effect of:**

The salary increase assumption on the defined benefit obligation, if there was an increase or decrease of 1% to the rate of salary increase. In this case, we might expect a change of about 6-7% in the defined benefit obligation. Sensitivity of the defined gratuity benefit obligation considers the mortality assumption by allowing for impact of 1year age rating up or down.

Higher than expected mortality level while keeping the past service at their present level might be expected to bring forward the amount that would eventually be paid on expensive future gratuity benefits, producing a decrease to the base defined gratuity benefit obligation (-0.10%). Whereas a reduced level of mortality or an improvement would mean more survivors to qualify for higher future gratuity benefit payments (+0.10%). If only death gratuity had been considered in isolation, we would expect a higher cost in death gratuity payments with higher mortality vice versa and this might change the conclusion here in on the effect of change in mortality.

**(b)** Actuarial valuation of the defined benefit obligation was carried out by O&A Hedge Actuarial Consulting with FRC number FRC/2019/00000012909. The valuation report was signed by Layemo B. Abraham with FRC number FRC/2016/NAS/00000015764.

## 23 Income tax liabilities

| *In thousands of Naira* | 31 Dec 2021 | 31 Dec 2020 |
|---|---|---|
| At the beginning of the year | 82,565 | 75,390 |
| Charge for the year (note 23.1) | 31,941 | 45,370 |
| Back duty assessment | 79,783 | 95,687 |
| Payment during the year | (134,032) | (133,882) |
| At the end of the year | **60,257** | **82,565** |

## 23.1 Income tax expense

| *In thousands of Naira* | 31 Dec 2021 | 31 Dec 2020 |
|---|---|---|
| Minimum tax expense | 31,941 | 19,882 |
| NITDA Levy | - | 25,361 |
| Police Trust Fund levy | - | 127 |
| | 31,941 | 45,370 |
| Back duty assessment | 79,783 | 95,687 |
| Income tax expense | **111,724** | **141,057** |

## 23.2 Reconciliation of tax charge

The income tax expense for the year can be reconciled to the accounting profit as follows;

| | 31 Dec 2021 | | 31 Dec 2020 | |
|---|---|---|---|---|
| | Rate (%) | N'000 | Rate (%) | N'000 |
| Profit before tax | | (3,878,914) | | 2,536,069 |
| Expected income tax expense at statutory rate | 30 | (1,163,674) | 30 | 760,821 |
| Information technology levy | 0 | - | 1 | 25,361 |
| Disallowable expenses | (9) | 339,202 | 14 | 345,938 |
| Income tax exempt | 97 | (3,766,021) | (42) | (1,069,401) |
| Police Trust Fund levy | 0 | - | 0 | 127 |
| Minimum tax | (1) | 31,941 | 1 | 19,882 |
| Effect of minimum tax | (118) | 4,590,493 | (1) | (37,358) |
| Back duty assessment | (2) | 79,783 | 4 | 95,687 |
| | **(3)** | **111,724** | **6** | **141,057** |

## 24 Deferred taxation

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis. The Company did not have net deferred tax assets/(liabilities) that were recognized during the year.

### (a) Unrecognized deferred tax assets

Deferred tax assets have not been recognized in respect of the following items, because it is not probable that future taxable profit will be available against which the Company can use the benefits therefrom.

| | 31 Dec 2021 | | 31 Dec 2020 | |
|---|---|---|---|---|
| *In thousand of Naira* | Gross Amount | Tax effect | Gross Amount | Tax effect |
| Tax losses | 2,945,064 | 883,519 | 1,000,485 | 300,146 |
| Temporary difference on asset | 49,094 | 14,728 | (12,376) | (3,713) |
| Provision for gratuity | 37,490 | 11,247 | 49,995 | 14,999 |
| | **3,031,648** | **909,494** | **1,038,104** | **311,431** |

## 25 Share capital

| | 31 Dec 2021 | 31 Dec 2020 |
|---|---|---|
| | N'000 | N'000 |
| Authorized - ordinary shares of 50k each (30,000,000,000 units) | **15,000,000** | **15,000,000** |

## 25.1 Issued and fully paid

| | 31 Dec 2021 | 31 Dec 2020 |
|---|---|---|
| | N'000 | N'000 |
| Ordinary shares of 50k each 14,000,000,000 units (2020: 10,000,000,000 units) | | |
| At the beginning of the year | 5,000,000 | 3,999,999 |
| Addition- Bonus issue: Retained earnings | 2,000,000 | 1,000,001 |
| At the end of the year | **7,000,000** | **5,000,000** |

## 26 Share premium

| | 31 Dec 2021 | 31 Dec 2020 |
|---|---|---|
| | N'000 | N'000 |
| At the beginning of the year | 729,044 | 729,044 |
| Utilized for increase in authorized share capital (see(a) below) | (168,750) | - |
| At the end of the year | **560,294** | **729,044** |

(a) The amount of N168.7million was released from other prepaid expenses (note 12a) for utilization. The amount was paid in 2020 (N112.5million paid to Corporate Affairs Commission and N56.25million paid to Federal Inland Revenue Services) which represents payments in respect to increase in authorized share capital.

## 27 Contingency reserve

| | 31 Dec 2021 | 31 Dec 2020 |
|---|---|---|
| | N'000 | N'000 |
| At the beginning of the year | 2,547,773 | 2,068,770 |
| Transfer from retained earnings (see Note 28) | 334,845 | 479,002 |
| At the end of the year | **2,882,618** | **2,547,773** |

Contingency reserve for general insurance business is calculated in accordance with section 21(2) and 22(1)(b) of the Insurance Act of Nigeria, as the higher of 3% of gross premiums and 20% of net profit for the year. For the year ended 2021, the transfer to contingency reserves was determined based on 3% of Gross premium for the year (2020: 20% of net profit).

## 28 Retained earnings

| | 31 Dec 2021 | 31 Dec 2020 |
|---|---|---|
| | N'000 | N'000 |
| At the beginning of the year | 3,308,185 | 2,392,175 |
| Profit for the year | (3,990,638) | 2,395,012 |
| Transfer to contingency reserve (see Note 27) | (334,845) | (479,002) |
| Bonus share issue | (2,000,000) | (1,000,000) |
| Cash dividend | (500,000) | - |
| At the end of the year | **(3,517,299)** | **3,308,185** |

## 29 Assets revaluation reserve

| | 31 Dec 2021 N'000 | 31 Dec 2020 N'000 |
|---|---|---|
| At the beginning of the year | 828,773 | 752,083 |
| Revaluation gain on property and equipment | - | 76,690 |
| Balance as at 31 December | **828,773** | **828,773** |

The asset revaluation reserves comprises cumulative net revaluation change on revalued Property and Equipment. The last revaluation of land and buildings was done in December 2020.

## 30 Other reserves

Other reserves include fair value and re-measurement reserves. The fair value reserve comprises the cumulative net change in the fair value of the Company's available-for-sale investments while the re-measurement reserve comprises the actuarial gains and losses on defined benefits post employment plan. These are presented below:

### 30.1 Fair value reserve

| | 31 Dec 2021 N'000 | 31 Dec 2020 N'000 |
|---|---|---|
| Balance as at January 1 | 13,948,807 | 13,079,548 |
| Fair value gain during the year | 3,397,853 | 869,259 |
| Balance as at December 31 | **17,346,660** | **13,948,807** |

### 30.2 Re-measurement reserve

| | 31 Dec 2021 N'000 | 31 Dec 2020 N'000 |
|---|---|---|
| Balance as at January 1 | 13,244 | 18,431 |
| Defined benefits actuarial (loss)/gain | (8,204) | (5,187) |
| Balance as at December 31 | **5,040** | **13,244** |

The re-measurement reserve comprises the actuarial gains and losses on defined benefits post-employment plan.

## 31 Gross premium written

| | 31 Dec 2021 N'000 | 31 Dec 2020 N'000 |
|---|---|---|
| Direct premium (note 31.1) | 10,898,308 | 8,033,575 |
| Inward premium (note 31.1) | 263,191 | 298,266 |
| | **11,161,499** | **8,331,841** |

**31.1** Breakdown of gross premium written per business class is as follows:

| **31 Dec 2021** | Direct premium N'000 | Inward premium N'000 | Total N'000 |
|---|---|---|---|
| Fire | 1,946,418 | 62,978 | 2,009,396 |
| Accident | 992,149 | 29,595 | 1,021,744 |
| Motor | 2,104,473 | 72,869 | 2,177,342 |
| Marine | 835,349 | 75,335 | 910,684 |
| Aviation | 606,906 | 7,052 | 613,958 |
| Bond | 10,688 | - | 10,688 |
| Engineering | 438,066 | 10,759 | 448,825 |
| Oil & Gas | 3,919,382 | 4,279 | 3,923,661 |
| Agric | 44,877 | 324 | 45,201 |
| | **10,898,308** | **263,191** | **11,161,499** |

| **31 Dec 2020** | Direct premium N'000 | Inward premium N'000 | Total N'000 |
|---|---|---|---|
| Fire | 1,253,081 | 32,257 | 1,285,338 |
| Accident | 847,328 | 20,180 | 867,508 |
| Motor | 1,522,097 | 81,231 | 1,603,328 |
| Marine | 592,927 | 89,466 | 682,393 |
| Aviation | 505,561 | 18,305 | 523,866 |
| Bond | 5,553 | - | 5,553 |
| Engineering | 509,955 | 3,133 | 513,088 |
| Oil & Gas | 2,797,073 | 53,694 | 2,850,767 |
| Agric | - | - | - |
| | **8,033,575** | **298,266** | **8,331,841** |

## 32 Gross premium income

| | 31 Dec 2021 N'000 | 31 Dec 2020 N'000 |
|---|---|---|
| Gross premium written (note 31) | 11,161,499 | 8,331,841 |
| Changes in unearned premium (note 17.2) | (707,091) | (378,851) |
| | **10,454,408** | **7,952,990** |

## 33 Reinsurance expenses

| | | |
|---|---|---|
| 33 Reinsurance expenses | **5,025,865** | **3,502,588** |

### 33.1 Premium ceded to reinsurance:

| | 31 Dec 2021 N'000 | 31 Dec 2020 N'000 |
|---|---|---|
| Reinsurance premium (Treaty) | 4,077,989 | 3,121,391 |
| Facultative outwards | 896,252 | 618,275 |
| Total reinsurance cost (see (a) below) | **4,974,241** | **3,739,666** |
| Increase/(Decrease) in prepaid reinsurance | 51,624 | (237,078) |
| | **5,025,865** | **3,502,588** |
| **(a) Local and foreign reinsurance premium** | | |
| Reinsurance premium - local | 1,592,361 | 1,789,012 |
| Reinsurance premium - foreign | 3,381,880 | 1,950,654 |
| | **4,974,241** | **3,739,666** |

### 33.2 Breakdown of premium ceded to reinsurer per business class is as follows:

| | 31 Dec 2021 N'000 | 31 Dec 2020 N'000 |
|---|---|---|
| Fire | 1,095,063 | 788,132 |
| Accident | 559,856 | 478,968 |
| Motor | 196 | 4,619 |
| Marine | 404,010 | 279,283 |
| Aviation | 404,735 | 361,581 |
| Bond | 5,290 | 3,315 |
| Engineering | 262,257 | 227,927 |
| Oil & Gas | 2,279,282 | 1,358,762 |
| Agric | 15,176 | - |
| | **5,025,865** | **3,502,588** |

## 34 Fees and commission income

| | | |
|---|---|---|
| 34 Fees and commission income | **834,229** | **625,656** |

### 34.1 Breakdown of fees and commission income per business class is as follows:

| | 31 Dec 2021 N'000 | 31 Dec 2020 N'000 |
|---|---|---|
| Fire | 334,168 | 249,020 |
| Accident | 170,094 | 141,310 |
| Motor | 1,450 | 839 |
| Marine | 134,846 | 85,050 |
| Aviation | 901 | 1,974 |
| Bond | 1,750 | 967 |
| Engineering | 71,297 | 97,850 |
| Agric | 3,793 | - |
| Oil & Gas | 115,930 | **48,646** |
| | **834,229** | **625,656** |

### 34.2 Breakdown of fees and commission income is as follows:

| | 31 Dec 2021 N'000 | 31 Dec 2020 N'000 |
|---|---|---|
| Lead underwriting commission | 7,813 | 36,355 |
| Reinsurance commission (Note 20(a)) | 739,614 | 656,163 |
| Profit Comm. & Comm. Adjustment | 71,410 | - |
| Changes in deferred commission revenue | 15,392 | (66,862) |
| | **834,229** | **625,656** |

# Notes to the financial statements

For The Year Ended 31 December 2021

## 35 Net claims expenses

| | 31 Dec 2021 N'000 | 31 Dec 2020 N'000 |
|---|---|---|
| Gross claims paid | 3,989,302 | 2,404,455 |
| Movement in IBNR reserve (see note 17.1©) | 1,866,632 | 190,145 |
| Movement in reserve for outstanding claims | 3,332,872 | 506,784 |
| **Gross claims incurred** | **9,188,806** | **3,101,384** |
| Salvage recovery | (63,146) | (22,678) |
| Claims recovered and recoverable from reinsurers (see (a) below) | (4,092,409) | (1,710,772) |
| | **5,033,251** | **1,367,934** |

## a) Analysis of claims recovered and recoverable from reinsurers

| | 31 Dec 2021 N'000 | 31 Dec 2020 N'000 |
|---|---|---|
| Reinsurance claims recoveries (see note 43c) | 1,699,447 | 908,259 |
| Change in re-insurance recoverable (see note 10b) | 1,767,060 | 809,372 |
| Change in recoverable in IBNR (see note 10c) | 625,902 | (6,859) |
| | **4,092,409** | **1,710,772** |

## 36 Underwriting expenses

| | 31 Dec 2021 N'000 | 31 Dec 2020 N'000 |
|---|---|---|
| Acquisition expenses (note 36.1) | 3,054,248 | 1,608,622 |
| Maintenance expenses (note 36.2) | 759,461 | 1,273,913 |
| | **3,813,709** | **2,882,535** |

## 36.1 Analysis of acquisition expenses

| | 31 Dec 2021 N'000 | 31 Dec 2020 N'000 |
|---|---|---|
| Commission expense | 1,932,506 | 1,383,219 |
| Business acquisition cost | 1,225,757 | 291,665 |
| Movement in deferred acquisition cost (see note 11.2) | (104,015) | (66,262) |
| | **3,054,248** | **1,608,622** |

## 36.2 Analysis of maintenance expenses

| | 31 Dec 2021 N'000 | 31 Dec 2020 N'000 |
|---|---|---|
| Staff costs (see note 42) | 357,802 | 441,186 |
| Directors' emoluments (see note 42) | 44,076 | 37,946 |
| Retirement benefit cost (see note 42) | 43,704 | 37,673 |
| Other operating expenses (note 42) | 313,879 | 757,107 |
| | **759,461** | **1,273,913** |

The above expenses represent part of the entity's operating expenses that were allocated to operations. Non-specific operating expense of the entity are allocated between operational and administrative expenses in the ratio 40:60 respectively.
Other operating expenses are expenses incurred relating to the Company's core business excluding staff costs, directors' emoluments and retirement benefit costs.

## 37 Investment income

| | 31 Dec 2021 N'000 | 31 Dec 2020 N'000 |
|---|---|---|
| Dividend income (see note 37a) | 1,212,565 | 906,959 |
| Interest income (See note 37b) | 1,080,792 | 1,104,856 |
| Investment income per statement of profit or loss and OCI | 2,293,357 | 2,011,815 |
| Fair value change on investment properties (see note 13b) | 7,500 | - |
| Investment income for hypothecation | **2,300,857** | **2,011,815** |

## 37a Breakdown of Dividend Income

| | 31 Dec 2021 N'000 | 31 Dec 2020 N'000 |
|---|---|---|
| Stanbic IBTC Holdings plc | 2,528 | 1,076 |
| Zenith Bank Plc | 76,447 | 105,416 |
| Nigeria Breweries Plc | 331 | 4,991 |
| Dangote Sugar Plc | 11,369 | 1,439 |
| United Bank for Africa Plc | 20,949 | 5,719 |
| Stanbic IBTC Pension Managers | 985,765 | 721,176 |
| Guaranty Trust Bank Plc | 59,802 | 48,373 |
| Berger Paints Plc | 79 | - |
| Conoil Plc | 418 | - |
| NASCON Plc | 454 | - |
| Access Bank Plc | 1,046 | 889 |
| WAPCO(Lafarge Africa Plc | 15,719 | - |
| Dangote Cement Plc | 6,535 | 5,169 |
| May and Baker Plc | 6 | 19 |
| MTN Nigeria Communication Plc | 13,448 | 11,507 |
| Nestle Nig. Plc | 1,073 | 825 |
| Friesland Campina WAMCO Plc | 236 | - |
| Okomu Oil Palm Plc | 1,103 | 350 |
| Flour Mill Nig. Plc | 9 | 10 |
| Guinness Nig. Plc | 41 | |
| Waica Reinsurance Corp. Plc | 15,071 | |
| Presco Plc | 135 | |
| | **1,212,565** | **906,959** |

## 37b Breakdown of Interest Income

| | 31 Dec 2021 N'000 | 31 Dec 2020 N'000 |
|---|---|---|
| Interests from Placement with Banks and Financial Institutions | 158,701 | 168,817 |
| Interest income from Treasury Bills | 2,071 | 90,895 |
| Interest income from FGN Bonds | 567,241 | 576,640 |
| Interest income from State Bonds | 51,092 | 56,139 |
| Interest income from Corporate bonds | 49,009 | 131,919 |
| Promissory note | 41,365 | 32,094 |
| Interest income from Corporate investment notes | - | 48,352 |
| Coupon from Delux Residence Ltd | 5,958 | - |
| Coupon from sokoto structured debt note | 35,164 | - |
| Interest from apel asset | 26,512 | - |
| Interest from platform capital | 58,262 | - |
| Commercial paper | 28,465 | - |
| Commission from FGN Bond | 735 | - |
| Coupon from Chapel Hill (NREIT) | 3,010 | - |
| Coupon from Chapel Hill (NIDF) | 24,502 | - |
| Interest from Suntrust Oil | 20,534 | - |
| Interest from Cordros Ltd | 1,397 | - |
| Interest from Edumed SPV Ltd | 3,137 | - |
| Interest from Credit Investment Ltd | 3,636 | - |
| | 1,080,792 | 1,104,856 |

## 37.1 Hypothecation of investment income

| | 31 Dec 2021 N'000 | 31 Dec 2020 N'000 |
|---|---|---|
| Investment income that relate to policyholders (note 37.2) | 158,701 | 168,817 |
| Investment income that relate to shareholders (note 37.3) | 2,142,156 | 1,842,998 |
| | **2,300,857** | **2,011,815** |

## 37.2 Investment income that relate to policy holders

| | 31 Dec 2021 N'000 | 31 Dec 2020 N'000 |
|---|---|---|
| Income from money market | 158,701 | 168,817 |
| | **158,701** | **168,817** |

## 37.3 Investment income that relate to shareholders

| | 31 Dec 2021 N'000 | 31 Dec 2020 N'000 |
|---|---|---|
| Dividend income | 1,212,565 | 906,959 |
| Income from money market | 2,071 | 90,895 |
| Income from bonds | 667,343 | 764,698 |
| Other investment income (See(I) below) | 252,677 | 80,446 |
| Revaluation gain on investment Property | 7,500 | - |
| | **2,142,156** | **1,842,998** |

(I) This represents income from investments in commercial papers and promissory notes (2020: N80.4million)

## 38 Net impairment loss on financial assets

| | 31 Dec 2021 N'000 | 31 Dec 2020 N'000 |
|---|---|---|
| Impairment loss on placement with financial institutions | - | 4,389 |
| Impairment loss on sundry receivables | - | 7,828 |
| (Decrease)/Increase in impairment loss on loans and receivables | (35,788) | 72,678 |
| | **(35,788)** | **84,895** |

## 39 Net fair value gains/(loss) on financial assets at fair value through profit or loss

| | 31 Dec 2021 N'000 | 31 Dec 2020 N'000 |
|---|---|---|
| Fair value change on FVTPL securities ((see (a) below) | (1,268,490) | 1,819,593 |

## (a) Breakdown of Fair value changes on FVTPL securities

| | 31 Dec 2021 N'000 | 31 Dec 2020 |
|---|---|---|
| FV Gain/Loss on FGN Bonds | (1,017,088) | 1,274,637 |
| FV Gain/Loss on State Bonds | (119,600) | 81,136 |
| FV Gain/Loss on Corporate Bonds | (68,863) | 16,900 |
| FV Gain/Loss on Equity Investment | (52,286) | 356,226 |
| Fair value gain on Fund managers | 22,045 | 90,694 |
| Gain on disposal of 1,429,884 Units of MTN Plc Shares | 44,278 | - |
| Fair value loss on 7.696% Eurobond Feb 2038 | (3,599) | - |
| Disposal of Zenith Bank Plc Shares | (69,453) | - |
| Other (See(I) below) | (3,923) | - |
| | **(1,268,490)** | **1,819,593** |

(I) This includes fair value losses on investments in bonds and equity securities,

## 40 Other operating (loss)/income (net)

| | 31 Dec 2021 N'000 | 31 Dec 2020 N'000 |
|---|---|---|
| Sundry income (see (b) below) | 1,132 | 29,884 |
| Gain on sale of property & equipment | 42 | (4,204) |
| Exchange gains (see (a) below) | 296,688 | 33,859 |
| Rental income | 6,200 | 4,500 |
| | 304,062 | 64,039 |

(a) This relates to exhange gains on foreign-denominated transactions which were consumated during the year.

(b) This includes interest on current accounts and interest on staff loans (2020: N29.9million).

## 41 Fair value changes in property and equipment

| | 31 Dec 2021 | 31 Dec 2020 |
|---|---|---|
| Revaluation loss on property and equipment | - | (10,240) |
| | - | (10,240) |

## 42 Maintenance and management expenses

Maintenance and management expenses comprise:

| *In thousands of Naira* | 31 Dec 2021 Maintenance Expenses | 31 Dec 2021 Management Expenses | 31 Dec 2020 Maintenance Expenses | 31 Dec 2020 Management Expenses |
|---|---|---|---|---|
| Staff cost | 357,802 | 536,704 | 441,186 | 661,779 |
| Director emoluments | 44,076 | 66,114 | 37,946 | 56,920 |
| Pension contribution | 13,401 | 20,101 | 13,371 | 20,056 |
| Retirement benefits | 30,303 | 45,455 | 24,302 | 36,454 |
| Outsourcing cost | 61,548 | 92,322 | 57,939 | 86,908 |
| Advertising & publicity | 6,449 | 9,674 | 5,854 | 8,780 |
| Marketing expenses | 12,288 | 18,433 | 11,173 | 16,759 |
| Medical | 19,173 | 28,759 | 19,044 | 28,566 |
| Staff training & development | 30,216 | 45,323 | 11,945 | 17,917 |
| Corporate Expense | 184,204 | - | 651,152 | - |
| AGM expenses | - | 18,000 | - | 15,000 |
| Bank charges | - | 47,732 | - | 38,766 |
| Computer consumables | - | - | - | 110 |
| Depreciation & amortisation | - | 191,682 | - | 156,655 |
| Diesel and fuel | - | 65,100 | - | 53,526 |
| Entertainment | - | 720 | - | 1,376 |
| Industrial training fund | - | 13,900 | - | 4,874 |
| Insurance expenses | - | 21,338 | - | 19,646 |
| Insurance supervision fee | - | 125,366 | - | 104,135 |
| Legal and secretarial expenses | - | 261,167 | - | 121,991 |
| Retail agents expenses | - | 31,826 | - | 29,851 |
| Lighting & heating | - | 14,485 | - | 6,896 |
| Maintenance expense | - | 154,662 | - | 133,806 |
| Newspapers & periodicals | - | 2,123 | - | 872 |
| Postage and telephone | - | 25,825 | - | 19,816 |
| Consultancy expenses | - | 226,629 | - | 160,008 |
| Rent & rate | - | 49,637 | - | 40,388 |
| Stationaries | - | 19,003 | - | 12,178 |
| Subscriptions, contributions & donations | - | 20,851 | - | 14,771 |
| Transport and business travels | - | 15,388 | - | 10,588 |
| Withholding tax & VAT | - | 114,609 | - | 84,550 |
| Audit fee | - | 19,750 | - | 25,000 |
| Rebranding expenses (see (a) below) | - | 278,277 | - | - |
| Lease expenses | - | - | - | 9,503 |
| Others (see (b) below) | - | 85,987 | - | 91,387 |
| Total | 759,461 | 2,666,942 | 1,273,913 | 2,089,832 |

(a) Rebranding expenses relate to the costs incurred by the Company on rebranding activities involving change of logo, campaigns, signages, concepts & designs, brand manuals etc.

(b) Other expenses include internet connectivity and Information technology (N35million), Accommodation (N12million), filing fees (N6million), and other general expenses.

## 43 Net fair value gain on available-for-sale financial assets

| | 31 Dec 2021 N'000 | 31 Dec 2020 N'000 |
|---|---|---|
| Fair value gain in available-for-sale investments - unquoted equities | 3,397,853 | 869,259 |
| | **3,397,853** | **869,259** |

## 44 Basic and diluted (losses)/earnings per share

Basic (losses)/earnings per share is calculated by dividing the net (loss)/profit for the year attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding at the reporting date. The following reflects the income and share data used in the basic and diluted (losses)/earnings per share computations:

# Notes to the financial statements

For The Year Ended 31 December 2021

| | 31 Dec 2021 | 31 Dec 2020 |
|---|---|---|
| (Loss)/profit attributable to ordinary shareholders (N'000) | (3,990,638) | 2,395,012 |
| Weighted average number of ordinary shares | 14,000,000 | 14,000,000 |
| Basic and diluted earnings per share (Kobo) | (28.5) | 17.1 |

## 45 Cash flow reconciliation

### a) Other operating cash payments

| *In thousands of Naira* | 31 Dec 2021 N'000 | 31 Dec 2020 N'000 |
|---|---|---|
| Management expenses (less staff expenses) | (1,877,487) | (1,199,149) |
| Adjustment for items not involving movement of cash: | | |
| Changes in unearned premium | (707,091) | (378,851) |
| Depreciation and amortisation expense | 191,682 | 156,655 |
| Impairment loss | 35,788 | 84,895 |
| Exchange gain/loss | 28,273 | (35,483) |
| Sundry income | (1,132) | (29,884) |
| (Profit)/loss on sale of PPE | (42) | 4,204 |
| **Operating cash flows before movements in working capital** | **(2,330,009)** | **(1,397,613)** |
| Increase in trade payables | 60,972 | 340,445 |
| Increase in provision for litigation | 243,000 | 103,000 |
| Changes in other sundry payable/receivable | 95,649 | (36,264) |
| Decrease/(increase) in other receivables and prepayment | 167,476 | (92,828) |
| Increase in other payables | 112,199 | 142,280 |
| | **(1,650,713)** | **(940,980)** |

### b) Premium received from policy holders

| *In thousands of Naira* | 31 Dec 2021 N'000 | 31 Dec 2020 N'000 |
|---|---|---|
| Trade receivable at 1 January | 63,974 | 65,898 |
| Gross premium written during the year | 11,161,499 | 8,331,841 |
| Trade receivable at end of the year | (81,468) | (63,974) |
| Premium received in advance | (2,936) | (2,868) |
| | **11,141,069** | **8,330,897** |

### c) Recovery and recoverable from reinsurers

| *In thousands of Naira* | 31 Dec 2021 N'000 | 31 Dec 2020 N'000 |
|---|---|---|
| Reinsurance claims recoveries (note 35(a)) | 1,699,447 | 908,259 |
| Salvage recovery (note 35) | 63,146 | 22,678 |
| | **1,762,593** | **930,937** |

### d) Reinsurance premium paid

| *In thousands of Naira* | 31 Dec 2021 N'000 | 31 Dec 2020 N'000 |
|---|---|---|
| Reinsurance premium cost (note 33.1) | 4,077,989 | 3,121,391 |
| Facultative outwards (note 33.1) | 896,252 | 618,275 |
| Due to reinsurers as at end of the year | (481,525) | (504,926) |
| Movement in treaty premium surplus | 504,926 | 253,697 |
| | **4,997,642** | **3,488,437** |

### e) Commission paid

| *In thousands of Naira* | 31 Dec 2021 N'000 | 31 Dec 2020 N'000 |
|---|---|---|
| Commission payable to brokers at 1 January | 96,037 | 63,749 |
| Commission cost (Note 36.1) | 1,932,506 | 1,383,219 |
| Business acquisition cost prepaid 1 January | - | 647 |
| Business acquisition cost (Note 36.1) | 1,225,757 | 291,665 |
| Business acquisition cost prepaid 31 December | - | (272) |
| Commission payable to brokers at 31 December | (139,177) | (96,037) |
| | **3,115,123** | **1,642,971** |

## f) Commission received

| *In thousands of Naira* | 31 Dec 2021 N'000 | 31 Dec 2020 N'000 |
|---|---|---|
| Deferred commission revenue at 1 January | (175,234) | (108,373) |
| Deferred commission revenue at 31 December | 159,844 | 175,234 |
| Movement | (15,390) | 66,861 |
| Commission income earned during the year | 739,614 | 589,301 |
| Profit Comm. & Comm. Adjustment | 71,410 | - |
| Lead underwriting commission | 7,813 | 36,355 |
| Commission income received during the year | **803,447** | **692,517** |

## g) Interest received

| *In thousands of Naira* | 31 Dec 2021 N'000 | 31 Dec 2020 N'000 |
|---|---|---|
| Interest income earned during the year | 1,080,792 | 858,981 |
| Interest received during the year | **1,080,792** | **858,981** |

## h) Movement in financial assets

| *In thousands of Naira* | 31 Dec 2021 Fair value through P/L | Available for sale | Loans & receivables | Held to maturity | Total Movement |
|---|---|---|---|---|---|
| Addition | 1,832,801 | 401,250 | - | 2,509,942 | 4,743,993 |
| Disposals/redemption | (4,168,919) | - | (7,581) | (329,214) | (4,505,714) |
| Loan repayment | - | - | (36,778) | - | (36,778) |
| Impairment | - | - | 35,788 | - | 35,788 |
| Fair value (loss)/gain | (1,268,490) | 3,397,853 | - | - | 2,129,363 |
| | **(3,604,608)** | **3,799,103** | **(8,571)** | **2,180,728** | **2,366,652** |

### Movement in financial assets

| *In thousands of Naira* | 31 Dec 2020 Fair value through P/L | Available for sale | Loans & receivables | Held to maturity | Total Movement |
|---|---|---|---|---|---|
| Exchange (loss)/gain | (15,200) | | | 5,606 | (9,594) |
| Addition | 4,679,599 | 550,000 | 116,635 | 1,509,466 | 6,855,700 |
| Disposals/redemption | (2,293,652) | - | - | (5,251,890) | (7,545,542) |
| Loan repayment | - | - | (244,106) | - | (244,106) |
| Impairment | - | - | (72,678) | - | (72,678) |
| Fair value gain | 1,819,593 | 869,259 | - | - | 2,688,852 |
| | 4,190,340 | 1,419,259 | (200,149) | (3,736,818) | 1,672,632 |

## i) Purchase of property and equipment

| ***In thousands of Naira*** | 31 Dec 2021 N'000 | 31 Dec 2020 N'000 |
|---|---|---|
| Addition for the year per movement schedule | 298,301 | 57,777 |
| Cash flow on addition to property and equipment | 298,301 | 57,777 |

## j) Sale of property and equipment

| *In thousands of Naira* | 31 Dec 2021 N'000 | 31 Dec 2020 N'000 |
|---|---|---|
| Costs of assets disposed | 162,325 | 50,675 |
| Accumulated depreciation on assets disposed | (161,276) | (45,318) |
| Proceeds on sale of disposed asset | (1,091) | (1,153) |
| Profit/(Loss) on disposal | **(42)** | **4,204** |

## k) Finance lease obligation

| *In thousands of Naira* | 31 Dec 2021 N'000 | 31 Dec 2020 N'000 |
|---|---|---|
| Balance at the beginning of the year | 219 | 61,923 |
| Payments made during the year | (219) | (61,704) |
| Balance at the end of the year (see note 21) | **-** | **219** |

# Notes to the financial statements

For The Year Ended 31 December 2021

## l) Cash payment to and on behalf of employees (excluding maintenance expenses)

| *In thousands of Naira* | 31 Dec 2021 N'000 | 31 Dec 2020 N'000 |
|---|---|---|
| Staff cost | 536,704 | 661,779 |
| Director emolument | 66,114 | 56,920 |
| Pension contribution | 20,101 | 20,056 |
| Retirement benefits | 45,455 | 36,454 |
| Contract staff cost | 92,322 | 86,908 |
| Medical | 28,759 | 28,566 |
| | 789,455 | 890,683 |

## 46 Cash and cash equivalents

| | 31 Dec 2021 N'000 | 31 Dec 2020 N'000 |
|---|---|---|
| Cash in hand | 445 | 642 |
| Balances with banks & other financial institutions | 3,476,252 | 3,592,069 |
| | **3,476,697** | **3,592,711** |

## 47 Related party disclosures

Transactions are entered into by the Company during the year with related parties. Unless specifically disclosed, these transactions occurred under terms that are no less favourable than those with third parties. Details of transactions between Linkage Assurance Plc and related parties are disclosed below:

### 47.1 Compensation of key management personnel

Key management personnel refers to those persons having authority and responsibility for planning, directing and controlling the activities of Linkage Assurance Plc. It comprises both executive and non-executive directors. The remuneration of directors and other members of key management personnel during the year was as follows:

| | 31 Dec 2021 N'000 | 31 Dec 2020 N'000 |
|---|---|---|
| Short-term benefits | 166,183 | 152,057 |
| | **166,183** | **152,057** |

### 47.2 Sale of insurance contracts

During the year, the Company did not enter into any contract with related parties.

## 48 Contravention

There were no contraventions during the year (2020: Nil).

## 49 Other related party transactions

Linkage Assurance Plc is represented on the Board of IBTC Pension Manager by a member of the key management personnel. IBTC Pension Managers is one of the Pension Funds Administrators (PFAs) to some of the Company's staff.

## 50 Events after the reporting year

There are no significant events after the reporting date which could have had a material effect on the financial affairs of the Company as at 31 December 2021 and on the profit or loss and other comprehensive income for the year ended.

## 51 Commitments

The Company had no capital commitments at the reporting date.

# Other National Disclosures

# Statement of Value Added

For The Year Ended 31 December 2021

| | 31 Dec 2021 | | 31 Dec 2020 | |
|---|---|---|---|---|
| | N'000 | % | N'000 | % |
| Net premium | 5,428,543 | (174) | 4,450,402 | 119 |
| Investment income | 2,293,357 | (73) | 2,011,815 | 54 |
| Other income | 1,138,291 | (36) | 689,695 | 18 |
| Claims incurred, commissions paid and operating expenses (local) | (11,986,112) | 383 | (3,416,245) | (91) |
| **Value (eroded)/added** | **(3,125,921)** | **100** | **3,735,667** | **100** |
| Distribution: | | | | |
| Employees and directors (staff cost) | 975,940 | (31) | 1,184,001 | 32 |
| Government (taxes) | 31,941 | (1) | - | |
| Asset replacement (depreciation) | 191,682 | (6) | 156,654 | |
| Contingency reserve | - | 1 | 479,002 | 13 |
| Expansion (retained on the business) | (4,325,483) | 138 | 1,916,010 | 51 |
| **Value (eroded)/added** | **(3,125,921)** | **100** | **3,735,667** | **100** |

# Financial Summary

For The Year Ended 31 December 2021

| | 31 Dec 2021 N'000 | 31 Dec 2020 N'000 | 31 Dec 2019 N'000 | 31 Dec 2018 N'000 | 31 Dec 2017 N'000 |
|---|---|---|---|---|---|
| ***Statement of financial position*** | | | | | |
| **Assets** | | | | | |
| Cash and cash equivalents | 3,476,697 | 3,592,711 | 1,609,222 | 1,205,124 | 1,843,757 |
| Financial assets | 27,584,351 | 25,144,141 | 23,398,173 | 19,057,336 | 18,659,072 |
| Trade receivables | 81,468 | 63,974 | 65,898 | 32,090 | 13,741 |
| Reinsurance assets | 4,639,643 | 2,445,920 | 1,121,787 | 543,636 | 558,813 |
| Deferred acquisition cost | 432,828 | 328,812 | 262,550 | 259,098 | 176,274 |
| Other receivables and prepayments | 333,655 | 501,131 | 408,303 | 287,101 | 238,777 |
| Investment property | 157,500 | 150,000 | 150,000 | 144,000 | 135,000 |
| Intangible assets | 36,866 | 1,199 | 7,319 | 14,110 | 26,445 |
| Property and equipment | 1,467,178 | 1,349,516 | 1,381,180 | 1,303,014 | 1,356,279 |
| Statutory deposit | 500,000 | 300,000 | 300,000 | 300,000 | 300,000 |
| **Total assets** | **38,710,185** | **33,877,404** | **28,704,432** | **23,145,509** | **23,308,158** |
| **Liabilities** | | | | | |
| Insurance contract liabilities | 11,635,256 | 5,728,661 | 4,652,881 | 4,289,254 | 2,443,858 |
| Trade payables | 765,141 | 704,169 | 363,724 | 144,234 | 107,346 |
| Provision and other payables | 1,053,785 | 922,984 | 460,618 | 350,232 | 307,546 |
| Finance lease obligations | - | 219 | 61,923 | 56,037 | 88,222 |
| Provision for litigation | - | - | | | |
| Retirement benefit obligations | 89,659 | 62,981 | 49,846 | 22,905 | 30,471 |
| Income tax liabilities | 60,257 | 82,565 | 75,390 | 203,979 | 177,941 |
| Deferred tax liabilities | - | - | - | 158,381 | 199,942 |
| **Total liabilities** | **13,604,099** | **7,501,579** | **5,664,382** | **5,225,022** | **3,355,326** |
| **Capital and reserves** | | | | | |
| Issued and paid-up share capital | 7,000,000 | 5,000,000 | 3,999,999 | 3,999,999 | 3,999,999 |
| Share premium | 560,294 | 729,044 | 729,044 | 729,044 | 729,044 |
| Contingency reserve | 2,882,618 | 2,547,773 | 2,068,770 | 1,778,339 | 1,616,603 |
| Retained earnings | (3,517,299) | 3,308,185 | 2,392,175 | 1,230,452 | 2,082,306 |
| Assets revaluation reserve | 828,773 | 828,773 | 752,083 | 752,083 | 752,083 |
| Re-measurement reserve | 5,040 | 13,244 | 18,431 | 23,761 | 4,484 |
| **Fair value reserve** | 17,346,660 | 13,948,807 | 13,079,548 | 9,406,809 | 10,768,313 |
| **Total equity** | **25,106,086** | **26,375,825** | **23,040,050** | **17,920,487** | **19,952,833** |
| **Total liabilities and equity** | **38,710,185** | **33,877,404** | **28,704,432** | **23,145,509** | **23,308,158** |
| **Statement of profit or loss** | | | | | |
| Gross premium written | 11,161,499 | 8,331,841 | 6,518,964 | 5,391,170 | 4,102,253 |
| Net premium income | 5,428,543 | 4,450,402 | 3,713,380 | 3,477,836 | 2,840,379 |
| Underwriting results | (2,584,189) | 825,589 | 409,240 | (772,480) | 456,861 |
| (Loss)/profit before taxation | (3,878,914) | 2,436,069 | 1,338,726 | 134,703 | 2,996,101 |
| Taxation | - | (19,882) | (31,633) | - | (70,560) |
| (Loss)/profit after taxation | (3,990,638) | 2,516,187 | 1,307,093 | 134,703 | 2,925,541 |
| Transfer to contingency reserve | 334,845 | 479,002 | 290,431 | 161,736 | 578,254 |
| Dividend | (500,000) | - | - | (400,000) | - |
| Transfer to revenue reserve | (3,825,483) | 2,037,185 | 1,016,662 | 372,967 | 2,347,287 |
| Basic earnings per share (kobo) | (28.5) | 24.0 | 18.2 | (3.6) | 36.1 |

# Revenue Account

**31 Dec 2021**

| *In thousands of naira* | Fire | Accident | Motor | Marine | Aviation | Bond | Engineering | Oil & Gas | Agric | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| Direct receipted premium | 1,946,418 | 992,149 | 2,104,473 | 835,349 | 606,906 | 10,688 | 438,066 | 3,919,382 | 45,201 | 10,898,632 |
| Inward premium | 62,978 | 29,595 | 72,869 | 75,335 | 7,052 | - | 10,759 | 4,279 | - | 262,867 |
| **Gross premium written** | **2,009,396** | **1,021,744** | **2,177,342** | **910,684** | **613,958** | **10,688** | **448,825** | **3,923,661** | **45,201** | **11,161,499** |
| | | | | | | | | | | |
| Changes in reserve for unexpired risk | (360,176) | (26,440) | (164,814) | 19,527 | 6,171 | 1 | 22,470 | (187,137) | (16,691) | (707,089) |
| **Gross premium earned** | **1,649,220** | 995,304 | 2,012,528 | 930,211 | 620,129 | 10,689 | 471,295 | 3,736,524 | 28,510 | 10,454,410 |
| Reinsurance Expenses | (1,182,044) | (553,171) | - | (367,986) | (409,888) | (5,277) | (230,002) | (2,200,648) | (25,225) | (4,974,241) |
| Movement in Prepaid-Reinsurance Cost | 86,981 | (6,685) | (196) | (36,024) | 5,153 | (13) | (32,255) | (78,634) | 10,049 | (51,624) |
| Reinsurance expenses (Note 33) | (1,095,063) | (559,856) | (196) | (404,010) | (404,735) | (5,290) | (262,257) | (2,279,282) | (15,176) | (5,025,865) |
| **Net earned premium** | **554,157** | 435,448 | 2,012,332 | 526,201 | 215,394 | 5,399 | 209,038 | 1,457,242 | 13,334 | 5,428,545 |
| Commissions received | 334,168 | 170,094 | 1,450 | 134,846 | 901 | 1,750 | 71,297 | 115,930 | 3,793 | 834,229 |
| **Total underwriting income** | **888,325** | **605,542** | **2,013,782** | **661,047** | **216,295** | **7,149** | **280,335** | **1,573,172** | **17,127** | **6,262,774** |
| **Underwriting expenses** | | | | | | | | | | |
| Gross Claims incurred | (4,667,418) | (739,350) | (1,136,187) | (273,448) | (222,504) | 4,605 | (12,492) | (2,072,733) | (6,135) | (9,125,662) |
| Recovery on Claims incurred | 2,344,261 | 199,305 | 82,013 | 58,246 | 114,683 | (34) | (50,516) | 1,340,975 | 3,477 | 4,092,410 |
| Claims expenses (Note 35) | (2,323,157) | (540,045) | (1,054,174) | (215,202) | (107,821) | 4,571 | (63,008) | (731,758) | (2,658) | (5,033,252) |
| Maintenance expenses | (299,047) | (152,064) | (324,041) | (135,532) | (91,372) | (1,591) | (66,796) | (583,935) | (6,727) | (1,661,104) |
| Acquisition expenses (Note 36) | (351,573) | (230,329) | (275,496) | (262,015) | (114,438) | (1,590) | (93,786) | (818,698) | (4,680) | (2,152,605) |
| | | | | | | | | | | |
| **Underwriting (loss)/profit** | **(2,085,452)** | **(316,896)** | **360,071** | **48,298** | **(97,336)** | **8,539** | **56,745** | **(561,219)** | **3,062** | **(2,584,189)** |

**31 Dec 2020**

| *In thousands of naira* | Fire | Accident | Motor | Marine | Aviation | Bond | Engineering | Oil & Gas | Total |
|---|---|---|---|---|---|---|---|---|---|
| Direct receipted premium | 1,253,081 | 847,328 | 1,522,097 | 592,927 | 505,561 | 5,553 | 509,955 | 2,797,073 | 8,033,575 |
| Inward premium | 32,257 | 20,180 | 81,231 | 89,466 | 18,305 | - | 3,133 | 53,694 | 298,266 |
| **Gross premium written** | **1,285,338** | **867,508** | **1,603,328** | **682,393** | **523,866** | **5,553** | **513,088** | **2,850,767** | **8,331,841** |
| | | | | | | | | | |
| Changes in reserve for unexpired risk | (75,530) | (14,041) | (130,026) | (104,899) | 14,702 | 1,891 | (91,637) | 20,689 | (378,851) |
| **Gross premium earned** | **1,209,808** | **853,467** | **1,473,302** | **577,494** | **538,568** | **7,444** | **421,451** | **2,871,456** | **7,952,990** |
| Reinsurance expenses (Note 33) | (788,132) | (478,968) | (4,619) | (279,283) | (361,581) | (3,315) | (227,927) | (1,358,762) | (3,502,587) |
| **Net earned premium** | 421,676 | 374,499 | 1,468,683 | 298,211 | 176,987 | 4,129 | 193,524 | 1,512,694 | 4,450,403 |
| Commissions received | 249,020 | 141,310 | 839 | 85,050 | 1,974 | 967 | 97,850 | 48,646 | 625,656 |
| **Total underwriting income** | **670,696** | **515,809** | **1,469,522** | **383,261** | **178,961** | **5,096** | **291,374** | **1,561,340** | **5,076,059** |
| | | | | | | | | | |
| **Underwriting expenses** | | | | | | | | | |
| Claims expenses (Note 35) | (318,387) | (164,589) | (470,092) | (58,815) | (93,519) | (577) | (101,548) | (160,406) | (1,367,933) |
| Acquisition expenses (Note 36) | (242,028) | (201,507) | (209,203) | (157,133) | (87,376) | (1,383) | (70,963) | (639,030) | (1,608,623) |
| Maintenance expenses | (196,524) | (132,639) | (245,144) | (104,336) | (80,098) | (849) | (78,450) | (435,874) | (1,273,914) |
| | | | | | | | | | |
| **Underwriting (loss)/profit** | **(86,243)** | **17,074** | **545,083** | **62,977** | **(82,032)** | **2,287** | **40,413** | **326,030** | **825,589** |

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# E-Dividend Mandate Form

In view of the robust developments in the financial sector, Linkage Assurance Plc. is pleased to introduce our e-dividend module to you. This is to facilitate the payment of your dividend through direct credit to your bank account irrespective of the type of account, current / saving. It makes dividend payment faster and safer. We advise that you take advantage of this service by supplying the information as required below and return same to us accordingly.

Please ensure you state the actual name used in purchasing the shares and the signature(s) you signed at that time and fill in BOLD prints.

Thank you.

**Basil Aharanwa**
Registar
Centurion Registrars
33C Cameron Road,
Ikoyi
Lagos.

Please, take this as authority to credit my/our under-mentioned account with any dividend payment(s) due on my/our shareholding particulars of which are stated below from the date hereof:
Shareholders' name

Shareholders` name.......................................................................................................................
(Surname) (Other names)

Shareholders account no(s)............................................................................................................

CSCS investor account no...............................................................................................................

CSCS clearing house no...................................................................................................................

Name of stock brokers.....................................................................................................................

Mobile phone no(s)..........................................................................................................................

Fax number.........................................................................E-mail address................................

Bank name.....................................................................................Branch................................

Bank account number..................................................................Type of account........................

Dated this....................................................................................................................................

Day of.........................20................

| | | |
|---|---|---|
| ................................................... | ................................................... | ..................................... |
| Authorized signatory/ bank stamp | Authorized signatory /bank stamp | Shareholder signature(s) |

Your completed forms should be returned to Centurion Registrars Limited or any of the Linkage Assurance Plc. branches nearest to you. Please note that it is very important that you clearly state your bank name, bank account number, E-mail address and mobile phone numbers to ensure proper processing of your mandate.
For more information, contact Ifeyinwa (+234 704 535 5922) or E-mail: info@linkageassurance.com
Centurion Registrars Limited 33C Cameron Road, Ikoyi, Lagos.

Affix N50.00
Poster Stamp
Here

Registrar
Centurion Registrars
33C Cameron Road,
Ikoyi
Lagos.

# Proxy Form

**NOTICE IS HEREBY GIVEN** that the **28th Annual General Meeting of LINKAGE ASSURANCE PLC** will hold on Thursday, 23rd JUNE 2022 at, CIVIC CENTRE, Ozumba Mbadiwe Road, Victoria Island, Lagos by 10:00 am to transact the following business:

I/We.......................................................................................

.......................................................................................

.......................... being a member/members of the above named Company Hereby appoint* ........................................................................... or failing him the Chairman of the meeting as my/our proxy to vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held on Thursday, 23rd June, 2022.

Dated this ..................................day of ..............................2022

Signature of Shareholder.........................................................................

Name of Shareholder.........................................................................

## PROXY

A member of the Company entitled to attend and vote at the Annual General Meeting can appoint a proxy to attend and vote instead of him/her.

In view of the current Covid-19 pandemic, the directives to minimize social contacts by restricting the number of persons at public gatherings and in accordance with the Corporate Affairs Commission's Guidelines on Holding of Annual General Meetings (AGM) of Public Companies by taking advantage of Section 254 of the Companies and Allied Matters Act (CAMA) using Proxies, all members are hereby advised that attendance for the meeting shall be by PROXY ONLY.

A member of the Company entitled to attend and vote at the above meeting is entitled to appoint a proxy to attend and vote in his/her place. A proxy need not be a member of the Company. Consequently, members are required to appoint a proxy of their choice from the list of the proposed proxies to represent them at the meeting: a) **Chief Joshua B. Fumudoh (Chairman), Mr. Daniel Braie (MD/CEO) and Mr. Moses Omorogbe (Company Secretary).**

A proxy form is enclosed in the Annual Report. For the instrument of proxy to be valid, it must be completed, duly stamped for the purposes of this meeting. The Company has made arrangements at its cost for the stamping of the duly completed proxy forms which must be deposited at the office of the Registrar, Centurion Registrars, 33C, Cameron Road, Ikoyi, Lagos or services@centurionregistrars.com or the Registered Office of the Company, Linkage Plaza, Plot 20, Block 94, Providence Street, Off Adewunmi Adebimpe Lekki Phase 1, Lagos not less than forty-eight hours before the time of the meeting.

**THIS CARD IS TO BE SIGNED AT THE**

| **NUMBER OF SHARES** | | |
|---|---|---|
| **RESOLUTIONS** | **FOR** | **AGAINST** |
| **ORDINARY BUSINESS**<br>1. To receive and consider the Audited Financial Statements for the year ended 31 December 2021 together with the Reports of the Directors, Auditors, Audit Committee, and the Board Appraisal Report. | | |
| 2. (a) To elect the following Directors retiring by rotation: | | |
| i. Mrs. Funkazi Koroye-Crooks<br>ii. Mr. Maxwell Ebibai. | | |
| (b) To ratify the appointment of Mr. Pius Otia as Non-Executive Director. | | |
| 3. To authorize the Directors to fix the remuneration of the Auditors. | | |
| 4. Disclosure of the remuneration of Managers of the Company. | | |
| 5. To elect members of the Statutory Audit Committee. | | |
| **Special Business**<br>To consider and if thought fit to pass the following Ordinary Resolutions:<br>1. That the remuneration of the Directors of the Company for the year ending December 31, 2022, be and is hereby fixed at N15m only.<br>2. To appointment DCSL Corporate Services Limited as Board Evaluation Consultant. | | |

Please indicate with "X" in the appropriate box how you wish your vote to be cast on the resolutions set out above. Unless otherwise instructed, the Proxy will vote or abstain from voting at his/her discretion.

**ADMISSION FORM**

Before posting the above form, tear off this part and retain it.

Please admit ..................................................................................to the Annual General Meeting of

Linkage Assurance Plc. to be held..........................................................................................

Name of Shareholder ..........................................................................................

Signature of Person attending ..........................................................................................

Signature of Shareholder ..........................................................................................

Affix N50.00
Poster Stamp
Here

Registrar
Centurion Registrars
33C Cameron Road,
Ikoyi
Lagos.

# Corporate Directory

**HEAD OFFICE**
Linkage Plaza, Plot 20 Block 94,
Providence Street, Off Adebimpe
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Tel: 7054492984
Email: info@linkageassurance.com

**ABUJA**
No. 29, Aswan Street Wuse Zone 3,
Abuja Fct
Tel: 7054492384
Email: abuja@linkageassurance.com

**AKURE**
5th Floor, Right Wing, Bank Of
Industry (BOI) House, 65 Oyemekun
Road Akure, Ondo State.
Tel: 8112524488
Email: akure@linkageassurance.com

**BENIN**
56b, Sokponba Road Benin City, Edo
State.
Tel: 7054492385
Email: benin@linkageassurance.com

**CALABAR**
Devandy House, No 43, Murtala
Mohammed Highway Calabar, Cross
River State.
Tel: 7054492386
Email: calabar@linkageassure.com

**ENUGU**
Suite C8, Bethel Plaza,
Garden Avenue, Enugu.
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**IBADAN**
Horizon House 2nd Floor, Vitas Bus
Stop Ring Road Ibadan, Oyo State
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Email: ibadan@linkageassurance.com

**ILUPEJU**
11A, Coker Road, Ilupeju Lagos State
Tel: 7054492389
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**KADUNA**
Hasfat Plaza, No 4 Constitution Road,
Kaduna State
Tel: 7054492925
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**KANO**
48, Bompai Road, Kano State
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Email: kano@linkageassurance.com

**PORT HARCOURT**
Uac Building 26, Aba Road, By Polaris
Bank Port Harcourt, Riversvstate.
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**UMUAHIA**
6, Warri Street Umuahia, Abia State
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**UYO**
No 169, Edet Akpan Avenue, 4 Lane By
Eni Gardens Uyo, Akwa Ibom State
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Email: uyo@linkageassurance.com

**WARRI**
110, Effurun/sapele Road, Warri,
Delta State
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Email: warri@linkageassurance.com

**YENAGOA**
First Floor, Suite 1160 1170, Nigeria
Content Tower Ox-box Lake,swali,
Yenagoa, Bayelsa State
Tel: 7054492952
Email: yenagoa@linkageassurance.com

# Notes