



PRESS RELEASE

Regulated Information

AIICO Reports 21.4% growth in Gross Premiums to ₦45.5 billion for H1 2022

Lagos, 28 July 2022 – AIICO Insurance Plc (“AIICO”, or “the Group”) announced its unaudited results for the interim period ended 30 June 2022.

Key Financial Highlights

<i>In thousands of naira</i>	Group			Company		
	H1 2022	H1 2021	Δ	H1 2022	H1 2021	Δ
Gross premium written	45,484,485	37,481,885	21.4%	45,006,064	37,016,658	21.6%
Gross premium income	40,573,727	34,435,596	17.8%	40,217,776	34,121,538	17.9%
Net premium income	34,027,453	29,170,413	16.7%	33,671,502	28,856,355	16.7%
Fee and commission income	1,504,224	1,323,674	13.6%	1,214,855	1,098,642	10.6%
Net underwriting income	35,531,677	30,494,088	16.5%	34,886,357	29,954,997	16.5%
Claims expenses (Net)	-21,838,493	-20,936,947	4.3%	-21,617,041	-20,814,293	3.9%
Other Underwriting expenses*	-13,489,774	22,404,655	-160.2%	-13,433,896	22,434,978	-159.9%
Underwriting Profit (Loss)	203,410	31,961,796	-99.4%	-164,580	31,575,681	-100.5%
Investment income	8,021,137	5,918,241	35.5%	7,490,254	5,772,523	29.8%
Net realized and fair value gains	-556,709	-32,882,445	-98.3%	-556,709	-32,882,445	-98.3%
Other income**	162,168	1,218,169	-86.7%	100,933	784,152	-87.1%
Personnel expenses	-1,807,913	-1,740,831	3.9%	-1,503,127	-1,368,538	9.8%
Other operating expenses	-3,778,972	-3,566,361	6.0%	-3,640,787	-3,408,860	6.8%
Other expenses***	-	-		-	-	
Profit before income tax from continuing operations	2,243,122	908,570	146.9%	1,725,984	472,513	265.3%
Profit from discontinued operations	2,872,747	2,372,854	21.1%	2,872,686	3,013,374	-4.7%
Profit for the period	4,924,133	3,252,383	51.4%	4,426,072	3,462,262	27.8%
Earnings Per share (Kobo)	13	9		12	9	

* - Other underwriting expenses include acquisition costs as well as changes in life & annuity funds and other investment contracts

** - Other income includes profit from deposit administration, other operating income and share of profit from associate *** -

Other expenses include impairment and finance costs Figures in this release are subject to rounding differences.

Commenting on the results, Mr. Babatunde Fajemirokun, the Managing Director and Chief Executive Officer said, “Our half year results are a testament to the resilience of our business model, our focus on

creating products that our customers need to navigate uncertain periods in their lives and the trust that our customers have that we will be there when they need us. Every insurance policy we sell is a contract with our customers and a promise that we take very seriously. For us at AllCO Insurance, all our efforts are geared towards ensuring that our customers can believe us when we say that we are here for the long haul, come rain or shine.”

Operational developments

- We completed the sale of our stake in AllCO Pensions to FCMB Group in Q1 2022.
- We also completed the process of distribution of FY 2020 bonus (12 shares for every 9 shares held) to shareholders in Q1 2022.
- The Company’s shareholders ratified a dividend of 2 kobo per share at the Annual General Meeting held on May 27, 2021. The dividend was paid to shareholders in June 2022.
- From 2023, insurers will be required to report based on the IFRS 17 standard. This standard affects how insurance contracts are recognized on an insurer’s balance sheet. The company’s transition to this standard is progressing as planned and we expect to be ready when the regulation goes into effect.
- Customers now have the option of using Paystack on our Ebusiness platform to purchase or renew their policies. This is another demonstration of AllCO Insurance’s commitment to digitizing our operations and improving the quality of our services to customers.

Group Performance Review

Gross written premium grew by 21.4% y-o-y to ₦45.5 billion in H1 2022 (H1 2021: ₦37.5 billion). This was due to a y-o-y increase of 39.4% in General Insurance to ₦15.5 billion (H1 2021: ₦11.1 billion). Life Insurance premiums increased by 14.2% y-o-y to ₦29.6 billion (H1 2021: ₦25.9 billion) and Underwriting income from our Health Maintenance Organization (HMO) increased by 31.4% y-o-y to ₦599.9 million (H1 2021: ₦456.4 million). Operating income in Asset Management declined by 9.5% y-o-y to ₦697.6 million (H1 2021: ₦770.5 million).

Profit before income tax from continuing operations increased by 146.9% y-o-y to ₦2.2 billion in H1 2022 (H1 2021: ₦908.6 million). Profit before income taxes across the company and its subsidiaries increased y-o-y contributing to the reported increase for the period. This was due to improved topline and investment performance for the period compared to H1 2021. The Company completed the sale of its stake in AllCO Pensions, recording a profit from discontinued operations of ₦2.9 billion. As a result, **profit for the interim period** rose by 51.4% to ₦4.9 billion in H1 2022 (H1 2021: ₦3.3 billion).

Review of statement of financial position

Total assets increased by 8.6% to ₦241.6 billion as of H1 2022 (FY 2021: ₦222.4 billion) driven mainly by a growth in cash and cash equivalents (52.2%; 16.1% of total assets).

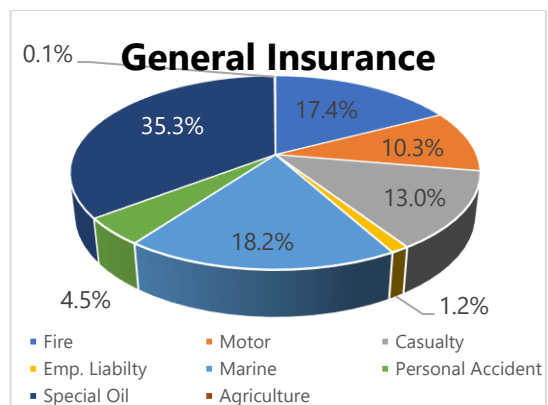
Total liabilities increased by 8.0% to ₦198.7 billion as of H1 2022 (FY 2021: ₦184.0 billion). This was driven mainly by a growth in insurance contract liabilities (10.2%; 66.4% of total liabilities).

Total equity increased by 11.7% to ₦42.9 billion as of H1 2022 (FY 2021: ₦38.4 billion) mainly due to a 30.5% increase in retained earnings to ₦14.0 billion as of H1 2022 (FY 2021: ₦11.1 billion).

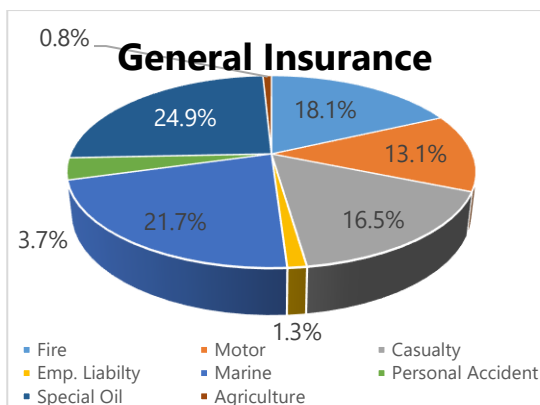
The Businesses

General Insurance

Growth in General Insurance was driven by an expansion in all product lines across the business except agriculture. Special Oil contributed most significantly to premiums in H1 2022 with 35.3% of total General Insurance premiums generated.



H1 2022



H1 2021

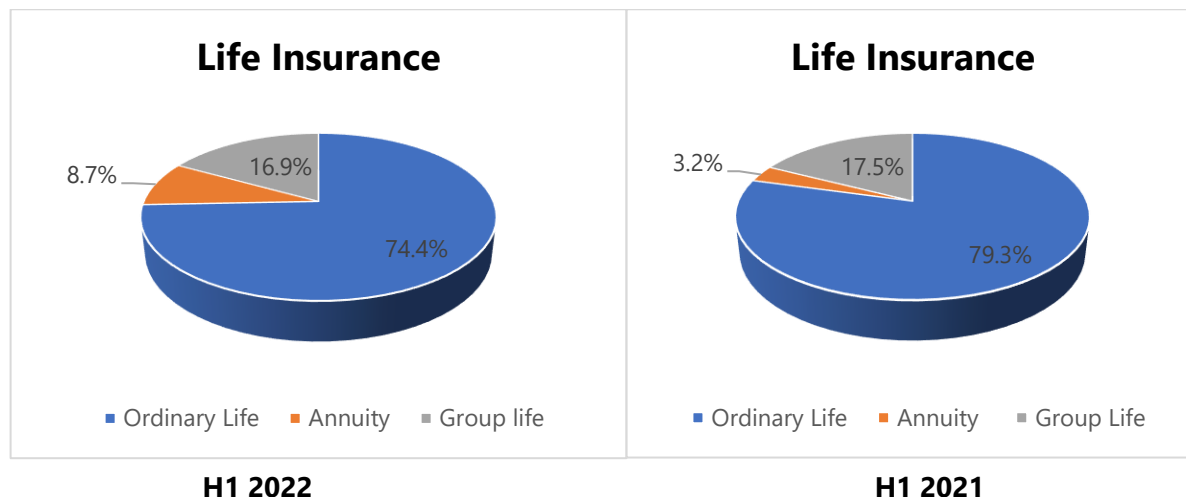
Growth in Special Oil reflects the increased confidence in our ability to underwrite large risks which stems from sustained growth in shareholders’ funds, a key focus of our strategy. In addition to Special Oil, Fire (17.4% of General Insurance premium) and Marine (18.2% of General Insurance premium) contributed most significantly to the growth in 2022, growing by 33.9%, and 16.8% y-o-y respectively as of H1 2022.

Underwriting profit grew by 42.8% y-o-y to ₦1.98 billion in H1 2022 (H1 2021: ₦1.4 billion) and investment and other income in the business also grew by 35.9% y-o-y to ₦835.3 million (H1 2021: ₦614.4 million). Claims ratios also improved in H1 2022 vs H1 2021 – claims ratios declined to 35.3% from 49.5% in 2021.

Life Insurance

Performance in Life Insurance was driven by the 10.7% growth in Group Life (16.9% of total Life Insurance) to ₦5.0 billion (H1 2021: ₦4.5 billion) and 7.1% growth in Ordinary Life (74.4% of the Life business) to ₦22.0 billion (H1 2021: ₦20.6 billion). Premiums from our annuity business are also up from H1 2021, growing 208.6% to ₦2.6 billion compared to the same period last year. Growing our annuity portfolio remains a core objective for the company in 2022, and as of H1 2022, we have eclipsed our total premiums for 2021. The company’s approach here remains the same: to prioritize risk-conscious

pricing for its long-term products, ensuring that its customers continue to enjoy benefits as long as their contracts remain in-force.



Changes in sovereign bond yields significantly impacted the value of our liabilities and assets. These movements are reflected in the change in Ordinary Life and Annuity Funds as well as fair value/realized gains or losses on the income statement. In the Life business, we are typically concerned about whether there is a surplus or deficit of assets over liabilities because of these movements. However, due to limitations in financial reporting, changes in liabilities affect underwriting profit while changes in assets are reported below underwriting profit. The effect is the significant variation in underwriting profits especially in volatile investment yield environments, such as we have in Nigeria. Unlike H1 2021, where yields rose by 570 basis points, leading to a significant underwriting profit, the reference interest rate (the yield on the FGN 2049 bond) remained quite stable over the first half of 2022, rising by only 10 basis points, leading to a modest underwriting loss in the business. This loss is due to the reserving requirements for new business written during the quarter.

AIICO Multishield

Underwriting Income, including fees, in AIICO Multishield, our HMO business increased by 31.4% y-o-y to ₦599.9 million (H1 2021: ₦456.4 million). While net claims ratio increased by 10.0%, lower operating expense ratios led to the 55.9% y-o-y increase in profit to ₦134.4 million (H1 2021: ₦86.2 million).

AIICO Capital

Net operating income (including investment and other income) in our Wealth Management business declined by 6.6% y-o-y to ₦719.6 million (H1 2021: ₦770.5 million) due primarily to reduced trading income. Cost to income ratio however improved (46.8% in H1 2022 vs 54.6% in H1 2021) supporting profitability in the period under review.

Outlook

The Russia-Ukraine conflict continues to affect an already fragile global economy just recovering from the COVID Pandemic. This has led to a rise in oil prices, and an increase in global inflation due to supply chain disruptions around the world, especially around grain which has affected the price of staple foods. Countries such as the US and UK have raised interest rates to curb the rise in inflation. Several emerging market central banks have responded to this, raising interest rates to encourage savings and reduce capital flight.

The IMF has forecasted a 3.4% growth in the Nigeria economy, up from 2.6% in 2021. In real terms however, the high inflationary environment has led to a general reduction in the purchasing power of the ordinary Nigerian, reducing discretionary spending as wages have not increased at the same rate. The Nigerian Central Bank, like most emerging market central banks, has increased its benchmark rate to 14% from 11.5%, signaling a more hawkish view on monetary policy. Interest rates have remained elevated compared to 2020 levels but have largely been stable this year despite the increase in the benchmark rate.

Inflation has been driven by a general increase in food prices, a signal that non-discretionary spending is rising. For most insurers, this usually coincides in an increase in the cancellation of policies, as well as an increase in claims due to higher costs of goods and services. AIICO Insurance has had to face these significant headwinds, along with other insurers and businesses across the country. Operationally, AIICO Insurance has had to be flexible to manage the increased costs of doing business without impacting on quality of service. Over the last two years, the company has invested in improving the quality of the customer experience, with most innovations designed to simplify and improve the customers experience which will not only save time but also reduce friction. AIICO works to strengthen and improve the claims experience of our customers, a key determinant of the quality of experience, according to our customers.

In these uncertain times, customers, shareholders and investors look for stability, which is often a function of a company's risk management practices and controls. AIICO Insurance has made the necessary investments to understand the risks that face the company as well as those that consumers wish to transfer. Today, AIICO's financial position is suitably insulated from interest rate volatility, which is our key risk factor from an economic capital point of view. This puts the company in a strong position and engenders trust from key stakeholders that AIICO Insurance will remain a trusted partner as they journey through life.

AIICO Insurance Plc – H1 2022 Unaudited Results
NGX Ticker: AIICO; Bloomberg Ticker: AIICO NL; Reuters: AIICO.LG

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AIICO Insurance Plc – H1 2022 Unaudited Results
NGX Ticker: AIICO; Bloomberg Ticker: AIICO NL; Reuters: AIICO.LG

Consolidated and separate statements of profit or loss and other comprehensive income for the interim period ended 30 June 2022

In thousands of naira	Group		Company	
	H1 2022	H1 2021	H1 2022	H1 2021
Gross premium written	45,484,485	37,481,885	45,066,064	37,016,658
Gross premium income	40,573,727	34,435,596	40,217,776	34,121,538
Reinsurance expenses	(6,546,274)	(5,265,183)	(6,546,274)	(5,265,183)
Net premium income	34,027,453	29,170,413	33,671,502	28,856,355
Fee and commission income				
Insurance contracts	1,214,855	1,098,642	1,214,855	1,098,642
Pension and other contracts	289,369	225,032	-	-
Net underwriting income	35,531,677	30,494,088	34,886,357	29,954,997
Claims expenses:				
Claims expenses (Gross)	(23,802,013)	(26,366,158)	(23,580,561)	(26,243,504)
Claims expenses recovered from reinsurers	1,963,520	5,429,211	1,963,520	5,429,211
Claims expenses (Net)	(21,838,493)	(20,936,947)	(21,617,041)	(20,814,293)
Underwriting expenses	(5,786,547)	(4,730,635)	(5,730,669)	(4,700,312)
Change in life fund	(4,936,285)	10,294,322	(4,936,285)	10,294,322
Change in annuity fund	(1,417,402)	16,398,226	(1,417,403)	16,398,226
Change in other investment contracts	(1,349,539)	442,742	(1,349,539)	442,742
Total underwriting expenses	(35,328,267)	1,467,708	(35,050,937)	1,620,685
Underwriting profit/(loss)	203,410	31,961,796	(164,580)	31,575,681
Investment income	8,021,137	5,918,241	7,490,254	5,772,523
Profit from deposit administration	66,333	417,610	66,333	417,610
Net realised gains	(605,010)	205,070	(605,010)	205,070
Net fair value gains	48,301	(33,087,515)	48,301	(33,087,515)
Other operating income	95,835	800,559	34,600	366,542
Personnel expenses	(1,807,913)	(1,740,831)	(1,503,127)	(1,368,538)
Other operating expenses	(3,778,972)	(3,566,361)	(3,640,787)	(3,408,860)
Profit before income tax from continuing operations	2,243,122	908,570	1,725,984	472,513
Income tax expense	(191,737)	(29,041)	(172,598)	(23,626)
Profit after tax from continuing operations	2,051,386	879,528	1,553,386	448,887
Discontinued operations				
Profit after tax from discontinued operations	2,872,747	2,372,854	2,872,686	3,013,374
Profit for the period	4,924,133	3,252,383	4,426,072	3,462,262
Attributable to shareholders	4,855,663	3,197,349	4,426,072	3,462,263
Attributable to non-controlling interest holders	68,470	55,033	-	-
	4,924,133	3,252,383	4,426,072	3,462,263
Other comprehensive income, net of tax				
Items within OCI that may be reclassified to profit or loss in subsequent periods:				
Net (loss) / gain on financial assets	303,861	(1,832,870)	153,840	(260,224)
Fair value (loss) on equity securities	10,304	(87,928)	-	(80,209)
Exchange (loss)/gains on financial assets	-	(49,748)	-	-
Total other comprehensive (loss)/ income	314,165	(1,970,546)	153,840	(340,433)
Total comprehensive profit for the period	5,238,297	1,281,839	4,579,912	108,454
Attributable to shareholders	5,153,794	1,439,873	4,579,912	3,072,081
Attributable to non-controlling interests	84,503	(158,036)	-	-
	5,238,297	1,281,837	4,579,912	3,072,081
Basic and diluted earnings per share (Kobo)	13	9	12	9

AIICO Insurance Plc – H1 2022 Unaudited Results
NGX Ticker: AIICO; Bloomberg Ticker: AIICO NL; Reuters: AIICO.LG

Consolidated and separate statements of financial position as of
30 June 2022

As of 30 June 2022	Group		Company	
<i>In thousands of naira</i>	30-Jun-22	31-Dec-21	30-Jun-22	31-Dec-21
Assets				
Cash and cash equivalents	38,861,267	25,490,105	17,657,827	9,062,962
Financial assets	172,880,933	172,501,020	159,557,110	152,718,223
Trade receivables	1,153,782	728,518	1,032,232	689,375
Reinsurance assets	12,979,147	10,387,924	12,979,147	10,387,924
Deferred acquisition costs	1,188,495	739,223	1,188,495	739,223
Other receivables and prepayments	4,993,400	2,411,790	4,132,078	2,140,480
Right of use assets	105,855	105,855	105,855	105,855
Deferred tax assets	1,252	1,252	-	-
Investment in subsidiaries	-	-	1,087,317	1,087,317
Investment in associate	-	705,629	-	705,691
Investment properties	760,000	806,000	760,000	806,000
Goodwill and other intangible assets	947,812	934,748	857,526	838,252
Property and equipment	7,223,364	7,068,787	6,920,570	6,847,439
Statutory deposits	500,000	500,000	500,000	500,000
Total assets	241,595,306	222,380,850	206,778,157	186,628,741
Liabilities				
Insurance contract liabilities	132,032,315	119,776,331	131,876,619	119,565,299
Investment contract liabilities	24,448,890	22,829,871	24,448,890	22,829,871
Trade payables	6,047,051	3,779,049	5,932,052	3,748,134
Other payables and accruals	6,546,671	3,700,219	3,492,500	3,394,547
Fixed income liabilities	29,127,874	33,506,178	-	-
Current income tax payable	503,361	407,282	396,793	307,392
Deferred tax liabilities	7,666	7,666	-	-
Total liabilities	198,713,828	184,006,596	166,146,854	149,845,243
Equity				
Share capital	18,302,638	18,302,638	18,302,638	18,302,638
Share premium	64,745	64,745	64,745	64,745
Revaluation reserve	1,812,707	1,812,707	1,812,707	1,812,707
Fair value reserve	-1,394,179	-1,683,037	-862,887	-1,016,727
Foreign exchange gains reserve	175,600	175,600	175,600	175,600
Statutory reserve	-	-	-	-
Contingency reserve	9,064,730	8,304,604	9,064,729	8,304,604
Retained earnings	14,425,431	11,051,695	12,073,771	9,139,931
Shareholders' funds	42,451,672	38,028,952	40,631,304	36,783,498
Non-controlling interests	429,806	345,303	-	-
Total equity	42,881,478	38,374,255	40,631,304	36,783,498
Total liabilities and equity	241,595,307	222,380,850	206,778,157	186,628,741

AllCO Insurance Plc – H1 2022 Unaudited Results
NGX Ticker: AllCO; Bloomberg Ticker: AllCO NL; Reuters: AllCO.LG

Definition of terms

Gross premium written refers to combination of premiums for general, life (individual and group), annuity, and health management

Gross premium income refers to premiums received which have been earned in the financial period under review. Premiums are paid for a period and are only earned fully when the Company has fulfilled its duties for that period.

Net premium income refers to gross premium income less applicable reinsurance expense.

Change in life and annuity funds refers to the change in the insurance or investment liability in the life business. The liability changes as policies are underwritten and interest rates, upon which some liability valuations depend, change.

Benefits refer to planned pay-outs to policyholders who purchase insurance policies in our life business. Benefits are classified as claims in our financial statements; however, they are not contingent liabilities (they do not depend on an event to trigger payment).

Claims refer to contingent liabilities that arise because of an event that is covered by an insurance policy.

Total underwriting expenses refer to the direct costs of providing insurance. They include cash line items like claims, benefits, and acquisition costs as well as non-cash line items such as change in life and annuity funds.

Investment income refers to income from policyholders' funds, annuity funds and shareholders' funds as well as investment income from asset management activities.

Total operating expenses refer to the sum of employee benefits expense and other operating expenses.

Profit before tax refers to underwriting profit (loss), personnel expenses, other operating expenses, finance cost, and impairment loss less investment income, profit from deposit administration, net realised gains, net fair value gains, and other operating income.

Profit after tax refers to profit before tax less income tax.

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About AIICO Insurance Plc

AIICO Insurance Plc (NGX: AIICO) is a leading composite insurer in Nigeria with a record of accomplishment of serving our clients that dates back over 50 years. Founded in 1963, AIICO provides life and health insurance, general insurance, and investment management as a means to create and protect wealth for individuals, families and corporate customers.

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

The General Insurance segment comprises general insurance to individuals and businesses. General insurance products offered include auto, household, commercial and business interruption insurance. These products offer protection of policyholder's assets and indemnification of other parties that have suffered damage as a result of policyholder's accident.

The Health segment is a Health Maintenance Organization for prepaid health plans to cater for the health needs of individuals and corporate organizations. The segment became a full subsidiary of AIICO Insurance Plc on July 1, 2012.

The Asset Management segment is registered and licensed by the Securities & Exchange Commission in 2012, to carry out portfolio/fund management services. The segment commenced full operations in 2014 through the provision of bespoke wealth solutions for clients, by adopting a research-based approach for every investment decision. The segment offers portfolio management services, structured investments and mutual funds to suit the investment needs of corporate and individual clients.

For more information visit <https://www.aiicopl.com/index.php/about-us/our-company/about-aiico>

Disclaimer

This announcement contains or will contain forward-looking statements which reflect management's expectations regarding the Company's future growth, results of operations, performance, business prospects and opportunities. Wherever possible, words such as "anticipate", "believe", "expects", "intend" "estimate", "project", "target", "risks", "goals" and similar terms and phrases have been used to identify the forward- looking statements. These statements reflect management's current beliefs and are based on information currently available to management. Certain material factors or assumptions have been applied in drawing the conclusions contained in the forward-looking statements. These factors or assumptions are subject to inherent risks and uncertainties surrounding future expectations generally. AIICO Insurance Plc cautions readers that several factors could cause actual results, performance or achievements to differ materially from the results discussed or implied in the forward-looking statements. These factors should be considered carefully, and undue reliance should not be placed on the forward-looking statements. For additional information with respect to certain of these risks or factors, reference should be made to the Company's disclosure materials filed from time to time with Securities & Exchange Commission in Nigeria. The Company disclaims any intention or obligation to update or revise any forward-looking statements, whether because of new information, future events or otherwise.
