

AIICO Insurance Plc – H1 2024 Unaudited Results

NGX Ticker: AIICO; Bloomberg Ticker: AIICO NL; Reuters: AIICO.LG

RC: 7340



PRESS RELEASE

Regulated Information

AIICO Reports 48.0% growth in IFRS 17 revenue to ₦48.8 billion in H1 2024: Premiums written grow 55.0% to ₦87.4 billion.

Lagos, 31 July 2024 – AIICO Insurance Plc (“AIICO”, or “the Group”) announced its unaudited results for the interim period ended 30 June 2024.

Key Financial Highlights

	Group			Parent		
	30-Jun-24	30-Jun-23	Δ	30-Jun-24	30-Jun-23	Δ
Gross premium written	87,423,390	56,404,421	55.0%	86,923,248	55,966,364	55.3%
Insurance Revenue	48,813,771	32,989,056	48.0%	48,195,661	32,296,956	49.2%
Insurance Service Expense	(38,801,023)	(27,643,755)	-40.4%	(38,489,536)	(27,372,617)	-40.6%
Net Expenses from Reinsurance Contracts	(8,254,371)	(5,482,259)	-50.6%	(8,254,371)	(5,482,259)	-50.6%
Insurance service result	1,758,377	(136,958)	1383.9%	1,451,754	(557,920)	360.2%
Net investment income before fair value changes	18,172,587	15,128,716	20.1%	15,554,572	12,422,686	25.2%
Net fair value loss	(11,412,544)	(6,795,210)	-67.9%	(11,412,544)	(6,795,210)	-67.9%
Net change in investment contract liabilities	(403,588)	(323,970)	-24.6%	(403,588)	(323,970)	-24.6%
Net impairment loss	-	(71,852)	100.0%	-	-	0.0%
Net foreign exchange income/(expense)	10,853,971	3,410,028	218.3%	10,714,324	3,410,028	214.2%
Net insurance/reinsurance finance expenses	(1,710,919)	(1,600,009)	-6.9%	(1,710,919)	(1,600,009)	-6.9%
Net insurance and investment result	17,257,883	9,610,745	79.6%	14,193,599	6,555,605	116.5%
Other Income	780,990	807,000	-3.2%	559,478	556,467	0.5%
Other Expenses	(3,660,073)	(3,165,269)	-15.6%	(650,168)	(746,540)	12.9%
Profit before tax from continuing operations	14,378,801	7,252,476	98.3%	14,102,910	6,365,532	121.6%
Income tax expenses	(1,454,454)	(536,358)	-171.2%	(1,443,359)	(521,158)	-177.0%
Profit for the period	12,924,347	6,716,118	92.4%	12,659,551	5,844,375	116.6%
Total other comprehensive income/(loss)	1,247,873	147,897	743.7%	361,556	128,610	181.1%
Total comprehensive income for the year	14,172,220	6,864,015	106.5%	13,021,106	5,972,985	118.0%

*Other expenses are non-attributable overheads. Overheads attributable to insurance operations are included in Insurance service expenses.

More details are in note 25 of the financial statements.

Figures in this release are subject to rounding differences.

Commenting on the results, Mr. Babatunde Fajemirokun, Managing Director and Chief Executive Officer, said, “AIICO ended the second quarter with strong momentum, achieving commendable financial results through strategic execution despite challenging macroeconomic conditions and highlighting our foundational strengths and commitment to client service. Looking forward, we are prepared to navigate challenges and seize opportunities while engaging customers with valued products, expanding our distribution channels, and leveraging technology for user-friendly digital solutions.”

AllCO Insurance Plc – H1 2024 Unaudited Results

NGX Ticker: AIICO; Bloomberg Ticker: AIICO NL; Reuters: AIICO.LG

“Our second quarter performance, marked by a 98.3% year-on-year increase in profit, underscores the effectiveness of our business strategy in the face of significant market and economic conditions.” stated Mrs. Bisola Elias, CFO of AllCO Insurance.

Operational Highlights

- The Company’s shareholders ratified a dividend of 5 kobo per share at the Annual General Meeting held on July 26, 2024. The dividend will be paid to shareholders from July 2024.

Group Performance Review

Group revenues under the IFRS 17 standard increased 48.0% year-on-year to ₦48.8 billion (H1 2023: ₦32.9 billion) (Premiums under the IFRS 4 standard grew 55.0% year-on-year to ₦87.4 billion (H1 2023: ₦56.4 billion)). Insurance service result, which is insurance revenue less expenses, experienced a significant change year-on-year, with a profit of ₦1.8 billion in H1 2024 from a loss of ₦136.9 million in H1 2023, this was mainly driven by an increase in insurance contract revenue compared to H1 2023. Insurance service expenses comprise of claims and benefits expenses as well as attributable overheads. Total income or net insurance and investment result increased by 79.6% to ₦17.3 billion (H1 2023: ₦9.6 billion), driven by the growth in investment income and effective FX asset and liability management. Our prudent risk management strategy of matching foreign currency liabilities with foreign currency assets has insulated the company’s financial position from the impact of exchange rate volatility, preserving value for shareholders.

Profit before income tax from continuing operations increased 98.3% to ₦14.4 billion in H1 2024 (H1 2023: ₦7.3 billion).

Review of statement of financial position

Total assets increased by 11.9% to ₦355.8 billion as of H1 2024 (H1 2023: ₦318.1 billion) driven mainly by a 32.5% growth in cash and cash equivalents, which constitutes ca. 6.9% of the total assets.

Total liabilities increased by 8.8% to ₦289.8 billion as of H1 2024 (H1 2023: ₦266.3 billion). This was driven mainly by a 11.5% growth in insurance contract liabilities, which constitute ca. 83.9% of the total liabilities.

Total equity increased by 27.3% to ₦66.0 billion as of H1 2024 (H1 2023: ₦51.8 billion) mainly due to a 55.3% increase in retained earnings to ₦30.5 billion as of H1 2024 (H1 2023: ₦19.6 billion) from profits made during the period.

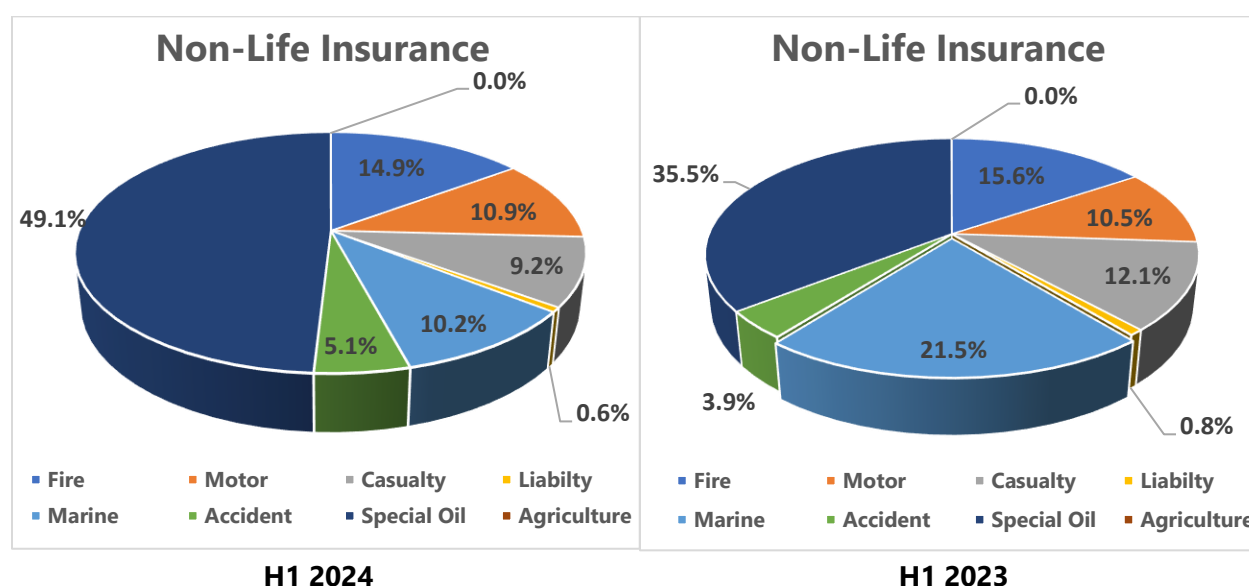
AIICO Insurance Plc – H1 2024 Unaudited Results

NGX Ticker: AIICO; Bloomberg Ticker: AIICO NL; Reuters: AIICO.LG

The Businesses

Non-life Insurance

Non-Life insurance service revenue increased by 65.9% to ₦24.3 billion for H1 2024 (H1 2023: ₦14.7 billion) with gross written premium for the period growing by 69.6% to ₦33.1 billion for H1 2024 (H1 2023: ₦19.5 billion). The growth was driven by an expansion across various product lines, including special oil, motor, and fire insurance. Special Oil contributed most significantly, with 49.1% of the total non-life gross written premiums, while fire and motor contributed 14.9% and 10.9%, respectively for H1 2024. The growth in the contribution of oil and gas is a result of our focus on the product and our increased capacity for risk, which has led to increased premiums.

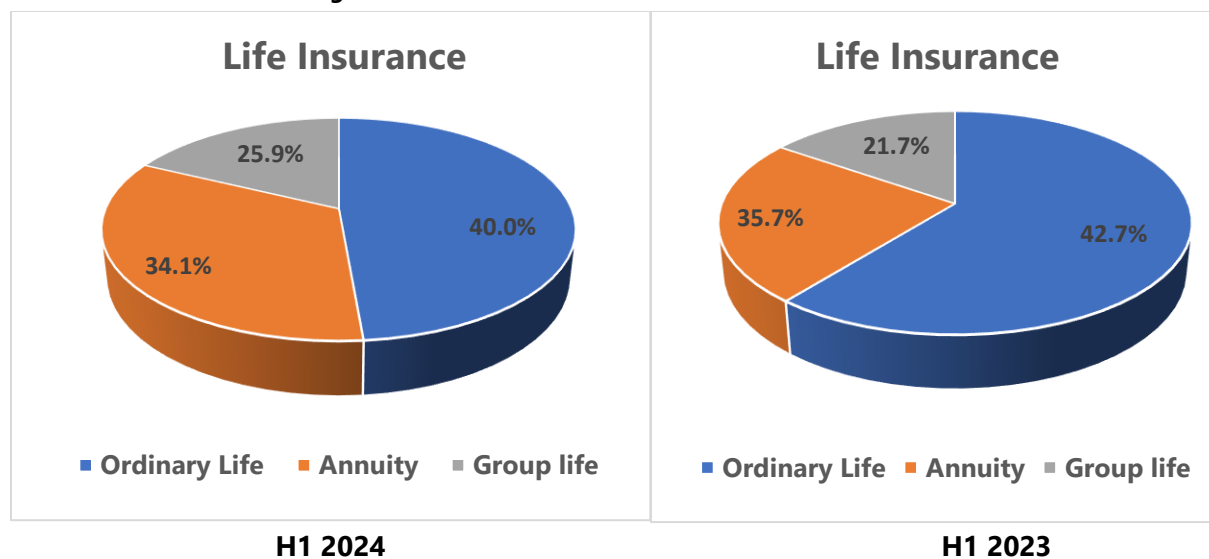


Life Insurance

Our life insurance business saw robust growth in H1 2024, insurance service revenue increased by 35.4% to ₦23.9 billion (H1 2023: ₦17.6 billion) for the quarter. While business as usual has not changed, IFRS 17 reporting means that premiums collected are recognized as revenue when they are earned. As a result, for our long-term business, revenue will be earned over a number of years. The company’s ability to collect premiums directly affects revenues going forward and growth in premiums is still a proxy for future revenue growth. The growth in the life business was driven by a 61.6% increase in group life premiums (25.9% of total life insurance) to ₦6.2 billion (H1 2023: ₦3.8 billion). Our ordinary life products’ premiums grew Y-o-Y by 27.0% to ₦9.6 billion in H1 2024 (H1 2023: ₦7.5 billion) amid high inflation and significant Naira depreciation experienced in the Nigeria economy. Our annuity business grew with premiums increasing by 29.4% to ₦8.1 billion in H1 2024 (H1 2023: ₦6.3 billion) as retirees sought to insulate themselves from the volatile economic environment.

AllCO Insurance Plc – H1 2024 Unaudited Results

NGX Ticker: AIICO; Bloomberg Ticker: AIICO NL; Reuters: AIICO.LG



Changes in sovereign bond yields impact the value of our liabilities and assets. These movements are reflected in the net investment result (in the P & L). Therefore, asset-liability management is key in the company’s Life business, given its product mix.

AllCO Multishield

In H1 2024, insurance service revenue in AllCO’s health management business decreased by 10.7% to ₦618.1 million (H1 2023: ₦692.1 million). This was largely due to the non-renewal of some key accounts, especially in the public sector. Insurance service margin in 2024 declined to 49.6% (H1 2023: 60.8%). This was due primarily to an increase in insurance service expense to ₦311.5 million (H1 2023: ₦271.1 million). Cost pressures have increased over the last year as the Naira has depreciated – many drugs and healthcare equipment are imported, meaning that even for the same level of service, claims are more expensive. These increases in expenses cannot be fully transferred to customers. As a result, the company’s insurance service results reduced to ₦306.6 million compared to (H1 2023: ₦420.9).

AllCO Capital

In H1 2024, net investment and other income in AllCO’s asset management business declined 1% to ₦3.08 billion from ₦3.1 billion in H1 2023. Income from our asset management business has been affected by the high interest rate environment which affects the ability to raise low-cost funds. Although trading activity in the capital markets has declined markedly over the last 2 years, our focus on diversified investment strategies helped mitigate downward pressure on revenues. Operating expenses increased 12.7% year-on-year, resulting in the cost-to-income ratio rising from 45.3% in 2023 to 64.7% in 2024. Profit before taxes decreased by 62.3% to ₦221.9 million (H1 2023: ₦588.1 million).

AllCO Insurance Plc – H1 2024 Unaudited Results

NGX Ticker: AIICO; Bloomberg Ticker: AIICO NL; Reuters: AIICO.LG

Outlook

U.S. inflation cooled for the third consecutive month in June, signaling a potential end to the most severe price surge in four decades. This downward trend has increased expectations of interest rate cuts by the Federal Reserve as early as September. The latest data reinforces the Fed's confidence in inflation returning to its 2% target. Concurrently, President Biden's withdrawal from the presidential race has caused a stir in the markets, as investors grapple with the implications for U.S. economic policies. While easing inflation offers a glimmer of optimism, the evolving political landscape casts uncertainty over future economic trajectories, including inflation, consumer spending, monetary policy, and fiscal management. Investors are cautiously assessing economic policies and the campaign's potential impact on the stock market and the economy.

Nigeria is grappling with a complex economic downturn, characterized by unprecedented inflationary pressures and currency depreciation. The recent approval of a \$2.25 billion World Bank loan is a critical intervention aimed at stabilizing the economy and supporting the government's ambitious efforts to diversify revenue away from oil while safeguarding oil revenues for fiscal sustainability. To combat escalating inflation, the Monetary Policy Committee increased the benchmark interest rate by 50 basis points to 26.75% from 26.25%, signaling a resolute stance against rising prices. While this monetary tightening measure is intended to stabilize the economy, it risks stifling economic growth and imposing additional burdens on businesses and households. The committee expressed its resolve as it remains committed to taking necessary measures to control inflation. Additionally, the Central Bank of Nigeria reported a significant increase in external reserves to \$37.05 billion, bolstering confidence in the country's ability to meet its foreign exchange needs and external debt obligations. Balancing price stability and economic growth will be crucial in navigating Nigeria's economic trajectory.

The Nigerian insurance industry is undergoing a period of transformation in response to the nation's economic challenges. Characterized by a volatile business environment, the industry is redefining its role as a crucial financial safety net. Insurers are increasingly focusing on developing innovative products to mitigate economic instability risks. At AllCO, we recognize the complex interplay of economic headwinds impacting Nigeria's insurance landscape. These challenges underscore the need for resilient and adaptable insurance solutions. We are positioned as a beacon of stability, offering comprehensive insurance solutions that safeguard individuals and businesses. Our commitment to customer-centric innovation, and robust risk management ensures we remain a strategic partner in navigating these uncertain times.

For further information, please contact:

Segun Olalandu

Head, Strategic Marketing & Communications

solalandu@aiicopl.com

AIICO Insurance Plc – H1 2024 Unaudited Results

NGX Ticker: AIICO; Bloomberg Ticker: AIICO NL; Reuters: AIICO.LG

Mobile: + 234 802 295 1735

Moyosore Onanuga

Investments and Corporate Planning

monanuga@aicopl.com

Mobile: +234 809 229 9108

AIICO Investor Relations

ir@aicopl.com

AllCO Insurance Plc – H1 2024 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 2024

	Group		Company	
<i>In thousands of naira</i>	30-Jun-24	30-Jun-23	30-Jun-24	30-Jun-23
Insurance Revenue	48,813,771	32,989,056	48,195,661	32,296,956
Insurance Service Expense	(38,801,023)	(27,643,755)	(38,489,536)	(27,372,617)
Net Expenses from Reinsurance Contracts	(8,254,371)	(5,482,259)	(8,254,371)	(5,482,259)
Insurance service result	1,758,377	(136,958)	1,451,754	(557,920)
Investment income	18,435,200	14,706,391	15,806,464	12,000,361
Profit from deposit administration	51,381	40,063	51,381	40,063
Net realised gain/(loss)	(313,994)	382,262	(303,272)	382,262
Net fair value losses	(11,412,544)	(6,795,210)	(11,412,544)	(6,795,210)
Net Change in investment contract liabilities	(403,588)	(323,970)	(403,588)	(323,970)
Net impairment (losses)/reversal	-	(71,852)	-	-
Net foreign exchange gain / (loss)	10,853,971	3,410,028	10,714,324	3,410,028
Net Investment income	17,210,426	11,347,712	14,452,764	8,713,534
Net Finance Expense from Insurance Contracts	(2,360,661)	(1,879,193)	(2,360,661)	(1,879,193)
Net Finance Income from Reinsurance Contracts	649,743	279,184	649,743	279,184
Net insurance finance income/(expenses)	(1,710,919)	(1,600,009)	(1,710,919)	(1,600,009)
Net insurance and investment result	17,257,884	9,610,745	14,193,600	6,555,605
Other income	780,990	807,000	559,478	556,467
Other expenses	(3,660,073)	(3,165,269)	(650,168)	(746,540)
Profit before income tax from continuing operations	14,378,801	7,252,476	14,102,910	6,365,533
Income tax expense	(11,095)	(15,200)	-	-
Minimum tax	(1,443,359)	(521,158)	(1,443,359)	(521,158)
Profit for the period	12,924,347	6,716,118	12,659,551	5,844,375
Attributable to owners of the parent	12,890,363	6,587,399	12,659,551	5,844,375
Attributable to non-controlling interest holders	33,984	128,719	-	-
	12,924,347	6,716,118	12,659,551	5,844,375
Other comprehensive income, net of tax				
Items within OCI that may be reclassified to profit or loss in subsequent periods:				
Fair value loss on debt instruments	1,243,895	131,957	361,556	128,610
Items within OCI that will not be reclassified to profit or loss in subsequent periods:				
Fair value gain on equity securities	3,978	15,940	-	-
Exchange (loss)/gains on financial assets	-	-	-	-
Total other comprehensive (loss)/ income	1,247,873	147,897	361,556	128,610
Total comprehensive income for the period	14,172,220	6,864,015	13,021,106	5,972,985
Attributable to owners of the parent	14,050,002	6,734,961	13,021,106	5,972,985
Attributable to non-controlling interests	122,218	129,054	-	-
	14,172,220	6,864,015	13,021,106	5,972,985
Basic and diluted earnings per share (Kobo)	35	18	35	16

AllCO Insurance Plc – H1 2024 Unaudited Results

NGX Ticker: AIICO; Bloomberg Ticker: AIICO NL; Reuters: AIICO.LG

Consolidated and separate statements of financial position as of 30 June 2024

Consolidated and separate statements of financial position as of 30th June 2024	Group		Company	
	30-Jun-24	31-Dec-23	30-Jun-24	31-Dec-23
<i>In thousands of naira</i>				
Assets				
Cash and cash equivalents	24,408,143	18,422,728	17,219,060	7,921,257
Financial assets	292,949,863	266,747,074	269,159,338	243,686,602
Trade receivables	2,566,511	980,752	2,147,865	909,559
Reinsurance contracts assets	19,747,154	17,116,370	19,747,154	17,116,370
Other receivables and prepayments	4,701,209	3,667,351	3,562,684	2,838,437
Investment in subsidiaries	-	-	1,087,317	1,087,317
Investment properties	640,000	707,500	640,000	707,500
Property and equipment	9,058,213	8,913,645	8,822,589	8,708,397
Statutory deposits	500,000	500,000	500,000	500,000
Right of use assets	107,755	132,512	107,755	132,512
Goodwill and other intangible assets	1,150,137	907,630	1,091,001	840,555
Total assets	355,828,985	318,095,562	324,084,764	284,448,506
Liabilities				
Insurance contract liabilities	243,036,929	218,023,682	243,036,929	217,701,608
Investment contract liabilities	4,276,917	3,855,324	4,276,917	3,855,324
Reinsurance contract liabilities	1,969,444	930,616	1,969,444	930,616
Other insurance contract liabilities	3,046,669	2,423,168	3,046,669	2,423,168
Trade payables	3,305,318	1,612,909	3,305,318	1,612,909
Other payables and accruals	4,649,355	8,332,138	4,022,989	7,570,587
Fixed Income liabilities	27,640,193	30,241,800	-	-
Current income tax payable	1,901,077	845,061	1,814,123	763,026
Deferred tax liabilities	498	498	-	-
Total liabilities	289,826,401	266,265,196	261,472,389	234,857,238
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	2,764,016	2,764,016	2,764,016	2,764,016
Fair value reserve	51,989	(1,107,650)	348,012	(13,544)
Contingency reserve	13,794,221	11,755,475	13,794,221	11,755,475
Retained earnings	30,467,506	19,615,890	27,338,742	16,717,938
Shareholders' funds	65,445,115	51,395,114	62,612,375	49,591,268
Non-controlling interests	557,470	435,252	-	-
Total equity	66,002,585	51,830,366	62,612,375	49,591,268
Total liabilities and equity	355,828,985	318,095,561	324,084,764	284,448,506

AllCO Insurance Plc – H1 2024 Unaudited Results

NGX Ticker: AIICO; Bloomberg Ticker: AIICO NL; Reuters: AIICO.LG

Definition of terms

Insurance service revenue refers to revenue earned for the period being reported. It is an amortization of unearned revenue liability that is assumed when premiums are paid.

Insurance service expense reflect the costs incurred in providing services for the period being reported. It excludes the payment of deposit components of contracts.

Net expenses from reinsurance contracts reflect the differences between the expected claims recovered from reinsurance and the actual amounts recovered from reinsurance including the costs of reinsurance coverage which is the expected profit a reinsurer makes from a reinsurance contract.

Net insurance finance income (expense) reflects the financial effect of the time value of money on unearned premiums. It also includes the effect on the carrying amount of insurance contracts of some changes in financial assumptions such as discount rates.

Net finance income from reinsurance contracts refers to the financial effect of the time value of money on unearned premiums.

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

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 realized gains, net fair value gains, and other operating income.

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

AllCO Insurance Plc – H1 2024 Unaudited Results

NGX Ticker: AIICO; Bloomberg Ticker: AIICO NL; Reuters: AIICO.LG

About AllCO Insurance Plc

AllCO 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, AllCO 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 AllCO 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.aicopl.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. AllCO 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.