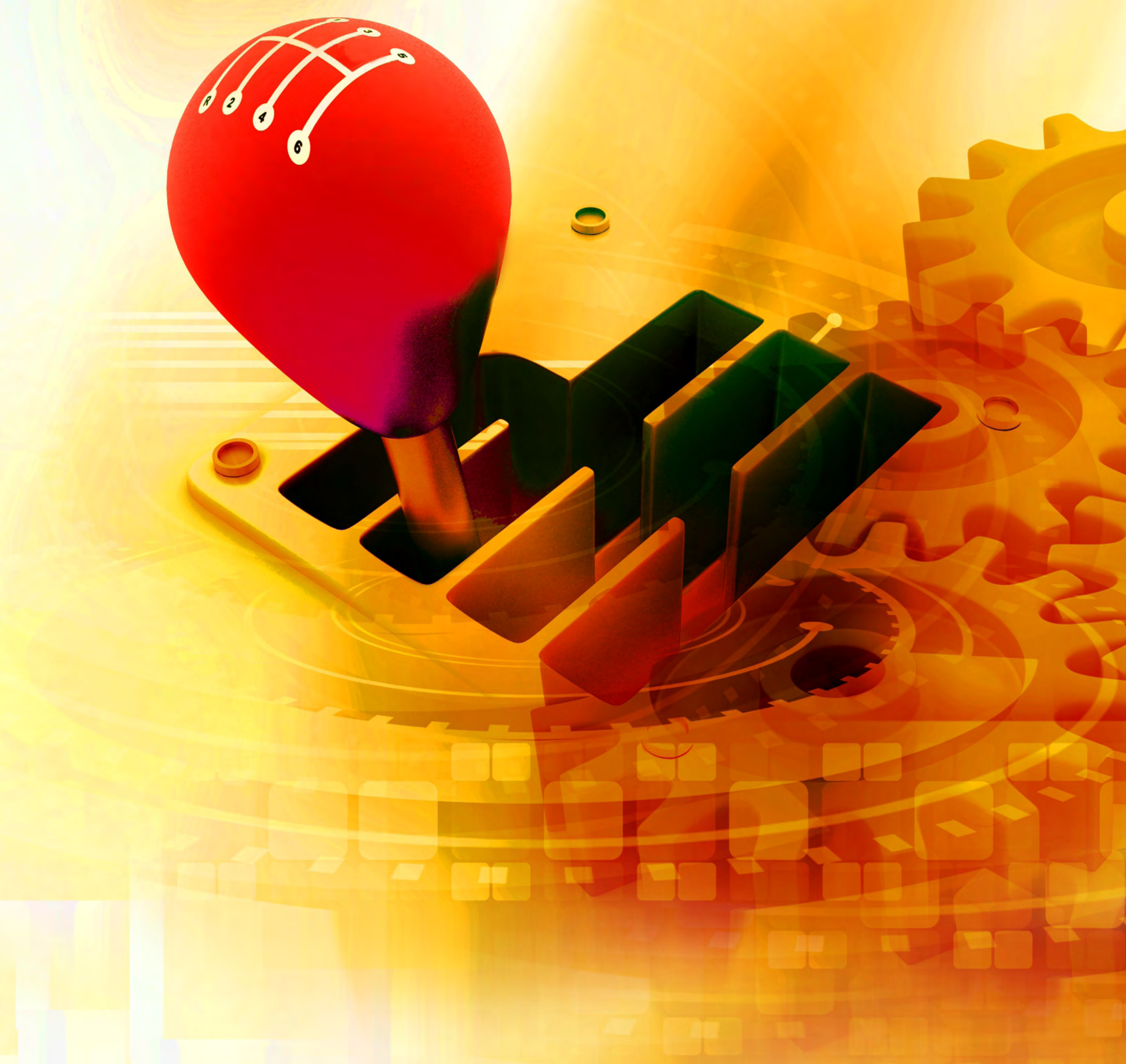
Shifting Gears

2019 Annual Report & Accounts



AIICO INSURANCE
AMERICAN INTERNATIONAL

Shifting Gears

AIICO is shifting gears for tremendous momentum, and is determined to emerge at the front line in the industry.

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We are firmly committed to our vision, mission and strategy for sustained momentum, continuous growth, better service and value to our stakeholders.

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2019 was a good year for AIICO

We delivered what we said we would.
We built foundations for future growth.

Insurance Contract Liabilities

₦84,986,351,000

Shareholder's Funds

₦27,914,464,000

Total Equity

₦28,910,063,000

Total Benefits, Claims And Other Expenses

₦30,608,604,000

Total Assets

₦159,476,222,000

Corporate Profile

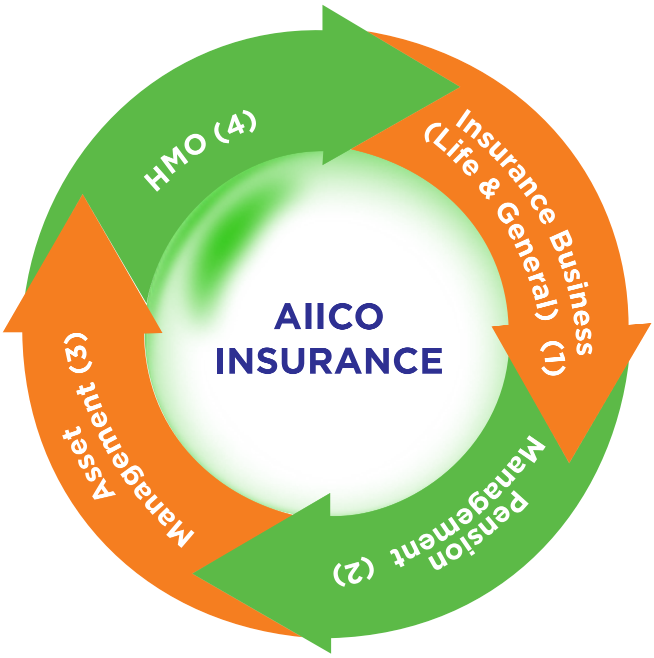
Established in 1963, AIICO Insurance Plc (NSE Ticker: "AIICO") is an Insurance, Pension, Health and Asset Management Group in Nigeria with market-leading positions in its key business lines:

AIICO commenced operations in Nigeria in 1963 as an Agency of American Life Insurance Company ("ALICO") - a subsidiary of American International Group (AIG) at that time.

The company was incorporated, registered and licensed in Nigeria as American Life Insurance Company Limited as a wholly-owned subsidiary of ALICO/AIG in 1970 to offer Life, Pension products and Insurance services. It was later renamed American International Insurance Company Limited (AIICO) upon the acquisition of a 60% stake by the Federal Government of Nigeria, and later listed on the Nigerian Stock Exchange in 1990, after which shareholders divested.

Following the consolidation of the insurance industry in 2007, the company acquired NFI Insurance Plc. and Lamda Insurance Company Limited (both cumulatively accounting for less than 30% of AIICO's pre-acquisition gross premiums). The company subsequently recertified as both General Insurance and Life Assurance Company, taking advantage of its legacy, brand, franchise and strong retail distribution network to grow a leading General Insurance business.

To take advantage of the opportunities presented by the Pension Reform Act of 2004, AIICO Pension Managers Limited (APML) was incorporated in February 2005 and licensed in April 2006 as a Pension Fund Administrator (PFA) by the National Pension Commission (PenCom), and commenced operations in May 2006. AIICO also owns valuable financial and strategic assets including a controlling stake in AIICO Multishield Limited and a 19% stake in Healthcare International Limited, both Health Maintenance Organizations (HMOs), and AIICO Capital Limited, an asset management wholly-owned subsidiary.



CORPORATE STRUCTURE

1. Life and General Insurance are strategic businesses units/divisions within AIICO
2. AIICO Pension Managers Limited - c.70.20% owned subsidiary of AIICO
3. AIICO Capital - a 90% owned subsidiary of AIICO providing asset management services for AIICO and 3rd parties
4. AIICO owns c.76.10% of AIICO Multishield Limited -a Health Maintenance Organisation operating in Nigeria

Notice of 50th Annual General Meeting

NOTICE IS HEREBY GIVEN that the 50th Annual General Meeting ("Meeting") of AIICO Insurance Plc (the "Company") will be held on Tuesday, December 8, 2020 at Radisson Blu Hotel, 38-40 Isaac John Street, Ikeja , Lagos State at 12:00 pm to transact the following business:

Ordinary Business

1. To lay before the Meeting the report of the Directors, Statement of Financial Position as at December 31, 2019 together with the Statement of Profit or Loss and Other Comprehensive Income for the year ended on that date and the reports of the Auditors and the Audit Committee thereon.
2. To elect/re-elect directors.
3. To authorize the directors to fix the remuneration of the auditors.
4. To elect members of the audit committee.

Special Business

5. Declaration of 1 (one) bonus share for every 5 (five) ordinary shares held by existing shareholders of the Company as at September 23, 2020.
6. To consider and if thought fit pass the following as special resolutions of the Company:

(i) "The authorised share capital of the Company be increased from N18,000,000,000 (Eighteen Billion Naira) to N20,000,000,000 (Twenty Billion Naira) by the creation of additional 4,000,000,000 (Four Billion) ordinary shares of 50 kobo each;" and

(ii) "The memorandum of association of the Company be amended by the insertion of the following at the end of paragraph 5 of the memorandum of association of the Company:

a. *By a special resolution of the Company passed at the Annual General Meeting of the Company held on the 8th day of December 2020, the authorised share capital of the Company was increased from N18,000,000,000 (Eighteen Billion Naira) to N20,000,000,000 (Twenty Billion Naira) by the creation of additional 4,000,000,000 (Four Billion) ordinary shares of 50 kobo each.*

(iii) That the Board be and hereby authorized to take all necessary steps to give effect to the aforementioned resolutions.

Dated this 21st day of October, 2020

BY ORDER OF THE BOARD

Donald Kanu

Company Secretary/Legal Adviser

NOTES:

(i) Compliance with Covid-19 Related Directives and Guidelines

Shareholders should NOTE that all existing regulations and protocols as issued by the Federal Government of Nigeria, through the Nigeria Centre for Disease Control and other regulatory authorities as regards meetings and gatherings of large number of persons would be strictly observed. Shareholders shall be strictly required to adhere to these regulations.

(ii) Proxies

A member entitled to attend and vote at the Meeting is entitled to appoint a proxy in his stead. A blank proxy form is enclosed and if intended to be used, the form should be returned to the Company Secretary/Registrar not later than forty-eight hours (48 hours) before the Meeting. A form of proxy is attached to the last page of this report and may also be downloaded from the Company's website **www.aiicoplc.com.**

The Company has made arrangements at its cost for the stamping of the duly completed proxy forms submitted to the Company's Registrars within the stipulated time.

Notice of 50th Annual General Meeting

(iii) **Attendance by Proxy**

In line with the Corporate Affairs Commission Guidelines on Holding of Annual General Meetings of Public Companies using Proxies issued on March 26, 2020, attendance of the Meeting shall be by proxy only. Shareholders are required to appoint a proxy of their choice from the list of nominated proxies below:

1.	Mr. Kundan Sainani	-	Chairman
2.	Mr. Babatunde Fajemirokun	-	Managing Director/CEO
3.	Mr. Donald Kanu	-	Company Secretary
4.	Mr. Lawrence Oguntade	-	Shareholders representative
5.	Mrs. Bisi Bakare	-	Shareholders representative
6.	Mr. Chibuzor Eke	-	Shareholders representative
7.	Mrs. E.O. Obideyi	-	Shareholders representative

(iv) **Live Streaming of the Meeting**

The Meeting will be streamed live. This will enable shareholders and other stakeholders who will not be attending physically to follow the proceedings. The link for the Meeting online live streaming will be made available on the Company's website at **www.aiicoplc.com.**

(v) **Closure of Register of Members**

Notice is hereby given that the register of members and transfer books of the Company will be closed from December 1st - 7th 2020 (both dates inclusive) for updating the register.

(vi). **Unclaimed Dividend Warrants**

Some dividend warrants have remained unclaimed, or are yet to be presented for payment or are in need of revalidation. Affected Shareholders are advised to contact the Registrar, United Securities Limited, 9 Amodu Ojikutu Street, Off Bishop Oluwole Street, Victoria Island, P.M.B 12753, Lagos.

(vii). **Audit Committee**

In accordance with the Companies and Allied Matters Act, any member may nominate a shareholder as a member of the Audit Committee by giving notice in writing to the Company Secretary at least twenty-one days (21 days) before the Meeting. According to clause 30.2 of the Code of Corporate Governance issued by the Securities & Exchange Commission, members of the Audit Committee should have basic financial literacy and should be able to read financial statements. At least one member should have knowledge of accounting or financial management. Therefore, the curriculum vitae of each nominee shall be attached to the nomination.

(viii). **Biographical Details Of Directors**

Biographical details of Directors standing Election/Re-Election are contained in the Annual Report and Accounts

(ix). **Website**

A copy of this notice and other information relating to the meeting can be found at http://www.aiicoplc.com

(x). **E-Annual Report**

The electronic version of this annual report (e-annual report) can be downloaded from the Company's website **www.aiicoplc.com**. The e-annual report will be emailed to all Shareholders who have provided their email addresses to the Registrars. Shareholders who wish to receive the e-annual report are kindly requested to send an email to info@unitedsecuritieslimited.com

(xi). **Rights of Securities' Holders to ask Questions**

Securities' Holders have rights 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 on or before December 4, 2020.

Corporate Information

Directors	Mr. Kundan Sainani (Indian) Mr. Babatunde Fajemirokun * Mr. Edwin Igbiti** Mr. Olusola Ajayi*** Mr. Adewale Kadri Mr. Samaila Zubairu Mr. Sobandele David Ayodele Sobanjo Mr. Ademola Adebise Ms. Oluwafolakemi Fajemirokun Mr. Olalekan Akinyanmi***	Chairman Group MD/CEO Director Executive Director Executive Director Director/Independent Director Director Director Director
Key * ** ***	**Key** Appointed with effect from Retired with effect from Appointed with effect from	 14 August 2019 11 March 2019 4 September 2019
Company Secretary	Mr. Donald Kanu AIICO Insurance Plc AIICO Plaza Plot PC 12, Churchgate Street Victoria Island, Lagos	
Registered Office **RC. No**	AIICO Plaza Plot PC 12, Churchgate Street Victoria Island Lagos 7340	
TIN	00401332-0001	
Corporate Head Office	AIICO Plaza Plot PC 12, Churchgate Street, Victoria Island, Lagos Tel: +234 01 2792930-59 0700AIIContact (0700 2442 6682 28) Fax: +234 01 2799800 Website:www.aiicoplc.com Email: aiicontact@aiicoplc.com	
Registrars	United Securities Limited 10, Amodu Ojikutu Street Off Bishop Oluwole Street Victoria Island P.M.B. 12753 Lagos	
Independent Auditors	Ernst & Young 10th & 13th Floor, UBA House 57, Marina Road Lagos Island Lagos website: www.ey.com/ng	
Bankers	First City Monument Bank Limited First Bank of Nigeria Limited Guaranty Trust Bank Plc Union Bank of Nigeria Plc United Bank of Africa Plc Ecobank Plc Standard Chartered Bank Ltd	**Estate Surveyor** Niyi Fatokun & Co. (Chartered Surveyors & Valuers) FRC/2013/NIESV/70000000/1217
Actuary	Zamara Consulting Actuaries Nigeria Limited FRC/2017/NAS/00000016912	**Regulatory Authority** National Insurance Commission(NAICOM)
Reinsurers	Africa Reinsurance Corporation Continental Reinsurance Plc Swiss Reinsurance WAICA Reinsurance Nigerian Reinsurance Trust Reinsurance Zep Reinsurance Arig Reinsurance Aveni Reinsurance NCA Reinsurance	

Corporate Information

Head Office
AIICO Plaza
Plot PC 12, Churchgate Street,
Victoria Island, Lagos.
01 279 2930, 0700 AIIContact
(0700 2442 6682 28)
Fax: +234 01 2799800
Email: aiicontact@aiicoplc.com

Aba
7 Factory Road,
Aba, Abia State.
Tel: +234 805 531 4351

Abuja
Abuja Area Office
Plot 1012, Ademola Adetokunbo
Crescent,
Opp. Rockview Hotel (Classic),
Wuse II, FCT Abuja.
Tel: +234 805 820 0439
+234 817 668 4115

Akure
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Opposite Mr. Biggs Outlet,
Ado-Owo Road, Akure,
Ondo State
Tel: +234 806 442 259,
+234 817 732 3757

Akwa Ibom
164, Ikot Ekpene.
Ekpene Road,
Uyo, Akwa Ibom State
Tel: +234 816 056 6660

Benin
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Benin City, Edo State.
Tel: +234 805 116 3395
+234 813 405 1972
+234 802 358 0609

Enugu
55/59 Chime Avenue,
Gbuja's Plaza, New Haven,
Enugu State.
Tel: +234 806 371 5549

Ibadan
12, Moshood Abiola Way,
beside FCMB Bank
Challenge Area,
Ibadan, Oyo State.
Tel : +234 803 574 1519
+234 802 365 8317
+234 802 728 9318

Ilorin
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Gomola Building, Ilorin,
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Tel: +234 817 022 3528

Jos
4, Beach Road,
Jos, Plateau State.
Tel: +234 803 328 2241,
+234 803 595 1258,
+234 802 547 4092

Kaduna
Yaman Phone House,
1, Constitution Road,
Opp. MTD, Kaduna,
Kaduna State.
Tel: +234 803 338 6968

Kano
8, Post Office Road,
Kano, Kano State.
Tel: +234 806 221 0939

Lagos Ikeja
AIICO House,
Plot 2 Oba Akran Avenue,
beside Berger Paint, Ikeja,
Lagos State.
Tel: +234 907 490 1016,
+234 909 220 5084,
+234 802 728 9318

Lagos Ilupeju
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36-38, Ilupeju Industrial
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Tel: +234 816 046 6239,
+234 803 315 8714,
+234 803 334 3036

Lagos Isolo
203-205, Oshodi/Apapa
Expressway, Isolo,
Lagos State.
Tel: +234 805 717 6063,
+234 802 305 4803,
+234 803 680 3169,
+234 802 309 0069

Lagos Anthony
306, Ikorodu Road,
Anthony,
Lagos State.
Tel: +234 803 310 7010

Lagos, Amuwo Odofin
Plot 2034, Festac Link road,
Amuwo Odofin,
Lagos State.
Tel: +234 909 029 8724

Lagos, Lekki
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Ajah Express Way,
Agungi, Lekki,
Lagos State.
Tel: +234 802 724 4231

Onitsha
Noclink Plaza,
41 New Market Road,
Opp. UBA Bank, Onitsha
Anambra State.
Tel: +234 703 273 3505,
+234 805 330 5511

Owerri
46, Wetheral Road,
Owerri, Imo State.
Tel: +234 805 330 5511

Port Harcourt
Plot II, 11 Ezimgbu Link Road
(Mummy B Road),
Off Stadium Road,
G.R.A Phase IV, Port Harcourt,
Rivers State.
Tel: +234 803 549 0546,
+234 909 448 9393,
+234 803 553 1989

Warri
60, Effurun/Sapele Road,
Effurun, Warri,
Delta State.
Tel: +234 803 971 0794

RETAIL OUTLETS

AIICO Express
Abuja Plot 1083,
Mohammadu Buhari Way,
beside Sterling Plaza,
Central Business Area, Abuja.
Tel: +234 816 901 1819

AIICO Express
Churchgate, Victoria Island
Opposite Churchgate Towers,
Victoria Island, Lagos.
Tel: +234 812 912 3143

AIICO Express
Lekki Ikate Community,
Opposite Manor House,
Ikate, Lekki, Lagos.
Tel: +234 812 912 3143,
+234 701 318 4117

Brand Platform

Our Vision
To become the indisputable leader in all markets we choose to play in.

Our Mission
We exist to create and protect wealth for our customers.

Our Core Values
Service Excellence | Trust | Team Spirit | Entrepreneurship | Professionalism

Highlights of the year
ANOTHER YEAR OF SUCCESS

GROSS PREMIUM WRITTEN

2019	₦ 50.1b
2018	₦ 37.7b

+33%

GROSS PREMIUM INCOME

2019	₦50.0b
2018	₦37.0b

+35%

NET PREMIUM INCOME

2019	₦43.8b
2018	₦31.9b

+37%

PROFIT BEFORE TAXATION

2019	₦6.2b
2018	₦3.5b

+78%

PROFIT AFTER TAXATION

2019	₦5.9b
2018	₦3.2b

+88%

BASIC EARNINGS PER SHARE (KOBO)

2019	83
2018	44

+89%

DILUTED EARNINGS PER SHARE (KOBO)

2019	83
2018	35

+137%

Business Review

Consolidated Results At A Glance - The Group

Profit or Loss and Other Comprehensive Income *In thousands of naira*	Dec 2019	Dec 2018	Increase/ (decrease) Changes	Increase/ (decrease) %
Gross premium written	50,138,467	37,665,507	12,472,959	33
Gross premium income	50,008,832	37,046,927	12,961,905	35
Net premium income	43,776,022	31,865,701	11,910,321	37
Claim expenses (net)	(25,380,608)	(23,869,154)	(1,511,454)	(6)
Underwriting (loss)/profit	(6,342,894)	3,213,880	(9,556,774)	(297)
Other expenses	(19,070,481)	(13,983,955)	(5,086,525)	(36)
Total claims and other expenses	(44,451,088)	(37,853,109)	6,597,979	(17)
Profit before income tax expense	6,233,852	3,495,871	2,737,981	78
Profit for the year	5,910,338	3,151,589	2,758,749	88
Total other comprehensive profit/(loss)	2,863,291	(399,333)	3,262,623	817
Total comprehensive income for the year	8,773,628	2,752,257	6,021,371	219
Basic earnings per share (kobo)	83	44	39	89
Diluted earnings per share (kobo)	83	35	48	137

Financial Position

In thousands of naira	31-Dec-19	31-Dec-18	Changes	%
Cash and cash equivalents	10,080,164	5,324,739	4,755,424	89
Financial assets	126,827,073	89,240,430	37,586,643	42
Trade receivables	386,749	417,103	(30,354)	(7)
Reinsurance assets	5,460,569	4,686,029	774,540	17
Deferred acquisition costs	488,884	465,991	22,893	5
Other receivables and prepayments	6,227,700	580,618	5,647,082	973
Deferred tax assets	149,379	149,379	-	-
Investment properties	772,000	555,000	217,000	39
Goodwill and other intangible assets	985,861	1,014,085	(28,224)	(3)
Property and equipment	7,597,843	7,025,197	572,646	8
Statutory deposits	500,000	530,000	(30,000)	(6)
Total assets	**159,476,222**	**109,988,570**	**49,487,652**	**45**
Insurance contract liabilities	84,986,351	65,540,532	19,445,819	30
Investment contract liabilities	16,201,367	12,319,617	3,881,750	32
Trade payables	1,839,238	1,013,475	825,763	81
Other payables and accruals	3,650,286	2,213,547	1,436,739	65
Fixed income liabilities	20,143,047	10,181,251	9,961,796	98
Current income tax payable	487,112	590,976	(103,865)	(18)
Deferred tax liabilities	629,281	533,836	95,446	18
Borrowing	2,629,477	2,324,733	304,744	13
Total liabilities	**130,566,159**	**94,717,967**	**35,848,192**	**38**
Issued share capital	3,465,102	3,465,102	-	-
Share premium	2,824,389	2,824,389	-	-
Revaluation reserve	1,812,707	1,802,662	10,044	1
Fair value reserve	1,995,336	(1,143,847)	3,139,182	(274)
Foreign exchange reserve	159,677	147,443	-	-
Statutory reserve	167,874	143,882	23,992	17
Contingency reserve	6,320,410	5,807,411	512,999	9
Retained earnings	5,888,970	1,479,002	4,409,969	298
Deposit for shares	5,280,000	-	5,280,000	100
Shareholders' funds	**27,914,464**	**14,526,043**	**13,376,186**	**92**
Non-controlling interests	995,599	744,559	251,040	34
Total equity	**28,910,063**	**15,270,602**	**13,639,461**	**89**
Total liabilities and equity	**159,476,222**	**109,988,569**	**49,487,656**	**45**

Consolidated Results At A Glance - The Company

Profit or loss and other comprehensive income *In thousands of naira*	Dec 2019	Dec 2018	Increase/ (Decrease) Changes	Increase/ (Decrease) %
Gross premium written	49,440,231	37,002,279	12,437,952	34
Gross premium income	49,376,338	36,441,690	12,934,648	35
Net premium income	43,143,528	31,260,465	11,883,063	38
Claim expenses (net)	(24,923,539)	(23,355,837)	(1,567,702)	(7)
Underwriting (loss)/profit	(8,267,656)	1,443,752	(9,711,408)	(673)
Other expenses	(16,242,254)	(11,635,842)	(4,606,412)	(40)
Total claims and other expenses	(41,165,793)	(34,991,679)	(6,174,114)	(18)
Profit before income tax expense	5,223,954	2,966,516	2,257,437	76
Profit for the year	5,157,259	2,604,412	2,552,847	98
Other comprehensive income/(loss)	1,575,663	(186,429)	1,762,092	945
Total comprehensive income for the year	6,732,921	2,417,983	4,314,938	178
Basic earnings per share (kobo)	74	38	37	98
Diluted earnings per share (kobo)	74	30	44	148

Financial Position

In thousands of naira	31-Dec-19	31-Dec-18	Changes	%
Cash and cash equivalents	8,166,352	4,519,953	3,646,399	81
Financial assets	103,414,529	76,757,634	26,656,895	35
Trade receivables	303,106	131,841	171,265	130
Reinsurance assets	5,460,569	4,686,029	774,540	17
Deferred acquisition costs	488,884	465,991	22,894	5
Other receivables and prepayments	5,762,765	408,428	5,354,337	1311
Investment in subsidiaries	2,452,359	2,452,359	-	-
Investment properties	772,000	555,000	217,000	39
Goodwill and other intangible assets	906,680	965,905	(59,225)	(6)
Property and equipment	7,036,211	6,697,108	339,104	5
Statutory deposits	500,000	530,000	(30,000)	(6)
Total assets	**135,263,455**	**98,170,248**	**37,093,211**	**38**
Insurance contract liabilities	84,766,122	65,341,550	19,424,572	30
Investment contract liabilities	16,201,367	12,319,617	3,881,750	32
Trade payables	1,512,394	839,400	672,994	80
Other payables and accruals	3,406,751	2,002,558	1,404,193	70
Current income tax payable	361,505	507,241	(145,736)	(29)
Deferred tax liability	441,416	487,836	(46,420)	(10)
Long term borrowing	2,629,477	2,324,733	304,744	13
Total liabilities	**109,319,034**	**83,822,935**	**25,496,097**	**30**
Issued share capital	3,465,102	3,465,102	-	-
Share premium	2,824,389	2,824,389	-	-
Revaluation reserve	1,812,707	1,802,662	10,045	1
Fair value reserve	828,179	(952,902)	1,781,081	187
Foreign exchange reserve	159,677	147,443	-	-
Contingency reserve	6,320,410	5,807,411	512,999	9
Retained earnings	5,253,959	1,253,208	4,000,751	319
Deposit for shares	5,280,000	-	5,280,000	100
Shareholders' funds	**25,944,424**	**14,347,313**	**11,584,876**	**81**
Total equity	**25,944,424**	**14,347,313**	**11,584,876**	**81**
Total liabilities and equity	**135,263,460**	**98,170,248**	**37,093,212**	**38**

Kundan Sainani Chairman

Chairman's Statement

Our ability to meet our targets depends on being able to help our customers manage the present uncertainty and capture the opportunities that unquestionably exist.

2019 was another great year for the Group; we crossed the N50billion revenue mark. Gross premiums for the year grew by 33% to N50.1 billion from N37.7 billion reported in 2018 and profit before tax increased by N6.2 billion, up 78% from 2018.

Soaring to Greater Heights of Excellence

Distinguished Shareholders, Members of the Board of Directors, Ladies and Gentlemen, welcome to the 50th Annual General Meeting of AIICO insurance Plc.

2019 was indeed an exceptional year for our Company. **We recorded many Firsts;** appointed a young and dynamic CEO, achieved record earnings and profitability, welcomed a new strategic investor and the year also marked the beginning of our new 5-year strategic aspiration to go **Above and Beyond.**

We continued to strengthen our balance sheet and overall book value, and advanced our mission of creating wealth for our customers and investors. In my address today, I will provide a brief highlight of the macroeconomic environment in which we operate; overview of our performance despite the challenging operating environment and strategic options being adopted by your Company to soar to greater heights.

Macroeconomic Review

Following the successful conduct of the general elections in 2019, expectations for quick economic recovery and growth were muted by the headwinds in the global economy - resulting from the trade war between US & China, toxic effects of Brexit on the EU and other global uncertainties leading to fears of recession.

As a result, Nigeria witnessed moderate growth in 2019. Real GDP grew by 2.27% compared to 1.93% in the prior year. This performance was driven by a rebound in the non-oil sector, particularly the Agriculture, Telecommunications and Manufacturing sectors, as well as continued growth in the Oil sector which recorded average daily oil production of 2.04 million barrels per day (mbpd), its highest in more than three years. However, domestic demand remains constrained by stagnating private consumption due to rising inflation and depreciating purchasing power parity.

Over the next few years, we expect the FG to embark on deliberate and **significant structural fiscal and monetary policy reforms** to set the country on a path of economic transformation and growth; howbeit there will be challenges.
We recognize that we are living in a period of global uncertainties, hence, AIICO is putting strategies in place to take advantage of opportunities in high growth sectors with significant insurable interests whilst minimizing potential downside risks to our business operations.

Financial Performance

Indeed, 2019 was another great year for the Group; we crossed the **N50billion revenue mark.** Gross premiums for the year grew **by 33% to N50.1billion from N37.7billion** reported in 2018 and profit before tax increased by **N6.2 billion, up 78%** from 2018.

The intrinsic value of your Company, measured by Net Asset Value (NAV) increased by **89% from N15.2billion in 2018 to N28.9billion in 2019,** driven by improvements in retained earnings and new capital inflows from two strategic investors (LeapFrog Nigeria Insurance Holdings Limited and AIICO Bahamas Nigeria Limited).

The total assets of the Group also increased by **45% to N159billion compared to N110billion** in December 2018. As we pursue our renewed strategic aspirations, we will continue to build a resilient balance sheet whilst ensuring adequacy of reserves for the liabilities we carry.

Our Business Model

Our business model remains resolute - we have adapted and strengthened our **Go-to-Market Strategy** with distinctive Retail and Corporate capabilities.

The Retail landscape is now more competitive than ever - and the battle for consumer attention and loyalty becoming more fierce. At AIICO, we are reimagining our Retail Business and will continue to aggressively grow our retail footprint. We have strengthened our Agency workforce, and have commenced the process of transforming this network of agents into a digital salesforce. This is to ensure we are well prepared to capture a significant market share from the emerging wave of retail customers across all our business lines.

Our product development and unmatched actuarial capabilities will be key to dominating the retail space. We are also developing our Customer Experience (CX) capability for improved understanding of customer needs and expectations. In addition, we shall secure new partnerships and alliances to enable us scale and reach new customer segments across various sectors.

Our growth aspirations for the Corporate Business will be underpinned **by adequate capitalization for increased market share,** improved broker/customer relationship management & service delivery whilst ensuring operational efficiencies for optimum shareholder value creation.

Our business model will be driven by solid financial and capital allocation capabilities, excellent operational prowess as well as resilient digital & multi-channel technology capabilities. These capabilities will enable the business capture more market share, whilst creating affinity for customers of the future. We will leverage on our central/shared resources to deliver value for all member companies in the AIICO group.

BUILDING OUR CAPITAL POSITION

In 2019, the National Insurance Commission (NAICOM) increased the minimum capital requirements for insurance and reinsurance companies in Nigeria. As stated above, **adequate capitalization is a key framework of our business model.** To ensure compliance, we articulated a 3-phase strategy to meet the new N18billion minimum capital requirement for a composite insurer, through private placement, rights issue and bonus issue.

We have since concluded the private placement exercise with two strategic investors **(LeapFrog Nigeria Insurance Holdings Limited and AIICO Bahamas Nigeria Limited);** hence, Shareholders' Equity of the Company increased by **92% to N27.9 billion (from N14.5 billion in 2018).** This has also led to an upward review of AIICO's paid up share capital increasing from N6.1bn to N11.3bn with plans underway to raise the outstanding capital by way of a rights issue.

Our People

Our people are our greatest asset; they are the driving force behind the success of this Company and we continue to hold them in high esteem. In 2019, we deployed several initiatives that helped **attract and retain top talents** using our metric-driven performance management system and reward programmes. **This has earned us recognition as one of the top 100 best places to work in Nigeria for the third consecutive year.**

As we prepare for the next phase of our strategic aspirations, we will continue to **prioritize skills development and career advancement for our high performers,** preparing them for leadership roles in line with our succession framework.

Board Developments: in the course of the financial year, we implemented the Company's CEO succession plan following the retirement of Mr. Edwin Igbiti in 2019. **Mr. Babatunde Fajemirokun, who joined the Board in 2015, was appointed MD/CEO.** He has been entrusted to lead the Company to new and greater heights of excellence. In addition, Mr. Olusola Ajayi was appointed to the Board as Executive Director, Group Retail Business, while Mr. Olalekan Akinyanmi was appointed as a Non-Executive Director.

On behalf of the Board, I commend the exiting Directors for their respective commitments and contributions to the Company and wish them success in their future endeavors.

Chairman's Statement

Building a Sustainable and Socially Responsible Organization

One of our major goals as a socially responsible organization, **is to leave a positive impact and footprint across all areas of our operations.** Accordingly, the Board has prioritized CSR as a key capability for business sustainability with the approval of AIICO's 3-year Sustainability Strategy and establishment of a dedicated function to manage all CSR initiatives for AIICO. Please see the CSR section of this annual report for a detailed summary of key CSR initiatives executed during the year.

Bonus Issue: The Board of Directors, pursuant to the powers vested in it by the provisions of section 379 of the Companies and Allied Matters Act (CAMA) of Nigeria, proposed a bonus issue of 1 share for every 5 shares in issue.

2020 Outlook: the growth outlook for the Nigerian economy will be dependent on the ability of Government to implement the Economic Recovery and Growth Plans and effectiveness of fiscal and monetary policies to spur economic activities. These developmental initiatives are focused on stabilizing the macro environment, achieving agriculture and food security, ensuring energy sufficiency and driving industrialization with the overall objective of building a globally competitive economy.

In addition, early passage of the 2020 budget, review of the Tax Acts (re: Finance Bill), resolution of the border closure conundrum, stability of the FX market, appropriate sequencing of monetary policy actions (especially as it affects Yields on FGN Investment instruments, FDIs and FPIs) are some of the key indices that will set the pace and direction of economic activities for 2020. However, unfavorable shifts in the price of crude oil & production levels may lead to economic shocks as the implementation of the national budget is hinged on stable oil prices and foreign exchange. Hence, any adverse variance is expected to have negative impacts on the Nigerian economy.

> **‘Group; we crossed the N50billion revenue mark. Gross premiums for the year grew by 33% to N50.1billion from N37.7billion reported in 2018 and profit before tax increased by N6.2billion, up 78% from 2018.’**

Despite these uncertainties and challenges, the Company will seek to navigate the waters and take advantage of the opportunities whilst undertaking deliberate actions to reduce potential risks to revenues and profitability in order to continue to deliver superior returns to our esteemed shareholders.

Finally, I will like to thank all our customers and shareholders for their support in 2019, and above all, the entire Management team and Staff for their dedication and hard work in making AIICO a great and truly inspirational company.
Thank you all.

Mr. **Kundan Sainani**
Chairman
FRC/2013/IODN/00000003622

Corporate Social Responsibility

Having Impact and Making a Difference

As a leading insurer with a rich history in Nigeria, being a responsible corporate citizen is of utmost importance and essential for our continued long-term success in the market. This is why we have engaged in initiatives that align with our overall business strategy.

Part of our responsibilities as a corporate citizen is to contribute to the achievement of the SDGs and its implementation in Nigeria

The SEMs (Social, Environmental Management Systems) that was established in 2016, remains an integral part of our risk assessment process and will play an even greater role in our business processes in the years to come.

In 2019, the Corporate Responsibility & Sustainability unit was created to improve efficiencies in our environmental and social impacts on our business processes. The idea is to have a team dedicated to ensuring that the business is ahead of any ESG challenges that could potentially affect our ability to operate sustainably. The already established Social, Environmental Management Systems (SEMs) would be managed through this unit to ensure compliance and adherence in mitigating all risk factors associated in the businesses we deal with.

The UN Sustainable Development Goals (SDGs)

Part of our responsibilities as a corporate citizen is to contribute to the achievement of the SDGs and its implementation in Nigeria.

The Sustainable Development Goals are a universal call to action to end poverty, protect the planet and improve the lives and prospects of everyone, everywhere. Progress is steadily being made in many places, however, action to meet the Goals is not yet advancing at the speed or scale required. Ambitious action needs to be taken for the goals to be delivered by the targeted deadline, 2030.

These SDG icons show the goals where AIICO Insurance most had an impact and contributed with its CSR activities this past year.

Corporate Social Responsibility

2019 CSR initiatives implemented are represented under social, environmental and economic impacts.

Social

As a responsible insurer, investor and employer, we contribute to positive social and economic development in the market and communities in which we operate. Having the support and approval of our employees, stakeholders and the community is of great importance to us.

Our CSR initiatives have involved financial contributions to various entities, and sharing our expertise with different groups.

Education:

- Sponsorship of events in educational institutions - Kings College Interhouse Sports
- Organized excursions for about 70 students of Federal Polytechnic Offa Kwara State (Actuarial Science and Insurance student Association, Offa Chapter) to visit our Actuarial team as part of their Insurance week program.
- 26 summer camp students of Ha-Shem Academy Limited visited our premises in Oba Akran, Ikeja, Lagos to learn about insurance and its processes.

Health:

- Donations made to the Nigerian Red Cross Society towards programs to celebrate World Red Cross Day.
- Sponsorship of Ikoyi Club Tennis and Badminton tournaments.
- Pink by AIICO - To commemorate 2019 Breast Cancer Awareness Month, AIICO organised a breast cancer awareness session for about 100 employees where breast self-examination techniques were taught by a medical practitioner. 74 employees were given access to free mammograms and breast scans, while our Instagram followers were given an opportunity to win mammograms and breast scans as well with 17 winners emerging. Employees also raised a total of N262,350 in cash donations which were given to Cancer Aware Nigeria towards treatments for cancer patients.

  Engagement on social media increased by 15% and 1,330 new followers were accounted for in the month of October through the breast cancer awareness trivia conducted during this period.

  The breast cancer awareness video reached about 19,979 viewers across our social media platforms and about 722 people watched the full video.

Employee Wellness & Well Being:

The health and wellbeing of our people directly impacts on our business success. We aim to provide a productive and health-promoting workplace to enable our employees to prioritize health and avoid stress, while creating an acceptable work-life balance for employees. The pilot started in Q4, introducing activities to promote health and wellbeing to 13 employees. Parameters monitored included stress management, level of activeness at work, nutrition and sleep hygiene.

Goodwill:

- This year's Children's Day was celebrated putting the less privileged into consideration - autistic children. It was tagged - 'Autism is not Contagious, Kindness is'.
  About 32 employees and children visited Heart of Gold Hospice (home for abandoned children) at Surulere to commemorate the day. Various gift and food items were bought and presented to the management of the hospice.

Corporate Social Responsibility

Environment

In the bid to achieve positive economic outcomes, we now look internally at the environmental impact of our business practices ensuring that minimal harm is being done both in the short and long term.

The waste management process at AIICO, will focus on processing general and e-wastes through the concept of reduce (reducing paper consumption), reuse (repurposing existing waste), and recycle (sorting various materials to reduce waste that ends up in landfills).

- Paper Consumption - The IT Department procured new eco-friendly printers for some of our locations to facilitate the reduction of paper consumption in AIICO.
- Digitalization of our internal processes, to streamline our processes and improve effectiveness and efficiency.
- AIICO Insurance Plc. partnered with other stakeholders to provide alternative power supply to Air force Military School, Jos, with the installation of a 10KVA Solar Power System. This is aimed at addressing the challenges of power supply and to boost the quality of learning.
- Installation of eco-friendly cooling systems at our new site in Lekki.

Economic

Our role as a sustainable insurer means that we prioritise decisions that will have positive economic impact on all our stakeholders and not just our shareholders. Our community must be economically sustainable for us to thrive as a Company. This is why we work to empower youths and entrepreneurs in our communities through entrepreneurship programmes as well as through nurturing the next generation of insurance professionals.

Entrepreneurial Development:

- Entrepreneurship Development Programme is one of AIICO's CSR activities to contribute to nation building by empowering entrepreneurs. It was designed to bridge unemployment, poverty and increase economic growth. The aim is to help nurture and groom individuals who desire to have the freedom to pursue their own vision; become their own bosses; have a flexible lifestyle and potentials for alternate sources of income beyond their salaries. 405 individuals benefited from this programme in 2019.

Youth Development:

- The AIICO Skill Acquisition Program (AIISAP) - a program organized annually for higher institution students that are required to complete an internship year during the course of their education. These individuals are placed in various departments within the organization to acquire skills and knowledge. The internship provides real-world experience that enables these youths to put everything learned so far into action, enabling them apply skills gained in future jobs. In 2019, 51 students graduated from the program.

Corporate Social Responsibility

Future Trends:
We have undertaken a process to develop a 3-year sustainability strategy to guide the development of initiatives, implementation and monitoring of all our corporate responsibility and sustainability programs and initiatives. This will enable us to be more proactive in our bid to be responsible corporate citizens.

The UN Sustainable Development Goals (SDGs)
At AIICO, we are committed to the United Nation's mission to achieve a better and more sustainable future for all. Global challenges faced relating to poverty, inequality, climate change, environmental degradation are amongst some of the challenges we intend to make an impact in the years to come. In the next year, our focus will be on making an impact with
Goal 3 - **Good Health & Wellbeing,** Goal 4 - **Quality Education,** Goal 8 - **Decent Work & Economic Growth,** Goal 12 - **Responsible Consumption & Production** and Goal 13 - **Climate Action**

Environment, Social & Governance (ESG)
We are determined to lead our industry by embedding strong environment, social and governance (ESG) standards into our everyday decision-making across our business. ESG refers to non-financial issues which can be influenced by, and can influence, our business activities. ESG instruments will be integrated across all our un-derwriting, investment, and asset management activities in the years to come. All underwriters and personnel whose roles are directly related to risk assessment within the organisation will un-dergo ESG training with yearly refresher sessions.

In addition to the above, there will also be focus on our waste management practices and the reduction of our carbon footprint as a business, to ensure we are involved in the global effort to tackle climate change issues.

Corporate Social Responsibility

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Directors' Report

For the year ended 31 December 2019

The Directors present their annual report on the affairs of AIICO Insurance Plc ("The Company") and the subsidiary companies ("The Group"), together with the Group Annual Financial Statements and the Auditors' Report for the year ended December 31, 2019.

Legal form and principal activity:

The Company was established in 1963 by the American Life Insurance Company and was incorporated as a limited liability Company on July 14, 1970. It was converted to a Public Liability Company in 1989 and quoted on the Nigerian Stock Exchange (NSE) with effect from December 3, 1990. The Company was registered by the Federal Government of Nigeria to provide Insurance services in Life Insurance Business, Non-Life Insurance Business, Deposit Administration and Financial Services to organizations and private individuals.

The Company is registered by the National Insurance Commission ("NAICOM"). It has three subsidiaries namely:

AIICO Multishield Limited

AIICO Multishield Limited was incorporated in 1997 as a Health Management Organization. It commenced operations in the same year with prepaid health plans to cater for the health needs of individuals and corporate organizations. The Company became a full subsidiary of AIICO Insurance Plc on July 1, 2012.

AIICO Pension Managers Limited

AIICO Pension Managers Limited (AIICO Pensions) provides pension administration services to private and public sector contributors. AIICO Pension is owned by a consortium of five reputable companies namely: AIICO Insurance PLC, Oasis Insurance PLC, UNIC Insurance PLC, Wema Securities and Finance PLC and Magnartis Finance and Investment Limited. The Company was incorporated as a Limited Liability Company on February 1, 2005 under the Companies and Allied Matters Act, 2004, and licensed as a Pension Fund Administrator by the National Pension Commission on April 13, 2006.

AIICO Capital Limited

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

Operating results:

The following is a summary of the Group's operating results and transfers to reserves:

Profit or loss and other comprehensive income

In thousands of naira	2019	2018	Change	Change (%)
Gross premium written	50,138,467	37,665,507	12,472,959	33
Gross premium income	50,008,832	37,046,927	12,961,905	35
Net premium income	43,776,022	31,865,701	11,910,321	37
Claim expenses (net)	(25,380,608)	(23,869,154)	(1,511,454)	(6)
Underwriting profit/ (loss)	(6,342,894)	3,213,880	(9,556,774)	(297)
Profit before taxation	6,233,852	3,495,871	2,737,981	78
Profit after taxation	5,910,338	3,151,589	2,758,749	88
Other comprehensive (loss)/ income, net of tax	2,863,291	(399,333)	3,262,623	817
Total comprehensive income for the year	8,773,628	2,752,257	6,021,371	219
Basic earnings per share (kobo)	83	44	39	89
Diluted earnings per share (kobo)	83	35	48	137

Directors that served during the year and their shareholding

The direct and indirect interest of Directors in the Issued Share Capital of the Company as recorded in the Register of Directors' Shareholding and/or as notified by the Directors for the purposes of section 275 and 276 of the Companies and Allied Matters Act CAP C20 LFN 2004 and the listing requirements of the Nigerian Stock Exchange are disclosed as follows:

Directors' Report
For the year ended 31 December 2019

Directors	Direct Holding	Indirect Holding	31 December 2019 Total Holding	31 December 2018 Total Holding
Mr. Kundan Sainani	-	-	-	-
Mr. S. D. A Sobanjo	37,284,985	-	37,284,985	37,284,985
Mr. Edwin Igbiti***	1,608,065	-	1,608,065	1,608,065
Mr. Babatunde Fajemirokun	2,340,695	-	2,340,695	2,340,695
Mr. Adewale Kadri	-	-	-	-
Mr. Samaila Zubairu**	-	-	-	-
Mr. Ademola Adebise	21,030	-	21,030	21,030
Ms. Oluwafolakemi Fajemirokun	-	-	-	-
Mr. Olalekan Akinyanmi*	-	-	-	-
Mr. Olusola Ajayi*	-	-	-	-

*appointed with effect from 01 January 2019
**Independent Director
***retired with effect from 11 March 2019

Directors' interest in contracts
None of the Directors has notified the Company for the purpose of Section 277 of the Company and Allied Matters Act, CAP C20 LFN 2004 of any disclosable interest in contracts in which the Company was involved during the year ended December 31, 2019.

Substantial interest in shares
According to the Register of Members at December 31, 2019, no shareholder held more than 5% of the issued share capital of the Company except as disclosed as follows:

	31 December 2019		31 December 2018	
	Number of Shares held	%	Number of Shares held	%
AIICO Investment Inc.	889,291,665	12.83	889,291,665	12.83
DF Holdings Limited	1,524,650,716	22.00	1,524,650,716	22.00
	2,413,942,381	34.83	2,413,942,381	34.83

Shareholding Analysis
The shareholding pattern of AIICO Insurance PLC as at December 31, 2019 is as stated below:

Holding pattern (range) as at 31 December 2019

		No of Holders	% of Shareholders	No of shares	% of Shareholdings
1	1,000	4,251	4.70	2,386,545	0.03%
1,001	5,000	18,642	20.62	48,662,082	0.70%
5,001	10,000	23,958	26.50	162,181,912	2.34%
10,001	50,000	36,889	40.80	771,468,338	11.13%
50,001	100,000	3,367	3.72	236,598,991	3.41%
100,001	500,000	2,630	2.91	527,272,310	7.61%
500,001	1,000,000	320	0.35	233,114,591	3.36%
1,000,001	5,000,000	265	0.29	528,321,987	7.62%
5,000,001	10,000,000	36	0.04	243,831,350	3.52%
10,000,001	50,000,000	36	0.04	746,565,845	10.77%
50,000,001	100,000,000	6	0.01	490,980,848	7.08%
100,000,001	500,000,000	4	0.00	759,371,084	10.96%
500,000,001	1,000,000,000	3	0.00	2,179,448,597	31.45%
		90,407	100.00	6,930,204,480	100.00%

Directors' Report

For the year ended 31 December 2019

Holding pattern (range) as at 31 December 2018

		No of Holders	% of Shareholders	No of Shares	% of Shareholdings
1	1,000	4,082	4.50	2,324,750	0.03%
1,001	10,000	42,704	47.04	211,639,019	3.05%
10,001	100,000	40,669	44.80	1,021,340,385	14.74%
100,001	500,000	2,659	2.93	536,606,650	7.74%
500,001	1,000,000	318	0.35	232,048,657	3.35%
1,000,001	5,000,000	269	0.30	540,092,073	7.79%
5,000,001	10,000,000	37	0.04	244,879,844	3.53%
10,000,001	100,000,000	39	0.04	1,158,565,991	16.72%
100,000,001	1,000,000,000	6	0.01	1,458,056,395	21.04%
1,000,000,001	10,000,000,000	1	0.00	1,524,650,716	22.00%
		90,784	100	6,930,204,480	100.00%

Company's distributors

The Company's products are marketed by insurance brokers and agents throughout the country. The Company also employs direct marketing method to source for insurance business.

Post balance sheet events

In February 2020, shares were issued to the two new investors, LeapFrog and AIICO Bahamas, that participated in the Company's private placement, after the receipt of regulatory approvals.

Property and equipment

Investment in property and equipment during the year is limited to the amounts shown in (Note 16) the financial statements. In the opinion of the directors, the market value of property and equipment is not less than the value indicated in the financial statements.

Acquisition of own shares

The Company did not purchase any of its own shares during the year.

Employment and Employees:

Employees' health, safety and environment

The Company strictly observes all health and safety regulations. The Company maintains business premises designed with a view to guaranteeing the safety and healthy living conditions of its employees and customers alike. Employees are adequately insured against occupational and other hazards. Financial provision is also made for all employees in respect of transportation, housing, medical expenses and meals.

Employment of disabled persons

It is the policy of the Company that there is no discrimination in considering applications for employment including those of physically challenged persons. All employees whether physically challenged or not are given equal opportunities to develop their knowledge and to qualify for promotion in furtherance of their careers.

Employees' Involvement and Training

The Company is committed to keeping employees fully informed as much as possible regarding the Company's performance and progress. Views of employees are sought, where practicable, on matters which particularly affect them as employees. The Company runs an open door management policy. Management, professional and technical expertise are the Company's major assets and investment in developing such skills is continuous. The Company's expanding skills base is being brought about by a wide range of in-house and external training. Opportunities for career development within the Company have also been broadened. Incentive schemes designed to meet the circumstances of each individual are implemented wherever appropriate and some of these schemes include staff retirement benefit, productivity bonus, promotion and salary review.

Dividend/Bonus Issue

The Board of Directors, pursuant to the powers vested in it by the provisions of section 379 of the Companies and Allied Matters Act (CAMA) of Nigeria, proposed a bonus issue of 1 share for every 5 shares in issue (2018: dividend of N0.06k per share).

Donations

Donations and corporate social responsibility during the year ended 31 December, 2019 amounted to N23,981,000 (2018: N16,710,000) as follows:

Directors' Report
For the year ended 31 December 2019

In thousands of naira	Beneficiary	Amount
Sponsorship of inter-house sport	Kings college	150
World Red Cross Day celebration	Nigerian Red Cross Society	500
Support to National Insurance and Actuarial Student Council of Nigeria	National Insurance and Actuarial Students Representative council of Nigeria	100
Donation to AFMS, Jos	Air Force Military School, Jos	2,000
Nigrian Association of the Blind (Lagos State Chapter)	Nigrian Association of the Blind (Lagos State Chapter)	100
Skills acquisition program	50 Undergratduate interns from Nigeria Higher institutions	17,268
Pink by AIICO - a cancer awareness program	90 beneficiaries for mammograms / breast scan	900
CIIN - Celebration of Success	Chartered Insurance Institute of Nigeria	830
Children's day celebration	Heart of Gold Children Hospice	1,383
Sponsorship of cultural celebration	Mahatma Gandki Gujurati Cultural & Social Association	500
Sponsorship of national conference	National Association of Insurance and Pensions	250
		23,981

Auditors
In accordance with Section 357 (1) of the Companies and Allied Matters Act, Cap C.20, Laws of the Federation of Nigeria, 2004, Messrs. Ernst and Young was appointed as the new Auditor at the Company's last Annual General Meeting and shall remain in office as auditors of the company until the end of the current financial year.

BY THE ORDER OF THE BOARD OF DIRECTORS

Mr. Donald Kanu
Company Secretary

FRC/2013/NBA/00000002884
Plot PC 12, Churchgate Street,
Victoria Island,
Lagos, Nigeria

Date: 27 February, 2020

Corporate Governance

Corporate Governance

For the year ended 31 December 2019

The Board of AIICO Insurance Plc recognizes that it has the primary responsibility for ensuring good corporate governance. Accordingly, the Company, through the Board, maintains corporate policies and standards designed to encourage good and transparent corporate governance, avoid potential conflicts of interest and promote ethical business practices. The business of the Company is conducted with integrity which pays due regard to the legitimate interests of stakeholders.

To ensure consistency in its practice of good corporate governance, the Company continuously reviews its practice to align with the various applicable Codes of Corporate Governance such as the SEC Code and the NAICOM Code with particular reference to compliance, disclosures and structure. Additionally, an annual board appraisal is conducted by an Independent Consultant appointed by the Company whose report is submitted to NAICOM and presented to shareholders at the Annual General Meeting.

Governance Structure

The Board of Directors are responsible for the governance of the Company and accountable to the Shareholders for creating and delivering sustainable value. This is achieved through pro-actively evaluating the socio-economic, environmental and ethical matters that may impact on stakeholders' interest. The Board also oversees the performance of Management in order to protect and enhance shareholder value and meet the Company's obligations to its employees and all other stakeholders.

To guarantee the highest level of legal and ethical requirements, internal control measures and processes have been put in place to ensure that Board, Management and Staff conduct the affairs of the Company in compliance with all legislations, regulation standards and codes that will positively impact on the performance of the Company.

Board Composition

The Board of Directors is currently made up of nine (9) Directors, comprising the Managing Director, two Executive Directors and six Non-Executive Directors. Each of the Directors being qualified and outstanding individuals in their various fields of endeavors are knowledgeable on Board and Corporate matters. The Board members are provided with full, timely and adequate information to enable them carry out their duties from a very well informed position.

There is clear separation of responsibilities between the Chairman, CEO, Board and Management thus ensuring non-interference of the Board in Management functions.

Roles & Responsibilities of The Board

The Board of Directors provides entrepreneurial leadership for the Company within a framework of prudent and effective controls, sets the Company's strategic direction, objectives, values and standards and ensures that the necessary financial, material and human resources are in place for the Company to meet its objectives, review Management performance and ensure that its obligations to shareholders and other stakeholders are understood and met. The Board Charter sets out the role, responsibilities, structure and processes of the Board of AIICO Insurance Plc (AIICO).

Roles and Responsibilities

The Group Board is the main decision making body at the Group level and it:

(a) Works as a team and meets on a regular basis.
(b) Considers and approves strategic direction of AIICO Group and corporate strategic initiatives.
(c) Approves expenditures over certain limits in respect of its principal businesses.
(d) Has overall responsibility for management of the business and the affairs of the Group, the establishment of Group strategy, capital raising and allocation.
(e) Monitors and oversees the Group's operations, ensures competent and prudent management, sound planning and proper procedures for the maintenance of adequate accounting policies and systems of internal control, and for compliance with statutory and regulatory obligations.
(f) Determines and reviews the Group's strategic direction including, as appropriate, the strategies for each of the principal business units.
(g) Determines the Group's key financial objectives including target rates of return on capital and assets.
(h) Considers emerging issues which may be material to the business and affairs of the Group.
(i) Keeps under review and maintains the Group's capital and liquidity positions.
(j) Reviews and approves proposals for the allocation of capital and other resources within the Group.
(k) Approves material acquisitions and disposals of assets and share acquisitions and disposals which are significant in terms of the business of the Group.
(l) Approves material joint ventures, strategic partnerships and alliances which are significant in terms of the business of the Group.
(m) Reviews and approves the Group's annual capital and revenue budgets (and any material changes thereto).
(n) Receives monthly Business and Financial Reports

Corporate Governance
For the year ended 31 December 2019

from the principal business units and consolidated reports for the Group and reviews actual performance in the light of the Group's strategy, objectives, corporate and business plans and budgets.

(o) Considers and approves the Group's procedures for reviewing and monitoring risk, and receives regular reports thereon.

(p) Approves the Group's annual targets and financial statements and monitoring financial performance against forecast and prior years.

(q) Approves the Group's Annual Report and Accounts and its other published financial statements and other material and significant statements issued to shareholders or the Nigerian Stock Exchange.

(r) Determines dividend policy and the amount, nature and timing of dividends to be paid.

(s) Approves arrangements for Annual and Extraordinary General Meetings.

(t) Receives and considers high level reports on matters material to the Group, in particular:
- (i) Relations with Regulatory Authorities;
- (ii) Human Resources matters;
- (iii) Information systems and Technology;
- (iv) Insurance cover;
- (v) Disaster recovery;
- (vi) Litigation and claims;
- (vii) Investor and public relations;
- (viii) Environmental Policy and
- (ix) Socially Responsible Investment Policy

(u) Establishes and maintains appropriate accounting policies, implements and monitors the maintenance of adequate accounting policies and other records and systems of planning and internal control.

(v) Considers and approves appointments to the Board, the Group Executive Management and approves remuneration arrangements for Executive Directors.

(w) Receives the minutes of and/or reports from the Boards of subsidiary companies and the Committees of the Group Board.

(x) Approves delegated authorities for expenditure and for lending, and for other risk exposures.

(y) Reviews and, as appropriate, agrees changes in the terms of reference of Committees established by the Board.

(z) Approves the appointment of Reporting Accountants.

(aa) Maintains a satisfactory dialogue with shareholders and use the AGM to communicate with investors and encourage their participation.

(bb)Presents a balanced and understandable assessment of the Company's position and prospects.

Board Appointment Process

AIICO Insurance Plc has put in place a transparent process for the selection and appointment of Executive and Non-Executive Directors to its Board.

The Governance, Nomination and Remuneration Committee (GNRC) retains the responsibility as mandated by the Board to commence and conclude the appointment process, viz:

- The Board evaluates the balance of skills, knowledge and experience on the board along with its succession plan as part of the decision - making process.
- The GNRC collates the requirements for suitable candidates based on various criteria set by the Board and may appoint an external consultant to conduct a search for candidates that meet the identified criteria.
- The external consultant presents a shortlist of suitable candidates to the GNRC for further screening.
- Potential candidates are then screened in line with fit and proper tests of the Regulator to ensure that there are no adverse financial or reputational issues that would make them unsuitable for appointment as director.
- Members of the GNRC further consider the qualifications of the candidates and decide on the most suitable candidates for presentation to the Board.
- The committee makes recommendations of qualified candidates to the board of directors for approval.
- Any successful candidates are presented to the Board for approval in a convened meeting where the majority of the members of the Board are present.
- Board seeks regulatory approval through the Chairman of the Board
- Upon approval by the National Insurance Commission, the Director is presented to the Shareholders at a duly convened Annual General Meeting for Election
- The Director, following an election by the Shareholders is duly updated on the Company's Corporate Affairs Commission (CAC 7) and
- The Nigerian Stock Exchange is notified.

Directors' Orientation and Induction

New Directors are expected to give in their best as much as other Directors on the Board. To assist them become effective, these new Directors are given an orientation regarding the Group's business, Directors duties, code of conduct, policies and procedures applicable to Board and Board committees. A training plan has also been approved by the Board in relevant areas of the Company's core business.

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Directors' Independence and Terms of Office

In line with the provisions of the Company's Articles of Association, a third of the Directors or a number closest to a third, excluding Non-Executive Directors and those appointed by the Board during the year, retire by rotation at each Annual General Meeting of the Company and being eligible, present themselves for re-election. Directors retiring are those longest in office since their last election or re-election.

Directors also make unfettered judgments and bring in views that are independent of Management and devoid of any business or other relationships that could interfere with their independent judgment.

Remuneration Policy
The remuneration of the Company's Directors is hereby disclosed pursuant to Section 34(5) of the Code of Corporate Governance for public companies

S/N	Remuneration	Description	Timing
1	Basic Salary	This forms part of gross salary paid to Executive Directors only	This is paid monthly during the financial year
2	13th Month	This is part of gross salary paid to Executive Directors only	This is typically paid in the last month of the financial year
3	Directors Fees	This is Allowance paid to Non-Executive Directors only	This is paid in the last quarter of the year
4	Sitting Allowance	This is Allowance paid to Non-Executive Directors only	This is paid only after each Board meeting duly attended by a Director

The remuneration policy of AIICO Group is designed to support key business strategies, create a strong, performance-orientated environment and at the same time attract, motivate and retain talent. The remuneration policy will take cognizance of the relevant Codes of Corporate Governance in Nigeria as well as leading governance practices with a view to ensuring adherence to the highest standards of Corporate Governance.

This policy reflects the Group's desire to sustain long-term value creation for shareholders. The policy aims to:

The key principles underpinning the remuneration policy are as follows:

a) Remuneration and reward strategies shall be set at levels that enable the company attract, motivate and retain the right skills required to efficiently manage the operations and growth of the business;

b) Performance goals of Directors shall be aligned to shareholders interest and ensure that Directors make prudent decisions in deploying the company's sources to generate sustainable growth;

c) The company's performance based incentive program for the executive management shall be aligned to individual performance and the overall performance of the Company. This approach drives a high performance culture that rewards individual contributions and the achievement of business results that enhance shareholder value;

d) The Company shall regularly benchmark its remuneration practices against peer organizations whose business profiles are broadly similar to that of the Company, using remuneration surveys, peer reviews etc.; and

e) The Company shall maintain a transparent remuneration process.

Shareholders' Engagement Policy
Preamble

This policy identifies how the Company and its Board of Directors (the "Board") engage with shareholders. It also provides an overview of how shareholders can communicate with the Board and Management. How the Company engages with shareholders in regular and constructive communications is an important part of creating an open, candid, and productive dialogue.

On an annual basis, through the Company's Annual Reports and Accounts, information is provided to shareholders pertaining to the Board and its individual Directors, the Company's corporate governance and executive compensation practices. The Board

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encourages shareholder participation at the Company's Annual General Meetings (the "Meeting"), as it provides a valuable opportunity to discuss the Company, its corporate governance and other important matters. At each Meeting, the chairs of each Board committee are available to respond to shareholders' questions. The executive business leaders are also in attendance to provide additional clarifications on items that may come up at the meetings.

The Company supports an open and transparent process for shareholders to contact the Board and the Board's committee chairs. In communication with shareholders, the Board will typically focus on addressing governance-related topics for which the Board is directly responsible.

Such topics may include:

- Risk management
- Financial oversight (auditing & internal controls)
- Board structure and committees mandate (independence, composition, diversity, and performance)
- Corporate governance practices and disclosure
- Executive compensation (structure, performance metrics and oversight)
- Succession planning for the Board, CEO, and oversight functions
- Shareholder proposals

The Company Secretary:

- is responsible for ensuring effective communication between the Board, the Company's management and shareholders;
- is designated by the Board as its agent to review communications and meeting requests addressed to the Board; and
- determines whether the communication received is a proper communication to the Board or should be addressed by management.
- The Board will endeavor to respond to all appropriate correspondence in a timely manner. Anyone wishing to contact the Board, a Board committee, the Chairman of the Board, a Chair of a Board committee, or a Director, may do so by e-mail to ir@aiicoplc.com

How to request a meeting with a Director

Please send requests for meetings to the Chairman (at the address above) and:

- include whether you are a shareholder or shareholder representative, and the number and type of shares held;
- identify any other person who wishes to attend the meeting; and
- provide an overview of the topic(s) to be discussed.

If a meeting request is approved, the Chairman (or the Company Secretary) will confirm the meeting details and will ask the appropriate Directors to attend the meeting, as well as any members of management to provide support as necessary. The meeting will focus on pre-determined topics in order to ensure compliance with applicable laws, such as selective disclosure rules and information disclosure policy.

How shareholders can communicate with Management of the Company

For general business operations, financial results, strategic direction, or other similar matters, please address your questions and/or comments to the email below:
Email: ir@aiicoplc.com

Conflict of Interest Policy

1.0 PURPOSE

Conflicts of interest can compromise the organization's pursuit of its mission. This can be via an impact on the brand, or perception of ethics, or via sub-optimal decisions and includes any circumstance that could cast doubt on the ability to act objectively as to the organization's mission.

The organization also has legal requirements to identify conflicts of interest. The Company recognizes that not all conflicts of interest are inherently problematic, and it is the policy of the organization to seek to identify and manage all actual and potential conflicts of interest with transparency and integrity.

2.0 SCOPE

While it may be difficult to describe every possible relationship, situation or circumstance that may pose or lead to a conflict with one's duty to the Company, this policy applies to any situation where a conflict arises whether or not it is detailed below.

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3.0 PERSONS AFFECTED

All employees, temporary employees, consultants and Board members of the Company.

4.0 Definitions

4.1. Conflict of Interest

A conflict of interest occurs when an individual has a personal or outside (non AIICO) interest that is substantial enough to affect a person's judgment or in any way interfere with his or her duty to act in the best interests of the Company.

An outside interest is considered a conflict when it

- Affects a person's ability to make decisions based on what is best for AIICO Insurance Plc;
- Affects a person's ability to be impartial and objective; and/or
- Introduces personal or non-business issues into what should be a business decision.

4.2. Personal Interest

A personal interest could be a financial interest in another company or in a transaction, a personal relationship with someone, or any interest or relationship that could inappropriately affect one's judgment or decision-making when performing responsibilities for AIICO. Additional examples of activities that may present a conflict of interest include soliciting or accepting gifts outside of customary social amenities of modest value to the extent permitted by AIICO's gift policy, influencing or attempting to influence a business transaction where a personal relationship exists.

4.3. Related Party

A related party may be a person or an entity and can include one's immediate and extended family as well as another organization where the person may have an interest, financial or otherwise.

5.0. Roles & Responsibilities

AIICO staff and Contingent Workers must act responsibly in conducting their duties to:

- Avoid transactions (business or financial) or relationships that conflict with the interests of AIICO or that divide one's loyalty to the organization;
- Act in good faith, using a degree of diligence, care and skill, which prudent people would use in similar positions and under similar circumstances thereby remaining loyal to and keeping the interests of the organization paramount to all other interests as part of this decision making;
- Bring any situation in which a conflict might arise or has arisen to the immediate attention of the Chief Compliance Officer, who will then escalate the matter to the appropriate committee to adjudicate.

5.1. Directors

It is the responsibility of individuals serving as Directors on AIICO Board to exercise a duty of loyalty by disclosing any activity or relationship that may have the appearance of or potential to be a conflict of interest. If AIICO makes the business decision, exercised with its best care, skill, and judgment, to accept the disclosed conflict of interest for the greater benefit of the organization, the onus is then on the Board to mitigate and manage it with transparency and integrity. An appropriately managed conflict does not preclude one from serving on a Board, in most cases.

Additionally, the Board of Directors is responsible for ensuring that the Company

- Adopts, implements, oversees, and enforces compliance with this policy, consistent with processes which set forth adjudicative roles for various types of conflicts of interest in the AIICO Conflict of Interest Procedures;
- Takes all reasonable steps to identify conflicts of interest that arise or may arise in the course of its business, and, if it so chooses, to move ahead in the case of a conflict where it has determined that moving forward is in the best interest of the organization and has disclosed such conflict;
- Maintains and operates effective organizational and administrative arrangements to prevent or mitigate conflicts of interest from constituting or giving rise to a material risk of damage to the interests of AIICO stakeholders;
- Maintains records of the kinds of service or activity carried out by or on behalf of the organization to address any conflicts of interest causing a material risk of damage to the interests of the Company;

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- Reports any situation in which arrangements made by management in the oversight of conflicts of interest, or waivers sought to such policy (including those involving related parties), are appropriately deliberated and concluded upon by the Enterprise Risk Management Committee of the Board; and

- Requires that prior to the initial election of any Director, and annually thereafter, Directors must affirm that they have received a copy of the Conflict of Interest Policy, have read and understood the policy, agreed to comply with the policy, complete, sign, and submit the policy and include where applicable a written statement identifying any potential conflict.

6.0 Policy

AIICO should take all reasonable steps to identify conflicts that arise or may arise in the course of its business. When mitigation can be used to manage a conflict, the Company will do so with transparency and documentation as well as with regular independent review. If mitigation is inadequate to manage a conflict, AIICO may choose to avoid or terminate the conflict. If a conflict cannot be removed or its removal is determined not to be in the best interest of the Company, it is permissible for the organization to move forward with such existing conflict. However, it is important that the Conflict is adequately managed with ongoing controls as well as with review and oversight of the Enterprise Risk Management Committee.

6.1 Appearance of Conflict

Even if a person is certain that his or her judgment will not in any way be affected by an outside interest, if others might reasonably think the interest is substantial, the appearance of a conflict may exist which would require disclosure. No policy can possibly provide complete guidance; therefore, it is important to rely on one's good sense of what AIICO Insurance Plc values call for. As employees, temporary employees, consultants and board members, we owe a duty of loyalty and faithfulness to AIICO to advance its legitimate interests when the opportunity to do so arises and not to advance our own interests at the expense of the Company. To maintain the highest degree of honesty, transparency and integrity in conducting the business of AIICO Insurance Plc, everyone must ethically handle any activities, interests, and associations in which personal interests could cause a conflict, or may reasonably appear to be a conflict, with the interests of AIICO.

6.2 Corporate Opportunities

Employees, temporary employees, consultants, board members, and others may not take for themselves corporate opportunities that are discovered through the use of corporate property (including intellectual property), information, or position, nor may they use corporate and intellectual property, information, or position for personal gain. These are considered confidential corporate opportunities, and they belong to AIICO unless AIICO determines not to pursue them. In addition, they may not engage in any activity that results in competition directly or indirectly with AIICO or could advance, or reasonably be expected to advance, the interests of a competitor. Everyone must make prompt and full disclosure in writing of any situation that may involve a conflict of interest, including the pursuit of a corporate opportunity.

6.3 Record Retention

A record of all identified conflicts of interest will be kept in a limited-access, secure portal.

6.4 Violations

AIICO Insurance Plc is committed to the highest ethical standards of conduct. Appropriate sanctions may be taken for violation of this conflict of interest policy. In some situations it may be difficult to know if there is a conflict of interest. If you have any questions concerning this policy or how it applies to specific situations or if you know of or suspect a violation of this policy, please be encouraged to contact the Company Secretary or The Chief Risk Officer. No retaliatory action may be taken or threatened against anyone for asking questions, raising possible issues, voicing concerns, or making suggestions in good faith as to this policy. This policy is intended to supplement, but not replace, any applicable laws governing conflict of interest issues.

Corporate Governance Policy

1.0 Preamble

The Board of Directors of AIICO Insurance Plc (herein referred as "AIICO" or the "Company") and its standing committees believe that a primary responsibility of the Directors is to provide effective governance over the Company's affairs for the benefit of its shareholders, employees, customers and other stakeholders. To this end, this governing policy has set out responsibilities which includes but not limited to:

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Evaluating the performance of the Chief Executive Officer ("CEO") and taking appropriate action, including removal, when warranted;

- Evaluating the overall effectiveness of the Board and its committees and the individual directors on a periodic basis;
- Reviewing and periodically approving long-term strategic and business plans and monitoring corporate performance against such plans;
- Reviewing succession plans and manage -ment development programs for senior management;
- Selecting, evaluating and fixing the compensation of senior management of the Company and establishing policies regarding compensation of other management personnel;
- Reviewing the major risks facing the Company and overseeing strategies to address these risks;
- Adopting policies of corporate conduct, including compliance with applicable laws, rules and regulations, maintenance of accounting, financial and other controls, and reviewing the adequacy of compliance systems and controls; and
- Adopting and implementing best practices of corporate governance in full conformity with the letter and spirit of all applicable laws, rules and regulations.
- The Board and its existing committees have adopted this Policy which includes the following Governance Guidelines to assist in the exercise of their responsibilities. This Policy and the Guidelines shall be reviewed periodically and revised as appropriate to reflect the evolving functions of the Board and developing trends of best practice and regulatory compliance in corporate governance.
- This Policy shall not be construed to mean and modification and or alteration and or interpretation of the Company's Articles of Association (herein referred as "Articles") or any law or regulation.

Governance Guidelines

Functions of the Board - Meetings

1. Presiding Chairman: - Pursuant to the regulatory provisions of the Laws governing the Industry, the Board shall elect a Chairman of the Board amongst other serving Directors and communicate same to the Shareholders at the company's Annual General Meeting. The Chairman of the Board presides over meetings of the Board and shareholders and is responsible for coordinating the overall management and functioning of the Board.

   The core responsibilities of the Chairman shall be as follows:

   i. With the advice of the Company Secretary, develop an appropriate schedule of Board meetings, seeking to ensure that the Non-Executive Directors can perform their duties responsibly while not interfering with ongoing Company operations;

   ii. Review in advance the Board meeting agendas as prepared by the Company Secretary and the CEO;

   iii. Review in advance the meeting schedules for the Board committees;

   iv. Develop standards as to the quality, quantity and timeliness of the information submitted to the Board by the Company's management that is necessary or appropriate for the Non-Executive Directors to effectively and responsibly perform their duties;

   v. Serve as principal liaison between the Non-Executive Directors and the CEO in respect of Board issues;

   vi. Participate in recommendations regarding succession planning for the Chairman of the Board, recruitment of new Directors and management succession planning;

   vii. Participate in meetings of the Nomination, Remuneration and Governance Committee (through the Board meeting) in establishing performance goals and assessments of the CEO in meeting agreed-upon targets and overseeing succession plans for key senior management roles;

   viii. Conduct one-on-one peer reviews to coincide with the annual formal survey of Board effectiveness and performance;

   ix. Oversee the establishment of processes to

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assess assurances provided to the Board by senior management, and facilitate effective communication between directors and management in conjunction with the CEO;

x. Lead in shareholder outreach initiatives on behalf of the Board; and

xi. Meet with representatives of the Company's regulators and represent the Company at social, fundraising or industry association gatherings, upon request.

2. Frequency of Board Meetings: - The Board shall conduct four regularly scheduled meetings per year. Emergency meetings may be convened where necessary. Long-term strategic and business plans will be reviewed periodically during regularly scheduled meetings. The schedule for regular meetings of the Board and committees for each year shall be submitted to and approved in advance by the Board. Notice to convene regular or special meetings shall also be circulated by the Company Secretary.

3. Attendance. Directors are expected to devote sufficient time and attention to prepare for, attend and participate in Board meetings and meetings of committees on which they serve, including advance review of pre-meeting agenda materials circulated prior to each meeting.

4. Regular Attendance of Executive Directors at Board Meetings. The Executive Directors, Company's Chief Financial Officer and any other executive management officer of the company may be present during the Board meetings, except where there is a specific reason for such person or persons to be exempted or excluded from the meeting.

5. Selection of Agenda Items for Board Meetings. Although the Chairman of the Board shall in collaboration with the company secretary establish the agenda of each Board meeting, all other Board members are encouraged to suggest items for inclusion on the agenda. Each director is free to raise subjects that are not on the meeting agenda. Such additions may be considered under "any other business".

6. Pre-meeting Agenda Materials. In advance of each regular Board or committee meeting, an agenda is expected to be circulated to each Director by the Company's Secretary. The agenda may be communicated in electronic form.

   To the extent feasible or appropriate, information and data important to the Directors' understanding of the matters to be considered, including background summaries of presentations to be made at Board or committee meetings and proposed resolutions, will be distributed in advance of the meeting. Directors also shall routinely receive periodic financial statements, earnings reports, press releases, analyst reports and other information designed to keep them informed of the material aspects of AIICO's business, performance and prospects.

Board Structure

1. A Substantial majority of the Members of the Board Shall Be Non-Executive. As a matter of policy, a substantial majority of the members of the Board shall be Non-Executive Directors as determined by the Board. A director qualifies as "Non-Executive" if the Board affirmatively determines that the director has the requisite skills and knowledge, expertise to add value to the growth of the Company on the one hand, and an "Independent" Director as required in the industry is one who has no material relationship with AIICO (either directly or as a partner, shareholder or officer of an organization that has a business relationship with the Company or its subsidiaries) but whose independent skills and knowledge, expertise is required for a dispassionate but rewarding view in matters relating to the Company's growth. AIICO shall publicly disclose these determinations in its annual proxy statement. In this regard:

   - No director who is, or whose immediate family member is, a current partner of a company that is AIICO's subsidiary or affiliated company can be "independent";
   - No director who is a current employee of an affiliated company or subsidiary to AIICO can be "independent";
   - No director on the Audit Committee can be "independent" if he or she receives any consulting, advisory or other compensation or fees (except normal directors' compensation) from the Company;

   For the purposes of these standards:

   - "AIICO" means AIICO Insurance Plc and its subsidiaries, collectively;
   - "Immediate family member" means a person's spouse, parents, children, siblings, mother and father-in-law, sons and daughters-in-law, brothers and sisters-in-law, and anyone (other than domestic employees) who shares such person's home;

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2. Size of the Board. The Board believes that, optimally, the Board should number between 7 and 15 members. The Company's Articles prescribe that the number of directors will not be less than 7 or more than 15.

3. Election of Directors. AIICO's Articles provide that the Board of Directors of the Company is not divided or "classified" with respect to the time directors individually hold office. Each director holds office for a term ending on the date of the next Annual General Meeting following the Annual General Meeting at which such director was elected.

4. Selection of Directors. The Nomination, Remuneration and Governance Committee, with input from the Chairperson of the Board, other Board members is responsible for identifying and screening candidates for Board membership. The Board is responsible for nominating members to the Board and for filling vacancies on the Board that may occur.

5. Board Membership Criteria. Candidates nominated for election or re-election to the Board of Directors should possess the following qualifications:

   - Personal characteristics:
   - highest personal and professional ethics, integrity and values;
   - an inquiring and independent mind; and
   - practical wisdom and mature judgment.
   - Experience at the policy-making level in business, government or education.

     Expertise that is useful to the Company and complementary to the background and experience of other Board members. In this regard, previous executive and board experience, an international perspective, capital intensive cyclical business experience and knowledge of the global Insurance industry are considered to be desirable.
   - Willingness to devote the required amount of time to perform the duties and responsibilities of Board membership.
   - Commitment to serve on the Board over a period of several years to develop knowledge about AIICO's principal operations.
   - Willingness to represent the best interests of all shareholders and objectively appraise management performance.
   - No involvement in activities or interests that create a conflict with the director's responsibilities to AIICO and its shareholders.

   The Nomination, Remuneration and Governance Committee is responsible for assessing the appropriate mix of skills and characteristics required of Board members in the context of the perceived needs of the Board at a given point in time and shall periodically review and update the criteria as deemed necessary.

   Diversity in personal background, race, gender, age and nationality for the Board as a whole may be taken into account favourably in considering individual candidates.

   The Nomination, Remuneration and Governance Committee will evaluate the qualifications of each director candidate against these criteria in making its recommendation to the Board concerning nominations for election or re-election as a director.

6. Conflicts of Interest. Each director has a statutory duty, a fiduciary duty and an implied duty of loyalty to the Company and, in certain circumstances, to its shareholders to avoid actual or potential conflicts of interests, as well as the duty to act in good faith in the performance of his or her duties as an AIICO director.

   If an actual or potential conflict of interest develops, whether because of a change in the business operations of AIICO or a subsidiary, or in a director's circumstances (for example, significant and ongoing competition between AIICO and a business with which the director is affiliated), or otherwise, the director should report the matter immediately to the Board for evaluation. A significant and potentially ongoing conflict must be resolved or the director should resign.

   If a director has a personal or business interest in a proposed transaction, arrangement or other matter before the Board involving the Company, or an existing transaction or arrangement with the Company, the director shall disclose the interest to the Board (to the extent not already disclosed) and excuse himself or herself from participation in the related deliberations and shall abstain from voting on the matter.

7. Declarations of Interests. On at least an annual basis, each director shall present to the Board a declaration of interests, setting forth such director's business affiliations with third parties. Each declaration of interests shall include,

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without limitation, any relationship between the directors and any entities (other than the Company) with which any other directors and/or officers are affiliated, as a potential or actual conflict of interest could arise in such situations. Each director shall present to the Board an updated declaration of interest promptly after entering into a new affiliation or changing a pre-existing affiliation. The Secretary shall keep a register of the declarations of interests made by the directors, and such register shall be reviewed by the Board from time to time and at least annually for completeness and accuracy.

8. Change in a Director's Principal Occupation. As a matter of policy, any director who changes his or her principal occupation shall promptly notify the Board of the change and submit a pro-forma letter of resignation from the Board. The other members of the Board shall meet in private session and determine whether the change of occupation impacts the director's

Independence or creates a conflict of interest. Following such determination, the directors (other than the director with a change in occupation) shall decide whether to accept or reject the pro-forma resignation.

9. Director Retirement. Retirement from the Board shall be in accordance with the provisions of the Articles of Association of the Company.

10. Director Compensation Review. Company management or third party consultants with expertise on director compensation shall periodically report the compensation practices in relation to other companies of comparable size and AIICO's competitors.

11. Directors' Compensation. Changes in director compensation shall be implemented upon the recommendation of the Nomination, Remuneration and Governance Committee, subject to full discussion and approval by the Board.

Committees of the Board

1. Number and Types of Committees. A substantial portion of the analyses and work of the Board is performed by Board committees. AIICO maintains the following board committees:-
   a. Statutory Audit Committee;
   b. Finance, General Purpose & Establishment Committee;
   c. Nomination, Remuneration and Corporate Governance Committee and
   d. Investment & Enterprise and Risk Management Committee

A director is expected to participate actively in the meetings of each committee to which he or she is appointed. Each committee's charter shall be periodically reviewed by the committee and the Board and revised as may be deemed appropriate. Any Board committee may establish such sub-committees as it deems appropriate.

The Board may also establish such other standing or special committees as it may deem appropriate.

2. Composition of Committees. Independent and non-executive directors shall serve on Board committees. The composition of each committee and the independence of the directors shall be reviewed annually by the Board to ensure that its members meet the requirements set forth in existing rules and regulations applicable to the industry.

3. Rotation of Committee Membership and Chairpersons. Upon recommendation of the Nomination Committee, the Board is responsible for the appointment of committee members according to criteria that it determines to be in the best interest of the Company and its shareholders. The Board shall consider periodic rotation of committee membership, taking into account desirability of rotating committee members, the benefits of continuity and experience, applicable legal, regulatory and stock exchange listing requirements, and the desires of individual directors. The Board shall also consider the desirability of rotating committee chair responsibilities when appointing or reappointing chairpersons.

4. Frequency and Length of Committee Meetings. Each committee shall meet as frequently and for such length of time as may be required to carry out its assigned duties and responsibilities. The committees shall meet on quarterly basis and at such other times as may be required.

5. Regular Attendance at Committee Meetings. All of the Company's directors are encouraged to attend committee meetings, except where the committee chairperson determines that there is a specific reason to limit attendance at the meeting.

6. Committee Agendas; Reports to the Board. Appropriate members of management and staff will prepare agenda and related background information for each committee meeting. The Chairperson of the Board, the committee chairperson and each committee member is free to suggest items for inclusion on the committee's agenda and to raise subjects that are not on the meeting agenda.

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Reports on each committee meeting may be made to the full Board by the committee chairperson as deemed appropriate by the Chairperson of the Board.

Other Board Practices

1. Shareholder Communications to the Board. The Company shall establish a process by which shareholders may communicate with the Company's Board of Directors. Said process shall provide a means for submission of such communications directly to the incumbent chairpersons of all of the Board's standing committees.

2. Director Attendance at Shareholders Meetings. It is the Policy of the Company that, barring extenuating circumstances, all members of the Board of Directors shall attend the Company's Annual General Meeting of Shareholders and also are encouraged to attend any and all special shareholders meetings which may be duly convened.

3. Evaluation of CEO Performance. Each year, the directors shall meet in executive session to evaluate the performance of the CEO. To facilitate the evaluation, the Nomination, Remuneration and Corporate Governance Committee shall coordinate a process for the independent directors to consider CEO performance in advance of the Board meeting during which the CEO's performance is to be reviewed. In evaluating the CEO, the independent directors shall take into consideration the executive's performance in both qualitative and quantitative areas, including:

- Leadership and vision;
- Integrity;
- Keeping the Board informed on matters affecting AIICO and its business units;
- Performance of the business (including such measurements as total shareholder return and achievement of financial objectives and goals);
- Development and implementation of initiatives to provide long-term economic benefit to AIICO;
- Accomplishment of strategic objectives; and
- Development of management.

4. Evaluation of Board Performance. The Nomination, Remuneration and Governance Committee shall develop a process whereby the Board of Directors will annually review Board and committee performance, including the conduct of Board and committee meetings, to provide input on means of improving the effectiveness of the Board and its committees.

5. Evaluation of Individual Director Performance. The Nomination Committee shall develop a process whereby each of the directors will periodically review performance of the other directors to provide input on director performance and to facilitate future director nominations.

6. Risk Oversight. The Board should understand the principal risks associated with the Company's business on an ongoing basis and it is the responsibility of management to assure that the Board and its committees are kept well informed of these changing risks on a timely basis. It is important that the Board oversee the key risk decisions of management, which includes comprehending the appropriate balance between risks and rewards. The Board reserves oversight of the major risks facing the Company and has delegated risk oversight responsibility to the appropriate committees in the following areas: the Audit Committee and Enterprise Risk Management relating to financial matters, financial reporting and auditing and the Compensation Committee oversees risks relating to the design and implementation of the Company's compensation policies and procedures.

9. New Director Orientation. New Directors shall participate in an orientation program that includes comprehensive information about AIICO's business and operations, general information about the Board and its committees (including a summary of director compensation and benefits), and a review of director duties and responsibilities.

10. Director Continuing Education. The Company's directors are encouraged to participate in continuing education programs to increase their knowledge of corporate governance and enhance their effectiveness on the Company's Board.

11. Periodic Review of These Guidelines. Corporate governance and the function of the Board of Directors involve a dynamic and evolving process. Accordingly, these Governance Guidelines will be reviewed periodically by the Remuneration, Nomination and Corporate Governance Committee and any recommended

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revisions will be submitted to the full Board for consideration and approval.

12. Public Disclosure. This Policy, the Company's Code of Business Conduct and the Board committee charters, and all revisions and amendments thereto, shall be posted on the Company's website. The Company's annual report will also include a statement to the effect that this information is available on the Company's website and in print to any person who requests it.

13. Reliance on Information. In discharging responsibilities as a director, a director is entitled to rely in good faith and in his or her independent judgment and to a reasonable degree on reports or other information provided by the Company's management, independent auditors, and other persons as to matters the director reasonably believes to be within such other person's professional or expert competence and who has been selected with reasonable care by or on behalf of the Company.

MATTERS RESERVED FOR THE BOARD

Introduction

This schedule sets out the matters which must be considered or approved by the Board or delegated by it to one of its Committees.

1. Shareholder, Workforce and Other Stakeholder matters:
   a. Approval of all circulars, prospectus and listing particulars for circulation to shareholders.

   b. Resolutions and corresponding documentation to be put forward to shareholders at a General Meeting.

   c. Appointment, reappointment or removal of the external auditor to be put to shareholders for approval, following the recommendation of the Audit Committee.

   d. Considering the balance of interests between shareholders, employees, customers, the community and other stakeholders.

   e. Ensuring a satisfactory dialogue with shareholders, customers, suppliers and other stakeholders based on the mutual understanding of objectives.

   f. Determine and annually review the workforce engagement method and engage with empoyees through communication channels deemed appropriate by the Board.

   g. Engage with and keep shareholders informed on any mitigating actions following a vote of 20% or more against any resolution put to shareholders at an Annual General Meeting or General Meeting and provide an update to shareholders six months following the vote.

   h. Assess and monitor culture to ensure policies and practices around the Group align with the Company's purpose, values and strategy.

2. Board membership and appointments:

   a. Board appointments and removals following recommendations of the Nomination, Remuneration and Governance Committee (The Committee), and any special terms and conditions attached to the appointment and remuneration of Directors, subject to the recommendations of the Committee.

   b. Changes to the structure, size and composition of the Board, following recommendations from the Committee.

   c. Ensuring adequate succession planning for the Board and the direct reports to the Executive Directors.

   d. Selection of the Chairman of the Board and the Group Chief Executive.

   e. Appointment of Independent Director.

   f. Continuation in office of Directors at the end of their term of office, when they are due to be re-elected by shareholders at the AGM, and otherwise as appropriate.

   g. Appointment or removal of the Group CEO, Group CFO and Company Secretary.

   h. Receiving reports from Board Committees on their activities.

3. Delegation of Authority:

   a. Terms of Reference of all Committees of the Board.

   b. Division of responsibilities between the Chairman, Group Chief Executive, Senior Independent Director and any changes to the delegated authorities.

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c. Amendment of Terms of Reference and membership and chairmanship of Board Committees.

4. Remuneration and Pension:

a. Determining the remuneration policy for the Directors, Company Secretary and other senior executives subject to approval by the Nomination, Remuneration and Governance Committee.

b. Approval of the remuneration of Non-Executive Directors, subject to the articles of association, shareholder approval as appropriate and approval by the Committee.

c. Approval of any new share incentive plans or major changes to existing plans following approval by the Committee, to be put to shareholders for approval.

d. Major changes in the rules of a material Group defined benefit pension scheme, or changes of trustees of such a scheme or, when this is subject to the approval of the Company, changes in the fund management arrangements.

5. Corporate Governance matters:

a. Undertaking a formal and rigorous review annually of the Board's own performance, that of its Committees, and individual Directors.

b. Determining the independence of Non-Executive Directors.

c. Review of the Company's overall Corporate Governance arrangements.

d. Recommendations for the alteration of the articles of association of the Company.

6. Strategic and Contractual matters:

a. Transactions of the Company and its subsidiaries that are material, related party transactions, the issue of shares or any class of listed security, any transaction involving an activity of a type not previously carried on by the Company and a takeover bid.

b. Responsibility for the overall management of the Group.

c. Approval of the Group's long term objectives and commercial strategy.

d. Oversight of the Group's operations ensuring competent and prudent management, sound planning, an adequate system of internal control, adequate accounting and other records, and compliance with statutory and regulatory obligations.

e. Changes to the Group's management and control structure.

f. Review of performance in the light of the Group's strategy, objectives, 3 - 5 year business plans and budgets and ensuring that any necessary corrective action is taken.

g. Any decision to cease to operate all or any material part of the Group's business.

h. Major capital projects exceeding N50,000,000.00

i. Approval of the acquisition or disposal of fixed assets where consideration or net book value exceeds 10% of fair market value.

j. Major investments and divestments, including the acquisition or disposal of interests in the voting shares of any company or the making of any takeover bid.

k. Prosecution, defence or settlement of litigation being otherwise material to the interests of any Group company.

7. Financial matters:

a. Approval of quarterly and preliminary announcements.

b. Approval of quarterly and full year financial statements and Annual Report and Accounts.

c. Approval of any changes in accounting policies or practices.

d. Alteration in the accounting reference date, registered office and the name of the Company.

e. Purchase of own shares by the Company or giving financial assistance for the purpose of the acquisition of its own shares.

f. Approval of core debt facilities and bilateral facilities.

g. Remuneration of the auditors where, as is usual, shareholders have delegated this power to the Board and recommendations for the appointment or removal of auditors

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following recommendations of the Audit Committee.

h. Approval of the interim dividend and recommendation of the final dividend.

I. Approval of dividend policy.

j. Approval of the annual operating and capital expenditure budgets (and any changes to them).

k. Approval of treasury policies including foreign currency exposure and the use of financial derivatives.

l. Issue of any debt instruments, including bonds, debenture issues and loan stock or note instruments.

8. Corporate Structure:

a. Major changes to the Group's corporate structure.

b. Changes relating to the Group's capital structure (including reduction of capital, share issues, share buybacks, its listing or its status as a plc.

9. Risk Management and Internal Control:

a. Ensuring maintenance of a sound system of internal control and risk management including:

b. Receiving reports on, and reviewing the effectiveness of the Group's risk and control processes to support its strategy and objectives

c. Undertaking an annual assessment of these processes

d. Approving an appropriate statement for inclusion in the Annual Report.

e. Approving procedures for the detection of fraud and the prevention of bribery.

10. Sustainability:

a. Approval of Group-wide sustainability policies including those for volunteering and charitable donations, paper and timber and living wage.

b. Approval of long term sustainability ambitions, positioning and approach for the Group including any expression of the purpose of sustainability.

11. Other:

a. Approvals of the overall levels of insurance for the Group including Directors' and Officers' liability insurance and indemnification of Directors.

b. Crisis Communications Policy.

c. Any decision likely to have a material impact on the Company or Group from any perspective.

Securities Trading Policy

1. Preamble

This Policy relates to sale and purchase of AIICO Insurance Plc's shares by its directors and employees and any persons related to them. This policy provides a basic explanation of what constitutes insider trading and AIICO's policy to prevent it.

2. Definition

For clarity

"Information" means information related to the Company or its shares, directly or indirectly, which is not published and the disclosure of which may have a substantial effect on the price of its listed or traded securities. The information is of a precise nature which is specific to the Company and is likely to have a significant effect on the price of the shares if it were generally available.

An "Insider" means an individual:

a: who is connected with the Company during the preceding six months in one of the following capacities:

i. a director of the Company or a related company
ii. an officer of the Company or a related Company
iii. an employee of the Company or a related Company
iv. a person involved in a professional or business relationship with the Company as above
v. a shareholder who owns 5% or more of any class of securities or any person who can be deemed to be an agent of any of the above listed persons; and
vi. members of the audit committee.

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b. who by virtue of having been connected with the Company as mentioned in paragraph "a" has obtained unpublished price sensitive information in relation to the securities of the Company.

The period prior to declaration of price sensitive information is particularly sensitive for transactions in the Company's securities. This sensitivity is due to the fact that the Directors, persons discharging managerial responsibility and Advisers of AIICO and their connected persons will, during that period, often possess unpublished price-sensitive information.

During such sensitive period, no Director, person discharging managerial responsibility or Adviser of AIICO and their connected persons shall trade in the Company's shares.

All Directors, persons discharging managerial responsibility and Advisers of AIICO shall conduct all their dealings in the shares of AIICO only during the free period and shall not deal in any transaction involving the purchase or sale of the Company's shares during closed periods or during any other period as may be specified by The Exchange from time to time.

2C. Closed Period

No Director, person discharging managerial responsibility and Adviser of the Company and their connected persons shall deal in the securities of the Issuer when the trading window is closed. Any period during which trading is restricted shall be termed as a closed period.

The closed period is defined as the period of:

a. Declaration of Financial results (quarterly, half-yearly and annual)

b. Declaration of dividends (interim and final)

c. Issue of securities by way of public offer or rights or bonus, etc.

d. Any major expansion plans or winning of bid or execution of new projects

e. Amalgamation, mergers, takeovers and buy-back

f. Disposal of the whole or a substantial part of the undertaking

g. Any changes in policies, plans or operations of the Company that are likely to materially affect the prices of the securities of the Company.

h. Disruption of operations due to natural calamities;

I. Litigation/dispute with a material impact;

j. Any information which, if disclosed, in the opinion of the person disclosing the same is likely to materially affect the prices of the securities of the Company;

2D. Period of Closure

The period of closure shall be effective from 15 days prior to the date of any meeting of the Board of Directors proposed to be held to consider any of the matters referred to above or the date of circulation of agenda papers pertaining to any of the matters referred to above, whichever is earlier, up to 24 hours after the price-sensitive information is submitted to The Exchange. The trading window shall thereafter be opened.

3.0. Confidentiality and Inside Information

A person in possession of inside information (i.e. price-sensitive information or other confidential information) about AIICO has a duty to keep that information confidential and must not in any way disclose or communicate that information to any person.

4.0. General Prohibition

In general terms, a person will be guilty of insider trading if:

a. That person or group of persons who is in possession of some confidential and price-sensitive information not generally available to the public, utilizes such information to buy or sell securities for his/its own account and for his benefit or makes such information available to a third party (either knowingly or unknowingly) who uses it for his benefit; and

b. that person:
i. buys or sells securities in AIICO
ii. Procures someone else to buy or sell securities in the Company; or
iii. Passes on that information to a third party where that person knows, or ought reasonably to know, that the third party would be likely to buy or sell the securities or procure someone else to buy or sell the securities of the Company.

5.0. Additional Restrictions on Trading - Directors and Senior Management
Directors and certain employees whose positions expose or are likely to expose them to inside

Corporate Governance
For the year ended 31 December 2019

information regarding AIICO shall be guided by the provisions of this Policy.

For the purposes of this policy, the Senior Management of AIICO includes:

a) members of the Executive Management Committee;

b) the Managing Director (MD) of AIICO, and anyone that directly reports to the MD;

c) anyone else who directly reports to the Chairman, MD, Chief Financial Officer (CFO) and the Company Secretary;

Dealing in AIICO's shares by the persons listed above and their Close Associates are prohibited during Closed Periods. Senior Management must take reasonable steps to ensure that their Close Associates inform them of any proposed dealing in AIICO's securities during a Closed Period, so that they can seek prior clearance on behalf of their Close Associate.

6.0. Penalties

Insider trading is a criminal offence. The criminal penalties for a breach of the insider trading prohibition according to Sections 115/6 of The Investments and Securities Act 2007 as referenced by SEC Rules and Regulations (2013) include:

a) in the case of a person not being a body corporate, to-

(i) a fine of not less than N500,000 or an amount equivalent to double the amount of profit derived by him or loss averted by the use of the information obtained in contravention of any of the provisions of this part; or

(ii). to imprisonment for a term not exceeding seven years; or

b) In the case of a person being a body corporate, to a fine not less than N1,000,000 or an amount equivalent to twice the amount of profit derived by it or loss averted by the use of the information obtained in contravention of any of the provisions of this part.

c) In addition, the insider trader, and any other persons involved in the contravention may also be liable to compensate third parties for any resulting loss.

7. 0. Policy Guideline for Trading in AIICO's Shares

7.1. General Requirement

Directors and employees of AIICO must not buy or sell securities in AIICO when they are in possession of price-sensitive information which is not generally available to the market.

7.2. Safest Times to Deal in AIICO's Shares

The strict test is whether, at any particular time, a director or employee is in possession of, or has access to price-sensitive information which is not generally available in the market. If any employee has access to such information, then such employee should refrain from dealing in AIICO's shares at such a time.

8.0. Restrictions on Trading in AIICO's shares

Directors and employees must not trade in any of AIICO's shares during a "close" period.

9.0. Compliance Monitoring

While the Company secretariat has the responsibility for tracking the trading activities of the directors and employees on the shares of AIICO, compliance checks with this policy shall be the functions of the Risk Management, Compliance Unit and the Internal Audit Unit.

SIAO

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Central District Area, FCT, Abuja.
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Website: www.siao-ng.com

STATEMENT OF CORPORATE GOVERNANCE

SIAO was appointed to conduct AIICO Insurance PLC 2019 Board Evaluation. The review covered the period of 1st January, 2019 to 31st December, 2019. The report was signed by a Partner on behalf of SIAO.

The report was prepared independent of the company's influence and in compliance with the SEC & NAICOM Codes of Corporate Governance for Publicly Quoted Companies, and Licensed Insurance Operators respectively.

It is our responsibility to express an opinion on the Corporate Governance matters of the Company between January 2019 and December 2019.

We have studied all documents pertaining to the corporate governance account and based on that reading and our knowledge of the Company, we believe that we have a sufficient basis for our opinions.

This means that our statutory examination of the Corporate Governance Statement is different and substantially less in scope than an audit conducted in accordance with International Auditing Standard and generally accepted auditing standards in Nigeria.

In our opinion, the Corporate Governance Statement has been prepared and its statutory content is consistent with the annual accounts and the consolidated accounts

....

Ituah Ighodalo, FCA

For: SIAO

Date: 20TH FEBRUARY, 2020

SIAO - Accomplish More
Audit & Accounting | Financial Advisory | Taxation | Human Resources

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Profile of Directors

Kundan Sainani
Chairman

Mr. Kundan Sainani is the current Chairman of the Board of AIICO Insurance Plc. The transition took effect from January 2019 following the resignation of his predecessor (Mr. Bukola Oluwadiya) effective 31st December, 2018. Mr. Sainani brings to the Board over 20 years of experience spanning various industries within and outside Nigeria including Viva Methanol Limited and Lekki Deep Sea Port which are part of the Tolaram Group. He was until recently a Director in the Lagos Free Trade Zone. Kundan Sainani holds a Bachelor of Commerce degree from India and is also a Chartered Accountant.

Babatunde Fajemirokun
Managing Director/CEO

Following the exit of Mr. Edwin Igbiti from the Board, Mr. Babatunde Fajemirokun became the Managing Director/Chief Executive Officer of AIICO Insurance Plc.

He started his career in 2001 as a visiting lecturer in the department of Economics & Enterprise at the Glasgow Caledonian University, Scotland. He joined Accenture (Nigeria) Financial Services Unit (Banking and Insurance Groups) in 2003, as an analyst and specialized in Mergers & Acquisitions projects. He joined Capgemini Consulting (UK) Business Information Strategy Unit (cross-industry) in 2008, as a Senior Consultant, and worked on UK government transformation projects.

Mr. Fajemirokun joined AIICO Insurance Plc, Life Division, in 2009 and was responsible for the delivery of key projects in its maiden transformation initiatives. He led the retail operations function between 2009 and 2013, which encompassed retail processing (underwriting new business & renewals, alterations/endorsements, and policy issuance & delivery), customer services/ retail claims, business process redesign and technology.

In 2013, he was appointed Chief Operating Officer, which required him to oversee all strategic functions, retail processing/ operations, actuarial functions, enterprise risk management and shared services (finance, human resources, information technology, procurement, and estate management) operations in the company.

In 2017, he was appointed Group Chief Business Officer, with supervisory responsibility for all the subsidiary businesses especially the asset management business. He was also responsible for raising additional capital at appropriate valuations for Group companies to meet solvency and/ or strategic growth objectives.

He also has external appointments as a Non-Executive Director in AIICO Pension Managers Limited, Food Concepts Plc and Xerox Corporation Nigeria (XHS). He holds an MBA from University of Chicago Booth School of Business with a concentration in Finance, a Master's Degree in Business Information Technology Systems (with distinction) from the University of Strathclyde and a BA (Hons) degree in Business Economics from the Glasgow Caledonian University. He is a qualified associate (ACII) of the Chartered Institute of Insurance (UK and Nigeria) with a Chartered Status (Chartered Insurer). He is also a member of the Institute of Directors.

Adewale Kadri
Executive Director, Technical

Adewale Kadri is an Executive Director on the Board of AIICO Insurance Plc. He is a versatile Insurance practitioner and a seasoned salesperson. He began his Insurance career with Worldwide Insurance Company Limited in 1994 as a Life Marketer and later moved to ELMAC Assurance Nigeria Limited in 1997 where he joined the team that was saddled with the responsibility of marketing the Company's various special packaged products. He also worked as an Insurance Officer of Modandola Group of Companies where he was exposed to the rudiment of Insurance broking and technical operations.

He later joined the marketing team of Newline Insurance Company Limited and Sun Insurance Plc. where he worked in various managerial capacities before joining the pioneer team of UBA Insurance in 2004 as Group Head, Brokers' Management Division. While at UBA Insurance, he served in various committees which ensured the successful take off of the first Bancassurance Business Model in Nigeria.
He had a brief stay at NICON Insurance Plc as Senior Manager/Head, Strategic Business Unit before joining Oceanic Insurance Company Limited as Group Head, Brokers Management Unit in 2007.

Wale was the Acting Managing Director of Oceanic Insurance Company Limited/Old Mutual Nigeria General Insurance between July 2012 and April 2014. He left the services Old Mutual Nigeria as Business Development Executive in April 2017 and joined AIICO Insurance Plc as General Manager, Head of Non-Life Business

Olusola Ajayi
Executive Director, Retail Business

Olusola Ajayi is the Executive Director, Head of Retail Business at AIICO Insurance Plc.
Over the past seven years he has led the Retail Business to new heights of performance delivering a growth in the sales revenues of 500%.

He also serves as the Chairman of AIICO Multishield Limited, a subsidiary of AIICO Insurance PLC.

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Olusola is an experienced Management Consultant who prior to joining AIICO Plc had worked with Deloitte Consulting within the Enterprise Applications group as a Senior Consultant in the UK. He played a key role as part of the elite Middle East business development team responsible for expanding Deloitte's business beyond the UK during the recession. Prior to joining Deloitte, Olusola had worked for several years with Accenture, Nigeria. He joined AIICO Insurance Plc from Deloitte London, in 2009.

He holds an MBA from one of the most prestigious Business Schools in the world, INSEAD. He obtained his first degree in Chemical Engineering from the University of Lagos. Olusola is an alumnus of the Harvard Business School, U.S.A, he is a certified Project Manager as well as a certified Business Continuity Management Systems Auditor from the British Standard Institute, UK.

Ademola Adebise
Non-Executive Director

Ademola Adebise is currently the Managing Director/CEO of Wema Bank Plc. He is an alumnus of the prestigious Harvard Business School, Lagos Business School and University of Lagos. Prior to joining Wema Bank Plc, he worked at Accenture, the global consulting firm, National Bank of Nigeria and Chartered Bank in various capacities spanning over 26 years. A charismatic leader, Mr. Adebise's glowing track record of excellence spans several decades across fields including fintech, risk management, management consulting and corporate banking.

Ademola Adebise is a graduate of Computer Science. He also holds an MBA from Pan African University, Lagos Business School.

A thorough-bred, resourceful and self-motivated personality, Ademola is a Fellow of the Institute of Chartered Accountants of Nigeria as well as an Associate of the Chartered Institute of Taxation & Computer Professionals (Registration Council of Nigeria).

He is currently on the boards of AIICO Insurance, AIICO Pensions Managers Limited and the Nigeria Inter-Bank Settlement Scheme (NIBSS). He was previously the Deputy Managing Director at Wema Bank.

Sobandele David Ayodeji Sobanjo
Non-Executive Director

Mr. S.D.A. Sobanjo served as the MD/CEO of AIICO Insurance Plc (2006-2013). He is a serving member of the Board of Directors at AIICO Insurance Plc.

He is a Chartered Insurer, a fellow of the Chartered Insurance Institute of London and Nigeria and serves as Member of Nigeria Institute of Management. He has been holding Management Positions for over 15 years. He served as Managing Director in Highgate Insurance Brokers Ltd (1993 - 2000) from where he moved to AIICO Insurance Plc, Lagos as Deputy General Manager for Life Operations. In January 2005, he was appointed Managing Director in African Alliance Insurance Co. Ltd, a position he held until his appointment as Managing Director at AIICO Insurance Plc. He has varied experience spanning Pension Administration, Life Operations, General Insurance Administration, Product Development, Marketing and information Technology.

He obtained a Bachelor of Science degree in Actuarial Science the University of Lagos in 1981 and Master of Science in Business Administration from the University of Lagos in 1995. He also holds a Master of Business Administration degree in Marketing from Enugu State University of Science and Technology.

Samaila D. Zubairu
Non-Executive Director

Mr. Samaila Zubairu is the current President & Chief Executive Officer of Africa Finance Corporation.
Mallam Samaila Zubairu was appointed as Africa Finance Corporation (AFC)'s 3rd President and Chief Executive Officer in July 2018. AFC is an investment-grade, multilateral financial institution focused on providing solutions to Africa's infrastructure deficit and challenging business environment by developing and financing infrastructure, natural resources and industrial assets which enhance productivity and economic growth of African states.

Mallam Zubairu currently represents the Corporation's interests on the Board of Directors of: Aker Energy A.S. - Vice Chairman; Cenpower Generation Company Limited; Danakali Colluli [Potash] Mining Limited; Thor Gold Explorations Limited; ARISE Port & Logistics; Takoradi Port Expansion Project; Novelle Gabon Mine. Additionally, Samaila sits on the Advisory Board of the United Nations administered Nigeria Humanitarian Fund-Private Sector Initiative (NHF PSI) for internally displaced persons in North-Eastern Nigeria. He is a Non-Executive Director on the Board of AIICO Insurance Plc.

Prior to his appointment, Samaila was the CEO of Africapital Management Limited, where he established a joint venture with Old Mutual's African Infrastructure Investment Managers (AIIM) to develop the Nigerian Infrastructure Investment Fund1(NIIF1) for infrastructure private equity across West Africa.

As Chief Financial Officer for Dangote Cement Plc, he launched Africa's largest syndicated project finance facility for the Obajana Cement project and managed the unbundling of Dangote Industries Limited to listed

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subsidiaries on the Nigerian Stock Exchange. Prior to that, he was the Treasurer for the Dangote Group during its transformation from a trading company to an industrial conglomerate.

Mallam Zubairu is an Eisenhower Fellow and is a Fellow of the Institute of Chartered Accountants, Nigeria (FCA). He holds a BSc in Accounting from Ahmadu Bello University, Nigeria.

Folakemi Fajemirokun
Non-Executive Director

Folakemi Fajemirokun is a Non-Executive Director on the Board of AIICO Insurance Plc. Folake holds a BSc in Economics from the University College London and a Master's Degree in Decision Sciences from the London School of Economics and Political Science. She holds a Diploma in Management Accounting from the Chartered Institute of Management Accountants (CIMA) UK and a Certificate in Risk Management in Financial Services from the Institute of Risk Management (IRM) UK.

Folake currently works as the CEO and Cofounder of a technology company, Towntalk Solutions. Prior to this, Folake was Head of Operational Risk Management at a leading investment bank in Nigeria; and previously a Manager in Deloitte UK, providing risk advisory services to clients across the financial services.

Olalekan Akinyanmi
Non-Executive Director

Olalekan ("Lekan") was recently appointed as a Non-Executive Director on the Board of AIICO Insurance Plc. He is the founder and Chief Executive Officer of LEKOIL Limited, an Africa focused oil exploration and production Company. Since inception, he has led the Company through an IPO and subsequent fund raises of over $200 million on the London Stock Exchange's AIM market.

This funded LEKOIL's farm-in to OPL 310 and the subsequent discovery of the Ogo field - one of the world's largest in 2013 with estimated gross resources of 774mmboe. In September 2015, LEKOIL achieved "first oil" on its Otakikpo Marginal Field, just 9 months after commencing operations and currently producing at 6000,bpd. In October 2015 the Company announced its acquisition of a controlling interest in OPL 325.

Lekan has over 20 years experience in the oil and gas industry and was the International Energy Sector Head at AllianceBernstein L.P. in New York (Global asset manager with over $400 billion under management) with direct responsibility for a $1Billion Energy and Natural Resource Portfolio.

Prior to that, he was a member of the #1 institutional investor-ranked team of analysts covering the oilfield services industry as an Associate Director at UBS Investment Research. Lekan has held Engineering and operational roles within Schlumberger in a career that spanned Nigeria, Egypt, Pakistan, Oman and Scotland. Lekan graduated from the Obafemi Awolowo University in Nigeria with a Bachelor of Science Degree in Electronic and Electrical Engineering. He also acquired an MBA from MIT Sloan School of Management in Cambridge, MA, USA, in 2000.

Raimund Snyders
Non-Executive Director

Raimund is a Partner of Leapfrog Investment and was recently appointed as a Non-Executive Director on the Board of AIICO Insurance Plc having been recommended by Leapfrog Investment to represent its interest in AIICO Insurance Plc. Raimund brings to bear his experience as one of the most seasoned insurance leaders on the African continent, to the benefit of the LeapFrog team and partner companies.

He joined LeapFrog from Old Mutual Group where as CEO of Mutual & Federal, the 185 year old insurer, he led a turnaround of the company as part of the Old Mutual Group's strategy to establish itself as a leading financial services group across the African continent. Under his leadership, Mutual & Federal was rebranded to become Old Mutual Insure.

Prior to this, Raimund served in executive leadership positions in the Old Mutual Group, leading large multi-disciplinary teams in areas of business such as distribution, bancassurance, investments and wealth management. Key positions included: COO and Head of Distribution for Old Mutual's African operations; Executive General Manager, Old Mutual Life Assurance Co (South Africa); CEO, Old Mutual Life Assurance Co (Namibia); Managing Director, Old Mutual Investment Services.

His experience in the insurance industry in Africa is both vast and deep. Over his career, Raimund has led organic and inorganic expansion, sales, marketing, product development, distribution, bancassurance, investment and wealth management - with responsibilities across retail, institutional and enterprise functions cultivated during a 27+ year career with Old Mutual.

Raimund holds a Bachelor of Commerce, Bachelor of Laws from Stellenbosch University, as well as Executive Leadership qualifications from the Graduate School of Business, University of Cape Town, and Harvard Business School.

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Meetings of Committees
Investment & Enterprise Risk Management Committee

	Position	No. of Meeting	Attendance
Mr. Ademola Adebise	Chairman	4	3
Mr. Samaila Zubairu	Member	4	-
Ms. Oluwafolakemi Fajemirokun	Member	4	4
Mr. Babatunde Fajemirokun	Member	4	4
Mr. Olusola Ajayi	Member	4	4
Mr. Adewale Kadri	Member	4	4

These meetings were held on January 22, April 23, July 23 and October 22, 2019.

Finance & General Purpose Committee

	Position	No. of Meeting	Attendance
Mr. Ademola Adebise	Chairman	5	4
Mr. S.D.A Sobanjo	Member	5	4
Mr. Samaila Zubairu	Member	5	1
Ms. Oluwafolakemi Fajemirokun	Member	5	5
Mr. Babatunde Fajemirokun	Member	5	5
Mr. Olusola Ajayi	Member	5	5
Mr. Adewale Kadri	Member	5	5

These meetings were held on January 22, March 11, April 23, July 23 and October 22, 2019

Statutory Audit Committee

	Position	No. of Meeting	Attendance
Mr. Samaila Zubairu	Chairman	5	2
Mr. Ademola Adebise	Member	5	2
Chief Edmund U. Njoku	Shareholder/Member	5	4
Mrs. Funke Augustine	Shareholder/Member	5	5
Chief Robert I. Igwe	Shareholder/Member	5	5
Mr. S.D.A Sobanjo	Member	5	5

These meetings were held on January 22, April 23, July 23 and October 22, 2019.

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

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Establishment & Corporate Governance Committee

	Position	No. of Meeting	Attendance
Mr. Ademola Adebise	Chairman	4	4
Mr. Samaila Zubairu	Member	4	1
Mr. S.D.A. Sobanjo	Member	4	4
Mr. Babatunde Fajemirokun	Member	4	4
Mr. Olusola Ajayi	Member	4	4
Mr. Adewale Kadri	Member	4	4

These meetings were held on January 22, April 23, July 23 and October 22, 2019.

	Position	No. of Meeting	Attendance
Mr. Kundan Sainani	Chairman	5	3
Mr. S.D.A Sobanjo	NED	5	5
Mr. Ademola Adebise	NED	5	4
Mr. Samaila Zubairu	Independent/NED	5	2
Mr. Babatunde Fajemirokun	MD/CEO	5	5
Ms. Oluwafolakemi Fajemirokun	NED	5	5
Mr. Olusola Ajayi	ED, Retail	5	4
Mr. Olalekan Akinyanmi	NED	5	2
Mr. Adewale Kadri	ED, Technical	5	5

These meetings were held on January 24, March 12, April 25, July 25 and October 24, 2019.

This meeting was held on October 24, 2019

To fulfill the requirement of Code of Corporate Governance from NAICOM

All the committees endeavored to perform their duties competently during the period under review

Board of Directors		
	Mr. Kundan Sainani	Chairman
	Mr. Babatunde Fajemirokun	Managing Director/CEO
	Mr. S. D. A Sobanjo	Director
	Mr. Samaila Zubairu	Director
	Ms. Oluwafolakemi Fajemirokun	Director
	Mr. Ademola Adebise	Director
	Mr. Adewale Kadri	Executive Director, Technical
	Mr. Olusola Ajayi	Executive Director, Retail
	Mr. Olalekan Akinyanmi	Director

Board Of Directors

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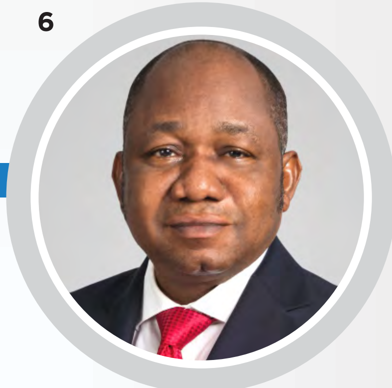
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1 Kundan Sainani
Chairman

2 Babatunde Fajemirokun
Managing Director/
Chief Executive Officer

3 Adewale Kadri
Executive Director,
Technical

4 Olusola Ajayi
Executive Director,
Group Retail Business

5 Ademola Adebise
Non-Executive Director

6 S.D.A. Sobanjo
Non-Executive Director

7 Samaila Dalhat Zubairu
Non-Executive
Director (Independent)

8 Folakemi Fajemirokun
Non-Executive Director

9 Olalekan Akinyanmi
Non-Executive Director

Report Of The Statutory Audit Committee

To the members of **AIICO Insurance PLC**

In accordance with the provisions of Section 359(6) of the Companies and Allied Matters Act, Cap 59 of the Laws of the Federation of Nigeria 2004, we the members of the Audit Committee of AIICO Insurance PLC, having carried out our statutory functions under the Act, hereby report as follows:

We have reviewed the scope and planning of the audit for the year ended December 31, 2019 and we confirm that they were adequate;

The Company's reporting and accounting policies as well as internal control systems conform to legal requirements and agreed ethical practices; and "

We are satisfied with the departmental responses to the External Auditors' findings on management matters for the year ended December 31, 2019. "

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

SIGNED ON BEHALF OF THE COMMITTEE BY:

Mr. Samaila Zubairu
Chairman of the Statutory Audit Committee
FRC/2014/ICAN/00000007663
20 February 2020

Members of the Statutory Audit Committee are:

Mr. Samaila Zubairu	(Independent Directors' Representative)	Chairman
Sir Edmond. U. Njoku Mr.	(Shareholders' Representative)	Vice-Chairman
Mrs 'Funke Augustine	(Shareholders' Representative)	Member
Chief Robert I. Igwe	(Shareholders' Representative)	Member
Mr. Ademola Adebise	(Directors' Representative)	Member
Mr. S. D. A. Sobanjo	(Directors' Representative)	Member

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

Statement Of Directors' Responsibilities in Relation to the Financial Statements
For the year ended 31 December 2019

The Directors accept responsibility for the preparation of the financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) and in the manner required by the Companies and Allied Matters Act, Cap C.20, Laws of the Federation of Nigeria, the Financial Reporting Council of Nigeria Act, 2011, the Insurance Act of Nigeria 2003 and relevant National Insurance Commission (NAICOM) guidelines and circulars.

The Directors further accept responsibility for maintaining adequate accounting records as required by the Companies and Allied Matters Act, Cap C.20, Laws of the Federation of Nigeria, 2004 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 an assessment of the Group and Company's ability to continue as a going concern and have no reason to believe that the Group and Company will not remain a going concern in the year ahead.

The responsibilities include ensuring that:

- Appropriate and adequate internal controls are established to safeguard the assets of the Group and to prevent and detect fraud and other irregularities;
- The Group keeps proper accounting records which disclose with reasonable accuracy the financial position and which ensure that the financial statements comply with the requirements of the Companies and Allied Matters Act, 2004, International Financial Reporting Standards (IFRS), Insurance Act 2003, Financial Reporting Council of Nigeria and the Operational Guidelines issued by NAICOM;
- The Group has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgments and estimates, and that all applicable accounting standards have been followed; and
- The financial statements are prepared on a going concern basis unless it is presumed that the Group will not continue in business.

The Directors accept responsibility for the year's Financial Statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates in conformity with:

- Insurance Act 2003 as amended:
- Financial Reporting Council Act 2011;
- Companies and Allied Matters Act 2004;
- NAICOM guidelines and circulars; and
- International Financial Reporting Standards (IFRS)

The Directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of the financial statements, as well as adequate systems of financial control.
The directors have made an assessment on 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:

Mr. Babatunde Fajemirokun
Managing Director/Chief Executive Officer
FRC /2015/MULTI/00000019973
27 February 2020

Mr. Kundan Sainani
Chairman
FRC/2013/IODN/00000003622
27 February 2020

Certification Pursuant To Section 60 (2) Of Investment & 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 2019 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 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 Group as of, and for the years 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 and its consolidated subsidiaries 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 group's internal controls as of date of 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 Group and Audit Committee:
- all significant deficiencies in the design or operation of internal controls which would adversely affect the Group's ability to record, process, summarize and report financial data and have identified for the Group'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 Group'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. Babatunde Fajemirokun
Group MD/CEO
FRC /2015/MULTI/00000019973
27 February, 2020

Mr. Oladeji Oluwatola
Chief Financial Officer
FRC/2013/ICAN/0000004910
27 February, 2020

Independent Auditor's Report

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Lagos.

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Email: Services@ng.ey.com
www.ey.com

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF AIICO INSURANCE PLC

Report on the Audit of the Consolidated and Separate Financial Statements

Opinion

We have audited the consolidated and separate financial statements of AIICO Insurance Plc ("the Company") and its subsidiaries (collectively "the Group"), which comprise the consolidated and separate statements of financial position as at 31 December 2019, and the consolidated and separate statements of profit or loss and other comprehensive income, the consolidated and separate statements of changes in equity and the consolidated and separate statements of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of the Group and the Company as at 31 December 2019 and of their financial performance and their cash flows for the year then ended in accordance with the International Financial Reporting Standards as issued by the International Accounting Standards Board, and the relevant provisions of the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2004, the Insurance Act 2003 and relevant policy guidelines issued by the National Insurance Commission (NAICOM), the Pension Reform Act 2014, the Investment and Securities Act 2007 and 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 Consolidated and Separate Financial Statements section of our report. We are independent of the Group or Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and other independence requirements applicable to performing the audit of AIICO Insurance Plc. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code, and in accordance with other ethical requirements applicable to performing the audit of AIICO Insurance Plc. 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 consolidated and separate financial statements of the current year. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each 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 consolidated and separate 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 consolidated and separate financial statements.

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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF AIICO INSURANCE PLC - Continued

Key Audit Matters - continued

Key Audit Matter	How the matter was addressed in the audit
Valuation of Insurance Contract Liabilities and Reserve Adequacy Testing AIICO Insurance Plc has material insurance contract liabilities from both Life and non-Life businesses of ₦85.3 billion representing 78% of total liabilities of the Group. This is an area that involves significant judgment over uncertain future outcomes and therefore we considered it a key audit matter for our audit. Consistent with the insurance industry practice, the Group engages 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. Economic assumptions such as interest rates and future inflation rates and actuarial assumptions such as customer behavior 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. Insurance contract liabilities are disclosed in Note 18 to the consolidated and separate financial statements.	Consistent with the insurance industry practice, the Company engaged an actuary to test the adequacy of the insurance contract valuation as at year end. With the assistance of our in-house actuarial specialists, we performed the following audit procedures on the Company's actuarial reports: i. We considered the appropriateness of the assumptions used in the valuation of the insurance contracts with reference to the Company's and industry's data and expectations of investment returns, future longevity and expense developments. ii. We considered the appropriateness of the non-economic assumptions used in the valuation of the insurance contracts in relation to laps or extension assumptions by reference to Company specific and industry data. *Other key audit procedures included:* i. We reviewed and documented management's process for estimating life policy benefits. ii. We assessed the design and tested the operating effectiveness of internal controls over the integrity of underwriting and claims data in the system as well as over the reserving and claims processes. iii. We performed file reviews of specific underwriting contracts in order to maximize our understanding of the book of business and validate initial loss estimates. iv. We performed subsequent year claim payments to confirm the reasonableness of the initial loss estimates.

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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF AIICO INSURANCE PLC - Continued

Other matter
The consolidated and separate financial statements of AIICO Insurance Plc for the year ended 31 December 2018 were audited by another auditor who expressed an unqualified opinion on those financial statements.

Other Information
The Directors are responsible for the other information. The other information comprises Results at a Glance, the Directors' Report, Certification Pursuant to Section 60(2) of Investment & Securities Act No. 29 of 2007, the Corporate Governance Report, the Report of the Statutory Audit Committee, Statement of Directors' Responsibilities in Relation to the Preparation of the Consolidated and Separate Financial Statements, the Value Added Statements and the Five-Year Financial Summary as required by the Companies and Allied Matters Act and the Financial Reporting Council Act, No. 6, 2011, which we obtained prior to the date of this report, and the Annual Report, which is expected to be made available to us after that date. Other information does not include the consolidated and separate financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate 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.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of the Directors for the Consolidated and Separate Financial Statements

The Directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with the International Financial Reporting Standards as issued by the International Accounting Standards Board, and the provisions of the Companies and Allied Matters Act CAP, C20. Laws of the Federation of Nigeria 2004, Insurance Act 2003 and relevant policy guidelines issued by the National Insurance Commission (NAICOM), the Pension Reform Act 2014, the Investment and Securities Act 2007 and the Financial Reporting Council of Nigeria Act No. 6, 2011, and for such internal controls as the Directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatements, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the Directors are responsible for assessing the Group and 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 Group and the Company or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting processes.

Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements
Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatements, 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 ISA 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 consolidated and separate financial statements.

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

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INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF AIICO INSURANCE PLC - Continued

Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements - continued

- Identify and assess the risks of material misstatement of the consolidated and separate 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 controls 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 Group's internal controls.
- 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 Group and 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 consolidated and separate 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 Group and the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated and separate financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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 controls 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, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current year 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.

Independent Auditor’s Report

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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF AIICO INSURANCE PLC - Continued

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of Schedule 6 of the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2004 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 our audit;

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

iii) the Group and Company's consolidated and separate statements of financial position and consolidated and separate statements of profit or loss and other comprehensive income are in agreement with the books of account.

iv) In our opinion, the consolidated and separate financial statements have been prepared in accordance with the provisions of the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2004 and Section 28(2) of the Insurance Act 2003 so as to present fairly the consolidated and separate statements of profit or loss and other comprehensive income of the Company and its subsidiaries.

Contraventions

The Group incurred penalties in respect of contraventions of the requirement of certain sections of the National Insurance Commission's Operational Guideline 2015 and the Financial Reporting Council of Nigeria Act No. 6, 2011 during the financial year. The details of the contraventions and penalties are disclosed in Note 40 to the consolidated and separate financial statements.

Oluwasayo Elumaro, FCA
FRC/2012/ICAN/00000000139
For Ernst & Young
Lagos, Nigeria
19 March 2020

INSTITUTE OF CHARTERED ACCOUNTANTS OF NIGERIA
36/ICAN
0757343


Stability assured
Strength sustained

Internal Control Report

Introduction

AIICO is committed to creating and maintaining an excellent internal control environment capable of sustaining its current leadership position in the industry. The Board and Management of AIICO Insurance Plc. places a high premium on the effectiveness of the Company's Internal Control System and considers it fundamental to the successful operation of the business. As such, it embraces all controls incorporated in the strategic, governance and management processes, covering AIICO's entire range of activities and operations, and not just those directly related to financial operations and reporting. It also includes non-financial activities that could positively impact the achievement of the overall business objectives.

In AIICO, the internal control system encompasses the control framework guided by organizational structures, statutory requirements, international best practices, management philosophy, codes of conduct, policies, and standard operating procedures. It is designed not only to ensure key business objectives are met but also to maintain the confidence of its stakeholders and the public. In addition, the control system:

- Ensures effective and efficient operations;
- Safeguards AIICO's assets against losses and making adequate provision for liability;
- Ensures the reliability of financial reporting and compliance with Generally Accepted Accounting Principles;
- Ensures compliance with applicable laws and regulations, including internal policies;
- Ensures systematic and orderly recording of transactions; and
- Provides reasonable assurance that undesired events will be prevented or detected and corrected.

Most importantly, AIICO's internal control system help strengthen the effectiveness and ensure the adequacy of the Company's control environment. This in turn help boost the Company's capacity to proactively manage the impact of external (and internal) threats and uncover possible flaws, gaps, and deficiencies in processes and structures. To achieve its intended result, the control system is fully integrated into the Company's daily business process.

Business Unit (BU) Managers play key roles in assuring that high standards of business processes and ethical practices are observed for the achievement of AIICO's corporate objectives while employees perform internal control roles, which vary depending on their respective functions. This is to ensure effective and efficient management of the organization's resources, aid internal control over Financial Reporting as well as adherence to all extant regulatory laws and guidelines within the operating environment.

Also, the Board has instituted internal control systems that provide reasonable assurance that assets are properly safeguarded and unauthorized use or disposal is fully prevented. More so, that proper accounting record is maintained to provide reasonable assurance on the reliability of financial information generated from the financial system.

Internal Control Framework

The Company has established and fully implemented an internal control framework to guide the internal control functions in accordance with international best practices. The framework is designed to engender the support and commitment of all stakeholders of AIICO Insurance Plc. to a controlled environment, thus creating an enabling platform that would ensure the Company's growth and stability.

The pre-requisites (i.e. Control Environment, Risk Assessment, Control Activities, Information and Communication, and Monitoring Activities) were set and continuously improved upon to ensure that the Company consistently and effectively achieve its corporate objectives. These are further explained below:

- Control Environment - AIICOs' leadership sets the tone at the top, which positively influences the control culture and consciousness of its people. Authority and responsibility are assigned with due consideration for risk management that enhances *integrity, ethical values, and competence of the entity's people; management's philosophy and operating model.*

- Risk Assessment -The Board and Senior Management, through the Enterprise Risk Management function, regularly assess the risk exposures of the Company, which includes risks relating to financial reporting.

Internal Control Report

Some of the areas of assessments conducted during the financial year that could affect the achievement of AIICO's corporate objectives include operational risk, underwriting risk, reserving and solvency risk, business and strategic risk, market and liquidity, compliance risk, legal risk, and reputational risks. Besides, senior management, regularly, considers whether the existing internal controls are effective in relation to risks identified in the financial reporting process.

- Controls Activity - The Company has established policies, procedures, and mechanisms that help ensure that management's responses to risks identified during the risk assessment process are fully executed. Control activities occurred throughout the organization, at all levels, and in all functions. AIICO's control activities include the establishment of standard operating procedures for all functions within the Company.

- Information and Communication - AIICO has established effective processes and systems that identify, capture and report operational, financial and compliance-related information in a form and within a timeframe that aids staff in executing their responsibilities. All personnel receive a clear message from top management to assure that control responsibilities are taken seriously. Consequently, business units understand their roles in the internal control process, as well as how individual and business unit activities are interrelated and supportive for the achievement of the corporate objectives.

Generally, communication in AIICO is continual, iteratively shared across the entity to convey the information needed to carry out day-to-day internal control responsibilities and their importance to the achievement of corporate objectives.

Monitoring Activities - The Board and Executive Management established a number of assurance functions that assess the adequacy and quality of the internal control system's performance. These assessments are conducted through on-going monitoring activities, separate evaluations, or a combination of the two. On-going monitoring occurs in the course of operations while separate evaluations depend on risk assessment and effectiveness of on-going monitoring within the organization.

Identified deficiencies in internal controls are reported to those in charge of governance.

Internal Control Function

The Internal Control Department ensures compliance with all extant laws and regulatory guidelines, implementation of the Company's policies, standard operating procedures, prevention and correction of all systematic errors and omissions in the operations. Control function affects far-reaching improvement and development of process advancements to aid the achievement of the organization's corporate objectives.

As a process, internal controls are developed and implemented throughout the company to provide reasonable assurance that corporate objectives are achieved most importantly in the following areas:

- Operational objective - effectiveness and efficiency of operations;
- Information objective reliability of reporting;
- Compliance objective - Compliance with all extant Laws and regulatory guidelines, and internal policies and procedures

For the achievement of the above-stated objectives, the internal control system lay emphasis on:

- A process consisting of on-going tasks and activities that is a continuing process rather than a periodic review. It is not merely about establishing policy manuals, systems, and forms; but are effected by all staff at all levels;
- Ability to provide reasonable assurance rather than absolute assurance;
- Achievement of the organization's objectives and operational improvement;
- Adaptability to the entity structure.

2019 Internal Control Improvements

During the financial year, the Internal Control function undertook transactional monitoring by maintaining a close working relationship with all Business Units (BU) and reported all identified transactional control lapses, execution of proffered control measures and improvement areas were closely monitored and followed-up until fully addressed. Internal Control also contributed to business growth and sustainability by ensuring compliance with regulatory and statutory requirements to proactively manage regulatory/compliance risks and internal policies and procedures with resultant reduction of waste and leakages and improved operational efficiency.

Internal Control Report

Other internal control initiatives and improvement measures undertaken during the year are:

- Restructure of the department to be incorporated as an integral part of the Risk Management Division which warehouses other assurance functions of the organization such as Enterprise Risk Management Department and Compliance Department with the exception of Internal Audit.

- Risk Management Division awareness and training: The Company Annual Risk Management Division awareness and training week was conducted and all topics were facilitated by external facilitators to enhance the program effectiveness and to increase the participation of executives management staff. It inculcated the philosophy and policy relating to control activities and emphasized the individual control roles at each line of defense. The theme: of the week was *"Risk Management, Compliance, and Controls Culture: Key Requirement for Organizational Sustainability*"

- Monitoring and review Activities: Monitoring and reviewing activities of the Company's transactions were strengthened in line with Company policy and procedures to assure adherence to internal company policies, statutory regulations/requirements, and international best practices. This was aimed at reducing the exposure of the Company to operations and compliance risk;

- Report Rendition: Improved on and sustained the preparation and presentation of monthly activities and exceptional reports to Senior Management on control failures, key exceptions, and the actions are taken or remediation to address such failures.

Enterprise Risk Management Report

1.0 Introduction

The Risk Management structure of AIICO is created to maintain value for stakeholders, and forms an integral part of the Group's processes and procedures. It is also delicately fused to the Group's culture. Furthermore, it addresses uncertainties considered in every decision-making process and is periodically reviewed for continuous improvement. The Group has an efficient risk management system, which is considered key to developing its business and achieving its objectives.

The implementation of the Enterprise Risk Management programme has incorporated some of the elements of ISO 31000:2009 standard, with emphasis on the relationship between the risk management principles, framework and processes.

By effectively managing our risks, we maintain our resilience and make sure we are there when our customers need us. our risk management describes our major risks and how we proactively manage them.

Besides, the Group already has an established Enterprise Risk Management Framework that provides the foundations and arrangements, which lays the foundation for effective risk management and controls throughout the organization at all levels. The framework also provides the Group with the appropriate guidance to ensure that its actions and activities regarding risk management are consistent with the need to meet competitive challenges and are in line with regulatory requirements.

The overall aim of the Group's enterprise risk management (ERM) process is to support better decision making through a thorough understanding of risks and likely impact on business objectives. As uncertainties in the market place are part of the Firm's business management, the Group monitors and manages its exposure to various risks in a structured and proactive way. Information on risk derived from the risk management process, is reported appropriately and used for decision-making.

The Board of Directors and Management, in carrying out its oversight ERM functions, achieved the following during the financial year:

- Reviewed the activities and effectiveness of the organisation's risk management and control systems;
- Maintained the ISO 22301: 2012 (Business Continuity Management System) Certification, following a continuous assessment visit by British Standard Institute(BSI);
- Assessed the Asset and Liability Management and other Committee reports, to guarantee adequacy and effectiveness of the risk management and control systems;
- Set the Risk Appetite and ensured compliance with the approved risk appetite and tolerance limits;
- Reviewed and approved the Operational Risk Management Manual and related documents for adequacy and continuous improvement;
- Approved continuous ERM training and awareness across all levels, to enhance the organisation's risk management and control culture;

Monthly and Quarterly meetings were held by the Management and Board respectively, to assess the adequacy and effectiveness of the risk management process, as well as a review the core activities of the Enterprise and Risk Management division.

2.0 Risk Management Governance Framework

The Group's approach to risk management is supported by a best-in-class Enterprise Risk Management framework, backed by a risk-aware culture across the group. The Group is committed to continually improving this framework, as well as its risk management capabilities and culture, to ensure long-term growth and sustainability of its business.

The Board of Directors is ultimately responsible for the governance of the Group's risk management and committed to ensuring that appropriate and effective risk management and control systems are established across the group. It periodically reviews the system for adequacy, effectiveness and continuous improvement.

The Board approves the Group's risk management policies and meets regularly to consider any commercial, regulatory and organisational requirements of such policies. These policies define the Group's identification of risk and its interpretation, as well as the limit structure to ensure the appropriate quality and diversification of assets, align underwriting and reinsurance strategies to corporate goals, and specify reporting requirements.

Enterprise Risk Management Report

Risk Management Governance Framework

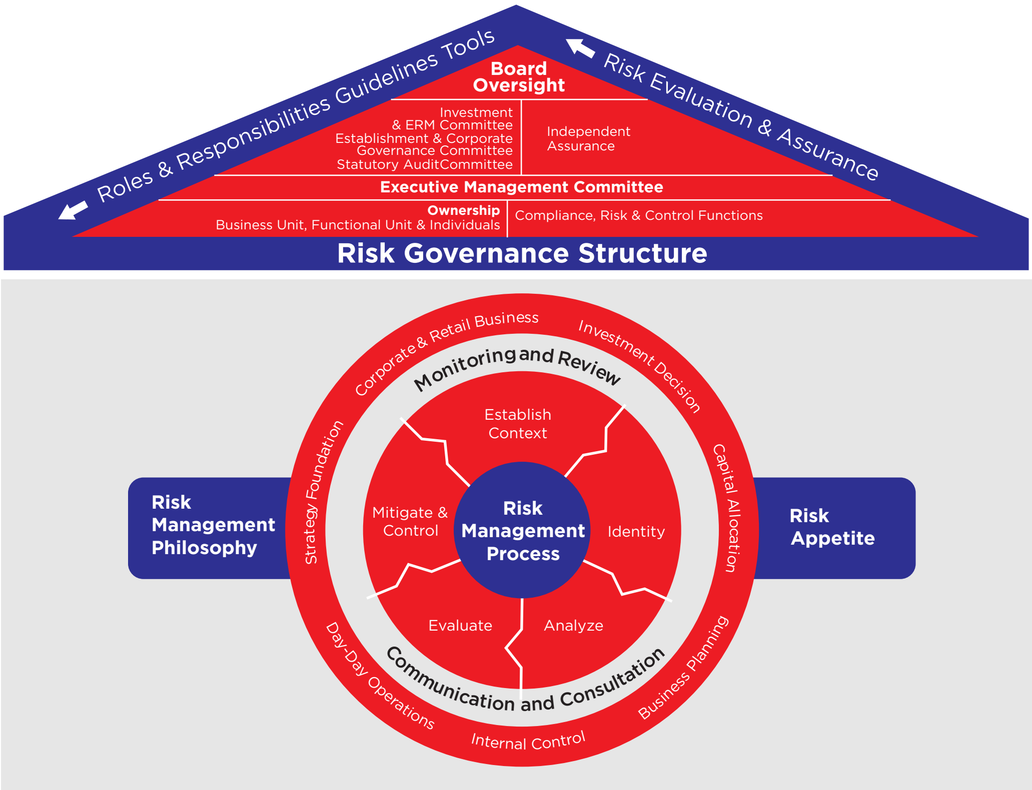


Figure 1: Risk Management Governance Framework in AIICO Insurance PLC.

Executive management recognises the critical importance of having an efficient and effective risk management system in place. The Group has established a risk management function with clear terms of reference from the Board of Directors, its committees and the associated executive management committee. This is supplemented with a clear organisational structure and outlined responsibilities from the Board of Directors to the executive management committee and senior managers.

To demonstrate commitment to a robust ERM and control system, the Investment and ERM Board Committee met quarterly in 2019, while the ERM Management Committee met monthly during the period. ERM and control reports, and related issues were the focus of meetings.

Role of Board of Directors

The ERM framework provides detailed responsibilities of the Board, its Committees and Management for managing the Group's risks.

Below are the responsibilities of the Board in the management of risk:

- Approve and periodically review risk strategy and policies;
- Approve AIICO's risk appetite and monitor AIICO's risk profile against this appetite;
- Exercise oversight over the process for the Group's identification and assessment of risks, and the adequacy of prevention, detection and reporting mechanisms;
- Periodically review changes in the economic and business environment, along with trends that may threaten the Group's business model, key strategies, future performance, solvency and liquidity;
- Review the adequacy and effectiveness of risk management and controls;
- Ensure AIICO's risk strategy reflects its tolerance for risk;
- Review and approve changes/amendments to the risk management framework;
- Review and approve risk management procedures and controls for new products and activities;
- Receive risk management reports periodically from Senior Management, highlighting key risk areas, control failures and remedial action steps taken by Senior Management;

Enterprise Risk Management Report

- Define AIICO's overall risk appetite in relation to operational risk, business and strategic risk, underwriting risk, reserving and solvency risk, market and liquidity risk, credit risk, reputational risk, compliance risk, and legal risk.
- Approve AIICO's overall strategic direction and risk tolerance, in relation to operational risk, underwriting risk, reserving and solvency risk, business and strategic risk, market and liquidity risk, credit risk, reputational risk, compliance risk and legal risk, based on the recommendation of the Board Investment and Enterprise Risk Management Committee.
- Ensure that AIICO's overall risk exposure is maintained at prudent levels and consistent with the capital held.
- Ensure that the risk exposure for the various functions, have detailed policies and procedures in place (development management and recovery).
- Ensure that Senior Management as well as individuals responsible for operational, underwriting, reserving and solvency, business and strategic, market and liquidity, credit, reputational, compliance, and legal risk management, possess sound expertise and knowledge to accomplish the risk management functions.
- Ensure that AIICO's ERM Framework is subject to effective and comprehensive internal audit by independent, appropriately trained and competent personnel and/or Professional Body.
- Ensure that the Group's Senior Management has the required authority and ability to manage risks.
- Ensure that the Group implements a sound methodology that facilitates the identification, measurement, monitoring and control of operational risk, underwriting risk, reserving and solvency risk, business and strategic risk, market and liquidity risks, credit risk, reputational risk, compliance risk and legal risk.
- Set appropriate guidelines to Management, including an explicit statement of a zero tolerance policy for all unethical behaviour and breach of internal policies and procedures.
- Ensure the Group complies with all statutory responsibilities and regulatory guidelines.
- Review all exception reports by external parties, such as regulators and auditors; ensure that appropriate sanctions are applied to offending officers; demand from Senior Management appropriate explanations for all exceptional items; ensure that Senior Management puts in place effective and remedial actions and reports on progress to the Board on an on-going basis.
- Ensure, at all times, that only fit and proper persons are appointed to Senior Management positions in the Group.
- Define clear guidelines with AIICO's code of conduct, which all employees are expected to comply with.

Role of Board Committees

The above responsibilities of the Board of Directors are discharged primarily through four committees of the Board, namely:

The ERM Framework being the main risk governance document, sets standards for effective risk management. It describes the principal risk types and defines the appetite for risks at all levels. The Risk Management procedure provides guidelines to implement the principles in our Framework.

- Board Investment and Enterprise Risk Management Committee
- Board Audit Committee and
- Establishment and Corporate Governance Committee
- Finance and General Purpose Committee

Without prejudice to the roles of these committees, the Board retains ultimate responsibility for the management of risks and control of the organisation. The committees meet at least once per quarter and present their reports to the Board.

3.0 Capital Risk Management

Objectives, policies and approach

The Group has established the following capital management objectives, policies and approach to managing the risks that affect its capital position:

i. To maintain the required level of stability of the Group, thereby providing a degree of security to policyholders.

ii. To allocate capital efficiently and support its business development, by ensuring that returns on capital employed, meet the requirements of its capital providers and its shareholders.

iii. To retain financial flexibility by maintaining strong liquidity and access to a range of capital markets.

iv. To align the profile of assets and liabilities, taking account of risks inherent in the business.

Enterprise Risk Management Report

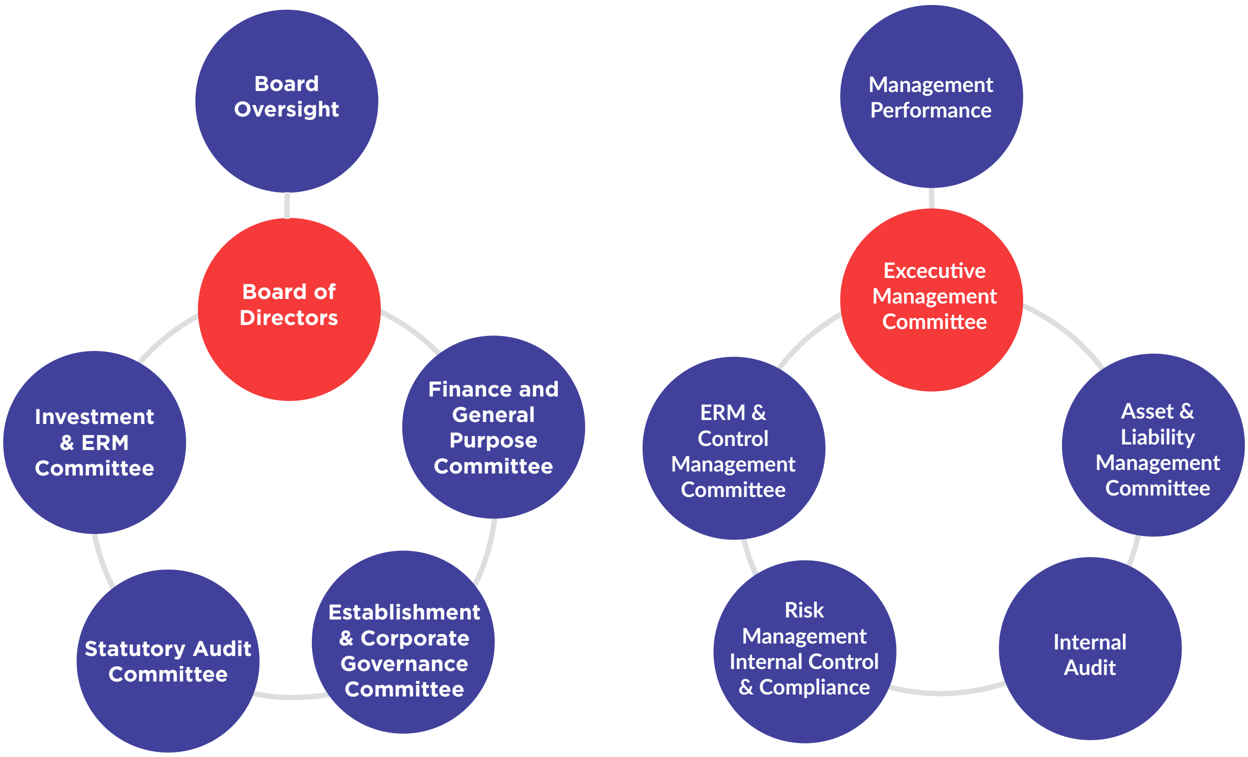


Figure 2: Risk Management Governance

v. To maintain financial strength to support new business growth and to satisfy the requirements of policyholders, regulators and stakeholders.

vi. To maintain strong credit ratings and healthy capital ratios in order to support its business objectives and maximise shareholder value.

In reporting financial strength, capital and solvency are measured using the rules prescribed by the National Insurance Commission (NAICOM). These regulatory capital tests are based upon required levels of solvency, capital and a series of prudent assumptions in respect of the type of business written. The Group's capital management policy for its insurance and non-insurance business, is to hold sufficient capital to cover the statutory requirements based on NAICOM's directives, including any additional amounts required by the regulator.

4.0 Financial Risk Management

The Group has exposure to the following risks arising from financial instruments:

- Credit risk
- Liquidity risk
- Market risk

Each of these risks are discussed below:

1. Credit risk

Credit Risk is the risk to earnings or capital from the possibility that a borrower or counterparty will fail to perform on an obligation applicable to:

- Inability of policyholders to pay renewal premium as at when due
- Investment related
- Transaction with other clients

Enterprise Risk Management Report

What is the Group's Risk Appetite to Credit Risk?

We have a low appetite to credit risk as it has no upside, however we do recognise that it is unavoidable in the pursuit of strategic/business objectives and it is not outside our risk management expertise.

How is the Group Exposed to Credit Risk for its Life and Non-Life Businesses?

The Group is exposed to credit risk on several fronts, which include investments held by issuing authorities other than the Federal and/or Local State Governments of Nigeria, deposits held with banking institutions and exposure from co-insurers, as well as exposure from reinsurance contracts. All these require that AIICO engages with a counterparty, which is required to fulfil its obligations to the contract.

How is the Group managing the risk?

To manage its exposure, the Group has put in place certain measures listed below:

- Assessments of the credit rating of borrowers, issuers of investment securities and/or other counterparties, before entering into contractual obligations.
- Counterparty limits under asset allocation to avoid significant exposure to a single issuer and monitoring implementation of same.
- Requiring provision of collateral transactions.
- Regular rebalancing of investment and reinsurance portfolios.
- Reporting defaulters to the credit reference bureau for blacklisting.
- Diversification of banking institutions in which deposits are held.
- Securing credit insurance to mitigate the severity of defaults should they materialise.
- Prompt processing and follow up of reinsurance and third-party recoveries, to ensure they are received on time, to avoid/reduce risk of default.
- Coordinate Credit Risk Management with the management of other risks inherent in AIICO's business activities.

How significant is our exposure i.e. what could go wrong?

The Group's Life business exposure to credit risk is not material, as the bulk of its assets are financial assets with the Federal Government of Nigeria. Non-financial assets such as land, buildings and investment property are company-owned, hence not subject to default.

Exposure to reinsurers for the life business is not material, relative to the Non-life business.

The Group's Non-life business has significant exposure to credit risk from its coinsurance and reinsurance counterparties. Reinsurance assets (recoverable from paid claims, outstanding claims reserves, reinsurance share of incurred-but-not-reported reserves, unearned premium reserves, etc.) constituted over 24% and 19% of total assets as at December 2018 and December 2019 respectively.

This is however not a material risk, as a key management approach to this risk is engaging reinsurers with a global footprint, acceptable rating, excellent reputation and good financial standing. Additionally, regular interaction with key contacts at reinsurers for technical support and to obtain updates on the health/status of the reinsurer.

2. Liquidity risk

Liquidity risk is the risk stemming from the lack of marketability of an investment that cannot be bought or sold quickly enough to prevent or minimise a loss, or the risk of deviation in the actual cash flow requirements from the expected cash flow requirements. This risk could have a significant impact on the ability of the Company to honour its commitments towards clients and creditors.

The key components of liquidity risk are:

i. Funding risk - the risk that the actual cash flow requirements deviate from the expected cash flow requirements.

ii. Marketable Assets risk - the risk that assets cannot be realised at reasonable prices because of unfortunate timing and/or stressed market conditions.

iii. Intra-Group risk - the risk that the Company may be exposed to calls on its own liquid resources from other entities in the AIICO Group.

What is AIICO's Risk Appetite to Liquidity Risk?

AIICO has a low-to-moderate liquidity risk appetite for the Non-Life business and moderate-to-high for the Life business, due to the short-term and long-term nature of the contracts under Life.

Enterprise Risk Management Report

How is AIICO exposed to Liquidity Risk?
AIICO is exposed to funding risk in the sense that actual cash flow requirements quickly change from expectations for the following reasons:

i. Large/catastrophe claims under Non-life and Group life short-term insurance contracts that create significant demands to liquid resources before reinsurance recoveries are received.
ii. Significant and sustained increase in attrition claims under the same contract under (I) above.
iii. Significant and sustained increase in surrenders and lapses that create significant demands to liquid resources and/or require disinvestments.

AIICO is exposed to marketable asset risk when the change in the actual cash flow requirements due to the aforementioned, require liquidation of assets at short notice to meet the obligations and/or in distressed market circumstances, even in the absence of such liquidity demands.

AIICO is exposed to intra-group risk, as it is the ultimate parent of the AIICO subsidiaries, which effectively places AIICO under implicit guarantee to support its subsidiaries under distressed circumstances, which may otherwise lead to significant reputational risk for the company and the Group as a whole.

How is AIICO managing its Liquidity risk?
Managing liquidity risk within AIICO is well developed as the Company experiences sizeable demands on its liquid assets from time to time. The key way to managing this is an explicit strategic allocation of a percentage of the liquid assets of the Life and Non-Life businesses, to smooth out occasional short-term liquidity demands.

Additionally, the AIICO has a cash call provisions in its reinsurance arrangements and putting in a place a range of measures outlined below:

i. Monitoring and reporting its liquidity risk profile through: multi-year cash flow projections under normal and stressed market conditions.
ii. Limits framework as outlined above, by way of holding a certain percentage of assets in liquid and readily realisable assets.
iii. Liquidity contingency plan: The Group will in future put in place a liquidity contingency plan to reduce the likelihood and/or impact of not being able to meet its financial obligations under severe distressed circumstances affecting a large proportion of the insurance industry i.e. under stressed market conditions.
iv. The Group aims to maintain the level of its cash and cash equivalents and other highly marketable debt investments, at an amount in excess of expected cash outflows on financial liabilities over the next 60 days.

3. Market risk

Market Risk is the risk that the Company's earnings or capital, or its ability to meet business objectives, will be adversely affected by changes in the level or volatility of market rates or prices such as interest rates, or equity prices.

What is AIICO's Risk Appetite to Market Risk?
We have a moderate-to-high appetite for market risk, as it is in line with our core business objectives and within our risk management expertise.

The organization's risk appetite framework has stated clearly the limits of its tolerance as regards market risk. It stipulates that:

- The duration mean term of the residual insurance investment assets, must be matched to insurance liabilities at an 85% confidence level.
- The financial/insurance obligations must match at a minimum 95% confidence level with appropriate choice of assets.
- These liabilities include, but are not limited to:
    - Insurance Contract Liabilities.
    - Investment Contract Liabilities.
- There is zero appetite for investment loss of more than 15% of market value of equity investment as at the beginning of each year.

Life Insurance

How is the Life Business exposed to Market Risk?
AIICO sells Retail Life products that exposes the company, through investment of the assets backing the policyholder reserves, to changes in the prices of financial assets, mainly interest rates driven by government bond yields, interests on money market

Enterprise Risk Management Report

instruments, equities and property prices, and currency. Adverse price movements in the various markets, pose risks to the company's earnings and capital.

How is the Life Business managing this risk?
Market risk is managed according to several measures including:

i. Asset-liability matching policy, which requires regular monitoring of assets and liabilities by nature, term, currency and modified duration.

ii. A strict investment mandate, as defined by our Risk Appetite and enforced by our Investment Policy.

iii. Fundamental analysis of investment positions, diversification across asset classes, stop loss limits for all investments, frequent portfolio rebalancing, active portfolio and market performance monitoring.

How significant is our exposure
The following scenario tests were performed to test the significance of our key exposures to market risk variables as at December 2019 (amounts are in '000):

Summary	Base	Interest rate +1%	Interest rate -1%	Expense Inflation +2%	Expense Inflation -2%
Individual	87,187,464	83,709,526	91,123,063	87,718,659	86,761,287
Group	4,985,817	4,985,817	4,985,817	4,985,817	4,985,817
Reinsurance	(640,109)	(640,109)	(640,109)	(640,109)	(640,109)
Net Liability	91,533,172	88,055,234	95,468,771	92,064,367	91,106,995
% Change in Liability		-3.8%	4.3%	0.6%	-0.5%

Retail Life's liabilities are significantly sensitive to changes in interest rates, compared to the rates of inflation in the economy.
The Life business' assets mix as at December 2019 relative to December 2018, is shown below:

Life Portfolio Asset Mix				
Asset Amount (N'Million)	**2018 YE**	**%**	**2019 YE**	**%**
Cash and cash equivalent	1,887	2.3%	5,428	4.8%
Reinsurance assets	816	1.0%	703	0.6%
Deffered acquisition cost	-	0.0%	-	0.0%
Financial asset	**71,664**	**86.2%**	**96,636**	**86.1%**
Deferred tax asset	-	0.0%	-	0.0%
Investment in subsidiary	1,651	2.0%	1,651	1.5%
Investment in property	230	0.3%	466	0.4%
Property, plant and equipment	4,894	5.9%	5,203	4.6%
Other receivables and prepayment	1,652	2.0%	1,815	1.6%
statutory deposit	230	0.3%	200	0.2%
Goodwill and other intangible asset	145	0.2%	95	0.1%
Total Asset	**83,169**	**100%**	**112,196**	**100%**

From the above, the assets of the business are predominantly in financial assets (which mainly includes federal government bonds and bills), land and investment property, money market instruments (cash and cash equivalents), quoted equities, prepayments and other receivables.

In isolation, the exposure to market risk from the financial assets may seem significant, but the movements in the bulk of the assets are linked to the corresponding movements in policyholder reserves/liabilities through the valuation interest rates used in the reserving for retail Life SBU. Assets are chosen such that they aim to match the price movement of the liabilities to the extent practical. This is achieved through matching the modified duration of the assets to the modified duration of the liabilities to the extent practical.

It is standard practice to target differences between duration of assets and liabilities to be less than one.
Taking the aforementioned into account, the balance of the market risk is not significant to the Life business.

Non-Life Insurance

How is the Non-Life Business exposed to Market Risk?
AIICO backs its Non-life reserves and part of excess assets, with investment assets that exposes the Group to changes in the prices ofthe assets, mainly Federal Government Treasury bills and bonds, money market instruments and equities. Adverse price movements in the various markets, pose risks to the Group's earnings and capital.

How is the Non-Life Business managing the risk?
Market risk is managed according to several measures including:

Enterprise Risk Management Report

i. Asset-liability matching policy, which requires regular monitoring of assets and liabilities by nature, term, currency and modified duration.
ii. A strict investment mandate, as defined by our Risk Appetite and enforced by our Investment Policy.
iii. Fundamental analysis of investment positions, diversification across asset classes, stop loss limits for all investments, frequent portfolio rebalancing, active portfolio and market performance monitoring.

How significant is our exposure i.e. what could go wrong?
The market risk exposure to Non-life business is not material, as most of the financial assets are invested in short-term and liquid investments. Liquid investments are encouraged or required due to the nature of short-term insurance business, where large claims may need to be paid at short notice and before recoveries are received from reinsurers.

The table below summarises market risk exposure and financial assets listing (which account for over 27% of the total risk exposure as at YE 2019) of Non-Life business segment.

Non-Life Asset Mix				
Asset Amount (N'Million)	**2018 YE**	**%**	**2019 YE**	**%**
Cash and cash equivalent	2,633	16.0%	2,739	11.1%
Trade Receivables	132	0.8%	303	1.2%
Reinsurance assets	3,870	23.6%	4,758	19.3%
Deffered acquisition cost	466	2.8%	489	2.0%
Financial asset	**5,094**	**31.0%**	**6,779**	**27.5%**
Deferred tax asset	-	0.0%	-	0.0%
Investment in subsidiary	802	4.9%	802	3.3%
Investment in property	325	2.0%	306	1.2%
Property, plant and equipment	1,804	11.0%	1,833	7.4%
Other receivables and prepayment	172	1.0%	5,503	22.3%
statutory deposit	300	1.8%	300	1.2%
Goodwill and other intangible asset	820	5.0%	812	3.3%
Total Asset	**16,417**	**100%**	**24,623**	**100%**

Currency risk exposure
AIICO has a total foreign currency denominated liability of $13.9m; this consists of a medium-term foreign currency denominated (US Dollar) loan from the International Finance Corporation (IFC), with an outstanding amount of $7.2m and insurance contract liabilities of $6.6m (with a significant portion of it coming from the non-life business) as at 31 December 2019. However, AIICO's total foreign currency denominated asset is about $11.7m as at 31 December 2019, which is held in cash, fixed deposit, and reinsurance assets. Thus, we have a deficit foreign currency denominated amount of $2.2m, not backed up by AIICO's foreign denominated assets (although backed up by local currency denominated assets).

A strengthening and/or weakening of the deficit foreign currencies by approx. 10%, will have a net impact to the business of approx. NGN100m+. This is not significant to the business overall.

5.0 Insurance Risk Management

The principal risk the Group faces under insurance contracts is that the actual claims and benefit payments or the timing thereof, differ from expectations. This is influenced by the frequency of claims, severity of claims, actual benefits paid and subsequent development of long-term claims. Therefore, the objective of the Group is to ensure that sufficient reserves are available to cover these liabilities. The risk exposure is mitigated by diversification across a large portfolio of insurance contracts and geographical areas. The variability of risks is also improved by careful selection and implementation of underwriting strategy guidelines, as well as the use of reinsurance arrangements.
The Group purchases reinsurance as part of its risks mitigation programme. Reinsurance ceded is placed on both a proportional and non-proportional basis. The majority of proportional reinsurance is quota-share reinsurance, which is taken out to reduce the overall exposure of the Group to certain classes of business. Non-proportional reinsurance is primarily excess-of-loss reinsurance designed to mitigate the Group's net exposure to catastrophe losses. Retention limits for the excess-of-loss reinsurance vary by product line and territory.

Amounts recoverable from reinsurers are estimated in a manner consistent with the outstanding claims provision and are in accordance with the reinsurance contracts.

Enterprise Risk Management Report

Although the Group has reinsurance arrangements, it is not relieved of its direct obligations to its policyholders and thus a credit exposure exists with respect to ceded insurance, to the extent that any reinsurer is unable to meet its obligations assumed under such reinsurance agreements.

The Group's placement of reinsurance is diversified such that it is neither dependent on a single reinsurer nor are the operations of the Group substantially dependent upon any single reinsurance contract.

6.0 Cybersecurity Risk Management

The Group understands that cybersecurity risk and cyber-attacks may have a significant impact on its financial statements and therefore continuously pays attention on managing this risk to ensure that the likelihood and impact of threats and vulnerabilities are minimized.

A combination of strategies, technologies and user education has been established by Management to protect the Group against cybersecurity attacks that can compromise systems, steal data and other valuable Group information, and damage an enterprise's reputation. This system focuses on the protection of the Group and Clients' information, data, associated information system and assets.

The Group has commenced the implementation of the Information Security Management System (ISMS) and looks forward to earning the ISO27001 certification in the coming financial year, which further assures the security of the Group's information assets and mitigate the impact of any security breach.
The Group conducts regular cybersecurity training and education for its leadership, managers and users, including training on all aspects of the Risk Management Framework and this policy. This is to protect them and the group against **cyber-attacks** and threats, empowering users with the technical proficiency, mastery and knowledge to recognize and mitigate a cyber-threat.

7.0 The Three Lines of Defence

AIICO adopts the 'three lines of defence' risk management framework, which allows for input across all levels of the business to help manage current risks and keep abreast of emerging risks. This is embedded in the Group's enterprise risk management structure, which includes management's approach to risks inherent in the business and its appetite for these risk exposures.

The Group operates and sustains the 'three lines of defence model' to establish a risk management capability and promote a risk culture across the Group.

Under this approach, AIICO continuously assesses and monitors its risk profile against the set standard which emphasises strict adherence to controls and best practices. The model provides the business with an effective approach to clarifying key roles and functions, and helps to ensure the effectiveness of the Group's risk management initiatives.

<u>First Line of Defence</u>
The units or business functions that perform daily operational activities, especially those that are at the Group's front lines, implement this. They own and manage the inherent risk exposures of the business in accordance with approved risk appetites, mandates, and limits set by the Board and ensure full compliance with the framework, policies, and approval requirements among others.

The Group's line managers are responsible for ensuring a conducive risk and control environment, as part of their day-to-day functions and operations. They implement risk management policies and create an awareness of risk factors that are considered responsible for tactical decisions and actions and as well deter the Group's corporate growth.

Employees in the first line of defence identify risks, implement controls and provide business initiatives that are value adding and improve the risk management process.

<u>Second Line of Defence</u>
Risk management, compliance and control functions execute the second line of defence. These roles provide oversight and submit reports to the Executive Management over business processes and risks, as well as the assurance that business functions are implemented in accordance with the established risk management framework, policies and standard operating procedures. They guide and provide direction for implementing and monitoring the Group's overall risk management strategy.

The second line of defence reviews and assesses the risk-taking activities of the first line of defence and the actions being taken to manage and control risks, and reports to the Executive Management and Board of Directors appropriately.

<u>Third Line of Defence</u>
This line of defence comprises the Internal

Enterprise Risk Management Report

Audit and other independent assurance providers that provide an independent and objective assurance over the risk management process, controls and objectives, as established by AIICO Insurance. More importantly, this role evaluates how the first and the second lines of defence achieve their risk management, governance and control objectives and reports to the Board accordingly.

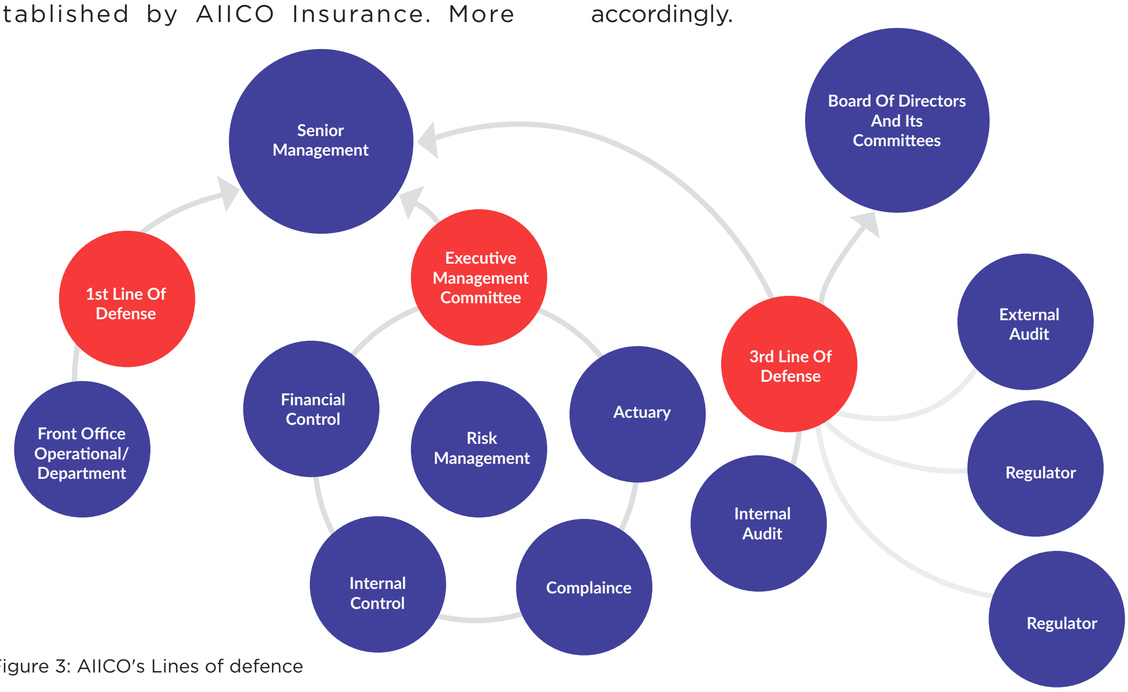


Figure 3: AIICO's Lines of defence

8.0 Risk Culture

A strong risk culture is promoted throughout the Group, with a continuous process that is rooted and reflected in its corporate values, leadership styles and operations. It is the definition of sustainable growth and the glue that binds all elements of the risk management infrastructure together.

The Group recognises the importance of effective risk management to achieve its corporate objectives. Hence, it has established a risk culture throughout the Group as a fundamental tool for effective risk management. The risk culture significantly affects the Group's capability to take competitive and effective strategic risk decisions and delivery of promises to stakeholders. In addition, AIICO extends its risk culture to third party suppliers and partners, to help ensure third parties are managing risks within guidelines or meeting their internal risk standards.

The Board, on its part, sets the tone by the establishment of a risk appetite, an ERM framework, and a functional ERM and Control department. The Board holds a quarterly review of risk management reports and risk related activities for oversight and continuous improvement. There is a formal process to consider risks at each decision-making circle, along with a consistent and repeatable approach that allows for an understanding of the various impacts.

The Management conducts periodic risk assessments; risk owners are identified and reports communicated and continuously monitored by the second line of defence to provide reasonable assurance. In addition to internal audit periodic inspections, the British Standard Institution (BSI) and KPMG, conduct periodic independent audit exercises in areas of operations and activities with critical risks.

Risk Management awareness week is conducted yearly to sensitise staff across the strategic business units and divisions, of the need and importance of prompt identification and effective management of both internal and external risks in the operating environment. The one-week programme is to ensure a common understanding, awareness and effective management of risks across the organisation.

The board, management and staff are committed to continuous improvement of the Group's risk culture. AIICO ensures a visible and substantive change in its risk culture, to guarantee its stakeholders that its business can be trusted. The Group will continue to experience, across board, changes in its culture and when required, refocus its attitude and behaviour in meeting the needs of its stakeholders.

Complaints Management Policy

For the year ended 31 December 2019

1.0 Objectives

The objectives of the Complaints Management Policy are to:

- Lay down the guidelines, procedures, best practices and minimum criteria for handling and redress of complaints received by AIICO from various sources in an effective, efficient, fair and impartial manner;
- Provide guidance to the individuals who are responsible for handling and resolving complaints within AIICO;
- Incorporate the knowledge gained through resolution of the customer complaints in the form of re-engineering of the process;
- Adhere to SEC Rules relating to the Complaints Management Framework of the Nigerian Capital Market, which requires every listed company to establish a clearly defined Complaints Management Policy, endorsed by Senior Management, to handle and resolve complaints.

AIICO shall deal properly with any reasonable complaint provided that it relates to a service or product provided.

2.0 Definition

Complaints are one of the most direct and effective ways for the customer to relay to the businesses that there is a room for improvement and hence the Complaints Management Policy is framed to redress the grievances of customers. For the purposes of this guideline, a complaint shall refer to a matter for which redress is being sought in relation to a product sold or offered for sale or a service offered or failed to be offered as per agreed terms. Any communication that expresses dissatisfaction about an action or lack of action, in the course of business, about the standard or deficiency of service of our Company and/or any of our agents shall be deemed to be a complaint.

According to the SEC Complaint Management Framework of the Nigerian Capital Market, the under listed complaints shall NOT be handled under the above context:

- Complaints against private wound up and liquidated companies
- Complaints on matters that are subjudice or in arbitration
- Complaints falling outside the purview of the Securities and Exchange Commission

3.0 Types of Complaints

Complaints shall be classified into the following categories:

- Fraud and Suppression
- Misrepresentation
- Forgery
- Claims and Benefits Issues
- Others as may be defined by the Complaints Management Committee

4.0 Commitment and Resources

All levels of management shall be committed to the laid down procedures; particularly, the Senior Management shall act through the Complaints Management Committee to ensure that these procedures are integrated into the culture of the organization and monitored for compliance purposes.

The Complaints Management Committee, saddled with the responsibility of executing the terms of this policy, shall sit on ad-hoc basis, with membership comprising of representatives of the following offices:

• Head of Ent. Risk Management	Chairman
• Customer Service Officer	Secretary
• Head Internal Audit	Compulsory Member
• Head Legal	Compulsory Member
• Head Customer Service	Compulsory Member
• Head Agency Administration	Compulsory Member
• Head Life Technical Division	Compulsory Member
• Head Non-Life Technical Division	Compulsory Member
• Head Finance	Compulsory Member

The management shall also ensure that:

- All members of staff are educated about and familiar with the internal procedures
- Adequate financial resources are allocated to complaints management and sufficient levels of authority are delegated to handle the process
- Adequate systems are put in place and reporting procedures implemented to ensure timely, effective and consistent complaints handling and monitoring
- Reasonable steps are taken to ensure that customers know about the existence of the complaints handling mechanism and how to lodge complaints

5.0 Where to Lodge Complaints

Complaints may be lodged at/with any of the following touch points:

- By email to **complaints@aiicoplc.com**
- By surface mail to the Head Office

By surface mail to any of the branch offices

- Call 0700AIICONTACT (0700 2442 6682 28) or 012792947-8
- Visit www.aiicoplc.com and follow the customer service link

Complaints Management Policy

For the year ended 31 December 2019

6.0 Resolution Procedure

These steps are to be followed in redressing grievances:

Step 1: Registration of complaints received through any of our touch points - whether in writing, in person or by way of telephone call.

Step 2: Responsibilities of the Complaints Management Committee - the committee shall be responsible for the following:

- Acknowledging complainant's letter within forty-eight (48) working hours of receipt
- Sending a closure and resolution letter alongside acknowledgment, where the matter is resolved within three (3) days
- Scrutinizing the complaint communication on its receipt and understanding customers' grievances
- Identifying the complaint and classifying it to the correct complaint type or subtype for effective analysis
- Investigating the complaint with the relevant team(s) and available information and providing resolton to the customer
- Sending request(s) to complainant for alternate contact details, where the complainant could not be reached and information that would aid investigation still pending or required
- Ensuring records of all complaints received are maintained and case facts documented in the complaints register, whether satisfactorily resolved or otherwise
- Closing each complaint after resolutions. A complaint shall normally be settled within 30 working days from the date of the filing
- Informing the customer in writing of the resolution and closure, where he/she is satisfied, by sending AIICO's final response to the complainant within the prescribed time limit

Step 3: In cases where the customer is not satisfied, he/she may be advised to further pursue redress with the Office of the Commissioner, National Insurance Commission, Plot 1239, Ladoke Akintola Boulevard, Garki II, Abuja.

7.0 Communication Contents

All complaint letters must be acknowledged within 48 (forty-eight) hours of receipt and shall contain the following information:

- Details of how complainant could keep abreast of the complaint status
- Name, designation and direct contact of the officer assigned for follow up purposes.
- Complaints management and resolution procedures.
- Anticipated closure timeline.

The final response, where possible, shall indicate:

- The reasons or circumstances which have been considered for the settlement or non-settlement, as the case may be
- A proposal, as appropriate, any offer or other means of settlement made to the complainant

8.0 Conditions for Resolution and Closure

The complaint shall be considered as closed and disposed of when any of the parameters is met:

- AIICO has acceded to the request of the complainant fully
- Where the complainant has indicated acceptance of AIICO's response
- Where the complainant has not responded to AIICO within four (4) weeks of receiving the letter of resolution and closure
- Where the Company Secretary/Legal Adviser/Chief Compliance Officer certifies that AIICO has discharged its contractual, statutory and regulatory obligations
- Where the customer approaches with a fresh complaint after a letter of resolution and closure has been sent

9.0 Complaints Record Keeping and Reporting

A written report shall be rendered at the monthly Executive management meeting following committee sittings.

All relevant business units shall open, update and maintain e-registers for every complaint handled. The register shall basically contain the following prescribed components:

- Name of the complainant
- Date of the complaint
- Nature of complaint
- Complaint details in brief
- Remarks/comments

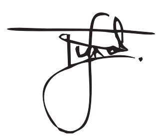
AIICO shall compile and render electronic copies of this report to the Nigerian Stock Exchange (NSE) on a quarterly basis at lr@nse.com.ng.

10.0 Code of Conduct Regarding Securities Transaction by Directors

The company has adopted a code of conduct regarding securities transactions by its directors and the directors have complied with the required standard set out in the listing rules

11.0 Approval:

Company Secretary



GMD/CEO

Babatunde Fajemirokun MD/CEO

Managing Director/ Chief Executive Officer

Helping our people be at their best is the critical enabler of our business strategy and fundamental to delivering our financial targets.

Dear Shareholders,

I am delighted to welcome you to the 50th Annual General Meeting of AIICO Insurance Plc.

Over the course of 2019, we undertook a thorough review of our businesses with a compelling strategic aspiration **"to attain market leadership through profitable growth".** This was because there was an urgent need to realign and reposition the business in the face of **changing consumer and industry dynamics.** Based on the progress made so far, it is my belief that we are on course and have the right strategy in place to continue to deliver sterling performance in the years ahead.

On this note, I am pleased to present your Company's scorecard for the 2019 financial year and also report on the Group's performance.

ANOTHER YEAR OF STRONG FINANCIAL PERFORMANCE

AIICO recorded strong financial results in 2019. The outstanding performance demonstrates our commitment to delivering on our strategic aspirations. As a Group, we achieved record earnings of **N50.1 billion, a 33% increase from 2018,** while profit before tax soared to **N6.2 billion, up 78%** from 2018.

Profit after tax also grew by 88% to N5.9 billion, compared to N3.2 billion in 2018. Return on equity also increased by 10.1bps to 32.6% (2018: 22.1%), while basic earnings per share increased by **89% to 83k** (2018: 44k).

Group Performance

We have transited to becoming the largest Ordinary Life insurance player, offering a suite of risk and endowment products to diverse customer segments. This is largely influenced by our unparalleled products & distribution, actuarial capabilities and investment prowess.

Gross written premiums from our **Life Business grew by 40.2% to N37.3 billion in 2019 (2018: N26.6 billion).** Ordinary life products grew by 28.5% to N27.1 billion (2018: N21.1 billion), annuity saw an impressive increase of 165% to N6.9 billion from N2.6 billion in 2018; and Group Life business grew 10.3% to N3.2 billion (2018: N2.9 billion). Our expanded agent footprint across the country, now equipped with top line digital resources, helped spur growth of new businesses in the life market. We will continue to modernize and invest in our agency workforce for improved productivity and performance - even as we prepare to win the ongoing competition in the insurance retail landscape.

As at the end of year 2019, the Life technical reserves (change in life funds) increased by **N21.7 billion** driven by; significant growth in new business (N12.3 billion reserves set up for new business acquired in the year); impact of changes in yields on Federal Government securities in the economy especially in 2019 Q4 following CBN's monetary policy actions (N8.1 billion increase in reserves due to generally lower yield environment); impact of assumption changes such as mortality, withdrawal experience, per policy expenses and increased inflation which increased reserves by N1.4 billion; and with Group business reserves being largely flat in the year due to offsetting movements.

MD/CEO's Statement

The impact of changes in yields on Federal Government securities in the economy was, however, offset by increase in fair value of assets backing life technical reserves due to lower yields. The above combined with active asset-liability management efforts (on assets backing technical/policyholder reserves and shareholders' assets) led to improved net fair value and realized gains of about N14.0 billion for the Company. As we grow our life book, we will continue to take proactive steps to ensure adequacy of the assets backing the policyholders' liability for long-term sustainability of the business.

Our **Non-Life Business** continues to witness impressive upward trends, with gross written premiums rising from N10.4 billion in 2018 to N12.2 billion in 2019, a growth of ca. 17%. The ongoing journey towards operational efficiency for our Non-Life business is beginning to yield expected results. During the year under review, deliberate actions were taken to ensure better risk selection, adequate technical underwriting/pricing and prudent reinsurance arrangements, which led to an improved underwriting performance.

AIICO Capital, our asset management business, continues to achieve notable performances: with AUM growing to over N91 billion in FY'19, a 19% increase (FY'18: N76 billion).

As a result, we achieved strong underwriting margins during the year, with **underwriting profit growing by 33% from N1.8 billion to N2.4 billion** by the end of 2019. Over the next few years, the growth aspirations of our Non-Life business will be driven by adequate capitalization for increased market share, deliberate risk selection and improved customer relationship management whilst ensuring maximum return on equity.

AIICO Pension - the growth velocity of our pension management business continues to thrive with increased funds under management growing by 23% from N101 billion in 2018 to N124 billion in 2019. However, increasing competitive landscape and downward review of the fee structure by the Regulator is beginning to impact earnings. Consequently, total revenues remained flat at N1.38 billion in 2019 (2018: N1.37 billion) and profits before tax declined by -17% to N0.248 billion (2018: N0.299 billion).

Going forward, we are taking exceptional measures to aggressively increase our market share and improve cost-to-income ratio in order to boost profitability.

Efforts directed at repositioning our health management business, **AIICO Multishield Limited** is beginning to yield results with a 5% growth in reported premiums achieved in 2019, spurred by improved operational performance. Going forward, we will be focused on leveraging existing capabilities across the Group to capture the huge potential in the health sector and improve overall performance of our HMO business. We will continue to expand our product offerings, deepen our provider presence and improve our technical capabilities to take advantage of current opportunities and better position ourselves for emerging ones.

AIICO Capital, our asset management business, continues to achieve notable performances: with AUM growing to over N91 billion in FY'19, a 19% increase (FY'18: N76 billion). Profit before tax increased by 96% to N692 million in 2019 (FY'18: N353 million) an indication of our effective portfolio management; similarly, interest income increased significantly by over 100% within the period under review. Over the next few years, we aim to reassert our position to become the leading secured investments solutions provider in Nigeria - with a primary focus on fixed income investments as we proactively make provision to counter the declining interest rate in the country.

LEADING THROUGH FOCUSED EXECUTION OF STRATEGIC PLANS

The industry landscape and competitive dynamics is changing and only players with distinct offerings will win. At AIICO, we remained committed to implementing the key pillars of our 5-year strategic aspirations:

- We aim is to maximize **Shareholder Value** by selling our insurance and investment products and services subject to distributive justice and ordinary decency (fairness and honesty). In 2019, this objective was achieved by ensuring we run the business to maximize the returns to Shareholders. We will also **maintain a strong risk control and compliance function** to continuously improve the Company's corporate governance framework and further increase shareholder value by reducing avoidable costs from fines and sanctions.

- Disciplined execution of our strategic aspirations led to **increased market share** in key lines of our business. This was driven by our differentiated customer value propositions, channel and product strategy to increase share of new business and significantly improve on customer retention.

MD/CEO's Statement

- **People** - in the course of the year, we implemented series of people-driven initiatives aimed at driving strong leadership across the Company. We established the Management Acceleration and Retention Programme designed to (i) identify future leaders of our business, (ii) enhance their performance and accelerate their impact across the organization.

- **Service excellence** - We continue to transform our service delivery capabilities. Working with our new investor, Leapfrog, we are focused on driving improvements in **customer experience.** This means understanding our customers' pain points and developing the appropriate solutions to provide distinctive customer experience. Accordingly, we rolled out various digital platforms to connect with the customer of the future. During the year, we introduced ELLA, an artificial intelligence solution (chatbot) that provides customers with instant engagements and interactions on various insurance products and provides 24/7 support. We also deployed a robotic process automation (RPA) tool to improve our actuarial and other internal operational processes. We will continue to roll out cutting-edge digital platforms & channels to improve overall service delivery and convenience for our customers.

LOOKING FORWARD

Looking ahead, we expect a more competitive landscape across all the industry segments in which we operate, in addition to existing challenging operating environment, political uncertainties, regulatory headwinds as well as constrained economic & infrastructure development.

The year ahead presents a defining opportunity for us to advance the execution of our strategy in our quest to **go above and beyond to attain market leadership through profitable growth.**

At AIICO, we have commenced the journey to emerge ahead in the race to the top: we are investing in capabilities needed to evolve into a customer-centric, best-in-class lifestyle Company. We shall leverage on digital platforms and partnerships to reach new markets and build a center of excellence for innovation, automation and customer experience to re-imagine our business for the future generation of customers.

I am convinced that with the strength of our growing agency force, improved broker-client relationships, the breadth of talent within our organization and our strong brand, we are adequately positioned for success.

Dear Esteemed Shareholders, as always, I continue to seek your support and cooperation as we take our Company above and **beyond to new levels of performance.**

To all our clients, thank you for trusting in our ability to manage your risks and protect your wealth.

I will also like to appreciate our **Board of Directors** for their steadfast and exceptional leadership; and our **Staff and Management** team for their energy and commitment as they continue to deliver for our clients and all stakeholders.

Thank you and God bless.

Babatunde Fajemirokun
MD/CEO

AIICO has been involved in beneficial schemes to ensure employees perform at optimal level consistently. It has adopted a combination of work-life balance initiatives which have transcended into a production of a relaxed workforce, optimized to bring the best out of our employees across every area of operations.
Highlighted below are some of the people initiatives currently adopted by AIICO:

Lengthy Leave Days: Our employees are entitled to a total of 29 working days for their annual leave. This is essentially the highest number of leave days obtainable in the industry as at today and has been the practice for over the past ten years.

Flexi Work Hours: In recognition of the divergent needs of employees, the initiative was deployed to encourage and support flexible work arrangements as part of the alternatives that can assist employees in balancing work and personal commitments, while meeting business needs and objectives. This initiative, which was launched in 2016, allows employees work with Flexi Hours of either 7am - 4pm or 9am - 6pm and the normal work hours of 8am - 5pm.

Teleworking: In order to continue to build on our work-life balance programmes, AIICO took another step by introducing this initiative which is meant to provide job flexibility for employees to save the time spent in traffic commuting to/from work and promote the most effective and efficient received from employees have been very positive.

Team Bonding: An initiative that was also implemented in the last financial year was targeted at achieving the following;

- To foster cordial relationships and deepen connection across lateral and vertical lines among teams.
- To understand team members' interests, strengths and weaknesses.
- Bridging communication gaps.
- Encourage team spirit and collaboration to boost team performance and effectiveness.
- For a more friendly work environment where everyone is comfortable and happy.

The programme features various team games and activities away from the work environment.

Magic Fridays: AIICO recognized the need to provide an atmosphere where employees can relax, have fun and be entertained in a cinema setting after work hours on Fridays which brought about our Magic Friday initiative.

Gym: To promote fitness and a healthy lifestyle, AIICO provided a gym facility at the Head Office. It is accessible by all employees every day of the week before and after work hours and on weekends.

Management Team

Babatunde Fajemirokun
Managing Director/CEO

Adewale Kadri
Executive Director,
Corporate/Institutional
Business Division

Skills and Experience

Mr. Babatunde Fajemirokun is the Managing Director/Chief Executive Officer of AIICO Insurance Plc.

He started his career in 2001 as a visiting lecturer in the department of Economics & Enterprise at the Glasgow Caledonian University, Scotland. He joined Accenture (Nigeria) Financial Services Unit (Banking and Insurance Groups) in 2003, as an analyst and specialized in Mergers & Acquisitions projects. He joined Capgemini Consulting (UK) Business Information Strategy Unit (cross-industry) in 2008, as a Senior Consultant, and worked on UK government transformation projects.

Mr. Fajemirokun joined AIICO Insurance Plc, Life Division, in 2009 and was responsible for the delivery of key projects in its maiden transformation initiatives. He led the retail operations function between 2009 and 2013, which encompassed retail processing (underwriting new business & renewals, alterations/endorsements, and policy issuance & delivery), customer services/ retail claims, business process redesign and technology.

In 2013, he was appointed Chief Operating Officer, which required him to oversee all strategic functions, retail processing/ operations, actuarial functions, enterprise risk management and shared services (finance, human resources, information technology, procurement, and estate management) operations in the company.

In 2017, he was appointed Group Chief Business Officer, with supervisory responsibility for all the subsidiary businesses especially the asset management business. He was also responsible for raising additional capital at appropriate valuations for Group companies to meet solvency and/ or strategic growth objectives.

He also has external appointments as a Non-Executive Director in AIICO Pension Managers Limited, Food Concepts Plc and Xerox Corporation Nigeria (XHS).

Educational Background

He holds an MBA from University of Chicago Booth School of Business with a concentration in Finance, a Master's Degree in Business Information Technology Systems (with dist.) from the University of Strathclyde and a BA (Hons) degree in Business Economics from the Glasgow Caledonian University. He is a qualified associate (ACII) of the Charted Institute of Insurance (UK and Nigeria) with a Chartered Status (Chartered Insurer). He is also a member of the Institute of Directors.

Skills and Experience

Adewale Kadri is an Executive Director on the Board of AIICO Insurance Plc. He is a versatile Insurance practitioner and a seasoned salesperson. He began his Insurance career with Worldwide Insurance Company Limited in 1994 as a Life Marketer and later moved to ELMAC Assurance Nigeria Limited in 1997 where he joined the team that was saddled with the responsibility of marketing the Company's various special packaged products. He also worked as an Insurance Officer of Modandola Group of Companies where he was exposed to the rudiment of Insurance broking and technical operations.

He later joined the marketing team of Newline Insurance Company Limited and Sun Insurance Plc. where he worked in various managerial capacities before joining the pioneer team of UBA Insurance in 2004 as Group Head, Brokers' Management Division. While at UBA Insurance, he served in various committees which ensured the successful take off of the first Bancassurance Business Model in Nigeria.
He had a brief stay at NICON Insurance Plc as Senior Manager/Head, Strategic Business Unit before joining Oceanic Insurance Company Limited as Group Head, Brokers Management Unit in 2007.

Wale was the Acting Managing Director of Oceanic Insurance Company Limited/Old Mutual Nigeria General Insurance between July 2012 and April 2014. He left the services Old Mutual Nigeria as Business Development Executive in April 2017 and joined AIICO Insurance Plc as General Manager, Head of Non-Life Business.

Educational Background

He is a Fellow of Chartered Insurance Institute of Nigeria (CIIN) and a Chartered Certified Accountant. He holds a B.sc in Applied Accounting from Oxford Brookes University, United Kingdom and Master's Degree in Business Administration with specialization in Marketing from Lagos State University, Ojo. He received a Certificate of competence in Management Advancement Programme from University of the Witwatersrand, Johannesburg, South Africa.

Management Team

Sola Ajayi
Executive Director,
Group Retail Business
Division

Skills and Experience

Olusola is an experienced business leader with over fifteen years' leadership positions in management consulting and insurance in Nigeria and the United Kingdom. He joined AIICO in 2009 as head of the Business Strategy and Transformation teams.

In 2013, 'Sola assumed leadership of the retail life insurance business, and has led the transformation of the agency business, by deploying cutting-edge solutions and enabling capabilities which has resulted in significant growth in the company's annual premiums and asset under management (AUM).

Prior to joining AIICO, he worked at the prestigious consulting firm Accenture (Lagos) in the Financial Services market unit, before joining Deloitte Consulting (London, UK). As a business consultant in both firms, he supported/led business transformation initiatives in Strategy, Process Optimization and Technology Deployments.

In this new position, he will oversee the Group Retail Division, with a mandate to drive growth across the group retail businesses and retaining AIICO as an industry leader.

Mr. Olusola currently serves as Chairman of the Board of AIICO Multishield Limited, the Group's Health Maintenance Organization (HMO).

Educational Background

He holds an MBA from INSEAD and obtained his first degree in Chemical Engineering from the University of Lagos. Sola is a certified Project Manager as well as a Senior Member of the Chartered Insurance Institute of Nigeria.

Abiodun Adebanjo
Head, Risk Management
Division

Skills and Experience

Abiodun Adebanjo is a seasoned Audit Executive with an impressive track record of more than two decades of hands-on experience in financial services industry. Prior to joining AIICO Insurance Plc. in 2010 as the Chief Audit Executive, Abiodun served in various operational and managerial capacities in reputable and top rated Banks in Nigeria which include Ecobank Nig. Plc, Diamond Bank, UBA Plc and First Bank.

His experience in the financial sector spans over 20 years, covering Banking Operations, Cash Management Services, Operational Risk Management, Internal Audit and Control, Abiodun has shown strong professional bias for Audit and Risk Management. He is highly numerate and possesses strong passion for excellence and organizational transformation.

He is an excellent team player and a highly motivated professional imbued with a strong spirit for achievement.

Educational Background

Abiodun graduated from the University of Lagos with a first class degree in Mathematics and Statistics as the overall best student. He earned an MBA Degree in Business Management (MBA) at the prestigious University of Liverpool, UK.

He is a professional member and Fellow of the Institute of Chartered Accountants of Nigeria (ICAN); a member of Chartered Institute of Taxation (CITN); a member of the Institute of Internal Auditors and a member of Nigeria Institute of Management Chartered (NIMC).

Management Team

Joseph Oduniyi
Head, Corporate Business

Oladeji Oluwatola
Chief Financial Officer

Skills and Experience

Mr. Joseph Oduniyi is the Head of Non-Life Technical at AIICO Insurance Plc. Prior to joining AIICO, he had garnered significant experience serving with the Ministry of Works and Housing, Oyo State, The Nigerian Life & Pensions Consultants, Glanvill Enthoven & Co Nig. Ltd, Union Commercial Insurance Brokers and Risktech Insurance Brokers Limited respectively.

He is an astute insurance professional with a wealth of experience cutting across all aspects of the non-life business and has attended many courses and seminars both locally and internationally.

Educational Background

He holds a Bachelor's Degree in Insurance from the University of Lagos and is professionally affiliated to the Chartered Insurance Institute of Nigeria and London.

Skills and Experience

Mr. Oladeji Oluwatola started his career with KPMG in 2004 as an audit trainee, where he rose to lead audits of various companies in the financial services sector covering insurance, banks, funds and pension fund administrators (PFA), including three of the biggest insurance companies and PFAs in Nigeria. He left KPMG in 2017 to join Letshego Microfinance Bank Limited, a member of one of the leading microfinance banks in Africa, as its Chief Financial Officer, before leaving Letshego in 2018 to join AIICO Insurance PLC as its Chief Financial Officer.

Educational Background

Mr. Oladeji Oluwatola holds a Bachelor's Degree in Applied Geophysics from Obafemi Awolowo University, and a Master's Degree in Business Administration from the Lagos Business School. He is a Chartered Accountant with more than fifteen years' experience in audit, finance and risk management. He is a Fellow of the Institute of Chartered Accountants of Nigeria, ICAN.

Management Team

Benson Ogunyamoju
Head, Group Life Business

Donald Kanu
Company Secretary

Skills and Experience

Benson Ogunyamoju is the Head of Group Life Business at AIICO Insurance Plc.

He is a seasoned Insurance practitioner with an in-depth wealth of experience in Life Insurance Operations spanning over two decades and has virtually worked in all sections of the division. Presently, he supervises the Life Technical Division which provides technical and actuarial expertise to support business objectives. Benson has attended various learning interventions within and outside Nigeria.

Educational Background

He is a graduate of Insurance from the University of Lagos, Nigeria. He is a Fellow of the Chartered Insurance Institute of Nigeria, as well as a Fellow of the Life Management Institute (U.S.A.).

Skills and Experience

Donald Kanu is the Company Secretary/Legal Adviser at AIICO Insurance Plc. He commenced his career with Savannah Bank and then moved on to join A.U. Kalu (SAN) and Associates.

He was recruited back to the financial services sector where he worked with UTB Trustees and Fidelity Bank respectively. He later left Fidelity Bank to join Globacom, a telecommunications company. After his period in the telecommunication industry, Donald moved back to the financial sector when he joined the Cornerstone group as the Company Secretary/Legal Adviser and Chief Compliance Officer. He was recruited to join AIICO from the Cornerstone Group in 2014.

Educational Background

Donald graduated from University of Calabar and later went on to pursue a Master's Degree in Business Administration from the same University. He later proceeded to obtain an LL.M from the University of Lagos.

Donald has attended several capacity building courses both within and outside the country.

He is a member of the Nigerian Bar Association, the Institute of Chartered Secretaries and Administrators and a member of the Institute of Directors.

Management Team

Olusanjo Shodimu
Head, Shared Services Division

Skills and Experience
Olusanjo Shodimu started his career in 2003 as a technical sales lead with a local software company in Lagos, before joining Broad Bank Nigeria Limited (now part of Union Bank) as a Technology Analyst - where he was responsible for network operations and service delivery.

Prior to joining AIICO Insurance Plc, he worked with Accenture - a global management consulting and technology company for 10 years (2004 - 214) where he led the delivery of various strategy and business transformation projects for major banking and insurance clients in Nigeria and across the West African region. Olusanjo joined AIICO in June, 2014 as Chief Information Officer with responsibility for providing strategic leadership for the development and implementation of information technology initiatives to deliver on the strategic mandates and objectives of AIICO. In 2019, he was appointed Divisional Head, Shared Services which encompasses Technology & Operations, Customer Service, Strategic Marketing & Communication, Strategy & Corporate Planning and Estate Management - with responsibility for aggregating group synergies for cost optimization and returns on investment.

Educational Background
He holds an MBA from University of Chicago Booth School of Business and a First Class degree (Hons) in Physics from the University of Ibadan. He is a qualified Project Management Professional, an ITIL Service Management Expert (UK) and also holds Diploma in Insurance (CII) from the Chartered Institute of Insurance, UK (ACII).

Iyabo Adeniran
Group Head, Brokers Management

Skills and Experience
Mrs. Iyabo Sarah Adeniran is the Group Head, Brokers Management for the Non-Life Business of AIICO Insurance Plc. She joined AIICO in August 2007, after the mergers between AIICO Insurance and Nigerian French Insurance (NFI).

Prior to joining NFI, Iyabo was a Senior Manager with Confidence Insurance Plc. Iyabo began her career in the insurance industry with Triumph Insurance Brokers. She left Triumph Insurance Brokers to join Prudential Union Company Limited. She was with Prudential for six years as a Senior Manager before she moved on to Confidence Insurance Plc.

Educational Background
Mrs. Adeniran holds a Masters of Business Administration from the Federal University of Technology Akure. She is an Alumni of Lagos Business School and a professionally certified Insurance Practitioner.

Management Team

Titi Okunlola
Head, Retail Life Operations

Skills and Experience

Titilola Ramota Okunlola started her career in 1996 as a Senior Superintendent (Underwriting) with Elmac Assurance (Nigeria) Limited, before joining Lasaco Assurance Plc as a Senior Manager (Technical Operations) - where she was responsible for technical operations of Life, Pensions & all Classes of Non-Life Business.

Prior to joining AIICO Insurance, she worked with Cornerstone Insurance Plc. (2007 - 2008) as a Sectional Head - Underwriting (Mainland Brokers Market) where she was responsible for underwriting Non-Life Businesses

Titilola joined AIICO in September 2008 as a Senior Manager - Technical department AIICO General Insurance Company Ltd.

In December 2013, she was appointed Head, Claims & Benefits - Life Business Division.

Educational Background

She holds a Master of Business Administration MBA (Executive) from the University of Uyo, Nigeria, and a Higher National Diploma in Insurance with Distinction from the Polytechnic, Ibadan, Nigeria. She is a Fellow of the Chartered Insurance Institute of Nigeria (FCIIN) and an Alumni of the Lagos Business School (LBS).

Ezekiel Olukolajo
Head, Technical, Corporate/ Institutional Business

Skills and Experience

Ezekiel Olukolajo started his career in 1999 as an Assistant Superintendent, Warri Branch with Law Union & Rock Insurance Plc - where he coordinated Underwriting of Marine, Motor & General Accident Policies and assisted the Branch Manager in the day-to-day running of the Branch.

He also put in various years of work experience with Royal Exchange Assurance, UBA Insurance Company, UBA Plc, Old Mutual Nigeria and Standard Alliance Insurance Plc, all at various leadership levels.

Prior to joining AIICO, he worked with The Nigeria Incentive-Based Risk Sharing System for Agricultural Lending (NIRSAL) - A Corporation of the Central Bank of Nigeria, where he played key roles in activation and operationalization of the Insurance Facility Pillar, which is one of the five pillars of NIRSAL.

Ezekiel joined AIICO in October 2017 as a Principal Manager (Head, Technical), Non-Life Business.

Educational Background

He holds a Postgraduate Diploma Education in Management & Administration from Lagos State University, Ojo, Nigeria, and a Higher National Diploma in Insurance with Upper Credit from the Polytechnic, Ibadan, Nigeria. He is a certified Insurance Practitioner (Associate, Chartered Insurance Institute of Nigeria - ACIIN).

Statement of Significant Accounting Policies

For the year ended 31 December 2019

1 Reporting entity

AIICO Insurance Plc was established in 1963 by American Life Insurance Company and was incorporated in 1970. It was converted to a Public Liability Company in 1989 and quoted on the Nigerian Stock Exchange (NSE) in December 1990. The Company was registered by the Federal Government of Nigeria to provide insurance services in Life Insurance Business, Non-Life Insurance Business, Deposit Administration and Financial Services to organizations and private individuals. Arising from the merger in the insurance industry, AIICO Insurance Plc acquired Nigerian French Insurance Plc and Lamda Insurance Company Limited in February 2007.

The Company currently has its corporate head office at Victoria Island, Lagos with branches spread across major cities and commercial centres in Nigeria."

These consolidated and separate financial statements comprise the Company and its subsidiaries (together referred to as "the Group"). The Group and Company are primarily involved in the business of providing risk underwriting and related financial services to its customers. Such services include provision of life and non-life insurance services to both corporate and individual customers. The activities of the subsidiaries and AIICO Insurance percentage holding are mentioned in Note 13 (Investment in subsidiaries).

2 Basis of accounting

2.1 Statement of compliance

These consolidated and separate financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB), the financial statements comply with the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2004, the Financial Reporting Council of Nigeria Act No. 6, 204, the Insurance Act of Nigeria 2003, the Pension Reform Act 2014 and relevant National Insurance Commission (NAICOM) policy guidelines and circulars.

These consolidated and separate financial statements were authorised for issue by the Company's Board of Directors on 27 February 2020."

2.2 Going concern

These consolidated and separate financial statements have been prepared using appropriate accounting policies, supported by reasonable judgments and estimates. The Directors have a reasonable expectation, based on an appropriate assessment of a comprehensive range of factors, that the Group and the Company have adequate resources to continue as going concern for the foreseeable future.

2.3 Functional and presentation currency

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

2.4 Basis of measurement

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

Items	Measurement Bases
Derivative financial liabilities	Fair value
Non-derivative Financial asset at fair value through other comprehensive income	Fair value
Non-derivative Financial asset at fair value through profit or loss	Fair value
Investment properties	Fair value
Insurance contract liabilities	Fair value

2.5 Use of estimates and judgement

In preparing these consolidated and separate financial statements, management has made judgements and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty are described in Note 4.

Statement of Significant Accounting Policies

For the year ended 31 December 2019

2.6 Changes in accounting policies

Except for the changes below, the Group has consistently applied the accounting policies as set out in Note 3 to all periods presented in these financial statements. A number of other new standards are also effective from 1 January 2019 but they do not have a material effect on the Group's financial statements. The Company has not early adopted any other standard, interpretation or amendment that has been issued but not yet effective.

(a) IFRS 16 – Leases

The IASB issued the new standard for accounting for leases - IFRS 16 Leases in January 2017. The new standard does not significantly change the accounting for leases for lessors. However it requires lessees to recognise most leases on their Statement of Financial Position as lease liabilities, with the corresponding right-of-use assets. Lessees are expected to apply a single model for all recognised leases, but will also have the option not to recognise 'short-term' leases and leases of 'low-value' assets. Generally, the profit or loss recognition pattern for recognised leases will be similar to today's finance lease accounting, with interest and depreciation expense recognised separately in the statement of profit or loss. The Group adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 January 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application. The Company elected to use the transition practical expedient to not reassess whether a contract is, or contains a lease at 1 January 2019. (See Note 3.18 for details of the impact).

(b) I FRIC Interpretation 23 Uncertainty over Income Tax Treatment

The interpretation is effective for annual reporting periods beginning on or after 1 January 2019, but certain transition reliefs are available. The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12 and does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments.

The Interpretation specifically addresses the following:

-Whether an entity considers uncertain tax treatments separately

-The assumptions an entity makes about The examination of tax treatments by taxation authorities

-How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates

-How an entity considers changes in facts and circumstances

The Company determined whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments and uses the approach that better predicts the resolution of the uncertainty. The Company applies significant judgement in identifying uncertainties over income tax treatments. it assessed whether the Interpretation had an impact on its consolidated financial statements. Upon adoption of the Interpretation, the Company considered whether it has any uncertain tax positions, particularly those relating to transfer pricing. The Company's tax filings and those of her parents as well as other related parties are in same jurisdictions include deductions related to transfer pricing and the taxation authorities are may challenge those tax treatments. The Company determined, based on its tax compliance and transfer pricing documentation, that it is probable that its tax treatments will be accepted by the taxation authorities. The Interpretation did not have an impact on the financial statements of the Company.

An entity has to determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty should be followed. These amendments did not have any impact on the Company's financial statements

(c) Amendments to IFRS 9: Prepayment Features with Negative Compensation

Under IFRS 9, a debt instrument can be measured at amortised cost or at fair value through other comprehensive income, provided that the contractual cash flows are 'solely payments of principal and interest on the principal amount outstanding' (the SPPI criterion) and the instrument is held within the appropriate business model for that classification.

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The amendments to IFRS 9 clarify that a financial asset passes the SPPI criterion regardless of the event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract.

The amendments are applicable retrospectively and are effective from 1 January 2019, with earlier application permitted. These amendments had no impact on the financial statements of the Company.

(d) Amendments to IAS 19: Plan Amendment, Curtailment or Settlement

The amendments to IAS 19 address the accounting when a plan amendment, curtailment or settlement occurs during a reporting period. The amendments specify that when a plan amendment, curtailment or settlement occurs during the annual reporting period, an entity is required to:

- Determine current service cost for the remainder of the period after the plan amendment, curtailment or settlement, using the actuarial assumptions used to remeasure the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event

- Determine net interest for the remainder of the period after the plan amendment, curtailment or settlement using: the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event; and the discount rate used to remeasure that net defined benefit liability (asset).

The amendments also clarify that an entity first determines any past service cost, or a gain or loss on settlement, without considering the effect of the asset ceiling. This amount is recognised in profit or loss. An entity then determines the effect of the asset ceiling after the plan amendment, curtailment or settlement. Any change in that effect, excluding amounts included in the net interest, is recognised in other comprehensive income.

The amendments apply to plan amendments, curtailments, or settlements occurring on or after the beginning of the first annual reporting period that begins on or after 1 January 2019, with early application permitted. These amendments had no impact on the Company's financial statements as it does not have any employee benefit that include future plan amendments, curtailments, or settlements.

(e) Amendments to IAS 28: Long-term interests in associates and joint ventures

The amendments clarify that an entity applies IFRS 9 to long-term interests in an associate or joint venture to which the equity method is not applied but that, in substance, form part of the net investment in the associate or joint venture (long-term interests). This clarification is relevant because it implies that the expected credit loss model in IFRS 9 applies to such long-term interests.

The amendments also clarified that, in applying IFRS 9, an entity does not take account of any losses of the associate or joint venture, or any impairment losses on the net investment, recognised as adjustments to the net investment in the associate or joint venture that arise from applying IAS 28 Investments in Associates and Joint Ventures.

The amendments should be applied retrospectively and are effective from 1 January 2019, with early application permitted. Since the Company does not have such long-term interests in associate and joint venture, the amendments did not have an impact on its financial statements.

2.7 Segment reporting

For management purposes, the Group is organized into business units based on their products and services.

Segment performance is evaluated based on profit or loss. The Company's financing and income taxes are managed on a group basis and are not allocated to individual operating segments.

Inter-segment transactions which occurred in 2019 as shown in Note 5.1 Segment statement of profit or loss and other comprehensive income and 5.2 Segment statement of financial position and results will include those transfers between business segments.

As a result of the amendments to IFRS 7, the Group has expanded disclosure about offsetting financial assets and financial liabilities.

3 Significant accounting policies

The Group has consistently applied the following accounting policies to all periods presented in these consolidated and separate financial statements.

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3.1 Basis of Consolidation

(a) Business combination and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Company has an option to measure any non-controlling interests in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree. No reclassification of insurance contracts is required as part of the accounting for the business combination. However, this does not preclude the Group from reclassifying insurance contracts to accord with its own policy only if classification needs to be made on the basis of the contractual terms and other factors at the inception or modification date."

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value as at the acquisition date through profit or loss.Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration, which is deemed to be an asset or a liability, will be recognized as measurement period adjustments in accordance with the applicable IFRS. If the contingent consideration is classified as equity, it will not be remeasured and its subsequent settlement will be accounted for within equity.

Goodwill is initially measured at cost, being the excess of the fair value of the consideration transferred over the Company's share in the net identifiable assets acquired and liabilities assumed and net of the fair value of any previously held equity interest in the acquiree. After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purposes of impairment testing, goodwill acquired in a business combination is allocated to an appropriate cash-generating unit that is expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

(b) Subsidiaries

Subsidiaries are investees controlled by the Group. The Group controls an investee when it is exposed to, or has rights to, variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The financial statements of subsidiaries are included in the consolidated financial statement from the date on which control commences until the date on which control ceases.

The financial statements of subsidiaries are consolidated from the date the Group acquires control, up to the date that such effective control ceases.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions (transactions with owners). Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the Group.

Inter-company transactions, balances and unrealised gains on transactions between companies within the Group are eliminated on consolidation. Unrealised losses are also eliminated in the same manner as unrealised gains, but only to the extent that there is no evidence of impairment. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

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In the separate financial statements, investments in subsidiaries are measured at cost.

Acquisition-related costs are expensed as incurred

If the business combination is achieved in stages, fair value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date through profit or loss.

Disposal of subsidiaries

On loss of control, the Group derecognises the assets and liabilities of the subsidiary, any related non-controlling interests and the other components of equity related to the subsidiary. Any gain or loss arising from the loss of control is recognised in profit or loss. If the Group retains any interest in such subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, that retained interest is accounted for as an equity-accounted investee or as a financial asset elected to be measured at fair value through other comprehensive income depending on the level of influence retained.

(c) Non-Controlling Interest

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

3.2 Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of Group companies at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the spot exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the spot exchange rate at the date of the transaction. Foreign currency differences are generally recognised in profit or loss.

However, foreign currency differences arising from the translation of the following items are recognised in Other Comprehensive Income (OCI):
- financial asset at fair value through other comprehensive income (OCI) (except on impairment, in which case foreign currency differences that have been recognised in OCI are reclassified to profit or loss);

- a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective and

- qualifying cash flow hedges to the extent that the hedges are effective.

3.3 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less from the date of acquisition that are subject to an insignificant risk of changes in their fair value and are used by the Group in the management of its short term commitments.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

Cash and cash equivalents are carried at amortized cost in the consolidated and separate statements of financial position.

3.4 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

3.4.1 Recognition and initial measurement

All financial instruments are initially recognized on the trade date, i.e., the date that the Group becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is measured initially at fair value plus, except for a financial asset or liability measured at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

3.4.2 Classification of financial instruments

The Group classified its financial assets under IFRS 9, into the following measurement categories:

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• Those to be measured at fair value through other comprehensive income (FVOCI) (either with or without recycling)
• Those to be measured at fair value through profit or loss (FVTPL); and
• Those to be measured at amortized cost.The classification depends on the Group's business model for managing financial assets and the contractual terms of the financial assets cash flow (i.e. solely payments of principal and interest- (SPPI test)).

The Group classifies its financial liabilities as liabilities at fair value through profit or loss and liabilities at amortized cost.
Management determine the classification of the financial instruments at initial recognition.

(i) Business model assessment

The Group makes an assessment of the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:
• the stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising cash flows through the sale of the assets;
• how the performance of the portfolio is evaluated and reported to the Group's management;
• the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
• how managers of the business are compensated e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
• the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Group's stated objective for managing the financial assets is achieved and how cash flows are realised.
The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account.

If cash flows after initial recognition are realised in a way that is different from the Group's original expectations, the Group does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.
Financial assets that are held for trading or managed and whose performance is evaluated on a fair value basis are measured at FVTPL because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

3.4 Financial instruments (Cont'd)

3.4.2 Classification of financial instruments (Cont'd)

(ii) Assessment whether contractual cash flows are solely payments of principal and interest

As a second step of its classification process the Company assesses the contractual terms of financial asset to identify whether they meet the SPPI test.
'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortization of the premium/discount). 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin.
The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Group applies judgement and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set.
In contrast, contractual terms that introduce a more than de minimis exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and interest on the principal amount outstanding. In such cases, the financial asset is required to be measured at FVTPL

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In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Group considers:
• contingent events that would change the amount and timing of cash flows;
• leverage features;
• prepayment and extension terms;
• terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse asset features); and• features that modify consideration of the time value of money – e.g. periodical reset of interest rates."
Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

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

Other non-derivative financial liabilities are initially measured at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortised cost using the effective interest method.

(iii) Reclassifications

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Group changes its business model for managing financial assets that are debt instruments. A change in the objective of the Group's business occurs only when the Group either begins or ceases to perform an activity that is significant to its operations (e.g., via acquisition or disposal of a business line).

The following are not considered to be changes in the business model:
• A change in intention related to particular financial assets (even in circumstances of significant changes in market conditions)
• A temporary disappearance of a particular market for financial assets
• A transfer of financial assets between parts of the entity with different business models.

When reclassification occurs, the Group reclassifies all affected financial assets in accordance with the new business model. Reclassification is applied prospectively from the 'reclassification date'. Reclassification date is 'the first day of the first reporting period following the change in business model.

Gains, losses or interest previously recognized are not restated when reclassification occurs.

3.4.3 Subsequent measurements

The subsequent measurement of financial assets depends on its initial classification:

(i) Debt instuments

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:
• The asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
• The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The gain or loss on a debt securities that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in profit or loss when the asset is derecognized or impaired. Interest income from these financial assets is determined using the effective interest method and reported in profit or loss as 'Investment income'.

The amortized cost of a financial instrument is the amount at which it was measured at initial recognition, minus principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount recognized and the maturity amount, minus any loss allowance. The effective interest method is a method of calculating the amortised cost of a financial instrument (or group of instruments) and of allocating the interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts over the expected life of the instrument or, when appropriate, a shorter period, to the instrument's net carrying amount.

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Fair value through other comprehensive income (FVOCI)
Investment in debt instrument is measured at FVOCI only if it meets both of the following conditions and is not designated as at FVTPL:
• the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
• the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The debt instrument is subsequently measured at fair value. Gains and losses arising from changes in fair value are included in other comprehensive income (OCI) and accumulated in a separate component of equity. Impairment gains or losses, interest revenue and foreign exchange gains and losses are recognized in profit or loss. Upon disposal or derecognition, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized as realized gain or loss. Interest income from these financial assets is determined using the effective interest method and recognized in profit or loss as investment income.

Fair value through profit or loss (FVTPL)
Financial assets that do not meet the criteria for amortized cost or FVOCI are measured at fair value through profit or loss. The gain or loss arising from changes in fair value of a debt securities that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is included directly in the profit or loss and reported as 'Net fair value gain/loss' in the period in which it arises. Interest income from these financial assets is recognized in profit or loss as investment income.

(ii) Equity instruments
The Group subsequently measures all equity investments at fair value. For equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment-by-investment basis. Where the Group's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss.

Dividends from such investments continue to be recognised in profit or loss when the Group's right to receive payments is established unless the dividend clearly represents a recovery of part of the cost of the investment. Changes in the fair value of financial assets at fair value through profit or loss are recognised in 'Net fair value gain/loss in the profit or loss.

3.4.4 Impairment of financial assets
(a) Overview of the Expected Credit Losses (ECL) principles
The Group recognizes loss allowances for ECL on the following financial instruments that are not measured at FVTPL:
• Financial assets that are debt instruments measured at amortized cost and FVOCI

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

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

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

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

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

•Stage 1: When financial assets are first recognised, the Company recognises an allowance based on 12m ECLs.

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When relevant, the assessment of multiple scenarios also incorporates how defaulted assets are expected to be recovered, including the probability that the assets will cure and the value of collateral or the amount that might be received for selling the asset. Impairment losses and releases are accounted for and disclosed separately from modification losses or gains that are accounted for as an adjustment of the financial asset's gross carrying value.The mechanics of the ECL method are summarised below:

• Stage 1: The 12m ECL is calculated as the portion of LT ECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Group calculates the 12m ECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an approximation to the original EIR. This calculation is made for each of the three scenarios, as explained above.

• Stage 2: When an asset has shown a significant increase in credit risk since origination, the Group records an allowance for the LT ECLs. The mechanics are similar to those explained above, including the use of multiple scenarios, but PDs and LGDs are estimated over the lifetime of the instrument. The expected cash shortfalls are discounted by an approximation to the original EIR.

• Stage 3: For assets considered credit-impaired, the Group recognises the lifetime expected credit losses for these assets. The method is similar to that for Stage 2 assets, with the PD set at 100%.

(c) Debt instruments measured at fair value through OCI

The ECLs for debt instruments measured at FVOCI do not reduce the carrying amount of these financial assets in the statement of financial position, which remains at fair value. Instead, an amount equal to the allowance that would arise if the assets were measured at amortised cost is recognised in OCI as an accumulated impairment amount, with a corresponding charge to profit or loss. The accumulated loss recognised in OCI is reclassified to the profit and loss upon derecognition of the assets.

(d) Collateral valuation

To mitigate its credit risks on financial assets, the Group seeks to use collateral, where possible. The collateral comes in various forms: staff gratuity or guarantors for staff loans, in-house pension fee for agency loan, policy document/cash value for policy loans, etc. The Company's accounting policy for collateral assigned to it through its lending arrangements under IFRS 9 is the same is it was under IAS 39. Collateral, unless repossessed, is not recorded on the Company's statement of financial position.

However, the fair value of collateral affects the calculation of ECLs. It is generally assessed, at a minimum, at inception and re-assessed on periodic basis as deemed necessary. "

(e) Presentation of allowance for ECL in the statement of financial position

Loan allowances for ECL are presented in the statement of financial position as follows:
• Financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets;
• Debt instruments measured at FVOCI: no loss allowance is recognised in the statement of financial position because the carrying amount of these assets is their fair value. However, the loss allowance is disclosed and recognised in the fair value reserve in equity (through OCI)."

(f) Forward looking information

In its ECL models, the Group relies on a broad range of forward looking information as economic inputs, such as:
• GDP growth
• Unemployment rates
• Inflation rates• Crude oil price
The inputs and models used for calculating ECLs may not always capture all characteristics of the market at the date of the financial statements. To reflect this, qualitative adjustments or overlays are occasionally made as temporary adjustments when such differences are significantly material. Detailed information about these inputs and sensitivity analysis are provided in Note 43 (d) in the financial statements.

3.4.5 Fair value measurement

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

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If a market for a financial instrument is not active, then the Group establishes fair value using a valuation technique. A market is regarded as active if transactions for the assets or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.The chosen valuation technique makes maximum use of market inputs, relies as little as possible on estimates specific to the Group, incorporates all factors that market participants would consider in setting a price and is consistent with accepted economic methodologies for pricing financial instruments.

The best evidence of the fair value of a financial instrument at initial recognition is the transaction price – i.e. the fair value of the consideration given or received. However, in some cases the initial estimate of fair value of a financial instrument on initial recognition may be different from its transaction price. If this estimated fair value is evidenced by comparison with other observable current market transactions in the same instrument (without modification or repackaging) or based on a valuation technique whose variables include only data from observable markets, then the difference is recognised in profit or loss on initial recognition of the instrument. In other cases, the fair value at initial recognition is considered to be the transaction price and the difference is not recognised in profit or loss immediately but is recognised over the life of the instrument on an appropriate basis or when the instrument is redeemed, transferred or sold, or the fair value becomes observable.
Fair value of fixed income liabilities is not less than the amount payable on demand, discounted from the first date on which the amount could be required to be paid.

3.4.6 Derecognition of financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or when it transfers the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all the risks and rewards of ownership and it does not retain control of the financial asset. Any interest in such derecognised asset financial asset that is created or retained by the Group is recognised as a separate asset or liability.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset transferred), and consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

3.4.7 Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when its contractual obligations are discharged or cancelled, or expired.

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 profit or loss.

3.4.8 Write off

The Group writes off a financial asset (and any related allowances for impairment losses) when the Group determines that the assets are uncollectible. Financial assets are written off either partially or in their entirety. This determination is reached after considering information such as the occurrence of significant changes in the borrower/issuer's financial position such that the borrower/issuer can no longer pay the obligation, or that proceeds from collateral will not be sufficient to pay back the entire exposure. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to impairment loss on financial assets.

However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amount due.

3.5 Trade receivables

Trade receivables arising from insurance contracts represent premium receivable with determinable payments that are not quoted in an active market and the Group has no intention to sell. Premium receivables are those for which credit notes issued by brokers are within 30days, in conformity with the "NO PREMIUM NO COVER" policy. Refer to note 3.4 for basis of measurement.

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3.6 Reinsurance assets

The Group cedes insurance risk in the normal course of business on the bases of our treaty and facultative agreements. Reinsurance assets represent balances due from reinsurance companies. Amounts recoverable from reinsurers are estimated in a manner consistent with settled claims associated with the reinsurer's policies and are in accordance with the related reinsurance contract

3.7 Trade payables

Trade payables are recognised when due and measured on initial recognition at the fair value of the consideration received less directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortized cost using the effective interest rate method. Trade payables are recognised as financial liabilities.

3.8 Other payables and accruals

Other payables and accruals are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. The fair value of a non-interest bearing liability is its discounted repayment amount. Discounting is omitted for payables that are less than one year as the effect is not material. A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. 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 recognised in the profit or loss. Gains and losses are recognised in the profit or loss when the liabilities are derecognized. Other payables are recognised as other financial liabilities

3.9 Deferred expenses

(a) Deferred acquisition costs (DAC)

Those direct and indirect costs incurred during the financial period arising from the writing or renewing of insurance contracts and are deferred to the extent that these costs are recoverable out of future premiums. All other acquisition costs are recognized as an expense when incurred. Acquisition cost for life insurance are expensed as incurred.

Subsequent to initial recognition, Acquisition cost for general insurance are amortized over the period in which the related revenues are earned. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization period and are treated as a change in an accounting estimate. DAC are derecognized when the related contracts are either settled or disposed of.

(b) Deferred expenses -Reinsurance commissions

Commissions receivable on outwards reinsurance contracts are deferred and amortized on a straight line basis over the term of the expected premiums payable.

3.10 Other receivables and prepayment

Other receivables are carried at amortised cost using the effective interest rate less accumulated impairment losses. Prepayments are carried at cost less accumulated amortization and are amortized on a straight line basis to the profit or loss account.

3.11 Income tax

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that this relates to a business combination, or items recognized directly in equity or other comprehensive income.

(a) Current tax

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

(b) NITDA Levy

The National Information Technology Development Agency Act (2007) empowers and mandates the Federal Inland Revenue Service (FIRS) to collect and remit 1% of profit before tax of Companies with turnovers of a minimum of ₦100million under the third schedule of the Act.

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(c) Deferred income taxation

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

Deferred tax is not recognised for:

- temporary differences arising on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary difference arising on the initial recognition of goodwill.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that its probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profit improves.

Unrecognised deferred tax asset are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available 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 substantially enacted at the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, 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 presumed to be recovered through sale, and the Group has not been rebutted this presumption.

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

3.12 Investment properties

Investment properties are initially measured at cost and subsequently at fair value with any change therein recognised in profit or loss. Any gain or loss on disposal of investment properties (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

3.13 Intangible assets and goodwill

(a) Goodwill

Goodwill is measured at cost less accumulated impairment losses

(b) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in the profit or loss in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed to be finite.

Intangible assets with finite lives are amortized over the useful economic lives, using a straight line method, and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the profit or loss in the expense category consistent with the function of the intangible asset.

Computer software, not integral to the related hardware acquired by the Group, is stated at cost less accumulated amortisation and accumulated impairment losses.

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Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Subsequent expenditure on computer software is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. The estimated useful life is 5 years.

Intangible assets are derecognized on disposal or when no future economic benefits are expected from their use or disposal.
Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in profit or loss when the asset is derecognized.

(c) Present value of acquired in-force business (PVIF)
When a portfolio of insurance contracts is acquired, whether directly from another insurance company or as part of a business combination, the difference between the fair value of insurance rights acquired and insurance obligation assumed are measured using the Group's existing accounting policies and it is recognized as the value of the acquired in-force business.

Subsequent to initial recognition, the intangible asset is carried at cost less accumulated amortization and accumulated impairment losses. The intangible asset is amortized over the useful life of the acquired in-force policy during which future premiums are expected, which typically varies between five and fifty years. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization period and they are treated as a change
in an accounting estimate. An impairment review is performed whenever there is an indication of impairment. When the recoverable amount is less than the carrying value, an impairment loss is recognized in the profit and loss. PVIF is also considered in the liability adequacy test for each reporting period.PVIF is derecognized when the related contracts are settled or disposed of.

(d) Subsequent expenditure
Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates.

All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

(e) Amortisation
Amortisation is calculated to write off the cost of intangible assets less their estimated residual values using the straight line method over their estimated useful lives, and generally recognised in profit or loss. Goodwill is not amortised.Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate."

(f) Imapairment on goodwill
Goodwill is evaluated for impairment annually or whenever we identify certain triggering events or circumstances that would more likely than not reduce the fair value of a reporting unit below its carrying amount. Events or circumstances that might indicate an interim evaluation is warranted include, among other things, unexpected adverse business conditions, macro and reporting unit specific economic factors (for example, interest rate and foreign exchange rate fluctuations, and loss of key personnel), supply costs, unanticipated competitive activities, and acts by governments and courts.

3.14 Property and equipment

(a) Recognition and measurement
Items of property and equipment are measured at cost 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 bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalised borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

Buildings are measured at fair value less accumulated depreciation while land is not depreciated. Valuations are performed frequently to ensure that the fair value of the revalued asset does not differ materially from its carrying amount. Accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount and the net value is restated to the revalued amount of the asset. Capital work-in-progress is stated at cost and not depreciated. Depreciation on capital work-in-progress

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commences when the assets are ready for their intended use and have been reclassified to the related asset category.

If significant parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.Any gain or loss on disposal of an item of property and equipment is recognised in profit or loss.

(b) Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

(c) Depreciation

Depreciation is calculated to write off the cost of items of property and equipment less their estimated residual value using the straight-line method over the estimated useful lives, and is generally recognised in profit or loss. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term.

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

Land	Not depreciated
Buildings	50 years
Furniture and equipment	5 years
Motor vehicles	4 years
Leased motor vehicles	4 years
Capital work in progress	Not depreciated

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate. Assets that are subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The recoverable amount is the higher of the asset's value less costs to sell or the value in use. Gains and losses on disposal are determined by comparing proceeds with carrying amount. Gains and losses are included in the profit or loss account for the year.

(d) De-recognition

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

(e) Reclassification to investment property

When the use of a property changes from owner- occupied to investment property, the property is remeasured to fair value and reclassified accordingly. Any gain arising on this remeasurement is recognised in profit or loss to the extent that it reverses a previous impairment loss on the specific property, with any remaining gain recognised in OCI and presented in the revaluation reserve. Any loss is recognised in profit or loss.

3.15 Statutory deposit

Statutory deposit represent 10% of required minimum paid up capital of AIICO Insurance PLC. The amount is held by CBN (Central Bank of Nigeria) pursuant to Section 10(3) of the Insurance Act 2003. Statutory deposit is measured at cost.

3.16 Insurance contract liabilities

(a) Life insurance contract liabilities

At each reporting date, an assessment is made of whether the recognized life insurance liabilities are adequate by carrying out a liability adequacy test. The liability value is adjusted to the extent that it is insufficient to meet expected future benefits and expenses. In performing the adequacy test, current best estimates of future contractual cash flows, including related cash flows such as claims handling and policy administration expenses, policyholder options and guarantees, as well as investment income from assets backing such liabilities, are used. Discounted cash flows model is used in the valuation. The interest rate applied is based on management's prudent expectation of current market interest rates. Any inadequacy is recorded in the profit or loss by establishing an additional insurance liability for the remaining loss. In subsequent periods, the liability for a block of business that has failed the adequacy test is based on the assumptions that are established at the time of the loss recognition. The assumptions do not include a margin for adverse deviation.

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(b) Guaranteed annuity

Guaranteed annuity is recognised as an insurance contract. Annuity premium are recognised as income when received from policy holders, payments to policy holders are recognised as an expense when due. The amount of insurance risk under contracts with guaranteed annuity is also dependent on the number of contract holders that will exercise their option ('option take-up rate'). This will depend significantly on the investment conditions that apply when the options can be exercised. The lower the current market interest rates in relation to the rates implicit in the guaranteed annuity rates, the more likely it is that contract holders will exercise their options. Continuing improvements in longevity reflected in current annuity rates will increase the likelihood of contract holders exercising their options as well as increasing the level of insurance risk borne by the Company under the annuities issued. The Group does not have sufficient historical data on which to base its estimate of the number of contract holders who exercise their option.

(c) Non-life insurance contract liabilities

Non-life insurance contract liabilities include the outstanding claims provision, the provision for unearned premium and the provision for premium deficiency. The outstanding claims provision is based on the estimated ultimate cost of all claims incurred but not settled at the reporting date, whether reported or not, together with related claims expenses. Delays can be experienced in the notification and settlement of certain types of claims, therefore, the ultimate cost of these cannot be known with certainty at the reporting date. The liability is calculated at the reporting based on empirical data and current assumptions that may include a margin for adverse deviation. The liability is not discounted for the time value of money. No provision for equalization or catastrophe reserves is recognized. The liabilities are derecognized when the obligation to pay a claim expires, is discharged or is cancelled.

The provision for unearned premiums represents that portion of premiums received or receivable that relates to risks that have not yet expired at the reporting date. The provision is recognized when contracts are entered into and premiums are charged, and is brought to account as premium income over the term of the contract in accordance with the pattern of insurance service provided under the contract.

At each reporting date, the Group reviews its unexpired risk and a liability adequacy test is performed to determine whether there is any overall excess of expected claims and deferred acquisition costs over unearned premiums. This calculation uses current estimates of future contractual cash flows after taking account of the investment return expected to arise on assets relating to the relevant non-life insurance technical provisions. If these estimates show that the carrying amount of the unearned premiums (less related deferred acquisition costs) is inadequate, the deficiency is recognized in the profit or loss by setting up a provision for premium deficiency.

3.16.2 Investment contract liabilities

Investment contract liabilities are recognized when contracts are entered into and premiums are received. These liabilities are initially recognized at fair value, this being the transaction price excluding any transaction costs directly attributable to the issue of the contract. Subsequent to initial recognition investment, contract liabilities are measured at amortized cost.

Deposits and withdrawals are recorded directly as an adjustment to the liability in the statement of financial position and are not recognised as gross premium in the consolidated profit or loss account.

The liability is derecognized when the contract expires, is discharged or is cancelled.

When contracts contain both a financial risk component and a significant insurance risk component and the cash flows from the two components are distinct and can be measured reliably, the underlying amounts are unbundled. Any premiums relating to the insurance risk component are accounted for on the same basis as insurance contracts and the remaining element is accounted for as a deposit through the statement of financial position as described above.

However, when contracts contain both financial risk component and significant insurance risk component and cash flows from the two components are not distinct and cannot be measured reliably, the underlying amounts are not unbundled but are recognized in the profit and loss account as insurance contract liabilities. After which, the actuary, using the contract terms, allocates a portion to the deposit component during the actuarial valaution. The portion allocated to the deposit component is subsequently debited to the profit and loss account as part of the actuarially determined liabilities with a corresponding credit posted

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to other investmnent contract liabilities account in order to track the deposit element separately from the risk element.

3.17 Portfolio under Management

(i) Fiduciary activities

The Group acts in other fiduciary capacities that results in holding or placing of assets on behalf of individuals and other institutions. These assets arising thereon are excluded from these financial statement as they are not assets of the Group.
However, fee income earned and fee expenses incurred by the Group relating to the Group's responsibilities from fiduciary activities are recognised in profit or loss.

(ii) Fixed income liability

These are funds managed by the Group on behalf of its clients. The interest rate on these liabilities are agreed with the client at the inception of the investment. The Group invests these funds in finanacial instruments in order to generate at the minimum, the agreed rate of returns. The interest spread on these investments is the return to the Group. These liabilities are initially measured at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these laibilities are measured at amortised cost using the effective interest method.

3.18 Leases

The Group has applied IFRS 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under IAS 17 and IFRIC 4. The details of accounting policies under IAS 17 and IFRIC 4 are disclosed separately.

The Group recognises 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.

Policy applicable from 1 January 2019

At inception of a contract, the Group 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 Group uses the definition of a lease in IFRS 16. This policy is applied to contracts entered into, on or after 1 January 2019.

As a lessee

At commencement or on modification of a contract that contains a lease component, the Group 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 Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

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 Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group 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 Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The lease liability is measured at amortised 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 Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group 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.

During the year, the group has no lease liability as all leases were rental and leased properties prepaid.

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As a lessor

At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative standalone prices.

When the Group 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 Group 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 Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

If an arrangement contains lease and non-lease components, then the Group applies IFRS 15 to allocate the consideration in the contract.

The Group recognises lease payments received under operating leases as income on a straightline basis over the lease term as part of 'other revenue'. Generally, the accounting policies applicable to the Group as a lessor in the comparative period were not different from IFRS 16.

3.19 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when the reimbursement is certain. The expense relating to any provision is presented in the profit or loss net of any reimbursement. 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 recognised as a finance cost.

3.20 Share capital

(a) Ordinary shares

The Group's issued ordinary shares are classified as equity instruments. Incremental external costs that are directly attributable to the issue of these shares are recognized in equity.

(b) Dividends on ordinary share capital

Dividends on ordinary shares when approved by the Group's shareholders are paid from retained earnings.

(c) Share premium

The Group classifies share premium as equity when there is no obligation to transfer cash or other assets.

3.21 Deposit for shares

The group recognises funds received from investors for the purposes of equity purchase as deposit for shares pending the allotment of its shares.

3.22 Revaluation reserve

Subsequent to initial recognition, an item of property and equipment and intangibles is carried using the cost model. However, if such an item is revalued, the whole class of asset to which that asset belongs has to be revalued. The revaluation gains is recognised in equity, unless it reverses a decrease in the fair value of the same asset which was previously recognised as an expense, in which it is recognised 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 recognised in profit or loss. When a revalued asset is disposed of, any revaluation surplus is left in equity under the heading retained earnings.

3.23 Fair value reserve

(a) Financial assets at fair value through OCI (debt instruments)

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss. The Group's debt instruments at fair value through OCI includes investments in quoted debt instruments included under other non-current financial assets.

(b) Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instrumentsdesignated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments:

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Presentation and are not held for trading. The classification is determined on an instrument-by instrument basis.

3.24 Exchange gains reserve

Exchange gain reserves comprises the cumulative net change when fair value through other comprehensive income investment in foreign currency are translated into the functional currency. When such investment is disposed of, the cumulative amount of the exchange differences recognised in other comprehensive income shall be reclassified to the profit or loss account.

3.35 Technical reserves

These are computed in compliance with the provisions of Section 20, 21, and 22 of the Insurance Act 2003 as follows:

(a) General Insurance Contracts

Reserves for unearned premium In compliance with Section 20 (1) (a) of Insurance Act 2003, the reserve for unearned premium is calculated on a time apportionment basis in respect of the risks accepted during the year.

(b) Reserves for Outstanding Claims

The reserve for outstanding claims is maintained at the total amount of outstanding claims incurred and reported plus claims incurred but not reported ("IBNR") as at the reporting date. The IBNR is based on the liability adequacy test.

(c) Reserves for Unexpired Risk

A provision for additional unexpired risk reserve (AURR) is recognized for an underwriting year where it is envisaged that the estimated cost of claims and expenses would exceed the unearned premium reserve (UPR).

(d) Life Business

General Reserve Fund

This is made up of net liabilities on policies in force as computed by the actuaries at the time of the actuarial valuation.

(e) Liability Adequacy Test

At each end of the reporting period, liability adequacy tests are performed by an Actuary to ensure the adequacy of the contract liabilities net of related deferred acquisition cost (DAC) assets. In performing these tests, current best estimates of future contractual cash flows and claims handling and administration expenses, as well as investment income from the assets backing such liabilities, are used. Any deficiency is immediately recognised in profit or loss initially by writing off DAC and by subsequently establishing a provision for losses arising from liability adequacy tests the unexpired risk provision.

The provisions of the Insurance Act 2003 requires an actuarial valuation for life reserves only. However, IFRS 4 requires a liability adequacy test for both life and non-life insurance reserves. Hence, the Group carries out actuarial valuation on both life and non-life insurance businesses.

3.36 Statutory reserve

In accordance with the provisions of Section 69 of the Pension Reform Act 2004, the statutory reserve is credited with an amount equivalent to 12.5% of net profit after tax or such other percentage of the net profit as the National Pension Commission may from time to time stipulate.

3.37 Contingency reserves

(a) Non-life business

In compliance with Section 21 (2) of Insurance Act 2003, the contingency reserve is credited with the greater of 3% of total premiums, or 20% of the net profits. This shall accumulate until it reaches the amount of greater of minimum paid-up capital or 50 percent of net premium.

(b) Life business

In compliance with Section 22 (1) (b) of Insurance Act 2003, the contingency reserve is credited with the higher of 1% of gross premiums or 10% of net profit and accumulated until it reaches the amount of the minimum paid up capital – Insurance ACT 22 (1)(b).

3.38 Retained earnings

This account accumulates profits or losses from operations.

3.39 Revenue recognition

(a) Gross premium income

Gross recurring premiums on life are recognised as revenue when payable by the policyholder. For single premium business, revenue is recognised on the date on which the policy is effective. Gross general insurance written premiums comprise the total premiums receivable for the whole period of cover provided by contracts entered into during the accounting period. They are recognised on the date on which the policy commences. Premiums include any adjustments arising in the accounting period for premiums receivable in respect of business written in prior accounting periods.

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Rebates that form part of the premium rate, such as no-claim rebates, are deducted from the gross premium; others are recognised as an expense. Premiums collected by intermediaries, but not yet received, are assessed based on estimates from underwriting or past experience and are included in premiums written.

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

(b) Reinsurance premium

Gross reinsurance premiums on life and investment contracts are recognised as an expense on the earlier of the date when premiums are payable or when the policy becomes effective.

Gross general reinsurance premiums written comprise the total premiums payable for the whole cover provided by contracts entered into the period and are recognised on the date the policy becomes effective. Premiums includes any adjustments arising in the accounting period in respect of reinsurance contracts that commenced in prior accounting periods.

Unearned reinsurance premiums are those proportions of premiums written in a year that relate to periods of risk after the reporting date. Unearned reinsurance premiums are deferred over the term of the underlying direct insurance policies for risks-attaching contracts and over the term of the reinsurance contract for losses occurring contracts.

(c) Fees and commission income

Insurance and investment contract policyholders are charged for policy administration services, investment management services, surrenders and other contract fees. The administration fee is calculated as a flat charge payable monthly from contributions received while the fund management fee is an asset based fee charged as a percentage of the opening net assets value of the pension fund investment. These fees are recognized as revenue over the period in which the related services are performed. If the fees are for services provided in future periods, then they are deferred and recognized over those future periods.

(d) Change in life fund

Actuarial valuation of the ordinary life and annuity fund is conducted at reporting date to determine the net liabiities on the existing policies and the adequacy of the assets representing the insurance fund. The changes in the fund is charged to the income statement.

(e) Investment income

Interest income is recognized in the profit or loss as it accrues and is calculated by using the effective interest rate method. Fees and commissions that are an integral part of the effective yield of the financial asset or liability are recognized as an adjustment to the effective interest rate of the instrument. 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.

(f) Realized gains and losses

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.

(g) Investment property rental income

Rental income from investment property is recognised as revenue on a straight line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease. Rental Income from other property is recognised as other income.
The fair value gain or loss on investment property is recognised in the profit or loss account.

3.30 Benefits, claims and expenses recognition

(a) Gross benefits and claims

Gross benefits and claims for life insurance contracts include the cost of all claims arising during the year, including internal and external claims handling costs that are directly related to the processing and settlement of claims. Changes in the gross valuation of insurance are also included.Death claims and surrenders are recorded on the basis of notifications received. Maturities and annuity payments are recorded when due. General insurance claims include all claims occurring during the year, whether reported or not, related internal and external claims handling costs that are directly related to the processing and settlement of claims, a reduction for the value of salvage and

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other recoveries, and any adjustments to claims outstanding from previous years.

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

(b) **Reinsurance expenses**
Reinsurance cost represents outward premium paid to reinsurance companies less the unexpired portion as at the end of the accounting year.

3.31 Underwriting expenses

Underwriting expenses comprise acquisition costs and other underwriting expenses. Acquisition costs comprise all direct and indirect costs arising from the writing of insurance contracts. Examples of these costs include, but are not limited to, commission expense, supervisory levy, superintending fees and other technical expenses. Other underwriting expenses are those incurred in servicing existing policies/ contract. These expenses are recognised in the accounting year in which they are incurred.

3.32 Other operating income

Other operating income comprises of income from realised profits on sale of securities, realised foreign exchange gains and other sundry income.

3.33 Employee benefits

(a) **Short term employee benefit**
Short term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(b) **Defined contribution plans**
Obligations for contributions to defined contribution plans are expensed as the related service is provided. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.
The Company operates a contributory pension scheme in line with the provisions of the Pension Reform Act 2014. The Pension Reform Act 2014 requires a minimum contributions of 8% from the staff and 10% bythe Company based on the basic salaries and other designated allowances. The Pension Reform Act 2014 also allows the Company to bear the full contribution on behalf of the employees as far as the minimum contributions of 18% is met. The Company contributes 18% of the employees' emolument as pension contributions which is charged to the profit or loss account.

3.34 Other operating expenses

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.
Other operating expenses are accounted for on accrual basis and recognized in the profit or loss upon utilization of the service or at the date of their origin.

3.35 Finance cost

Interest paid is recognized in the profit or loss as it accrues and is calculated by using the effective interest rate method. Accrued interest is included within the carrying value of the interest bearing financial liability.

3.36 Earnings per share

The Group presents basic earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the period, excluding treasury shares held by the Group. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

3.37 Standards issued but not yet effective

(a) **Amendments to References to the Conceptual Framework in IFRS Standards (Annual periods beginning on or after 1 January 2020)**
Together with the revised Conceptual Framework published in March 2018, the IASB also issued Amendments to References to the Conceptual Framework in IFRS Standards. The document contains amendments to IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32. Not all amendments, however update those pronouncements with regard to references to and quotes from the framework so that they refer to the revised Conceptual Framework. Some pronouncements are only updated to indicate which version of the framework they are referencing to (the IASC framework adopted by the IASB in 2001, the IASB framework of 2010, or the new revised framework of 2018)

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or to indicate that definitions in the standard have not been updated with the new definitions developed in the revised Conceptual Framework.

(b) Definition of a Business (Amendments to IFRS 3) (Acquisition date beginning on or after 1 January 2020)

The amendments in Definition of a Business (Amendments to IFRS 3) are changes to Appendix A Defined terms, the application guidance, and the illustrative examples of IFRS 3 only. They:

- clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs;
- narrow the definitions of a business and of outputs by focusing on goods and services provided to customers and by removing the reference to an ability to reduce costs;
- add guidance and illustrative examples to help entities assess whether a substantive process has been acquired;
- remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs; and
- add an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business.

(c) Definition of Material (Amendments to IAS 1 and IAS 8) (Annual periods beginning on or after 1 January 2020)

The amendments in Definition of Material (Amendments to IAS 1 and IAS 8) clarify the definition of 'material' and align the definition used in the Conceptual Framework and the standards.

(d) Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7) (Annual periods beginning on or after 1 January 2020)

The amendments in Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7) clarify that entities would continue to apply certain hedge accounting requirements assuming that the interest rate benchmark on which the hedged cash flows and cash flows from the hedging instrument are based will not be altered as a result of interest rate benchmark reform.

(e) IFRS 17 Insurance Contracts

In May 2017, the IASB issued IFRS 17 Insurance Contracts (IFRS 17), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 Insurance Contracts (IFRS 4) that was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of IFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

IFRS 17 is effective for reporting periods beginning on or after 1 January 2021, with comparative figures required. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17. This standard is not applicable to the Group.

4 Critical accounting estimates and judgements

The Group makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) The ultimate liability arising from claims made under insurance contracts

The estimation of the ultimate liability arising from claims made under insurance contracts is one of the Group's most critical accounting estimate. There are several sources of uncertainty that need to be considered in the estimate of the liability that the Group will ultimately pay for such claims.

Statement of Significant Accounting Policies

For the year ended 31 December 2019

The ultimate cost of outstanding claims is estimated by using a standard actuarial claims projection techniques called the Basic Chain Ladder (BCL).

The main assumption underlying these technique is that the Group'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 analysed by accident years and 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.

(b) Impairment of financial instrument

The Company has applied some judgment in carrying out an assessment of whether credit risk on the financial asset has increased significantly since initial recognition and incorporating forward-looking information in the measurement of ECL.

(c) Measurement of fair values

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

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities/

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

If there is no quoted price in an active market, then the Group uses valuation techniques that maximise the use of relevant observable inputs and minimise 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 Group 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 on initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If the Group determines that the fair value on 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 for which any unobservable inputs are judged to be insignificant in relation to the measurement, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently, that difference is recognised 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

The determination of fair value for financial assets and financial liabilities for which there is no observable market price requires the use of valuation techniques. For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgment depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

The Group measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the requirements.

- Level 1: Quoted market price in an active market for an identical instrument.

Statement of Significant Accounting Policies

For the year ended 31 December 2019

Level 2: Valuation techniques based on observable inputs. This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

- Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instruments valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Fair values of financial assets and financial liabilities that are traded in active markets are based on quoted market prices or dealer price quotations.

The fair value of financial instruments where no active market exists or where quoted prices are not otherwise available are determined by using valuation techniques. In these cases the fair values are estimated from observable data in respect of similar financial instruments or using models. Where market observable inputs are not available, they are estimated based on appropriate assumptions. Where valuation techniques (for example, models) are used to determine fair values, they are validated and periodically reviewed by qualified personnel independent of those that sourced them.

All models are certified before they are used, and models are calibrated to ensure that outputs reflect actual data and comparative market prices. To the extent practical, models use only observable data; however, areas such as credit risk (both own credit risk and counterparty risk), volatilities and correlations require management to make estimates.

(d) Fair value of unquoted equity financial instruments

Investments in unquoted equity financial instrument should be measured at fair value. The Group's investment in unquoted equity financial instrument are measured at fair value.

(e) Liabilities arising from life insurance contract

The liabilities for life insurance contracts are estimated using appropriate and acceptable base tables of standard mortality according to the type of contract being written. Management make various assumptions such as expenses inflation, valuation interest rate, mortality and further mortality improved in estimating the required reserves for life contracts

(f) Depreciation and carrying value of property and equipment

The estimation of the useful lives of assets is based on management's judgement. Any material adjustment to the estimated useful lives of items of property and equipment will have an impact on the carrying value of these items.

(g) Determination of impairment of property and equipment and intangible assets

Management is required to make judgements concerning the cause, timing and amount of impairment. In the identification of impairment indicators, management considers the impact of changes in current competitive conditions, cost of capital, availability of funding, technological obsolescence, discontinuance of services and other circumstances that could indicate that impairment exists. This requires management to make significant judgements and estimates concerning the existence of impairment indicators, separate cash generating units, remaining useful lives of assets, projected cash flows and net realisable values. Management's judgement is also required when assessing whether a previously recognised impairment loss should be reversed.

(d) Impairment of goodwill

Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of the cash generating unit to which the goodwill relates. Where the recoverable amount of the cash generating unit is less than their carrying amount, an impairment is recognized.

Statement of Significant Accounting Policies

For the year ended 31 December 2019

(i) Investment properties

The Group's investment properties are valued on the basis of open market value. The fair values are determined by applying the direct market evidence comparative method of valuation to derive the open market value such as price per square meter, rate of development in the area and quality of the building.

(j) Current tax

The current income tax charge is calculated on taxable income on the basis of the tax laws enacted or substantively enacted at the reporting date. The Company applies Section 16 of the Company Income Tax Act. It states that an Insurance business shall be taxed as;

- an insurance company, whether proprietary or mutual, other than a life insurance company; or
- a Nigerian company whose profit accrued in part outside Nigeria.

The profit on which tax may be imposed, shall be ascertained by taking the gross premium interest and other income receivable in Nigeria less reinsurance and deducting from the balance so arrived at, a reserve fund for unexpired risks at the percentage consistently adopted by the company in relation to its operation as a whole for such risks at the end of the period for which the profits are being ascertained, subject to the limitation below:

An insurance company, other than a life insurance company, shall be allowed as deductions from its premium the following reserves for tax purposes?

(a) for unexpired risks, 45 percent of the total premium in case of general insurance business other than marine insurance business and 25 percent of the total premium in the case of marine cargo insurance;

(b) for other reserves, claims and out goings of the company an amount equal to 25 percent of the total premium. The Directors have adopted current tax practices in computing the tax liabilities. Actual results may differ from these estimates based on the interpretation by the tax authorities. The Directors acknowledge that changes in the application of the current tax practices can have a significant impact on the tax expense and tax liabilities recorded in the financial statements.

(k) Deferred tax asset and liabilities

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

(l) Determining control over investee entities

Management applies its judgement to determine whether the Group has control over subsidiaries or significant influence over an investee company as set out in Note 3.1(b).The Group has determined that it exercises control and significant influence over certain investee companies due to its representation on the Board of such companies and its significant participation in the Companies' operating and financial policies

(m) Allowances for credit losses

Judgment is required by management in the estimation of the amount and timing of future cash flows when determining an impairment loss for debt instruments measured at amortised cost and fair value through other comprehensive income. In estimating these cash flows, the Company makes judgments about the borrower's financial situation and value of other collateral (where applicable). These estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the impairment allowance.

A collective assessment of impairment takes into account data from the debt portfolio (such as credit quality, levels of arrears, credit utilisation, loan to collateral ratios etc.), and concentrations of risk and economic data (including levels of unemployment, real estate prices indices, country risk and the performance of different individual groups). These critical assumptions have been applied consistently to all periods presented.

The Company applied the impairment requirements under IFRS 9 from 1 January 2018 resulting in changes to the assumptions used for the calculation for allowance for impairment using the expected credit loss model. The comparative period has not been restated for IFRS 9. The key change under the IFRS 9 expected credit loss model is the use of forecast of future economic conditions including macroeconomic factors. These have been discussed in note 3 above – Changes in accounting policies.

Financial Statements

Consolidated and separate statements of financial position

As at 31 December 2019

		Group		Company	
In thousands of naira	Note	31-Dec-2019	31-Dec-2018	31-Dec-2019	31-Dec-2018
Assets					
Cash and cash equivalents	6	10,080,164	5,324,739	8,166,352	4,519,953
Financial assets	7	126,827,073	89,240,430	103,414,529	76,757,634
Trade receivables	8	386,749	417,103	303,106	131,841
Reinsurance assets	9	5,460,569	4,686,029	5,460,569	4,686,029
Deferred acquisition costs	10	488,884	465,991	488,884	465,991
Other receivables and prepayments	11	6,227,700	580,618	5,762,765	408,428
Deferred tax assets	12(e)	149,379	149,379	-	-
Investment in subsidiaries	13	-	-	2,452,359	2,452,359
Investment properties	14	772,000	555,000	772,000	555,000
Goodwill and other intangible assets	15	985,861	1,014,085	906,680	965,905
Property and equipment	16	7,597,843	7,025,197	7,036,211	6,697,108
Statutory deposits	17	500,000	530,000	500,000	530,000
Total assets		**159,476,222**	**109,988,570**	**135,263,455**	**98,170,248**
Liabilities and equity					
Liabilities					
Insurance contract liabilities	18	84,986,351	65,540,532	84,766,122	65,341,550
Investment contract liabilities	19	16,201,367	12,319,617	16,201,367	12,319,617
Trade payables	20	1,839,238	1,013,475	1,512,394	839,400
Other payables and accruals		3,650,286	2,213,547	3,406,751	2,002,558
Fixed income liabilities	(b)	20,143,047	10,181,251	-	-
Current income tax payable	12(a)	487,112	590,976	361,505	507,241
Deferred tax liabilities	12(e)	629,281	533,836	441,416	487,836
Borrowings	22(a)	2,629,477	2,324,733	2,629,477	2,324,733
Total liabilities		**130,566,159**	**94,717,967**	**109,319,032**	**83,822,935**
Equity					
Issued share capital	23(a)(ii)	3,465,102	3,465,102	3,465,102	3,465,102
Share premium	23(b)	2,824,389	2,824,389	2,824,389	2,824,389
Revaluation reserves	23(c)	1,812,707	1,802,662	1,812,707	1,802,662
Fair value reserve	23(d)	1,995,336	(1,143,847)	828,179	(952,902)
Foreign exchange gains reserve	23(f)	159,677	147,443	159,677	147,443
Statutory reserve	23(g)	167,874	143,882	-	-
Contingency reserve	23(h)	6,320,410	5,807,411	6,320,410	5,807,411
Retained earnings	23(I)	5,888,970	1,479,002	5,253,959	1,253,208
Deposit for shares	23(k)	5,280,000	-	5,280,000	-
Shareholders' funds		**27,914,464**	**14,526,044**	**25,944,423**	**14,347,313**
Non-controlling interests	13(e)	995,599	744,559	-	-
Total equity		28,910,063	15,270,603	25,944,423	14,347,313
Total liabilities and equity		**159,476,222**	**109,988,570**	**135,263,455**	**98,170,248**

These consolidated and separate financial statements were approved by the Board of Directors on 27 February 2020 by:

Mr. Kundan Sainani
Chairman
FRC/2013/IODN/00000003622

Mr. Babatunde Fajemirokun
Managing Director/Chief Executive Officer
FRC /2015/MULTI/00000019973

Mr. Oladeji Oluwatola
Chief Financial Officer
FRC/2013/ICAN/0000004910

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

Consolidated and separate statements of profit or loss and other comprehensive income

For the year ended 31 December 2019

		Group		Company	
In thousands of naira	Note	31-Dec-2019	31-Dec-2018	31-Dec-2019	31-Dec-2018
Gross premium written	24(a)	**50,138,467**	**37,665,507**	**49,440,231**	**37,002,279**
Gross premium income	24(b)	50,008,832	37,046,927	49,376,338	36,441,690
Reinsurance expenses	24(c)	(6,232,810)	(5,181,225)	(6,232,810)	(5,181,225)
Net premium income		**43,776,022**	**31,865,701**	**43,143,528**	**31,260,465**
Fee/commission income					
Insurance contracts	25	1,433,827	1,161,366	1,433,827	1,161,366
Pension and other contracts	25	1,820,852	1,762,554	-	-
Net underwriting income		**47,030,701**	**34,789,621**	**44,577,355**	**32,421,831**
Claims expenses:					
Claims expenses (Gross)	26(a)	30,608,604	29,065,365	30,151,535	28,552,048
Claims expenses recovered from reinsurers	26(b)	(5,227,996)	(5,196,211)	(5,227,996)	(5,196,211)
Claims expenses (Net)		**25,380,608**	**23,869,154**	**24,923,539**	**23,355,837**
Underwriting expenses	27	6,260,563	4,415,428	6,189,049	4,331,084
Change in life fund	18(d)	10,077,589	3,414,748	10,077,589	3,414,748
Change in annuity fund	18(e)	8,388,032	(1,456,737)	8,388,032	(1,456,737)
Change in other investment contracts	19(b)	3,266,802	1,333,148	3,266,802	1,333,148
Total underwriting expenses		**53,373,595**	**31,575,741**	**52,845,011**	**30,978,080**
Underwriting (loss)/profit		**(6,342,894)**	**3,213,880**	**(8,267,656)**	**1,443,752**
Investment income	28(a)	10,580,837	9,051,954	9,087,686	8,306,149
Profit from deposit administration	28(b)	11,269	193,394	11,269	193,394
Net realised gains	29	12,589,694	2,366,319	12,590,253	2,363,429
Net fair value gains / (losses)	30	1,652,807	(2,524,642)	1,652,807	(2,524,642)
Other operating income	31	552,056	763,492	202,800	489,192
Personnel expenses	32	(5,526,226)	(3,571,708)	(4,183,247)	(2,241,468)
Other operating expenses	33	(6,673,582)	(5,624,826)	(5,297,475)	(4,712,776)
Finance cost	34	(431,328)	(355,539)	(431,328)	(355,539)
Impairment (loss)/reversal	35	(178,782)	(16,455)	(141,155)	5,025
Profit before income tax		**6,233,852**	**3,495,871**	**5,223,954**	**2,966,516**
Income tax expense	12(b)	(323,513)	(319,687)	(66,695)	(337,510)
Profit after income tax		**5,910,338**	**3,151,589**	**5,157,259**	**2,604,412**
Attributable to shareholders		5,784,443	3,044,154	5,157,259	2,604,412
Attributable to non-controlling interest holders	13(e) (i)	125,895	107,436	-	-
		5,910,338	**3,151,589**	**5,157,259**	**2,604,412**
Other comprehensive income, net of tax					
Items within OCI that may be reclassified to profit or loss					
Net gain on financial assets	23(d)	3,139,394	(808,923)	1,781,081	(595,041)
Exchange gains on financial assets	23(f)	12,234	1,803	12,234	1,803
Items within OCI that will not be reclassified to profit or loss					
Fair value (loss)/gain on equity securities	23(i)	(298,382)	407,788	(227,697)	406,810
Revaluation gain on property and equipment	23(c)	10,045	-	10,045	-
Total other comprehensive profit/ (loss)		**2,863,291**	**(399,333)**	**1,575,663**	**(186,429)**
Total comprehensive profit for the year		**8,773,628**	**2,752,257**	**6,732,921**	**2,417,983**
Attributable to shareholders		8,496,833	2,666,112	6,732,921	2,417,983
Attributable to non-controlling interests		276,795	86,145	-	-
		8,773,628	**2,752,257**	**6,732,921**	**2,417,983**
Basic earnings per share (Kobo)	36	83	44	74	38
Diluted earnings per share (Kobo)	36	83	35	74	30

Consolidated and Separate Statements of Changes in Equity - Group

For the year ended 31 December 2019

In thousands of naira	Note	Issued Share Capital	Share Premium	Retained Earnings	Contingency Reserve	Available-for-Sale Reserve	Fair Value Reserve	Revaluation Reserve	Statutory Reserve	Foreign exchange gains reserve	Deposit for shares	Shareholders' Equity	Non Controlling Interests	Total equity
		Attributable to owners of the Group												
Balance at 1 January 2019	23	3,465,102	2,824,389	1,479,002	5,807,411	-	(1,143,847)	1,802,662	143,882	147,443	-	14,526,044	744,558	15,270,602
Total comprehensive income for the year														
Profit for the year		-	-	5,784,443	-	-	-	-	-	-	-	5,784,443	125,895	5,910,338
Other comprehensive income		-	-	(298,382)	-	-	3,002,193	10,045	-	12,234	-	2,726,089	150,900	2,876,990
Total other comprehensive income for the year		**-**	**-**	**5,486,061**	**-**	**-**	**3,002,193**	**10,045**	**-**	**12,234**	**-**	**8,510,532**	**276,795**	**8,787,327**
Transfers within equity														
Transfer to contingency reserve		-	-	(512,999)	512,999	-	-	-	-	-	-	-	-	-
Deposit for shares											5,280,000	5,280,000		5,280,000
Transfer to/(from) retained earnings		-	-	(147,282)	-	-	136,990	-	23,992	-	-	13,700	(13,700)	-
Total transfers		**-**	**-**	**(660,281)**	**512,999**	**-**	**136,990**	**-**	**23,992**	**-**	**5,280,000**	**5,293,700**	**13,700**	**5,280,000**
Transactions with owners, recorded directly in equity														
Transactions with NCI		-	-	-	-	-		-	-	-	-	-	-	-
Dividend paid to ordinary shareholders		-	-	(415,812)	-	-	-	-	-	-	-	(415,812)	(12,057)	(427,869)
Total contributions by and distributions to equity holders		-	-	(415,812)	-	-	-	-	-	-	-	(415,812)	(12,057)	(427,869)
Balance at 31 December 2019		**3,465,102**	**2,824,389**	**5,888,970**	**6,320,410**	**-**	**1,995,336**	**1,812,707**	**167,874**	**159,677**	**5,280,000**	**27,914,463**	**995,599**	**28,910,062**
Balance at 1 January 2018		3,465,102	2,824,389	10,083,427	5,182,190	(13,072,413)	-	1,802,662	116,458	145,640	-	10,547,455	411,073	10,958,528
Reclassification adjustment				(10,824,461)		12,045,530	(334,924)					886,145	(14,811)	871,335
Reclassification to amortized cost asset						1,026,883						1,026,883		1,026,883
Total comprehensive income for the year														
Profit for the year		-	-	3,044,154	-	-		-	-	-	-	3,044,154	107,436	3,151,589
Other comprehensive income		-	-	407,788	-	-	(787,633)	-	-	1,803	-	(378,042)	(21,291)	(399,333)
Total other comprehensive income for the year		**-**	**-**	**3,451,942**	**-**	**-**	**(787,633)**	**-**	**-**	**1,803**	**-**	**2,666,112**	**86,145**	**2,752,257**
Transfers within equity														
Transfer to contingency reserve		-	-	(625,221)	625,221	-	-	-	-	-	-	-	-	-
Transfer to statutory reserve		-	-	(27,424)	-	-	-	-	27,424	-	-	-	-	-
Total transfers		**-**	**-**	**(652,645)**	**625,221**	**-**	**-**	**-**	**27,424**	**-**	**-**	**-**	**-**	**-**
Transactions with owners, recorded directly in equity														
Loss on transactions with NCI		-	-	(232,751)	-	-	21,291	-	-	-	-	(254,041)	310,372	56,331
Dividend paid to ordinary shareholders		-	-	(346,510)	-	-	-	-	-	-	-	(346,510)	(48,222)	(394,732)
Total contributions by and distributions to equity holders		-	-	(579,261)	-	-	21,291	-	-	-	-	(600,551)	262,151	(338,401)
Balance as at 31 December 2018		**3,465,102**	**2,824,389**	**1,479,002**	**5,807,411**	**-**	**(1,143,847)**	**1,802,662**	**143,882**	**147,443**	**0**	**14,526,043**	**744,558**	**15,270,602**

Consolidated and Separate Statements of Changes in Equity - Company

For the year ended 31 December 2019

		Attributable to owners of the Company									
In thousands of naira	Note	Issued Share Capital	Share Premium	Retained Earnings	Contingency Reserve	Available-for-Sale Reserve	Fair Value Reserve	Revaluation Reserve	Exchange gains reserve	Deposit for shares	Total shareholders' Equity
Balance at 1 January 2019	23	3,465,102	2,824,389	1,253,208	5,807,411	-	(952,902)	1,802,662	147,443	-	14,347,313
Total comprehensive income for the year											
Profit for the year		-	-	5,157,259	-	-	-	-	-	-	5,157,259
Other comprehensive income		-	-	-	-	-	1,553,384	10,045	12,234	-	1,575,663
Total other comprehensive income for the year		**-**	**-**	**5,157,259**	**-**	**-**	**1,553,384**	**10,045**	**12,234**	**-**	**6,732,922**
Transfers within equity											
Transfer to contingency reserve		-	-	(512,999)	512,999	-	-	-	-	-	-
Transfer to statutory reserve		-	-	-	-	-	-	-	-	-	-
Transfer to retained earnings				(227,697)			227,697				
Deposit for shares		-	-	-	-	-	-	-	-	5,280,000	5,280,000
Total transfers within equity		**-**	**-**	**740,696**	**512,999**	**-**	**227,697**	**-**	**-**	**5,280,000**	**5,280,000**
Transactions with owners, recorded directly in equity											
Dividend paid to ordinary shareholders		-	-	(415,812)	-	-	-	-	-	-	(415,812)
Total contributions by and distributions to equity holders		-	-	(415,812)	-	-	-	-	-	-	(415,812)
Balance at 31 December 2019		**3,465,102**	**2,824,389**	**5,253,959**	**6,320,410**	**-**	**828,179**	**1,812,707**	**159,677**	**5,280,000**	**25,944,422**
Balance at 1 January 2018		3,465,102	2,824,389	9,994,656	5,182,190	(13,092,408)	-	1,802,662	145,640	-	10,322,233
Reclassification adjustment		-	-	(10,780,938)	-	12,065,525	(357,860)	-	-	-	926,728
Reclassification to amortized cost		-	-		-	1,026,883	-	-	-	-	1,026,883
Total comprehensive income for the year											
Profit for the year		-	-	2,604,411	-	-		-	-	-	2,604,411
Other comprehensive income		-	-	406,810	-	-	(595,042)	-	1,803	-	(186,429)
Total other comprehensive income for the year		**-**	**-**	**3,011,221**	**-**	**-**	**(595,042)**	**-**	**1,803**	**-**	**2,417,982**
Transfers within equity											
Transfer to contingency reserve		-	-	(625,221)	625,221	-	-	-	-	-	-
Dividend paid to ordinary shareholders		-	-	(346,510)		-	-	-	-	-	(346,510)
Total transfers within equity			**-**	**(971,731)**	**625,221**	**-**	**-**	**-**	**-**	**-**	**(346,510)**
Balance at 31 December 2018		**3,465,102**	**2,824,389**	**1,253,208**	**5,807,411**	**-**	**(952,902)**	**1,802,662**	**147,443**	**-**	**14,347,313**

Consolidated and Separate Statements of Cash Flows

For the year ended 31 December 2019

		Group		Company	
In thousands of naira	Note	31-Dec-2019	31-Dec-2018	31-Dec-2019	31-Dec-2018
Operating activities:					
Total premium received		49,872,426	37,157,440	48,972,572	36,537,407
Commission received		3,307,666	2,850,110	1,380,840	1,087,556
Commission paid		(5,146,495)	(3,940,843)	(5,097,873)	(3,856,499)
Premium paid in advance		588,068	172,747	588,068	172,747
Unallocated premium		321,343	123,647	321,343	123,647
Reinsurance premium paid		(6,523,365)	(5,719,524)	(6,523,365)	(5,719,524)
Gross benefits and claims paid	18(a)(i)	(29,699,588)	(25,969,700)	(29,256,018)	(25,496,015)
Claims recoveries		4,567,924	4,441,445	4,567,924	4,441,445
Receipt from deposit administration	19(a)	539,074	60,111	539,074	60,111
Withdrawal from deposit administration	19(a)	(108,480)	(78,551)	(108,480)	(78,551)
Other underwriting expenses paid		(1,136,962)	(605,641)	(1,136,962)	(605,641)
Payments to employees	32	(4,151,443)	(3,571,708)	(2,808,464)	(2,241,468)
Other operating cash payments		(12,750,097)	(4,611,100)	(10,133,001)	(4,033,877)
Other income received		449,208	765,839	100,928	489,192
Interest income on deposit shares		9,756	-	9,756	-
Fixed income received		11,141,795	6,199,660	-	-
Income tax paid	12	(473,798)	(593,129)	(258,851)	(311,215)
Net cash flows from operating activities		**10,807,032**	**6,680,802**	**1,157,491**	**569,313**
Investing activities:					
Interest income received		5,436,200	7,500,982	4,187,769	6,953,741
Purchase of property and equipment	16	(1,158,487)	(1,062,943)	(742,111)	(883,940)
Purchase of intangibles	15	(58,087)	(51,073)	-	(13,753)
Proceeds from sale of property and equipment		43,373	15,996	19,087	10,112
Purchase of financial assets at amortized cost	7(a)(ii)	(21,410,477)	(17,256,718)	(18,806,064)	(16,484,536)
Purchase of financial assets at FVTOCI	7(b)(ii)	(34,154,640)	(14,499,471)	(12,397,883)	(3,843,725)
Purchase of financial assets at FVTPL	7(c)(i)	(298,804,792)	(53,449,347)	(298,750,672)	(53,449,347)
Proceed on disposal/ redemption of financial assets		339,606,295	72,858,714	324,517,718	68,263,002
Refund on investment in subsidiaries		-	-	-	12,811
Net cash flows (used in)/from investing activities		**(10,500,615)**	**(5,943,859)**	**(1,972,155)**	**564,365**
Financing activities:					
Convertible loan interest payment	22(b)(ii)	(403,124)	(216,857)	(403,124)	(216,857)
Deposit for shares		5,280,000	-	5,280,000	-
Dividend paid to equity holders	23(i)	(415,812)	(346,510)	(415,812)	(346,510)
Dividend paid to non controlling interest	13(e) (i)	(12,056)	(48,222)	-	-
Net cash flows from/(used in) financing activities		**4,449,007**	**(611,589)**	**4,461,063**	**(563,367)**
Net increase in cash and cash equivalents		4,755,425	125,354	3,646,399	570,311
Cash and cash equivalents at 1 January		5,324,739	5,199,385	4,519,953	3,949,642
Cash and cash equivalents at 31 December		10,080,164	5,324,739	8,166,352	4,519,953

Segment Information
For the year ended 31 December 2019

5 Segment Information

For management purposes, the Group is organized into business units based on their products and services and has five reportable operating segments as follows:

- 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 non-life insurance segment comprises general insurance to individuals and businesses. Non-life 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.

- Pension Manager Segment is licensed as a Pension Fund Administrator by the National Pension Commission on April 13, 2006 provides pension administration services to private and public sector contributors.

- The Wealth 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.

5.1 Segment statement of profit or loss and other comprehensive income

In thousands of naira	Life Business	General Business	Elimination of inter-business transactions	Company	Health management services	Pensions	Asset management	Elimination of inter-segment transactions	31 December 2019
Gross premium written	**37,261,090**	**12,179,141**	**-**	**49,440,231**	**698,236**	**-**	**-**	**-**	**50,138,467**
Gross premium income from external customers	37,233,578	12,142,760	-	49,376,338	632,494	-	-	-	50,008,832
Premiums ceded to reinsurers	(742,151)	(5,490,659)	-	(6,232,810)	-	-	-	-	(6,232,810)
Net premium Income	**36,491,427**	**6,652,101**	**-**	**43,143,528**	**632,494**	**-**	**-**	**-**	**43,776,022**
Fees and Commission Income									
Insurance contract	156,434	1,277,394	-	1,433,827	-	-	-	-	1,433,827
Pension and other contracts	-		-	-	332,226	1,386,840	347,482	(245,695)	1,820,852
Net underwriting income	**36,647,861**	**7,929,495**	**-**	**44,577,355**	**964,720**	**1,386,840**	**347,482**	**(245,695)**	**47,030,701**
Claims expenses:									
Claims expenses (Gross)	22,550,944	7,600,591	-	30,151,535	457,070	-	-	-	30,608,604
Claims expenses recovered from reinsurer	(923,519)	(4,304,477)	-	(5,227,996)	-	-	-	-	(5,227,996)
Claims expenses (Net)	**21,627,425**	**3,296,114**	**-**	**24,923,539**	**457,070**	**-**	**-**	**-**	**25,380,608**
Underwriting expenses	4,006,304	2,182,745	-	6,189,049	71,514	-	-	-	6,260,563
Change in life fund	10,077,589		-	10,077,589	-	-	-	-	10,077,589
Change in annuity fund	8,388,032		-	8,388,032	-	-	-	-	8,388,032
Change in other investment contract	3,266,802			3,266,802					3,266,802
Total underwriting expenses	**47,366,152**	**5,478,859**	**-**	**52,845,011**	**528,584**	**-**	**-**	**-**	**53,373,595**
Underwriting (loss)/profit	**(10,718,292)**	**2,450,635**	**-**	**(8,267,656)**	**436,136**	**1,386,840**	**347,482**	**(245,695)**	**(6,342,894)**
Investment income	8,411,920	675,766	-	9,087,686	114,724	226,832	1,179,999	(28,403)	10,580,837
Profit from deposit administration	11,269		-	11,269	-	-	-	-	11,269
Net realised gains and losses	11,977,714	612,539	-	12,590,253	418	(976)	-	-	12,589,694
Fair value losses	1,671,807	(19,000)	-	1,652,807	-	-	-	-	1,652,807
Other operating revenue	107,157	95,643	-	202,800	28,485	2,519	318,252	-	552,056
Employee Benefits expense	(2,635,795)	(1,547,452)	-	(4,183,247)	(225,304)	(729,287)	(388,388)	-	(5,526,226)
Other operating expense	(2,999,963)	(2,297,514)	-	(5,297,475)	(232,985)	(635,026)	(753,791)	245,695	(6,673,582)
Finance costs	(250,169)	(181,158)	-	(431,328)	-	-	-	-	(431,328)
Other material non-cash items:									
- Impairment expense	(135,194)	(5,961)	-	(141,155)	(24,043)	(2,293)	(11,291)		(178,782)
Profit before tax	**5,440,454**	**(216,502)**	**-**	**5,223,953**	**97,431**	**248,608**	**692,263**	**(28,403)**	**6,233,851**
Income tax expense	(52,156)	(14,540)	-	(66,695)	(27,130)	(56,677)	(173,011)		(323,513)
Minimum tax	-		-	-			-		-
Profit for the period	**5,388,298**	**(231,042)**	**-**	**5,157,258**	**70,301**	**191,931**	**519,252**	**(28,403)**	**5,910,337**
Attributable to Shareholders of the Company	5,388,298	(231,042)	-	5,157,258	53,506	134,736	467,140	(28,403)	5,784,237
Attributable to Non-Controlling Interest	-		-	-	16,795	57,196	51,904	-	125,895
Other Comprehensive Income							(473,509)		
Net gain/(loss) on fair value financial asset	757,182	1,023,900	-	1,781,082	-	-	1,358,312	-	3,139,394
Exchange gain on unquoted investments	12,234		-	12,234	-	-	-	-	12,234
Fair value gains on equity							66,305	-	66,305
loss on equities	(552,157)	324,460	-	(227,697)	-	-	(136,990)	-	(364,687)
Revaluation gain/loss on property and equipment	(47,130)	57,174	-	10,045	-	-	-	-	10,045
Other comprehensive income for the year, net of tax	**170,129**	**1,405,535**	**-**	**1,575,664**	**-**	**-**	**1,287,627**	**-**	**2,863,291**
Total comprehensive income for the year, net of tax	**5,558,427**	**1,174,493**	**-**	**6,732,922**	**70,301**	**191,931**	**1,806,878**	**(28,404)**	**8,773,628**

No single external customer contributed 10 percent or more of the entity's revenues as at the end of the year.

In thousands of naira	Life Business	General Business	Elimination of inter-business transactions	Company	Health management services	Pensions	Asset management	Elimination of inter-segment transactions	31 December 2018
Gross premium written	**26,616,523**	**10,385,756**	**-**	**37,002,279**	**663,228**	**-**	**-**	**-**	**37,665,507**
Gross premium income from external customers	26,454,826	9,986,864	-	36,441,690	605,237	-	-	-	37,046,926
Premiums ceded to reinsurers	(630,683)	(4,550,542)	-	(5,181,225)	-	-	-	-	(5,181,225)
Net premium Income	**25,824,143**	**5,436,322**	**-**	**31,260,465**	**605,237**	**-**	**-**	**-**	**31,865,701**
Fees and Commission Income									
Insurance contract	171,590	989,776	-	1,161,366	-	-	-	-	1,161,366
Pension and other contracts	-	-	-	-	338,972	1,375,899	323,264	(275,582)	1,762,554
Net underwriting income	**25,995,733**	**6,426,098**	**-**	**32,421,831**	**944,209**	**1,375,899**	**323,264**	**(275,582)**	**34,789,621**
Claims expenses:									
Claims expenses (Gross)	21,585,472	6,966,576	-	28,552,048	513,318	-	-	-	29,065,365
Claims expenses recovered from reinsurer	(1,280,697)	(3,915,514)	-	(5,196,211)	-	-	-	-	**(5,196,211)**
Claims expenses (Net)	**20,304,775**	**3,051,062**	**-**	**23,355,836**	**513,318**	**-**	**-**	**-**	**23,869,153**
Underwriting expenses	2,843,976	1,487,108	-	4,331,084	62,882	21,462	-	-	4,415,428
Change in life fund	3,414,747	-	-	3,414,747	-	-	-	-	3,414,748
Change in annuity fund	(1,456,737)	-	-	(1,456,737)	-	-	-	-	(1,456,737)
Change in other investment contract	1,333,148			1,333,148					1,333,148
Total underwriting expenses	**26,439,909**	**4,538,170**	**-**	**30,978,079**	**576,200**	**21,462**	**-**	**-**	**31,575,741**
Underwriting (loss)/profit	**(444,176)**	**1,887,928**	**-**	**1,443,752**	**368,009**	**1,354,438**	**323,264**	**(275,582)**	**3,213,880**
Investment income	7,240,721	1,065,428	-	8,306,149	113,411	201,385	544,605	(113,597)	9,051,954
Profit from deposit administration	193,394	-	-	193,394	-	-	-	-	193,394
Net realised gains and losses	2,100,023	263,405	-	2,363,428	544	1,564	782	-	2,366,319
Fair value gains/(losses)	(2,508,642)	(16,000)	-	(2,524,642)	-	-	-	-	(2,524,642)
Other operating revenue	225,808	263,384	-	489,192	16,202	210	257,888	-	763,492
Employee Benefits expense	(1,098,319)	(1,143,149)	-	(2,241,468)	(221,389)	(721,998)	(386,854)	-	(3,571,708)
Other operating expense	(2,396,291)	(2,316,487)	-	(4,712,777)	(263,193)	(542,932)	(381,502)	275,582	(5,624,826)
Finance costs	(180,451)	(175,087)	-	(355,538)	-	-	-	-	(355,539)
Other material non-cash items:									
- Impairment loss on investments	4,415	610	-	5,025	(24,005)	6,939	(4,414)		(16,455)
Profit before tax	**3,136,483**	**(169,968)**	**-**	**2,966,516**	**(10,422)**	**299,607**	**353,769**	**(113,597)**	**3,495,871**
Income tax expense	130,013	(467,524)	-	(337,511)	(4,571)	(80,212)	102,606		(319,687)
Minimum tax	(24,594)	-	-	(24,594)			-		(24,594)
Profit for the year	**3,241,902**	**(637,492)**	**-**	**2,604,412**	**(14,992)**	**219,395**	**456,375**	**(113,597)**	**3,151,590**
Attributable to Shareholders of the Company	3,241,902	(637,492)	-	2,604,412	(11,411)	154,015	410,737	(113,597)	3,044,154
Attributable to Non-Controlling Interest	-	-	-	-	(3,581)	65,380	45,637	-	107,436
Other Comprehensive Income									
Net gain on fair value financial asset	(207,990)	(387,051)	-	(595,041)	-	-	(213,884)	-	(808,923)
Exchange gain on unquoted investments	1,748	55	-	1,803	-	-	-	-	1,803
Gains on equities	317,442	89,368	-	406,810	-	-	978	-	407,788
Other comprehensive income/(loss) for the year, net of tax	**111,200**	**(297,628)**	**-**	**(186,428)**	**-**	**-**	**(212,906)**	**-**	**(399,332)**
Total comprehensive income for the year, net of tax	**3,353,101**	**(935,120)**	**-**	**2,417,984**	**(14,992)**	**219,395**	**243,469**	**(113,597)**	**2,752,258**

No single external customer contributed 10 percent or more of the entity's revenues as at end of the year.

5.2 Segment Statement of Financial Position

In thousands of naira	Life	General	Elimination of inter-business transactions	Company	Health management services	Pensions	Asset management	Elimination of inter-segment transactions	31 December 2019
Assets									
Cash and cash equivalents	5,427,569	2,738,783	-	8,166,352	338,637	1,238,478	336,697	-	10,080,164
Trade receivable	-	303,106	-	303,106	8,416	212,590	88,039	(225,402)	386,749
Reinsurance assets	703,017	4,757,552	-	5,460,569	-	-	-	-	5,460,569
Deferred acquisition cost	-	488,884	-	488,884	-	-	-	-	488,884
Financial assets:									
Amortized cost	39,497,573	2,729,354		42,226,927	834,973	160,106	348,961	-	43,570,967
Fair value through OCI	5,648,701	4,049,650		9,698,351	-	-	22,811,300	(796,917)	31,712,734
Fair value through profit or loss	51,489,251	-		51,489,251	-	54,121	-	-	51,543,372
Deferred tax asset	-	-	-	-	828	-	148,548	-	149,379
Investment in subsidiary	1,650,627	801,732	-	2,452,359	-	-	-	(2,452,359)	-
Investment property	466,000	306,000	-	772,000	-	-	-	-	772,000
Property, plant and equipment	5,202,926	1,833,285	-	7,036,211	9,913	223,714	328,004	-	7,597,843
Other receivables and prepayments	1,815,418	5,503,210	(1,555,863)	5,762,765	39,986	29,564	395,425	-	6,227,700
Statutory deposit	200,000	300,000	-	500,000	-	-	-	-	500,000
Goodwill and other intangible assets	94,826	811,855	-	906,681	6,180	55,204	17,797	-	985,861
Total Assets	**112,195,908**	**24,623,411**	**(1,555,863)**	**135,263,455**	**1,238,933**	**1,973,778**	**24,474,771**	**(3,474,678)**	**159,476,222**
Liabilities and Equity									
Liabilities									
Trade payables	1,232,442	279,952	-	1,512,394	326,844	-	-		1,839,238
Other payables and accrual	1,882,125	3,080,489	(1,555,863)	3,406,751	47,325	108,320	313,291	(225,401)	3,650,286
Fixed income liability	-	-	-	-	-	-	20,939,964	(796,917)	20,143,047
Current tax payable	74,544	286,961	-	361,505	27,509	77,126	20,971	-	487,112
Deferred tax liability	-	441,416	-	441,416	3,018	32,484	152,364	-	629,281
Investment contract liabilities	16,201,367	-	-	16,201,367	-	-	-	-	16,201,367
Insurance contract liabilities	75,971,936	8,794,186	-	84,766,122	220,229	-	-	-	84,986,352
Borrowings	2,629,477	-	-	2,629,477	-	-	-	-	2,629,477
Total liabilities	**97,991,891**	**12,883,003**	**(1,555,863)**	**109,319,032**	**624,925**	**217,930**	**21,426,590**	**(1,022,318)**	**130,566,159**
Equity									
Issued share capital	1,838,863	1,626,239	-	3,465,102	600,000	1,078,777	750,000	(2,428,777)	3,465,102
Share premium	2,046,072	778,317	-	2,824,389	47,494	40,365	41,346	(129,205)	2,824,389
Statutory reserve	-	-	-	-	-	143,881	-	23,993	167,874
Revaluation reserves	1,199,618	613,089	-	1,812,707	-	-	-		1,812,707
Exchange gains reserves	111,822	47,855	-	159,677		-			159,677
Fair value reserve	158,411	669,768	-	828,179	-	-	1,318,056	(150,900)	1,995,336
Contingency reserve	2,994,360	3,326,050	-	6,320,410	-	-	-		6,320,410
Retained earnings	5,854,872	(600,910)	-	5,253,959	(33,486)	492,825	938,779	(763,069)	5,888,970
Deposit for shares		5,280,000		5,280,000					5,280,000
Shareholders funds	**14,204,018**	**11,740,408**	**-**	**25,944,423**	**614,008**	**1,755,848**	**3,048,181**	**(3,447,959)**	**27,914,464**
Non- controlling interest	-	-	-	-	-	-	-	995,599	995,599
Total equity	**14,204,018**	**11,740,408**	**-**	**25,944,423**	**614,008**	**1,755,848**	**3,048,181**	**(2,452,360)**	**28,910,063**
Total liabilities and equity	**112,195,908**	**24,623,411**	**(1,555,863)**	**135,263,455**	**1,238,933**	**1,973,778**	**24,474,770**	**(3,474,678)**	**159,476,222**

In thousands of naira	Life	General	Elimination of inter-business transactions	Company	Health management services	Pensions	Asset management	Elimination of inter-segment transactions	31 December 2018
Assets									
Cash and cash equivalents	1,887,418	2,632,535	-	4,519,953	26,793	376,627	401,368	-	5,324,739
Trade receivable	-	131,841	-	131,841	16,762	234,569	111,183	(77,252)	417,103
Reinsurance assets	816,227	3,869,802	-	4,686,029	-	-	-	-	4,686,029
Deferred acquisition cost	-	465,991	-	465,991	-	-	-	-	465,991
Financial assets:			-						
Amortized cost	24,003,265	540,093	-	24,543,358	759,574	991,759	167,932	-	26,462,624
Fair value through OCI	4,422,039	4,553,721	-	8,975,760	-	-	11,280,088	(716,558)	19,539,290
Fair value through profit or loss	43,238,516	-		43,238,516	-	-	-	-	43,238,516
Deferred tax asset	-	-	-	-	832	-	148,548	-	149,379
Investment in subsidiary	1,650,627	801,732	-	2,452,359	-	-	-	(2,452,359)	-
Investment property	230,000	325,000	-	555,000	-	-	-	-	555,000
Property, plant and equipment	4,893,526	1,803,581	-	6,697,107	12,246	270,371	45,469	-	7,025,197
Other receivables and prepayments	1,652,105	172,104	(1,415,780)	408,428	27,148	51,808	93,232	-	580,618
Statutory deposit	230,000	300,000	-	530,000	-	-	-	-	530,000
Goodwill and other intangible assets	145,423	820,483	-	965,906	7,090	21,068	20,021	-	1,014,085
Total Assets	**83,169,146**	**16,416,882**	**(1,415,780)**	**98,170,248**	**850,446**	**1,946,203**	**12,267,841**	**(3,246,170)**	**109,988,570**
Liabilities and Equity									
Liabilities									
Trade payables	526,141	313,259	-	839,400	2,168	-	171,907		1,013,475
Other payables and accrual	999,871	2,418,468	(1,415,780)	2,002,558	97,793	162,293	28,153	(77,252)	2,213,547
Fixed income liability	-	-	-	-	-	-	10,897,809	(716,558)	10,181,251
Current tax payable	78,939	428,300	-	507,241	4,571	66,116	13,048	-	590,976
Deferred tax liability	-	487,835	-	487,836	-	46,002	-	-	533,836
Investment contract liabilities	12,319,617	-	-	12,319,617	-	-	-	-	12,319,617
Insurance contract liabilities	57,858,444	7,483,106	-	65,341,550	198,982	-	-	-	65,540,532
Borrowings	2,324,733	-	-	2,324,733	-	-	-	-	2,324,733
Total liabilities	**74,107,745**	**11,130,970**	**(1,415,780)**	**83,822,935**	**303,513**	**274,411**	**11,110,917**	**(793,810)**	**94,717,967**
Equity									
Issued share capital	1,838,863	1,626,239	-	3,465,102	600,000	1,078,777	750,000	(2,428,777)	3,465,102
Share premium	2,046,073	778,317	-	2,824,389	47,494	40,365	41,346	(129,205)	2,824,389
Statutory reserve	-	-	-	-	-	143,882	-		143,882
Revaluation reserves	1,246,748	555,913	-	1,802,662	-	-	-		1,802,662
Exchange gains reserves	99,588	47,855	-	147,443		-			147,443
Available-for-sale reserve	(598,771)	(354,131)	-	(952,902)	-	-	(190,946)		(1,143,847)
Contingency reserve	2,994,359	2,813,051	-	5,807,411	-	-	-		5,807,411
Retained earnings	1,434,541	(181,332)	-	1,253,209	(100,561)	408,767	556,525	(638,936)	1,479,002
Shareholders funds	**9,061,401**	**5,285,913**	**-**	**14,347,313**	**546,933**	**1,671,792**	**1,156,925**	**(3,196,918)**	**14,526,044**
Non- controlling interest	-	-	-	-	-	-	-	744,558	744,558
Total equity	**9,061,401**	**5,285,913**	**-**	**14,347,313**	**546,933**	**1,671,792**	**1,156,925**	**(2,452,360)**	**15,270,602**
Total liabilities and equity	**83,169,146**	**16,416,882**	**(1,415,780)**	**98,170,248**	**850,446**	**1,946,203**	**12,267,841**	**(3,246,171)**	**109,988,570**

Notes to the Consolidated and Separate Financial Statements (Cont'd)

For the year ended 31 December 2019

6 Cash and cash equivalents

In thousands of naira	Group 31-Dec-2019	Group 31-Dec-2018	Company 31-Dec-2019	Company 31-Dec-2018
Cash on hand	17,203	9,648	1,058	8,842
Cash in banks	6,082,719	3,810,770	5,375,494	3,348,632
Short-term deposits (a)	3,983,828	1,504,322	2,793,386	1,162,479
Impairment on short term deposits	(3,586)	-	(3,586)	-
	10,080,164	**5,324,739**	**8,166,352**	**4,519,953**
Current	10,080,164	5,324,739	8,166,352	4,519,953
Non Current	-	-	-	-
	10,080,164	**5,324,739**	**8,166,352**	**4,519,953**

(a) Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group and Company. The carrying amounts disclosed above reasonably approximate fair value at the reporting date and the average interest rate on the short-term deposits as at the reporting date was 7.29%.

(b) Included in cash in bank is stock broking balance with Magnartis Finance and Investment Limited

7 Financial assets

In thousands of naira	Group 31-Dec-2019	Group 31-Dec-2018	Company 31-Dec-2019	Company 31-Dec-2018
Financial assets at amortized Cost (see note (a) below)	43,570,967	26,462,624	42,226,927	24,543,358
Fair value through other comprehensive income (see note (b) below)	31,712,734	19,539,290	9,698,351	8,975,760
Fair value through profit or loss (see note (c) below)	51,543,372	43,238,516	51,489,251	43,238,516
	126,827,073	**89,240,430**	**103,414,529**	**76,757,634**
Current	83,256,106	62,777,806	61,187,602	52,214,276
Non Current	43,570,967	26,462,624	42,226,927	24,543,358
	126,827,073	**89,240,430**	**103,414,529**	**76,757,634**

(a) Financial assets at amortized cost

In thousands of naira	Group 31-Dec-2019	Group 31-Dec-2018	Company 31-Dec-2019	Company 31-Dec-2018
Federal government bonds	37,879,376	20,972,723	37,839,935	20,829,670
Treasury bills	3,035,444	3,177,665	1,902,097	1,552,184
Loans to policyholders (see note (d)(i))	2,020,402	1,707,638	2,020,402	1,707,638
Staff loans	524,291	435,774	352,006	284,009
Agent loans	85,524	122,291	85,524	122,291
Other loans	63,117	61,126	63,117	61,126
	43,608,154	26,477,217	42,263,081	24,556,918
Allowance for Impairment of other loans (see (i) below)	(5,905)	-	(5,905)	-
Allowance for Impairment of treasury bills (see (i) below)	(1,629)	-	(596)	-
Allowance for Impairment of bonds (see (i) below)	(29,653)	(14,593)	(29,653)	(13,560)
	43,570,967	**26,462,624**	**42,226,927**	**24,543,358**

Notes to the Consolidated and Separate Financial Statements (Cont'd)

For the year ended 31 December 2019

(i) Movement in impairment allowance during the year is as follows:

	Group		Company	
In thousands of naira	31-Dec-2019	31-Dec-2018	31-Dec-2019	31-Dec-2018
At 1 January	14,593	18,222	13,560	17,010
Charge for the period bonds	15,060	(179)	16,093	-
Charge for the period treasury bills	1,629	-	596	-
Charge for the period other loans	5,905	-	5,905	-
Recoveries	-	(3,450)	-	(3,450)
At 31 December	**37,187**	**14,593**	**36,154**	**13,560**

(ii) Movement in amortized cost portfolio is as follows;

	Group		Company	
In thousands of naira	31-Dec-2019	31-Dec-2018	31-Dec-2019	31-Dec-2018
Balance at 1 January	26,477,218	8,723,026	24,556,918	7,600,013
Additions during the year	21,410,477	17,256,720	18,806,064	16,484,537
Disposals/Repayments	(5,429,443)	-	(2,091,233)	-
Accrued interest	1,149,903	497,472	991,332	472,369
	43,608,155	26,477,218	42,263,082	24,556,918
Allowance for impairment (ECL)	(37,187)	(14,593)	(36,154)	(13,560)
	43,570,967	**26,462,624**	**42,226,927**	**24,543,357**

(b) Financial assets classified at fair value through other comprehensive income

	Group		Company	
In thousands of naira	31-Dec-2019	31-Dec-2018	31-Dec-2019	31-Dec-2018
Federal Government bonds	23,924,565	2,048,545	2,405,857	715,920
Corporate bonds	355,325	328,936	355,325	328,936
Treasury bills	942,747	12,576,800	701,805	3,650,410
Equities (see note (i) below)	6,490,097	4,585,008	6,235,365	4,280,494
	31,712,734	**19,539,290**	**9,698,351**	**8,975,760**

(i) Financial assets designated at fair value through other comprehensive income

	Group		Company	
In thousands of naira	31-Dec-2019	31-Dec-2018	31-Dec-2019	31-Dec-2018
Quoted equities	2,726,696	2,663,836	2,471,964	2,359,322
Unquoted equities	3,763,401	1,921,172	3,763,401	1,921,172
	6,490,097	**4,585,008**	**6,235,365**	**4,280,494**

Notes to the Consolidated and Separate Financial Statements (Cont'd)

For the year ended 31 December 2019

(ii) Movement in financial asset classified as fair value through other comprehensive income (FVTOCI) is as follows;

	Group		Company	
In thousands of naira	31-Dec-2019	31-Dec-2018	31-Dec-2019	31-Dec-2018
Balance at 1 January	19,539,290	21,451,025	8,975,760	16,908,864
Additions during the year	34,154,640	14,497,668	12,397,883	3,841,922
Disposals	(25,497,378)	(15,879,891)	(13,747,010)	(11,285,939)
Exchange gain/(loss)	12,234	1,803	12,234	1,803
Accrued interest	364,554	277,611	278,404	104,151
Fair value gain/(loss) during the year	3,139,394	(808,923)	1,781,081	(595,041)
Balance as at 31 December	**31,712,734**	**19,539,290**	**9,698,351**	**8,975,760**

(c) Financial assets classified at fair value through profit or loss

	Group		Company	
In thousands of naira	31-Dec-2019	31-Dec-2018	31-Dec-2019	31-Dec-2018
Federal Government bonds	48,472,705	15,398,889	48,418,584	15,398,889
State Government bonds	475,698	562,541	475,698	562,541
Corporate bonds	934,011	845,286	934,011	845,286
Treasury bills	1,660,958	26,431,800	1,660,958	26,431,800
	51,543,372	**43,238,516**	**51,489,251**	**43,238,516**

(i) Movement in financial asset classified as fair value through profit or loss (FVTPL) is as follows;

	Group		Company	
In thousands of naira	31-Dec-2019	31-Dec-2018	31-Dec-2019	31-Dec-2018
Balance at 1 January	43,238,517	45,432,183	43,238,516	45,432,183
Additions during the year	298,804,792	53,449,347	298,750,672	53,449,347
Disposals during the year	(296,099,913)	(54,210,214)	(296,099,913)	(54,210,214)
Accrued interest	3,825,968	1,064,843	3,825,968	1,064,843
Fair value gain/(loss) during the year	1,774,007	(2,497,642)	1,774,007	(2,497,642)
Balance as at 31 December	**51,543,372**	**43,238,517**	**51,489,251**	**43,238,516**

(d) Gross movement in financial assets

Group

In thousands of naira	Amortized cost	FVOCI	FVTPL	Total
Balance at 1 January	26,477,218	19,539,290	43,238,517	89,255,025
Additions during the year	21,410,477	34,154,640	298,804,792	354,369,910
Disposals/maturity during the year	(5,429,443)	(25,497,378)	(296,099,913)	(327,026,734)
Accrued interest	1,149,903	364,554	3,825,968	5,340,425
Fair value gain/(loss)	-	3,139,394	1,774,007	4,913,401
Exchange gain/(loss)	-	12,234	-	12,234
Impairment loss	(37,187)	-	-	(37,187)
	43,570,968	**31,712,734**	**51,543,372**	**126,827,073**

Company

In thousands of naira	Amortized cost	FVOCI	FVTPL	Total
Balance at 1 January	24,556,918	8,975,760	43,238,516	76,771,194
Additions during the year	18,806,064	12,397,883	298,750,672	329,954,619
Disposals/maturity during the year	(2,091,233)	(13,747,010)	(296,099,913)	(311,938,156)
Accrued interest	991,332	278,404	3,825,968	5,095,704
Fair value gain/(loss)	-	1,781,081	1,774,007	3,555,088
Exchange gain/(loss)	-	12,234	-	12,234
Impairment loss	(36,154)	-	-	(36,154)
	42,226,928	**9,698,351**	**51,489,251**	**103,414,530**

Notes to the Consolidated and Separate Financial Statements (Cont'd)
For the year ended 31 December 2019

(e)(I) Policy loans

The Group granted loans to policyholders in line with the insurance policy provisions (terms and conditions). The maximum loan amount that could be granted to policyholders is 90% of the policy cash value. The cash value (worth of the policy as determined by the actuary) is the cash amount due to policyholders upon surrender of the insurance contract as at the date of determination and it is used as collateral on policy cash loan granted. The tenor of the loan is within the policy duration and such policy must be in force and must have acquired cash value before loan application can be considered. A pre-determined interest rate (compounded daily) is applied on the loan. The rate is currently 12% per annum and it is reviewed periodically. The rate is determined after due consideration on the interest rate used by the actuary for premium benefit calculation, allowance for documentation and other expenses on the policy, margin for contingencies and profit loadings. Policy loans are not impaired as balances are set-off against benefits accruable to the policyholders."

(ii) Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are recognised and measured at fair value in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the group has classified its financial instruments into the three levels prescribed under the accounting standards. An explanation of each level follows underneath the table.

Group
Fair value measurements At 31 December 2019

In thousands of naira	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss (FVTPL)				
-Federal Government bonds	48,472,705	-	-	48,472,705
-State Government bonds	475,698	-	-	475,698
-Corporate bonds	934,011	-	-	934,011
-Treasury bills	1,660,958	-	-	1,660,958
Group Financial Assets at FVTPL as at 31 December 2019	**51,543,372**	**-**	**-**	**51,543,372**
Financial assets at fair value through other comprehensive income				
-Quoted equities	2,726,696	-	-	2,726,696
-Unquoted equities	-	-	3,763,401	3,763,401
Group Financial Assets at FVOCI as at 31 December 2019	**2,726,696**	**-**	**3,763,401**	**6,490,097**

Fair value measurements At 31 December 2018

In thousands of naira	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss (FVPL)				
-Federal Government bonds	15,398,889	-	-	15,398,889
-State Government bonds	562,541	-	-	562,541
-Corporate bonds	845,286	-	-	845,286
-Treasury bills	26,431,800	-	-	26,431,800
Group Financial Assets at Fair value as at 31 December 2019	**43,238,516**	**-**	**-**	**43,238,516**
Financial assets at fair value through other comprehensive income				
-Quoted equities	2,663,836	-	-	2,663,836
-Unquoted equities	-	-	1,921,172	1,921,172
Group Financial Assets at Fair value as at 31 December 2019	**2,663,836**	**-**	**1,921,172**	**91,062,041**

Fair value measurements At 31 December 2019
Company

In thousands of naira	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss (FVPL)				
-Federal Government bonds	48,418,584	-	-	48,418,584
-State Government bonds	475,698	-	-	475,698
-Corporate bonds	934,011	-	-	934,011
-Treasury bills	1,660,958	-	-	1,660,958
Company Financial Assets at Fair value as at 31 December 2019	**51,489,251**	**-**	**-**	**51,489,251**
Financial assets at fair value through other comprehensive income				
-Quoted equities	2,471,964	-	-	2,471,964
-Unquoted equities	-	-	3,763,401	3,763,401
Company Financial Assets at Fair value as at 31 December 2019	**2,471,964**	**-**	**3,763,401**	**6,235,365**

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For the year ended 31 December 2019

Fair value measurements At 31 December 2018
Company

In thousands of naira	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss (FVPL)				
-Federal Government bonds	15,398,889	-	-	15,398,889
-State Government bonds	562,541	-	-	562,541
-Corporate bonds	845,286	-	-	845,286
-Treasury bills	26,431,800	-	-	26,431,800
Company Financial Assets at Fair value as at 31 December 2018	**43,238,516**	**-**	**-**	**43,238,516**
Financial assets at fair value through other comprehensive income				
-Quoted equities	2,359,322	-	-	2,359,322
-Unquoted equities	-	-	1,921,172	1,921,172
Company Financial Assets at Fair value as at 31 December 2018	**2,359,322**	**-**	**1,921,172**	**4,280,494**

Recognised fair value measurements
There were no transfers between levels 1 and 2 for recurring fair value measurements during the year. The Group's policy is to recognise transfers into and out of fair value hierarchy levels as at the end of the reporting period.

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the group is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

Valuation techniques used to determine fair values
Specific valuation techniques used to value financial instruments include:
- the use of quoted market prices or dealer quotes for similar instruments
- for other financial instruments – discounted free cash flow analysis.

All of the resulting fair value estimates are included in level 1, except for unlisted equity securities, where the fair values have been determined based on present values and the discount rates used were weighted average cost of capital..

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For the year ended 31 December 2019

Group

Type of Investment	Valuation technique	Significant unobservable inputs	Range (Weighted Average)	Sensitivity of the input to fair value
Non-listed equity in healthcare Sector	FCFF method	Long term growth rate for cash flows for subsequent years	2019: 2.1%-3.9% (3%) 2018: 2.1%-3.5% (2.8%)	5% (2018:5%) increase in the growth rate would result in an increase (decrease) in fair value by ₦3.99billion (2018: 2.1billion)
	FCFF method	Long term growth operating margin	2019: 4.5%-4.9% (4.7%) 2018: 3.9%-4.9% (4.4%)	5% (2018:5%) increase in the growth rate would result in an increase (decrease) in fair value by ₦3.95 billion₦2 billion
	FCFF method	WACC	2019: 12.41%-15.41% (13.91%) 2018: 2.1%-3.5% (2.8%)	5% (2018:5%) increase in the growth rate would result in an increase (decrease) in fair value by ₦3.95 billion₦2 billion
Non-listed equity in Insurance Sector	FCFF method	Long term growth rate for cash flows for subsequent years	2019: 2.4%-3.6% (3%) 2018: 2.0%-2.5% (2.25%)	5% (2018:5%) increase in the growth rate would result in an increase (decrease) in fair value by ₦3.95 billion₦2 billion
	FCFF method	Long term growth operating margin	2019: 2.1%-3.9% (3%) 2018: 2.1%-3.5% (2.8%)	5% (2018:5%) increase in the growth rate would result in an increase (decrease) in fair value by ₦3.95 billion₦2 billion
	FCFF method	WACC	2019: 2.1%-3.9% (3%) 2018: 2.1%-3.5% (2.8%)	5% (2018:5%) increase in the growth rate would result in an increase (decrease) in fair value by N3.95 billion₦2 billion

8 Trade receivables

(a) Trade receivables comprise:

	Group		Company	
In thousands of naira	31-Dec-2019	31-Dec-2018	31-Dec-2019	31-Dec-2018
Due from brokers	303,106	131,841	303,106	131,841
Due from direct clients (see note (i) below)	279,616	327,649	-	-
	582,722	459,490	303,106	131,841
Impairment on trade receivables (see note (ii) below)	(195,973)	(42,387)	-	-
	386,749	**417,103**	**303,106**	**131,841**
Current	386,749	417,103	303,106	131,841
Non Current	-	-	-	-
Balance at 31 December	**386,749**	**417,103**	**303,106**	**131,841**

(i) Due from direct clients relates to fees receivables.

(ii) The movement in impairment allowance during the year is shown below;

	Group		Company	
In thousands of naira	31-Dec-2019	31-Dec-2018	31-Dec-2019	31-Dec-2018
At 1 January	42,387	2,193	-	-
ECL assessment at 1 January	-	50,806		
Charge for the period	153,586	802	-	-
Recoveries	-	(11,413)	-	-
	195,973	**42,387**	**-**	**-**

Notes to the Consolidated and Separate Financial Statements (Cont'd)

For the year ended 31 December 2019

9 Reinsurance assets

Reinsurance assets is analyzed as follows:

In thousands of naira	Group 31-Dec-2019	Group 31-Dec-2018	Company 31-Dec-2019	Company 31-Dec-2018
Prepaid reinsurance (see note (a) below)	1,442,243	1,327,775	1,442,243	1,327,775
Recoverable on outstanding claims (see note (b) below	3,694,393	2,809,196	3,694,393	2,809,196
Recoveries on Claims paid (see note (c) below)	323,933	549,058	323,933	549,058
	5,460,569	**4,686,029**	**5,460,569**	**4,686,029**
Current	5,460,569	4,686,029	5,460,569	4,686,029
Non Current	-	-	-	-
Balance at 31 December	**5,460,569**	**4,686,029**	**5,460,569**	**4,686,029**

Reinsurance assets by business segment is analysed as follows;

(i) Life reinsurance assets

In thousands of naira	Group 31-Dec-2019	Group 31-Dec-2018	Company 31-Dec-2019	Company 31-Dec-2018
Prepaid reinsurance	96,868	95,386	96,868	95,386
Recoverable on outstanding claims	524,347	615,326	524,347	615,326
Recoveries on Claims paid	81,802	105,515	81,802	105,515
	703,017	**816,227**	**703,017**	**816,227**

(ii) Non life reinsurance assets;

In thousands of naira	Group 31-Dec-2019	Group 31-Dec-2018	Company 31-Dec-2019	Company 31-Dec-2018
Prepaid reinsurance	1,345,375	1,232,389	1,345,375	1,232,389
Recoverable on outstanding claims	3,170,046	2,193,870	3,170,046	2,193,870
Recoveries on Claims paid	242,131	443,543	242,131	443,543
	4,757,552	**3,869,802**	**4,757,552**	**3,869,802**

(a) The movement in prepaid reinsurance is as follows;

In thousands of naira	Group 31-Dec-2019	Group 31-Dec-2018	Company 31-Dec-2019	Company 31-Dec-2018
Balance at 1 January	1,327,775	1,041,001	1,327,775	1,041,001
Additions during the year	6,347,278	5,467,999	6,347,278	5,467,999
Reinsurance expense in the year (see note 24)	(6,232,810)	(5,181,225)	(6,232,810)	(5,181,225)
Balance at 31 December	**1,442,243**	**1,327,775**	**1,442,243**	**1,327,775**

(b) The movement in reinsurance on outstanding claims is as follows;

In thousands of naira	Group 31-Dec-2019	Group 31-Dec-2018	Company 31-Dec-2019	Company 31-Dec-2018
Balance at 1 January	2,809,196	1,942,834	2,809,196	1,942,834
Changes during the year	885,197	866,362	885,197	866,362
Balance at 31 December	**3,694,393**	**2,809,196**	**3,694,393**	**2,809,196**

(c) The movement in recoveries on claims paid is as follows;

In thousands of naira	Group 31-Dec-2019	Group 31-Dec-2018	Company 31-Dec-2019	Company 31-Dec-2018
Balance at 1 January	549,058	660,654	549,058	660,654
Changes during the year	(225,125)	(111,596)	(225,125)	(111,596)
Balance at 31 December	**323,933**	**549,058**	**323,933**	**549,058**

Notes to the Consolidated and Separate Financial Statements (Cont'd)

For the year ended 31 December 2019

10 Deferred acqusition cost

The analysis of deferred acquisition costs (DAC), which represents commission paid during the year on unearned premium received among different classes of business is shown below:

	Group		Company	
In thousands of naira	31-Dec-2019	31-Dec-2018	31-Dec-2019	31-Dec-2018
Fire	122,221	116,497	122,221	116,497
Motor	166,221	158,437	166,221	158,437
Workmen Compensation	19,555	18,640	19,555	18,640
Marine	73,333	69,899	73,333	69,899
Personal accident	34,222	32,619	34,222	32,619
Casualty accident	48,888	46,599	48,888	46,599
Oil and Gas	24,444	23,300	24,444	23,300
	488,884	**465,991**	**488,884**	**465,991**
The movement in deferred acquisition costs is as follows:				
Balance at 1 January	465,991	334,935	465,991	334,935
Acquisition during the year	5,146,494	3,940,843	5,074,980	3,856,499
Amortization for the year	(5,123,601)	(3,809,787)	(5,052,087)	(3,725,443)
Balance at 31 December	**488,884**	**465,991**	**488,884**	**465,991**
Current	488,884	465,991	488,884	465,991
Non Current	-	-	-	-
Balance at 31 December	**488,884**	**465,991**	**488,884**	**465,991**

11 Other receivables and prepayments

	Group		Company	
In thousands of naira	31-Dec-2019	31-Dec-2018	31-Dec-2019	31-Dec-2018
Prepaid expenses (see note (i) below)	322,938	415,101	214,906	292,154
Short term lease payment	46,232	-	46,232	-
Right-of-use Assets (see note (ii) below)	21,638	-	21,638	-
Prepaid minimum deposit	65,341	55,743	65,341	55,743
Receivable from agents	32,132	21,610	32,132	21,610
Other receivables	449,663	88,164	92,760	38,921
Doubtful receivables (iv)	68,588	-	68,588	-
Deposit for shares receivable (iii)	5,289,756	-	5,289,756	-
	6,296,288	**580,618**	**5,831,353**	**408,428**
Less allowance for impairment (Doubtful recievables)	(68,588)	-	(68,588)	-
	6,227,700	**580,618**	**5,762,765**	**408,428**
Current	6,227,700	580,618	5,762,765	408,428
Non Current	-	-	-	-
Balance at 31 December	**6,227,700**	**580,618**	**5,762,765**	**408,428**

(i) Prepaid expenses relate to rent and other expenses.

(ii) The effect of adoption of IFRS 16 as at 1 January 2019 is as follows,

	Group		Company	
In thousands of naira	31-Dec-2019	31-Dec-2018	31-Dec-2019	31-Dec-2018
Right of Use Assets	**21,638**	**-**	**21,638**	**-**

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The Company has lease contracts for various offices. Before the adoption of IFRS 16, the Company classified each of its leases (as lessee) at the inception date as either an operating lease.

Upon adoption of IFRS 16, the Company applied a single recognition and measurement approach for all leases except for short-term leases and leases of low-value assets. The standard provides specific transition requirements and practical expedients, which have been applied by the Company.

Leases previously accounted for as operating leases
The Company recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right-of-use assets for most leases were recognised based on the carrying amount as if the standard had always been applied, apart from the use of incremental borrowing rate at the date of initial application. In some leases, the right-of-use assets were recognised based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognised.Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

Amount disclosed under right of use asset represents rent paid for in prior years tenored above two (2) years

(iii) Deposit for shares represents amounts received by the company from its recent private placement, in which Leap Frog Investment Limited and AIICO Bahamas Limited invested a combined amount of N5.28 b into the company on 20 December 2019. Amount received is kept in dedicated account by the issuing house, Stanbic IBTC Capital pending the receipt of the final approval by the Securities and Exchange Commission (SEC). However, the Company received 'No Objection' from both SEC and NAICOM on the transaction before the receipt of the funds on 20 Dec 2019. In addition, the two investors have no intention of asking for a refund of their funds. Hence, the Company have recognised these funds in equity as Deposit for Shares pending the receipt of the final approval and allocation of the shares (see note 23 below). The final approval was received in Febuary 2020 and the shares were allocated on February 20, 2020. The carrying amount of deposit for shares of ₦5,289,756 is made up of ₦5.280b paid by the two investors and interest income of ₦9,756 now in a special account, AIICO private placement account, with STANBIC capital limited.

(iv) This amount represents doubful receivables under reconciliation.

12 Income taxes

(a) Current income tax payable

The movement in current income tax payable can be analyzed as follows:

	Group		Company	
In thousands of naira	31-Dec-2019	31-Dec-2018	31-Dec-2019	31-Dec-2018
Balance at 1 January	590,976	826,643	507,241	426,920
Back duty (see note (b)(iii) below)	-	-	-	-
Charge for the year	369,933	357,462	113,115	391,536
Payments made during the year	(473,798)	(593,129)	(258,851)	(311,215)
Balance at 31 December	**487,112**	**590,976**	**361,505**	**507,241**

(b) Amounts recognised in profit or loss

	Group		Company	
In thousands of naira	31-Dec-2019	31-Dec-2018	31-Dec-2019	31-Dec-2018
Minimum tax (see note (iii) below)	-	24,594	-	24,594
	-	**24,594**	**-**	**24,594**
(i) Income tax expense				
Current income tax expense	319,670	265,447	62,852	312,852
Tertiary tax	-	29,863	-	23,036
NITDA levy	50,264	37,558	50,264	31,054
Current Income tax expense	**369,933**	**332,868**	**113,115**	**366,942**
	369,933	**357,462**	**113,115**	**391,536**

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For the year ended 31 December 2019

	Group		Company	
In thousands of naira	31-Dec-2019	31-Dec-2018	31-Dec-2019	31-Dec-2018
Deferred tax expense				
Origination of temporary differences	(46,420)	147,887	(46,420)	131,636
Changes in recognised deductible temporary differences	-	(161,068)	-	(161,068)
Total deferred income tax expense	(46,420)	(13,181)	(46,420)	(29,432)
Total income taxes	**323,513**	**319,687**	**66,695**	**337,510**
(ii) Income tax expense				
Minimum tax (see note (i) above)	-	24,594	-	24,594
Corporate tax (see note (ii) above)	369,933	332,868	113,115	366,942
Income tax expense	**369,933**	**357,462**	**113,115**	**391,537**

(c) Amounts recognised in OCI

Group — Dec-19

In thousands of naira	Notes	Before tax	Tax (expense)	Net of tax
Exchange gains on fair value financial assets		12,234	-	12,234
Fair value gain on fair value financial assets	23d	3,279,074	(139,680)	3,139,394
Balance at 31 December		**3,291,308**	**(139,680)**	**3,151,628**

Company — Dec-19

In thousands of naira		Before tax	Tax (expense)	Net of tax
Fair value gain on fair value financial assets	23d	1,781,081	-	1,781,081
Balance at 31 December		**1,793,315**	**-**	**1,793,315**

Group — Dec-18

In thousands of naira	Notes	Before tax	Tax (expense)	Net of tax
Exchange gains on fair value financial assets		1,803	-	1,803
Fair value loss on fair value financial assets		(808,923)	-	(808,923)
Balance at 31 December		**(807,121)**	**-**	**(807,121)**

Company — Dec-18

In thousands of naira	Notes	Before tax	Tax (expense)	Net of tax
Exchange gains on fair value financial assets		1,803	-	1,803
Fair value loss on fair value financial assets		(595,042)	-	(595,042)
Balance at 31 December		**(593,239)**	**-**	**(593,239)**

(d) Reconciliation of effective tax rate

Group

In thousands of naira	2019	2019	2018	2018
Profit from continuing operations		6,233,852		3,495,871
Tax using domestic tax rate	30%	1,870,156	30%	1,048,761
Unrecognised capital allowance	0%	-	0%	-
Capital allowance utilised	0%	-	0%	-
Non deductible expenses	15%	906,879	21%	749,896
Tax exempt income	-44%	(2,735,403)	-98%	(3,408,621)
Current year losses for which no deferred tax asset is recognised	2%	151,592	57%	2,007,028
Net derecognition of previously recognised deferred tax	0%	-	-5%	(161,068)
Income tax	0%	-	0%	-
Origination and reversal of temporary differences	-1%	(46,420)	4%	131,636
Tertiary education tax	0%	6,827	1%	29,863
Information technology levy	1%	56,768	1%	37,558
Minimum tax	1%	62,850	1%	24,594
Changes in estimate related to prior year	0%	-	-3%	(115,365)
	4%	**273,248**	**10%**	**344,281**

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For the year ended 31 December 2019

Company

In thousands of naira	2019	2019	2018	2018
Profit from continuing operations		**5,223,954**		**2,966,516**
Tax using domestic tax rate	30%	1,567,186	30%	889,955
Unrecognised capital allowance	0%	-	0%	-
Capital allowance utilised	0%	-	0%	-
Non deductible expenses	18%	950,526	25%	734,653
Tax exempt income	-52%	(2,719,568)	-112%	(3,318,782)
Current year losses for which no deferred tax asset is recognised	3%	151,592	68%	2,007,028
Derecognition of previously recognised deferred tax	0%	-	-5%	(161,068)
Origination of temporary differences	-1%	(46,420)	4%	131,636
Tertiary education tax	0%	-	1%	23,036
Information technology levy	1%	50,264	1%	31,054
Minimum tax	1%	62,850	1%	24,594
Changes in estimate related to prior year	0%	-	0%	-
	0%	**16,430**	**12%**	**362,104**

(e) **Movement in deferred tax balances**

Group 2019

In thousands of naira	Net balance at 1 January	Recognised in profit or loss	Recognised in OCI	Net	Deferred tax assets	Deferred tax liabilities
				Balance at 31 December		
Property and Equipment	(526,392)	45,228	-	(481,164)	5,711	(486,875)
Unrelieved losses	144,944	-	-	142,757	145,483	(2,726)
Investment property	(1,193)	1,193	-	-	-	-
Unrealised exchange gain on financial assets	(1,815)	-	-	(1,815)	(1,815)	-
Increase in liability						(139,680)
	(384,456)	**46,420**	**-**	**(340,222)**	**149,379**	**(629,281)**

Company 2019

	Net balance at 1 January	Recognised in profit or loss	Recognised in OCI	Net	Deferred tax assets	Deferred tax liabilities
				Balance at 31 December		
Property and equipment	(486,643)	45,228	-	(441,415)	-	(441,415)
Unrelieved losses	-	-	-	-	-	-
Investment property	(1,193)	1,193	-	-	-	-
	(487,836)	**46,420**	**-**	**(441,415)**	**-**	**(441,416)**

Group 2018

	Net balance at 1 January	Recognised in profit or loss	Recognised in OCI	Net	Deferred tax assets	Deferred tax liabilities
				Balance at 31 December		
Gratuity payable	47,045	(47,045)	-	-	-	-
Property and equipment	(577,361)	50,969	-	(526,392)	5,711	(532,103)
Unrelieved losses	152,572	(7,628)	-	144,944	145,483	(539)
Investment property	(5,586)	4,393	-	(1,193)	-	(1,193)
Unrealised exchange gain on financial assets	(6,680)	4,865	-	(1,815)	(1,815)	-
	(390,010)	**5,554**	**-**	**(384,456)**	**149,379**	**(533,836)**

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For the year ended 31 December 2019

Company 2018

	Net balance at 1 January	Recognised in profit or loss	Recognised in OCI	Balance at 31 December Net	Deferred tax assets	Deferred tax liabilities
Gratuity payable	47,045	(47,045)	-	-	-	-
Property and equipment	(553,863)	67,220	-	(486,643)	-	(486,643)
Unrelieved losses	-	-	-	-	-	-
Investment property	(5,586)	4,393	-	(1,193)	-	(1,193)
Unrealised exchange gain on financial assets	(4,865)	4,865	-	-	-	-
	(517,269)	**29,433**	**-**	**(487,836)**	**-**	**(487,836)**

(f) Unrecognised deferred tax on unrelieved losses

In thousands of naira	Group 31-Dec-2019	Group 31-Dec-2018	Company 31-Dec-2019	Company 31-Dec-2018
Unrecognised deferred tax	8,537,883	4,944,452	8,537,883	4,944,452
	8,537,883	**4,944,452**	**8,537,883**	**4,944,452**

This represents the deferred tax on unrelieved losses on the life business.
The Group did not recognise this amount as it is of the view that it may not be probable to have taxable profits against which the tax assets can be utilised, due to the four-year tax lapse period for unrelieved losses for insurance companies in Nigeria.

13 Investment in subsidiaries

The Group is made up of four entities, as follows:

AIICO Insurance PLC	- Parent
AIICO Pension Managers Limited	- Subsidiary
AIICO Multishield Limited	- Subsidiary
AIICO Capital Limited	- Subsidiary

In thousands of naira	Group 31-Dec-2019	Group 31-Dec-2018	Company 31-Dec-2019	Company 31-Dec-2018
AIICO Pension Managers Limited (see note (b) below)	-	-	1,365,042	1,365,042
AIICO Multishield Limited(see note (c) below)	-	-	587,317	587,317
AIICO Capital Limited see note (d) below)	-	-	500,000	500,000
Balance at 31 December	**-**	**-**	**2,452,359**	**2,452,359**

(a) The movement in investment in subsidiaries is as follows:

In thousands of naira	Group 31-Dec-2019	Group 31-Dec-2018	Company 31-Dec-2019	Company 31-Dec-2018
Balance at 1 January	-	-	2,452,359	2,308,690
Additions during the year	-	-	-	143,669
Balance at 31 December	**-**	**-**	**2,452,359**	**2,452,359**

(b) AIICO Pension Managers Limited

In thousands of naira	Group 31-Dec-2019	Group 31-Dec-2018	Company 31-Dec-2019	Company 31-Dec-2018
Balance at 1 January	-	-	1,365,042	1,365,042
Balance at 31 December	**-**	**-**	**1,365,042**	**1,365,042**

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For the year ended 31 December 2019

AIICO Pension Managers Limited is involved in Pension Administration Services to private and public sector contributors. AIICO Pension was incorporated as a Limited Liability Company on February 1, 2005 under the Companies and Allied Matters Act, CAP C20, Laws of the federation of NIgeria 2004 and licensed as a Pension Fund Administrator by the National Pension Commission on April 13, 2006. AIICO Pension Managers is domiciled in Nigeria and its registered office is at Plot 2 Oba Akran Avenue, Ikeja Lagos.

The Company has 70.20% (2018: 70.20%) interest in AIICO Pension Managers Limited.

(c) AIICO Multishield Limited

	Group		Company	
In thousands of naira	31-Dec-2019	31-Dec-2018	31-Dec-2019	31-Dec-2018
Balance at 1 January	-	-	587,317	443,648
Additions	-	-	-	143,669
Balance at 31 December	**-**	**-**	**587,317**	**587,317**

(ii) The Company has 76.10% interest in AIICO Multishield Limited (2018: 76.10%). AIICO Multishield Limited is involved in health management insurance.

(d) AIICO Capital Limited

	Group		Company	
In thousands of naira	31-Dec-2019	31-Dec-2018	31-Dec-2019	31-Dec-2018
Balance at 1 January	-	-	500,000	500,000
Additions	-	-	-	-
Balance at 31 December	**-**	**-**	**500,000**	**500,000**

This represents the Company's 90% (2018: 90%) investment in AIICO Capital Limited. AIICO Capital is involved in providing portfolio and fund management services.

(e) Non-controlling interests

In thousands of naira	NCI Percentage Holding	Dec-19	NCI Percentage Holding	Dec-18
AIICO Pension Managers Limited	29.8%	543,316	29.8%	498,177
AIICO Multishield HMO	23.9%	147,485	23.9%	130,690
AIICO Capital	10.0%	304,798	10.0%	115,692
		995,599		**744,559**

(i) The movement in the NCI account during the year is as follows:

In thousands of naira	Dec-2019	Dec-2018
Balance at 1 January	744,559	411,073
Share of profit	125,895	107,436
Realized (loss)/gain on equities	(13,699)	97
Fair value reserves	150,900	(21,388)
Restatement of share of net asset	-	152,603
NCI share of opening ECL	-	(14,811)
Dividend paid	(12,056)	(48,222)
Gain on dilution of shareholding	-	157,769
Balance at 31 December	**995,599**	**744,559**

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14 Investment properties

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

In thousands of naira	Group 31-Dec-2019	Group 31-Dec-2018	Company 31-Dec-2019	Company 31-Dec-2018
Balance at 1 January	555,000	582,000	555,000	582,000
Additions	338,200	-	338,200	-
Changes in fair value (Note 30)	(121,200)	(27,000)	(121,200)	(27,000)
Balance at 31 December 2019	**772,000**	**555,000**	**772,000**	**555,000**
Current	-	-	-	-
Non Current	772,000	555,000	772,000	555,000
Balance at 31 December 2019	**772,000**	**555,000**	**772,000**	**555,000**

Investment property comprises a number of commercial properties that are leased to third parties. Changes in fair values are recognised as gains in profit or loss and included in 'other income'. All gains are unrealised
.
The items of investment property are valued as shown below:
Investment properties, principally residential buildings, are held for long term rental yields and are not occupied by the group. They are carried at fair value. Changes in fair value are presented in profit or loss as part of other income. Property interest held under operating leases are not classified as investment properties

Company

	Opening bal	Additions	Disposal	Fair value gain/(loss)	Closing bal	Title
Safecourt Apartment Towers (6 flats). Ojulari road, off Lekki-Express Way, Lagos	270,000	-	-	(18,000)	252,000	Deed of lease
3 Terrace Houses. 36 Ladoke Akintola Street, GRA, Ikeja, Lagos	285,000	-	-	(15,000)	270,000	Deed of Assigment
1 Unit Terrace Houses GRA		105,000		(15,000)	90,000	Deed of Assigment
Awolowo Towers		233,200		(73,200)	160,000	Deed of Assigment
	555,000	**338,200**	**-**	**(121,200)**	**772,000**	

(i) Amount represents transfer value of buildings received from PTAD in exchange for cash. The related payable is in note 21 (I)

(b) Measurement of fair values
(i) Fair value hierarchy

The fair value of investment properties was determined by an external, independent property valuer, having relevant recognised professional qualifications and recent experience in the location and category of the properties being valued. The independent valuer, Niyi Fatokun of Niyi Fatokun & Co. (Estate Surveyors and Valuers, FRC/2013/NIESV/70000000/1217) valued the properties on the basis of open market value as at 31 December 2019.

The Safecourt apartment (Off Lekki Expressway) had a fair value loss of N18million, the Terrace houses(GRA Ikeja) had a fair value loss of N30million,while Awolowo Towers had a fair value loss of ₦73million, hence a net fair value loss of N121million as shown in (a) above.

The fair value measurement for the investment properties of ₦772million (2018: ₦555million) has been categorised as a Level 2 fair value based on the inputs into the valuation technique used.
None of the Group's assets had been pledged as collateral during the year.

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(ii) **Valuation technique**

The following table shows the valuation technique used in measuring the fair value of investment property.

Valuation technique
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.

Amounts recognised in profit or loss for investment properties

	Group		Company	
In thousands of naira	31-Dec-2019	31-Dec-2018	31-Dec-2019	31-Dec-2018
Rental income from operating leases	-	-	-	-
Direct operating expenses from property that generated rental income	-	-	-	-
Direct operating expenses from property that did not generate rental income	-	-	-	-
Fair value gain/(loss) recognised in other income	(121,200)	(27,000)	(121,200)	(27,000)
	(121,200)	**(27,000)**	**(121,200)**	**(27,000)**

15 Goodwill and other intangible assets

(a) Reconciliation of carrying amount

GROUP

	Goodwill	Computer Software	Total
Balance at 1 January 2019	800,863	708,108	1,508,971
Acquisitions	-	58,087	58,087
Reclassification from PPE (see note 16 a below)	-	22,749	22,749
Disposals	-	-	-
Balance at 31 December 2019	**800,863**	**788,944**	**1,589,807**
Accumulated amortization			
Balance at 1 January 2019	-	494,886	494,886
Amortization	-	109,058	109,058
Balance at 31 December 2019	**-**	**603,944**	**603,944**
Carrying amounts			
Balance at 31 December 2019	**800,863**	**184,999**	**985,862**
Cost			
Balance at 1 January 2018	800,863	649,385	1,450,248
Acquisitions	-	51,073	51,073
Transfer from property and equipment	-	7,650	7,650
Balance at 31 December 2018	**800,863**	**708,108**	**1,508,971**
Accumulated amortization			
Balance at 1 January 2018	-	389,797	389,797
Amortization	-	105,089	105,089
Balance at 31 December 2018	**-**	**494,886**	**494,886**
Carrying amounts			
Balance at 31 December 2018	**800,863**	**213,222**	**1,014,085**

Notes to the Consolidated and Separate Financial Statements (Cont'd)

For the year ended 31 December 2019

COMPANY

In thousands of naira	Goodwill	Computer Software	Total
Cost			
Balance at 1 January 2019	800,863	491,568	1,292,431
Reclassification from WIP (see note 16 a below)	-	22,749	22,749
Balance at 31 December 2019	**800,863**	**514,317**	**1,315,180**
Accumulated amortization			
Balance at 1 January 2019	-	326,526	326,526
Amortization	-	81,974	81,974
Balance at 31 December 2019	**-**	**408,500**	**408,500**
Carrying amounts			
Balance at 31 December 2019	**800,863**	**105,817**	**906,680**
Cost			
Balance at 1 January 2018	800,863	470,165	1,271,028
Acquisitions	-	13,753	13,753
Transfer from property and equipment	-	7,650	7,650
Balance at 31 December 2018	**800,863**	**491,568**	**1,292,431**
Accumulated amortization			
Balance at 1 January 2018	-	238,787	238,787
Amortization	-	87,739	87,739
Balance at 31 December 2018	-	326,526	326,526
Carrying amounts			
Balance at 31 December 2018	**800,863**	**165,042**	**965,905**

Goodwill is evaluated for impairment annually or whenever we identify certain triggering events or circumstances that would more likely than not reduce the fair value of a reporting unit below its carrying amount. Events or circumstances that might indicate an interim evaluation is warranted include, among other things, unexpected adverse business conditions, macro and reporting unit specific economic factors (for example, interest rate and foreign exchange rate fluctuations, and loss of key personnel), supply costs, unanticipated competitive activities, and acts by governments and courts. The recoverable amount was calculated using the free cashflow method (FCFF) with the the assumption that management would continue to pay out 40% of PAT as dividend over the next five years at a long term growth rate of 10%. These variabes are discounted using the prevailing average FGN Bond rate as at each review date having considered inflation and tax. The recoverable amount is viewd from three scenerios, which are the best case, base case and the worse case.

16 Property and equipment

(a) Group

In thousands of naira	Land	Buildings	Capital work in progress	Furniture & equipment	Motor vehicles	Leased motor vehicles	Total
Cost							
At 1 January 2019	1,519,000	3,916,268	597,710	2,577,049	1,238,526	-	9,848,553
Additions	-	-	601,779	163,055	393,652	-	1,158,487
Disposals	-	-	-	(9,219)	(137,396)	-	(146,615)
Reclassifications	149,067	327,733	(613,532)	136,732	-	-	-
Reclassification to Intangibles (note 15)	-	-	(22,749)	-	-	-	(22,749)
Write offs	-	-	-	-	-	-	-
Revaluation	46,933	(154,001)	-	-	-	-	(107,068)
At 31 December 2019	**1,715,000**	**4,090,000**	**563,209**	**2,867,617**	**1,494,782**	**-**	**10,730,609**
Accumulated depreciation							
At 1 January 2019	-	77,950	-	1,896,995	848,411	-	2,823,356
Depreciation for the year	-	80,063	-	289,265	170,569	-	539,897
Disposals	-		-	(4,541)	(108,833)	-	(113,375)
Reclasssification	-	-	-	-	-	-	-
Revaluation	-	(117,113)	-	-	-	-	(117,113)
At 31 December 2019	**-**	**40,900**	**-**	**2,181,719**	**910,147**	**-**	**3,132,766**
Net book value							
At 31 December 2019	**1,715,000**	**4,049,100**	**563,209**	**685,898**	**584,635**	**-**	**7,597,843**

Notes to the Consolidated and Separate Financial Statements (Cont'd)

For the year ended 31 December 2019

i The Group had no capital commitments as at the reporting date. (2018: Nill)
ii There were no capitalized borrowing costs related to the acquisition of property and equipment as at the reporting date.
iii Reclassifications are items of major repairs on buildings and purchase of equipments that have been put to full use.
iv None of the Group's assets had been pledged as collateral during the year.
v The land and building was revalued by an external, independent property valuer, having relevant recognised professional qualifications and recent experience in the location and category of the property being valued. The independent valuer, Niyi Fatokun of Niyi Fatokun & Co. (Estate Surveyors and Valuers, FRC/2013/NIESV/70000000/1217) valued the properties on the basis of open market value as At 31 December 2019.
vi The carrying value of land would have remained at N1.52billion as against N1.72billion, while carrying value of buildings would have been N4.16billion as against N4.05billion recognized in the account
vii The status of the properties of land and building is as follows;
viii The balance of N22.7m in reclassification is relating in capital work in progress to software which has been reclassified to intangible assets (see note 15 above)

Location	Title	Status
Plot Pc 12 Churchgate street Victoria Island.	Certificate of Occupancy	Pefected
Plot 2 Oba Akran Avenue Ikeja.	Deed of Assignment	Perfected
12 Moshood Abiola Way, Liberty road Ibadan	Receipt of purchase	Acquired via acquisition
AIICO House, 36-38 Ilupeju Industrial Avenue, Ilupeju, Lagos State	Deed of Assignment	Perfected

In thousands of naira	Land	Buildings	Capital work in progress	Furniture & equipment	Motor vehicles	Leased motor vehicles	Total
Cost							
At 1 January 2018	1,519,000	3,889,924	98,492	2,327,492	1,026,517	89,790	8,951,215
Additions	-	-	578,528	243,645	240,770	-	1,062,943
Disposals	-	-	-	(15,553)	(81,651)	(36,900)	(134,104)
Reclassifications	-	26,344	(47,808)	21,464	-	-	-
Reclassification to Intangibles (note 15)	-	-	(7,650)	-	-	-	(7,650)
Write off	-	-	(23,851)	-	-	-	(23,851)
At 31 December 2018	**1,519,000**	**3,916,268**	**597,711**	**2,577,048**	**1,185,636**	**52,890**	**9,848,553**
Accumulated depreciation							
At 1 January 2018	-	-	-	1,653,366	722,214	62,459	2,438,039
Depreciation for the year	-	77,950	-	257,639	155,328	18,008	508,924
Disposals	-	-	-	(14,010)	(72,697)	(36,900)	(123,607)
At 31 December 2018	**-**	**77,950**	**-**	**1,896,994**	**804,845**	**43,567**	**2,823,356**
Net book value							
At 31 December 2018	**1,519,000**	**3,838,318**	**597,711**	**680,054**	**380,791**	**9,323**	**7,025,197**

(b) Company

In thousands of naira	Land	Buildings	Capital work in progress	Furniture & equipment	Motor vehicles	Leased motor vehicles	Total
Cost							
At 1 January 2019	1,519,000	3,916,268	597,710	2,121,572	780,377	-	8,934,927
Additions	-	-	528,499	98,994	114,618	-	742,111
Disposals	-	-	-	(4,594)	(98,686)	-	(103,280)
Reclasifications	149,067	327,733	(613,532)	136,732	-	-	-
Reclassification to Intangibles (note 15)	-	-	(22,749)	-	-	-	(22,749)
Write off	-	-	-				-
Revaluation	46,933	(154,001)	-	-	-	-	(107,068)
At 31 December 2019	**1,715,000**	**4,090,000**	**489,929**	**2,352,704**	**796,309**	**-**	**9,443,942**
Accumulated depreciation							
At 1 January 2019	-	77,950	-	1,586,773	573,096	-	2,237,819
Depreciation for the year	-	80,063	-	215,625	86,219	-	381,908
Disposals	-	-	-	(1,260)	(93,623)	-	(94,883)
Revaluation	-	(117,113)	-	-	-	-	(117,113)
At 31 December 2019	**-**	**40,900**	**-**	**1,801,138**	**565,692**	**-**	**2,407,731**
Net book value						-	224,180
At 31 December 2019	**1,715,000**	**4,049,100**	**489,929**	**551,565**	**230,617**	**-**	**7,036,211**

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For the year ended 31 December 2019

In thousands of naira	Land	Buildings	Capital work in progress	Furniture & equipment	Motor vehicles	Leased motor vehicles	Total
Cost							
At 1 January 2018	1,519,000	3,889,924	98,492	1,964,494	603,303	89,790	8,165,003
Additions	-	-	578,528	138,318	167,095	-	883,940
Disposals	-	-	-	(2,705)	(42,911)	(36,900)	(82,516)
Reclasifications	-	26,344	(47,808)	21,464	-	-	-
Reclassification to Intangibles (note 15)	-	-	(7,650)	-	-	-	(7,650)
Write off	-	-	(23,851)	-	-	-	(23,851)
At 31 December 2018	**1,519,000**	**3,916,268**	**597,710**	**2,121,572**	**727,487**	**52,890**	**8,934,926**
Accumulated depreciation							
At 1 January 2018	-	-	-	1,388,918	492,664	62,459	1,944,041
Depreciation for the year	-	77,950	-	200,505	73,111	18,008	369,573
Disposals	-	-	-	(2,649)	(36,246)	(36,900)	(75,795)
At 31 December 2018	**-**	**77,950**	**-**	**1,586,773**	**529,529**	**43,567**	**2,237,819**
Net book value							
At 31 December 2018	**1,519,000**	**3,838,318**	**597,710**	**534,799**	**207,281**	**-**	**6,697,107**

17 Statutory deposits

This represents the amount deposited with the Central Bank of Nigeria as At 31 December, 2019 in accordance with section 9(1) and section 10(3) of Insurance Act 2003 interest income earned on this deposit is included in the investment income.

	Group		Company	
In thousands of naira	31-Dec-2019	31-Dec-2018	31-Dec-2019	31-Dec-2018
Non life business	300,000	300,000	300,000	300,000
Life business	200,000	230,000	200,000	230,000
	500,000	**530,000**	**500,000**	**530,000**
At 1 January	530,000	530,000	530,000	530,000
Additions	-	-	-	-
Writed-off (i)	(30,000)	-	(30,000)	-
At 31 December	**500,000**	**530,000**	**500,000**	**530,000**

(I) Write-off

During the year, a reconciliation exercise was carried out with the Central Bank of Nigeria (CBN) which resulted to a writedown of N30 million that was earlier brought into the books in 2014 based on CBN's confirmation.

18 Insurance contract liabilities

	Group		Company	
In thousands of naira	31-Dec-2019	31-Dec-2018	31-Dec-2019	31-Dec-2018
Outstanding claims (see note (a) below)	6,822,626	5,972,487	6,668,137	5,831,496
Claims incurred but not reported (see note (b) below)	2,709,152	2,650,275	2,709,152	2,650,275
Unearned premium (see note (c) below)	3,777,808	3,706,626	3,712,068	3,648,635
Life fund (see (note (d) below)	32,634,748	22,557,159	32,634,748	22,557,159
Annuity fund (see note (e) below)	39,042,017	30,653,985	39,042,017	30,653,985
	84,986,351	**65,540,532**	**84,766,122**	**65,341,550**

(a) Outstanding claims per business segment is as follows;

	Group		Company	
In thousands of naira	31-Dec-2019	31-Dec-2018	31-Dec-2019	31-Dec-2018
Non life	3,902,463	2,833,880	3,902,463	2,833,880
Life	2,765,674	2,997,616	2,765,674	2,997,616
Health	154,489	140,990	-	-
	6,822,626	**5,972,487**	**6,668,137**	**5,831,496**

Notes to the Consolidated and Separate Financial Statements (Cont'd)

For the year ended 31 December 2019

(a)(i) The movement in outstanding claims is as follows;

In thousands of naira	Group 31-Dec-2019	Group 31-Dec-2018	Company 31-Dec-2019	Company 31-Dec-2018
Balance at 1 January	5,972,487	3,300,155	5,831,496	3,198,798
Claims incurred during the year	30,549,728	28,642,032	30,092,658	28,128,714
Claims paid during the year (see note 26)	(29,699,588)	(25,969,700)	(29,256,018)	(25,496,015)
	6,822,626	**5,972,487**	**6,668,137**	**5,831,496**

(a)(iii) The age analysis of life business reported claims is as follows:

in thousands of naira	0 - 90 days	91 - 180 days	180 - 270 days	270 - 360 days	360 days +	Total
1 - 500,000	37,434	22,405	14,923	466,608	18,340	559,710
500,001 - 1,000,000	33,840	8,642	9,438	208,816	13,632	274,368
1,000,001 - 2,500,000	59,877	26,455	42,175	453,934	57,706	640,147
2,500,001 - 5,000,000	12,813	21,954	33,620	145,130	58,142	271,658
5,000,001 - 10,000,000	62,359	26,928	15,864	206,983	34,403	346,537
10,000,001 - Above	85,728	42,749	153,881	179,624	211,273	673,254
Total	**292,049**	**149,133**	**269,901**	**1,661,095**	**393,497**	**2,765,675**

(a)(iv) The age analysis of non life reported claims is as follows:

in thousands of naira	0 - 90 days	91 - 180 days	180 - 270 days	270 - 360 days	360 days +	Total
1 - 500,000	67,470	32,777	31,794	25,288	122,697	280,027
500,001 - 1,000,000	36,766	15,480	22,243	15,424	37,503	127,416
1,000,001 - 2,500,000	53,472	33,092	42,352	21,317	76,148	226,380
2,500,001 - 5,000,000	118,965	88,089	43,145	36,969	77,187	364,355
5,000,001 - 10,000,000	70,771	23,940	25,353	34,776	61,505	216,345
10,000,001 - Above	716,571	756,278	334,115	466,473	414,504	2,687,941
Total	**1,064,015**	**949,656**	**499,002**	**600,247**	**789,543**	**3,902,463**

The Company had 15,960 claims outstanding as at reporting period. Of the total outstanding claims 16% are within the holding bank of 90days while 84% are above 90days holding period which are due to pending incomplete documentations. The Company do not have any outstanding claim with executed discharge voucher that is more than 90days in accordance with Section 70 (1a) of the Insurance Act 2003.

(b) Claims incurred but not reported

In thousands of naira	Group 31-Dec-2019	Group 31-Dec-2018	Company 31-Dec-2019	Company 31-Dec-2018
Non life	1,691,907	1,485,332	1,691,907	1,485,332
Life	1,017,245	1,164,943	1,017,245	1,164,943
	2,709,152	**2,650,275**	**2,709,152**	**2,650,275**

(c) Unearned premium

In thousands of naira	Group 31-Dec-2019	Group 31-Dec-2018	Company 31-Dec-2019	Company 31-Dec-2018
Non life	3,199,816	3,163,894	3,199,816	3,163,894
Life	512,252	484,741	512,252	484,741
Health	65,740	57,992	-	-
	3,777,808	**3,706,626**	**3,712,068**	**3,648,635**
(i) Movement in unearned premium is as follows;				
Balance at 1 January	3,706,626	3,179,523	3,648,635	3,087,488
Premium written in the year	50,138,467	13,962,354	49,440,231	13,299,125
Premium earned during the year	(50,008,832)	(13,435,250)	(49,376,798)	(12,737,979)
Balance at 31 December	**3,777,808**	**3,706,626**	**3,712,068**	**3,648,635**

Notes to the Consolidated and Separate Financial Statements (Cont'd)

For the year ended 31 December 2019

(d) The movement in individual life fund is as follows;

In thousands of naira	Group 31-Dec-2019	Group 31-Dec-2018	Company 31-Dec-2019	Company 31-Dec-2018
Balance at 1 January	22,557,159	19,142,411	22,557,159	19,142,411
Changes during the year	10,077,589	3,414,748	10,077,589	3,414,748
Balance at 31 December	**32,634,748**	**22,557,159**	**32,634,748**	**22,557,159**

(e) The movement in annuity fund is as follows;

In thousands of naira	Group 31-Dec-2019	Group 31-Dec-2018	Company 31-Dec-2019	Company 31-Dec-2018
Balance at 1 January	30,653,985	32,110,722	30,653,985	32,110,722
Premium written during the year	6,977,811	2,617,970	6,977,811	2,617,970
Payouts during the year (see note 24c)	5,188,623	(4,636,986)	5,188,623	(4,636,986)
Change in actuarial valuation	(3,778,402)	562,279	(3,778,402)	562,279
Balance at 31 December	**39,042,017**	**30,653,985**	**39,042,017**	**30,653,985**
(i) Change in annuity fund				
Premium written during the year	6,977,811	2,617,970	6,977,811	2,617,970
Payouts during the year (see note 24c)	5,188,623	(4,636,986)	5,188,623	(4,636,986)
Change in actuarial valuation	(3,778,402)	562,279	(3,778,402)	562,279
Change as at 31 December	**8,388,032**	**(1,456,737)**	**8,388,032**	**(1,456,737)**

19 Investment contract liabilities

In thousands of naira	Group 31-Dec-2019	Group 31-Dec-2018	Company 31-Dec-2019	Company 31-Dec-2018
Deposit administration (see note (a) below)	2,477,145	1,862,197	2,477,145	1,862,197
Other investment contract liabilities (see note (b) below)	13,724,222	10,457,420	13,724,222	10,457,420
Total investment contract liabilities	**16,201,367**	**12,319,617**	**16,201,367**	**12,319,617**
(a) Movement in deposit administration is shown below:				
At 1 January	1,862,197	1,785,352	1,862,197	1,785,352
Deposits	539,074	60,111	539,074	60,111
Withdrawals	(108,480)	(78,551)	(108,480)	(78,551)
Credit of interest and other income	105,438	93,077	105,438	93,077
Impact of actuarial valuation	78,917	2,208	78,917	2,208
At 31 December	**2,477,145**	**1,862,197**	**2,477,145**	**1,862,197**

(b) Other investment contract liabilities are stated at amortised cost and the amount is analysed as follows:

In thousands of naira	Group 31-Dec-2019	Group 31-Dec-2018	Company 31-Dec-2019	Company 31-Dec-2018
At 1 January	10,457,420	9,124,272	10,457,420	9,124,272
Increase during the year	3,266,802	1,333,148	3,266,802	1,333,148
At 31 December	**13,724,222**	**10,457,420**	**13,724,222**	**10,457,420**

Other investment contract liabilities represent deposit-based policies for individual savings business with insignificant risk element.

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20 Trade payables

Trade payables represent amounts payable to reinsurers, co-insurers, agents and brokers at the end of the year. The carrying amounts disclosed below approximate the fair values at the reporting date

	Group		Company	
In thousands of naira	31-Dec-2019	31-Dec-2018	31-Dec-2019	31-Dec-2018
Reinsurance and co-insurance payable	167,439	343,526	167,439	343,526
Premium paid in advance	588,068	172,747	588,068	172,747
Unallocated premium (see (a) below)	321,343	123,647	321,343	123,647
Refund to policyholders	9,626	5,698	9,626	5,698
Commission payable	425,921	193,782	425,921	193,782
Others	326,844	174,075	-	-
	1,839,238	**1,013,475**	**1,512,394**	**839,400**

(a) This relates to premiums yet to be matched to policies due to various reasons.

21 (a) Other payables and accruals

	Group		Company	
In thousands of naira	31-Dec-2019	31-Dec-2018	31-Dec-2019	31-Dec-2018
Consultancy fees	355,892	264,497	263,413	63,333
Business retreat expenses	4,097	-	2,839	-
Short term employees benefits (see note (vi) below)	1,224,160	-	1,224,160	-
Provision for other taxes (WHT, VAT, Stamp duty)	24,380	28,424	16,880	21,347
Other staff related provisions (NHF, ASSBIFiE)	13,012	380	7,512	380
Stale cheques reserves	14,433	7,342	7,933	7,342
Payable to PTAD (see note (i) below)	297,992	-	297,992	-
Other Sundry payables	356,990	120,303	1,290	40,303
Long term employees benefits (see note (ii) below)	150,624	-	150,624	-
Agent provident fund	203,563	201,533	203,563	201,533
Gratuity payable (see note (iii) below)	64,752	83,012	64,752	83,012
Deferred income (fees & Commission)	410,093	357,106	410,093	357,106
Unreconciled credit balance (see note (v) below)	-	610,252	-	610,252
Other credit balances (see note (iv) below)	530,299	540,698	530,299	540,698
Payable to subsidiaries	-	-	225,402	77,252
	3,650,286	**2,213,547**	**3,406,751**	**2,002,558**

(I) Amount represents payable to PTAD on the re-acquisition of assets initially availed to PTAD for the settlement of the Company's liabilities to it. This amount would be paid to PTAD once an agreement was reached (see note 14(a)(i)).

(ii) This represents provision for long term benefits for qualified employees. This is cash settled and has a vesting period of 3 years.

(iii) The Company's retirement benefit obligation was terminated in 2014 and the liability as at the date of termination - April 30, 2014, was transferred to a payable account.

(iv) Other credit balances represent outstanding bank credits which have not been matched to the prospective policyholders as at the end of each reporting year. These amounts, as at the year ended were unreceipted for, as details of the credits in the banks are not ascertained yet.

(v) Amount represents unreconciled credit balance in the year 2019, which was reconciled in 2020.

(vi) This amount represents short term productivity allowance to employees

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(b) Fixed income liabilities

In thousands of naira	Group 31-Dec-2019	Group 31-Dec-2018	Company 31-Dec-2019	Company 31-Dec-2018
Guaranteed income notes (see note (i))	20,143,047	10,181,251	-	-
	20,143,047	10,181,251	-	-

(i) AIICO Capital Limited, a subsidiary company, manages a guaranteed income product, held as fixed income liabilities.The assets held under this arrangement are in the name of AIICO Capital Limited and the underlying risks are retained by the Company.

(ii) These fixed income liabilities are invested as follows:

In thousands of naira	Group 31-Dec-2019	Group 31-Dec-2018	Company 31-Dec-2019	Company 31-Dec-2018
Cash and cash equivalents	475,676	341,695	-	-
Financial assets	19,667,371	9,839,556	-	-
	20,143,047	**10,181,251**	**-**	**-**

22(a) Borrowings

In thousands of naira	Group 31-Dec-2019	Group 31-Dec-2018	Company 31-Dec-2019	Company 31-Dec-2018
IFC Loan	2,629,477	2,324,733	2,629,477	2,324,733
	2,629,477	**2,324,733**	**2,629,477**	**2,324,733**

The Company obtained a loan of US$7million (N1.39billion) from the International Finance Corporation (IFC) on 30 June 2015 at an interest rate of 6.5% plus 6-month LIBOR for a period of 7 years with moratorium period of 4 years on the principal. The loan had an embedded derivative (a conversion option) whereby IFC has the right to convert all or a portion of the outstanding principal amount into the equivalent number of shares of the Company. The loan is due for repayment effective March 2020 in 6 equal installments to end September 2022. This option however expired in December 2019 without the IFC exercising its options. Hence, the loan is now a straight loan.

(b) The movement in borrowings is as follows:

In thousands of naira	Group 31-Dec-2019	Group 31-Dec-2018	Company 31-Dec-2019	Company 31-Dec-2018
(i) At 1 January	2,134,334	2,098,497	2,134,334	2,098,497
Foreign exchange loss	138,684	35,837	138,684	35,837
Expired rights of conversion	169,911	-	169,911	-
	2,442,929	2,134,334	2,442,929	2,134,334
Accrued interest (see (ii) below)	186,548	190,399	186,548	190,399
	2,629,477	**2,324,733**	**2,629,477**	**2,324,733**

The loan which is carried at amortised cost was remeasured at the reporting date using the closing market rate of N364.51/$1 (2018: 364.18/$1)

(ii) The movement in accrued interest is as follows:

In thousands of naira	Group 31-Dec-2019	Group 31-Dec-2018	Company 31-Dec-2019	Company 31-Dec-2018
At 1 January	190,399	83,792	190,399	83,792
Accrued Interest	399,274	323,464	399,274	323,464
Interest repayment	(403,124)	(216,857)	(403,124)	(216,857)
At 31 December	186,548	190,399	186,548	190,399

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For the year ended 31 December 2019

(c) The loan, which is a hybrid financial instrument, was split into debt and derivative liability components at inception. Current carrying values is as follows:

	Group		Company	
In thousands of naira	31-Dec-2019	31-Dec-2018	31-Dec-2019	31-Dec-2018
Long term debt measured at amortised cost	2,629,477	2,324,733	2,629,477	2,324,733
Derivative liability measured at fair value (d)	-	-	-	-
	2,629,477	**2,324,733**	**2,629,477**	**2,324,733**

(d) **Derivative liabilities**

	Group		Company	
In thousands of naira	31-Dec-2019	31-Dec-2018	31-Dec-2019	31-Dec-2018
Option in Convertible Debt - IFC (see note (d) below) (i)	-	-	-	-
	-	-	-	-

(i) **Option in Convertible Debt - IFC**

This represents the embedded options to convert the outstanding notional amount of the borrowing granted by the International Finance Corporation (IFC), into shares (see further details in Note 23(c)). This option however expired in December 2019 without the IFC exercising its options. Hence, the loan is now a straight loan.

23 **Capital and reserves**

(a) **Share capital**

		Group		Company	
	In thousands of naira	31-Dec-2019	31-Dec-2018	31-Dec-2019	31-Dec-2018
(a)(i)	Authorised:				
	36,000,000,000 ordinary shares of 50 kobo each (2018: 15,000,000,000) (iv)	18,000,000	7,500,000	18,000,000	7,500,000
	At 31 December	**18,000,000**	**7,500,000**	**18,000,000**	**7,500,000**
(a)(ii)	Ordinary shares issued and fully paid:				
	6,930,204,480 ordinary shares at 50 kobo each	3,465,102	3,465,102	3,465,102	3,465,102
		3,465,102	**3,465,102**	**3,465,102**	**3,465,102**
(a)(iii)	Ordinary shares issued and fully paid can be further analysed as follows:				
	General business - 3,252,479,682 ordinary shares at 50 kobo each	1,626,239	1,626,239	1,626,239	1,626,239
	Life business - 3,677,724,798 ordinary shares at 50 kobo each	1,838,863	1,838,863	1,838,863	1,838,863
		3,465,102	**3,465,102**	**3,465,102**	**3,465,102**

(a)(iv) During the year, the company increased its share capital from 15,000,000,000 units in 2018 to 36,000,000,000 units in 2019 to accommodate the private placement for issue of additional shares.

Notes to the Consolidated and Separate Financial Statements (Cont'd)

For the year ended 31 December 2019

(b) Share premium

In thousands of naira	Group 31-Dec-2019	Group 31-Dec-2018	Company 31-Dec-2019	Company 31-Dec-2018
Share premium	2,824,389	2,824,389	2,824,389	2,824,389
	2,824,389	**2,824,389**	**2,824,389**	**2,824,389**

(c) Revaluation reserve

(i) The balance in this account is analysed as follows:

In thousands of naira	Group 31-Dec-2019	Group 31-Dec-2018	Company 31-Dec-2019	Company 31-Dec-2018
At 1 January	1,802,662	1,802,662	1,802,662	1,802,662
Revaluation gain	10,045	-	10,045	-
At 31 December	**1,812,707**	**1,802,662**	**1,812,707**	**1,802,662**

(d) Fair value reserve

In thousands of naira	Group 31-Dec-2019	Group 31-Dec-2018	Company 31-Dec-2019	Company 31-Dec-2018
At 1 January	(1,143,847)	-	(952,901)	-
Reclassification to/(from) fair value reserves (see note (d) above)	150,689	(1,317,434)	-	(1,337,428)
Remeasurement gains on 1 January	-	943,737	-	943,737
Impairment adjustment on 1 January	-	38,773	-	35,831
Net fair value gain/(loss)	3,139,394	(808,923)	1,781,081	(595,041)
Transfer to NCI	(150,900)	-	-	-
At 31 December	**1,995,335**	**(1,143,847)**	**828,180**	**(952,901)**

The fair value reserves is further broken down below;

In thousands of naira	Group 31-Dec-2019	Group 31-Dec-2018	Company 31-Dec-2019	Company 31-Dec-2018
Revalued equities - Quoted	(943,260)	(1,579,600)	(806,270)	(1,425,217)
Revalued equities - Unquoted	1,462,461	1,104,756	1,462,461	1,104,756
Revaluation of bonds	1,573,267	(696,015)	130,569	(660,696)
Impairment reserve	47,699	41,612	35,957	34,256
Revaluation of treasury bills	(144,832)	(14,602)	5,461	(6,001)
At 31 December	**1,995,335**	**(1,143,847)**	**828,180**	**(952,902)**

(f) Foreign exchange gains reserve

In thousands of naira	Group 31-Dec-2019	Group 31-Dec-2018	Company 31-Dec-2019	Company 31-Dec-2018
At 1 January	147,443	145,640	147,443	145,640
Exchange gains on financial assets	12,234	1,803	12,234	1,803
At 31 December	**159,677**	**147,443**	**159,677**	**147,443**

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For the year ended 31 December 2019

(g) Statutory reserve

In thousands of naira	Group 31-Dec-2019	Group 31-Dec-2018	Company 31-Dec-2019	Company 31-Dec-2018
At 1 January	143,882	116,458	-	-
Transfer from retained earnings	23,992	27,424	-	-
At 31 December	**167,874**	**143,882**	**-**	**-**

In accordance with the provision of section 81(2) of the Pension Reform Act 2014, the statutory reserve is credited with an amount equivalent to 12.5% of the net profit after tax or based on National Pension Commission requirements.

(h) Contingency reserve

In thousands of naira	Group 31-Dec-2019	Group 31-Dec-2018	Company 31-Dec-2019	Company 31-Dec-2018
At 1 January	5,807,411	5,182,190	5,807,411	5,182,190
Transfer from retained earnings	512,999	625,221	512,999	625,221
At 31 December	**6,320,410**	**5,807,411**	**6,320,410**	**5,807,411**

Contingency reserve is calculated, in the case of non-life business, at the rate of the higher of 3% of total premium income receivable during the year or 20% of the net profits in accordance with Section 21(2) of Insurance Act, 2003.

In respect of Life Insurance Business, at the rate of the higher of the higher of 1% of the gross premium and 10% of net profits, in accordance with Section 22(1)(b) of the Insurance Act 2003 until it reaches minimum capital. As at 31 December 2019, for the life business, no additional transfer was made to the contingency reserve as it has reached the minimum capital in line with the Insurance Act, 2003.

(i) Retained earnings

The movement in retained earnings can be analysed as follows:

In thousands of naira	Group 31-Dec-2019	Group 31-Dec-2018	Company 31-Dec-2019	Company 31-Dec-2018
At 1 January	1,479,002	10,083,426	1,253,208	9,994,656
Reclassification from available for sale reserve (see note (d) above)	-	(10,728,097)	-	(10,728,097)
Impairment on financial asset at FVOCI	-	(38,773)	-	(35,831)
Impairment on financial asset at amortized cost	-	(57,594)	-	(17,010)
Transfer from statement of profit or loss and other comprehensive income	5,784,443	3,044,154	5,157,259	2,604,411
Transfer from/(to) contingency reserve	(512,999)	(625,221)	(512,999)	(625,221)
Transfer from statutory reserve (see note (g) above)	(147,282)	(27,424)	-	-
Restatement of NCI share of net asset (see note 14(e))	-	(152,603)	-	-
Dividend paid to ordinary shareholders (see (a) below)	(415,812)	(346,510)	(415,812)	(346,510)
Realised (loss)/gain on equities	(298,382)	407,788	(227,697)	406,810
Loss on dilution of shareholding	-	(80,148)	-	-
At 31 December	**5,888,970**	**1,479,002**	**5,253,957**	**1,253,208**

(k) Deposit for shares

In thousands of naira	Group 31-Dec-2019	Group 31-Dec-2018	Company 31-Dec-2019	Company 31-Dec-2018
Deposit for shares (i)	5,280,000	-	5,280,000	-
	5,280,000	**-**	**5,280,000**	**-**

k(i) This represents deposit for shares from the two investors in the company's private placement, pending allotment of the shares. See note 11(iii)

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24 Gross premium

(a) Gross premium written

Gross premium written by business is as follows:

	Group		Company	
In thousands of naira	31-Dec-2019	31-Dec-2018	31-Dec-2019	31-Dec-2018
Non-life	12,179,141	10,385,756	12,179,141	10,385,756
Life (individual and group)	30,283,279	23,998,553	30,283,279	23,998,553
Annuity	6,977,811	2,617,970	6,977,811	2,617,970
Health Management	698,236	663,228	-	-
	50,138,467	**37,665,507**	**49,440,231**	**37,002,279**

(b) Gross premium income

	Group		Company	
In thousands of naira	31-Dec-2019	31-Dec-2018	31-Dec-2019	31-Dec-2018
Gross premium written	50,138,467	37,665,507	49,440,231	37,002,279
Unearned premium	(129,634)	(618,580)	(63,893)	(560,589)
	50,008,832	**37,046,927**	**49,376,338**	**36,441,690**

(c) Reinsurance expenses

	Group		Company	
In thousands of naira	31-Dec-2019	31-Dec-2018	31-Dec-2019	31-Dec-2018
Reinsurance premium charge for the year	6,347,278	5,467,999	6,347,278	5,467,999
Unexpired reinsurance cost	(114,468)	(286,774)	(114,468)	(286,774)
Net reinsurance expense	**6,232,810**	**5,181,225**	**6,232,810**	**5,181,225**

25 Fees and commission income

	Group		Company	
In thousands of naira	31-Dec-2019	31-Dec-2018	31-Dec-2019	31-Dec-2018
Insurance contract	1,433,827	1,161,366	1,433,827	1,161,366
Pension and other contracts (see note (a) below)	1,820,852	1,762,554		-
	3,254,679	**2,923,920**	**1,433,827**	**1,161,366**

(a) Pension and other contracts relate to fee and income earned on pension fund and asset management by the subsidiary

26 (a) Gross benefits and claims incurred

	Group		Company	
In thousands of naira	31-Dec-2019	31-Dec-2018	31-Dec-2019	31-Dec-2018
Claims paid during the year (note 18(ai))	29,699,587	25,969,700	29,256,018	25,496,015
Change in outstanding claims	850,139	2,672,331	836,641	2,632,698
Change in incurred but not reported	58,877	423,334	58,877	423,334
	30,608,604	**29,065,365**	**30,151,535**	**28,552,048**

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For the year ended 31 December 2019

		Group		Company	
	In thousands of naira	31-Dec-2019	31-Dec-2018	31-Dec-2019	31-Dec-2018
(b)	**Claim recoveries**				
	Claims recovered from reinsurance	4,567,924	4,441,445	5,888,068	4,441,445
	Changes in outstanding claims	660,072	754,766	(660,072)	754,766
		5,227,996	**5,196,211**	**5,227,996**	**5,196,211**
(i)	**Claims recoveries can be futher analysed as follows:**				
	Life	923,519	1,280,697	923,519	1,280,697
	Non-life (see note (ii) below)	4,304,477	3,915,514	4,304,477	3,915,514
		5,227,996	**5,196,211**	**5,227,996**	**5,196,211**
(ii)	**Non-life business claims recoveries can be analysed as follows:**				
	Recoveries - reinsurance	4,167,574	3,836,933	4,167,574	3,836,933
	Recoveries - salvage	136,903	78,581	136,903	78,581
		4,304,477	**3,915,514**	**4,304,477**	**3,915,514**

27 Underwriting expenses

In thousands of naira	Group 31-Dec-2019	Group 31-Dec-2018	Company 31-Dec-2019	Company 31-Dec-2018
Acquisition costs (see note (a) below)	5,123,601	3,809,787	5,052,087	3,725,443
Maintenance expenses (see note (c) below)	1,136,962	605,641	1,136,962	605,641
	6,260,563	**4,415,428**	**6,189,049**	**4,331,084**

(a) Acquisition costs by business is as follows:

		Group		Company	
	In thousands of naira	31-Dec-2019	31-Dec-2018	31-Dec-2019	31-Dec-2018
	Life	3,173,484	2,395,400	3,173,484	2,395,400
	Non-life	1,878,603	1,330,043	1,878,603	1,330,043
	Multishield HMO	71,514	84,344	-	-
		5,123,601	**3,809,787**	**5,052,087**	**3,725,443**
(b)	**Acquisition costs is analysed as follows:**				
	Acquisition cost during the period	5,074,980	3,856,499	5,074,980	3,856,499
	Net movement in deferred acquisition cost	(22,893)	(131,056)	(22,893)	(131,056)
	Commission incurred	5,052,087	3,725,443	5,052,087	3,725,443
	Providers' capitation fee and other direct expenses	71,514	84,344	-	-
		5,123,601	**3,809,787**	**5,052,087**	**3,725,443**

(c) Maintenance expenses can be analysed as follows:

In thousands of naira	Group 31-Dec-2019	Group 31-Dec-2018	Company 31-Dec-2019	Company 31-Dec-2018
Policy administration expenses	919,262	519,420	919,262	519,420
Tracking expenses	20,086	29,376	20,086	29,376
Service charges	197,614	56,845	197,614	56,845
	1,136,962	**605,641**	**1,136,962**	**605,641**

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(d) Change in Life Fund can be analysed as follows:

	Group		Company	
In thousands of naira	31-Dec-2019	31-Dec-2018	31-Dec-2019	31-Dec-2018
Ordinary Life	13,344,391	4,747,896	13,344,391	4,747,896
Annuity	8,388,032	(1,456,737)	8,388,032	(1,456,737)
	21,732,423	**3,291,159**	**21,732,423**	**3,291,159**

28 (a) Investment income

	Group		Company	
In thousands of naira	31-Dec-2019	31-Dec-2018	31-Dec-2019	31-Dec-2018
Interest income calculated using the effective interest rate method				
Policyholders' funds (see note (i) below)	5,469,469	3,203,569	5,497,872	3,317,166
Annuity funds (see note (ii) below)	2,914,048	3,927,997	2,914,048	3,927,997
Shareholders' funds (see note (iii) below)	2,197,321	1,920,388	675,766	1,060,987
	10,580,837	**9,051,954**	**9,087,686**	**8,306,149**

(i) Investment income attributable to policyholders' funds

	Group		Company	
In thousands of naira	31-Dec-2019	31-Dec-2018	31-Dec-2019	31-Dec-2018
Interest income on financial assets	5,127,817	2,877,472	5,127,817	2,877,472
Interest income on cash and cash equivalents	(789)	738	(789)	738
Income on policy loan	191,359	204,985	191,359	204,985
Dividend income	151,082	120,373	179,486	233,971
	5,469,469	**3,203,569**	**5,497,872**	**3,317,166**
(ii) Investment income attributable to annuity funds				
Interest income on financial assets	2,914,128	3,927,997	2,914,128	3,927,997
Interest income on cash and cash equivalents	(81)	-	(81)	-
	2,914,048	**3,927,997**	**2,914,048**	**3,927,997**
(iii) Investment income attributable to shareholders' funds				
Interest income on financial assets	1,878,334	1,535,933	471,503	789,943
Interest income on cash and cash equivalents	232,778	231,996	118,054	118,584
Income from Structured investments	-	-	-	-
Interest income on loans and receivables	-	21	-	21
Dividend income	86,209	152,439	86,209	152,439
	2,197,321	**1,920,388**	**675,766**	**1,060,987**
(iv) Investment income				
Interest revenue calculated using the effective interest method	3,231,372	2,771,215	2,774,662	2,540,016
Other interest and similar income	7,349,466	6,280,739	6,313,024	5,766,134
	10,580,838	**9,051,954**	**9,087,686**	**8,306,149**

(b) Profit on deposit administration
Investment income on deposit administration can be analysed as follows:

Investment income on deposit	195,788	288,956	195,788	288,956
Guaranteed interest to policyholders	(105,438)	(93,077)	(105,438)	(93,077)
Acquisition expense	(165)	(277)	(165)	(277)
Impact of actuarial valuation	(78,917)	(2,208)	(78,917)	(2,208)
Profit from deposit administration	**11,269**	**193,394**	**11,269**	**193,394**

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For the year ended 31 December 2019

29(a) Net realised gains

	Group		Company	
In thousands of naira	31-Dec-2019	31-Dec-2018	31-Dec-2019	31-Dec-2018
Net realised gains are attributable to the following:				
Property and equipment	10,132	5,499	10,691	3,391
Investment property	-	-	-	-
Fair value financial instrument (see (b) below)	12,579,562	2,360,820	12,579,562	2,360,038
	12,589,694	**2,366,319**	**12,590,253**	**2,363,429**

(b) Net realised gains on fair value financial instrument can be analysed as follows:

Gain/(Loss) on treasury bills	5,623,129	(87,815)	5,623,129	(87,815)
Gain on FGN Bonds	6,956,433	2,448,635	6,956,433	2,447,853
	12,579,563	**2,360,820**	**12,579,563**	**2,360,038**

30 Net fair value gains/(losses)

	Group		Company	
In thousands of naira	31-Dec-2019	31-Dec-2018	31-Dec-2019	31-Dec-2018
Financial assets	1,774,007	(2,497,642)	1,774,007	(2,497,642)
Investment properties	(121,200)	(27,000)	(121,200)	(27,000)
Derivative Instrument	-	-	-	-
	1,652,807	**(2,524,642)**	**1,652,807**	**(2,524,642)**

31 Other operating income

	Group		Company	
In thousands of naira	31-Dec-2019	31-Dec-2018	31-Dec-2019	31-Dec-2018
Sundry income	588,869	744,159	239,613	469,859
Interest income on deposit shares	9,756	-	9,756	-
Exchange (loss)/gain	(46,569)	19,333	(46,569)	19,333
	552,056	**763,492**	**202,800**	**489,192**

32 Personnel expenses

	Group		Company	
In thousands of naira	31-Dec-2019	31-Dec-2018	31-Dec-2019	31-Dec-2018
Salaries	3,688,078	1,354,747	2,550,125	967,757
Allowances and other benefits	1,838,148	2,216,961	1,633,122	1,273,711
	5,526,226	**3,571,708**	**4,183,247**	**2,241,468**

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33 Other operating expenses

In thousands of naira	Group 31-Dec-2019	Group 31-Dec-2018	Company 31-Dec-2019	Company 31-Dec-2018
Travel and representation	636,728	567,478	538,579	421,308
Marketing and administration	400,176	334,210	195,434	184,746
Advertising	825,976	689,119	715,250	689,119
Occupancy	564,308	802,585	435,443	687,943
Amortization of Right of Use Assets	83,783	-	83,783	-
Communication and postages	386,486	490,369	386,486	407,972
Dues and subscriptions	103,036	80,307	58,955	59,562
Office supply and stationery	343,836	119,902	148,895	103,282
Fees and assessments	89,155	611,899	96,051	545,035
NAICOM levy	368,069	265,990	368,069	265,990
Directors emolument	197,640	198,111	130,819	60,397
Funds and advisory fees	-	-	358,195	275,582
Regulatory fees & expenses (local licensing and filing)	241,800	-	241,800	-
Legal fees	45,552	152,420	45,552	132,491
Consulting fees (External actuary, tax consultancy)	619,381	399,703	490,693	279,069
Consulting fees (IT, contract staff related)	372,328		227,328	
Depreciation and amortisation	648,894	614,014	463,882	457,312
Auditor's fees (including interim audit fees)	59,201	79,000	43,196	60,000
Miscellaneous expenses (see note (a) below)	548,547	183,882	130,380	47,113
Foreign exchange loss	138,684	35,837	138,684	35,837
	6,673,581	**5,624,826**	**5,297,475**	**4,712,758**

(a) Miscellaneous expenses relate to local taxes including tenement rates, land use charges, parking fees, etc payable to local tax authorities.

34 Finance costs

In thousands of naira	Group 31-Dec-2019	Group 31-Dec-2018	Company 31-Dec-2019	Company 31-Dec-2018
Finance cost	431,328	355,539	431,328	355,539
	431,328	**355,539**	**431,328**	**355,539**

35 Impairment losses/(reversal)

In thousands of naira	Group 31-Dec-2019	Group 31-Dec-2018	Company 31-Dec-2019	Company 31-Dec-2018
Impairment loss on financial instruments and others (see note (a)	178,782	16,455	141,155	(5,025)
	178,782	**16,455**	**141,155**	**(5,025)**

(a) Impairment expense can be attributable to the following;

In thousands of naira	Group 31-Dec-2019	Group 31-Dec-2018	Company 31-Dec-2019	Company 31-Dec-2018
Impairment loss on financial instruments at amortized cost	60,221	(95)	22,594	-
Impairment loss on financial instruments at FVTOCI	5,505	-	5,505	-
Write down of statutory deposit (see note 17(i))	30,000	(2,309)	30,000	-
Impairment of other receivables	88,561	18,859	88,561	(5,025)
	178,782	**16,455**	**141,155**	**(5,025)**

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(b) *Impairment loss/(write back) can be attributed to the following:*

In thousands of naira	Group 31-Dec-2019	Group 31-Dec-2018	Company 31-Dec-2019	Company 31-Dec-2018
Impairment allowance for debt instruments	153,586	(95)	137,569	(5,025)
Impairment on cash and cash equivalents	3,586	(2,309)	3,586	-
Impairment on trade receivables	21,610	18,859		-
	178,782	16,455	141,155	(5,025)
(b)(i) Impairment loss on loans receivables can be attributed to:				
Impairment loss on policy loans	-	-		-
Impairment of financial asset	153,586	(5,025)	141,155	(5,025)
	153,586	**(5,025)**	**141,155**	**(5,025)**

36 Earnings per share

Basic earnings per share amounts is calculated by dividing the net profit for the period attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding at the reporting date.

In thousands of naira	Group 31-Dec-2019	Group 31-Dec-2018	Company 31-Dec-2019	Company 31-Dec-2018
Net profit attributable to ordinary shareholders for basic and diluted earnings	5,784,443	3,044,154	5,157,259	2,604,411
	5,784,443	**3,044,154**	**5,157,259**	**2,604,411**
Number of shares in issue	**6,930,204**	**6,930,204**	**6,930,204**	**6,930,204**
Dilutive effect of preference shares	-	-	-	-
Dilutive effect of the IFC loan conversion option	-	1,758,718		1,758,718
Net	**6,930,204**	**8,688,922**	**6,930,204**	**8,688,922**
Basic earnings per share (kobo)	83	44	74	38
Diluted earnings per share (kobo)	**83**	**35**	**74**	**30**

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

37 Related party disclosures

(a) Parent and ultimate controlling party
The ultimate controlling party of the Group is AIICO Insurance PLC.

(b) Transactions with key management personnel

(b)(i) Key management personnel transactions
A number of key management personnel, or their related parties, hold positions in other companies that result in them having control or significant influence over these companies. A number of these companies transacted with the Group during the year. The terms and conditions of these transactions were no more favourable than those available, or which might reasonably be expected to be available, in similar transactions with non-key management personnel related companies on an arm's length basis.

Notes to the Consolidated and Separate Financial Statements (Cont'd)

For the year ended 31 December 2019

The aggregate value of transactions and outstanding balances related to key management personnel and entities over which they have control or significant influence were as follows.

Company	Transaction values for the year ended 31 December		Balance outstanding as at 31 December	
In thousands of naira	31-Dec-2019	31-Dec-2018	31-Dec-2019	31-Dec-2018
Management fees*	-	543,459	225,402	128,589
Finance lease receivable**	-	-	-	70,841
	-	**543,459**	**225,402**	**128,589**

* AIICO Insurance Plc employs the services of AIICO Capital Limited to manage its financial assets. In return, AIICO Capital charges a percentage of the income generated as management fees.

** Finance lease receivable is analysed as follows:

Company			Transaction values ('000)		Balance outstanding ('000)	
Name of related party	Relationship	Nature of transaction	31-Dec-2019	31-Dec-2018	31-Dec-2019	31-Dec-2018
AIICO Pension Managers Limited	Subsidiary	Insurance Premium	5,227	5,227	-	-
		Rent	10,786	10,786	-	-
AIICO Multishield Limited	Subsidiary	Health	18,706	18,706	-	-
		Insurance Premium	7,496	7,496	-	-
AIICO Capital Limited*	Subsidiary	Portfolio Management	208,195	275,582	225,402	77,252
		Insurance Premium	6,232	6,232	-	-
		Rent	11,700	11,700	-	-
Magnartis Finance and Investment Limited**	Common Director	Stockbrokers	8,787	8,787	186,707	186,963
			277,129	**344,516**	**412,109**	**264,215**

* AIICO Insurance Plc employs the services of AIICO Capital Limited to manage its financial assets. In return, AIICO Capital charges a percentage on the income generated as management fees.

**Magnartis Finance and Investment Limited are stockbrokers that trades the Company's equity portfolio. The balance reflected above are the unsettled balances on stock transactions as at reporting date.

The terms and conditions of the finance lease transactions were no more favourable than those available, or which might reasonably be expected to be available, in similar transactions with non-key management personnel related companies on an arm's length basis.

All outstanding balances with these related parties are priced on an arm's length basis and are to be settled in cash within 3 months of the reporting date. None of the balances are secured. No expense has been recognised in the current year or prior year for bad or doubtful debts in respect of amounts owed by related parties.No guarantees have been given or received.

(c) Key management personnel compensation for the year

	Group		Company	
In thousands of naira	2019	2018	2019	2018
Wages and salaries	441,296	477,040	268,111	309,785
Post employment benefits	36,217	37,938	26,509	30,723
	477,513	**514,978**	**294,620**	**340,507**

(d) Directors remuneration

Directors remuneration excluding pension contributions and certain benefits was provided as follows:

	Group		Company	
In thousands of naira	2019	2018	2019	2018
Fees as Directors	4,338	4,690	910	1,260
Other allowances	193,302	193,421	129,909	59,137
	197,640	198,111	130,819	60,397
Executive compensation	254,730	250,336	127,716	134,662
	452,370	**448,446**	**258,535**	**195,059**

Notes to the Consolidated and Separate Financial Statements (Cont'd)

For the year ended 31 December 2019

Chairman and Directors' emoluments

	Group		Company	
In thousands of naira	31-Dec-2019	31-Dec-2018	31-Dec-2019	31-Dec-2018
Chairman	30,000	30,000	11,522	11,522
Highest paid director	48,581	48,581	48,581	48,581

The number of directors, including the Chairman, whose emoluments were within the following range were:

	Group		Company	
In thousands of naira	31-Dec-2019	31-Dec-2018	31-Dec-2019	31-Dec-2018
1,000,001 - 2,000,000	-	-	-	-
2,000,001 and above	19	21	6	8
	19	**21**	**6**	**8**

38 Contingencies and commitments

(a)(i) Legal proceedings and obligations

The Company operates in the insurance industry and is subject to legal proceedings in the normal course of business. The Directors through legal counsel have assessed the obligations that such proceedings (including litigation) will not have any material effect on its results and financial position, hence, no provisions have been made in the financial statements. The summary of these cases, eighteen (18) (2018: 18) in number amounts to a total of N2.6b (2018:N2.8b).

(ii) The Company is also subject to insurance solvency regulations of NAICOM. There are no contingencies related to such regulations.

(b) Funds under management

This represents investments held on behalf of clients and are stated at amortised cost.
An analysis of funds under management is shown below:

	Group		Company	
In thousands of naira	31-Dec-2019	31-Dec-2018	31-Dec-2019	31-Dec-2018
AIICO Money Market Fund (AMMF) (see note (i) below)	1,002,207	933,206	-	-
AIICO Balance Mutual Fund (ABF)	106,416	50,944		
High Networth Individuals Fund (HNI) (see note (ii) below)	5,200,268	4,732,558	-	-
Non-pension funds	6,308,891	5,716,708	-	-
Pension Funds (see note (iii) below)	124,133,225	105,783,600		
Total funds	**130,442,116**	**111,500,308**	**-**	**-**

These funds do not form part of the assets and liabilities of the Group as the risks and rewards of these investments belong to the customers.
Fees earned from the management of these funds are as follows:

	Group		Company	
In thousands of naira	31-Dec-2019	31-Dec-2018	31-Dec-2019	31-Dec-2018
AMMF	16,039	13,934	-	-
ABF	1,361	447		
HNI Fund	51,413	46,424	-	-
Non-pension funds	68,813	60,805	-	-
Pension Funds (see note (iii) below)	1,298,508	1,298,508	-	-
Total funds	**1,367,321**	**1,359,313**	**-**	**-**

Notes to the Consolidated and Separate Financial Statements (Cont'd)

For the year ended 31 December 2019

(i) AIICO Money Market Fund (AMMF)
This represents customers' investment in the AIICO Money Market Fund, which is managed by AIICO Capital Limited, a subsidiary of the Company. This fund is regulated by the Nigerian Securities and Exchange Commission (SEC) and it started on March 10, 2014. It currently trades at ₦100 per unit as at December 31, 2019 (2018: ₦100)
The Company has investments of ₦338million in the Fund (2018: ₦450million)

(ii) High Networth Individuals Fund (HNI)
This represents customers' investment in High Networth Individuals Fund, which is managed by AIICO Capital Limited, a subsidiary of the Company. This fund started in August 2015.
Returns on this fund are discretionary, however, when the Group exceeds the returns agreed with the customer, they earn a 20% performance fee on the excess. The Group also charges management fees on this Fund.

(iii) Pension Funds
This comprise the AIICO Pensions Retirement Savings Account (RSA) Fund, Retiree Fund, Institutional Fund and Transitional Contribution Fund which is managed by AIICO Pension Managers Limited.
AIICO Pensions Retirement Savings Account and Retiree Funds are open pension funds, while the remaining funds are closed.

(c) Unclaimed dividend
The Company has unclaimed dividend of ₦737.2million as at 31 December 2019 (2018: ₦691.8million). As required by section 16(d) of the Nigerian Securities and Exchange Commission (SEC) guidelines the assets representing these unclaimed dividend do not form part of the assets of the Company. These funds are held by the Registrar.

39 Contraventions and penalties

	Group		Company	
In thousands of naira	31-Dec-2019	31-Dec-2018	31-Dec-2019	31-Dec-2018
The following payments were made relating to contraventions and penalties during the year:				
Penalty to National Insurance Commission (NAICOM) (see note (i) below)	750	-	750	-
Penalty to National Insurance Commission (NAICOM) (seenote (ii) below)	-	2,100	-	2,100
	750	**2,100**	**750**	**2,100**

(i) During the year, National Insurance Commission (NAICOM) imposed a fine on the Company for appointment of two principal officers and a non executive director without a valid approval from the commission in violation of section 5 (1b) of NAICOM Market Conduct Business Practice Guidelines.

(ii) In the prior year, National Insurance Commission (NAICOM) imposed a fine on the Company for engaging in transaction with a loss adjuster without a valid operating license in violation of section 45 (8) of Insurance Act 2003.

40 Personnel

The average number of persons employed at the end of the period/ year was:

	Group		Company	
In thousands of naira	31-Dec-2019	31-Dec-2018	31-Dec-2019	31-Dec-2018
Managerial	69	63	44	41
Senior staff	336	301	235	208
Junior staff	154	157	11	10
	559	**521**	**290**	**259**

Notes to the Consolidated and Separate Financial Statements (Cont'd)

For the year ended 31 December 2019

(a) The personnel expenses for the above persons were:

In thousands of naira	Group 31-Dec-2019	Group 31-Dec-2018	Company 31-Dec-2019	Company 31-Dec-2018
Wages and salaries	3,688,078	1,354,747	2,550,125	967,757
Other staff costs	1,838,148	2,216,961	1,633,122	1,273,711
	5,526,226	**3,571,708**	**4,183,247**	**2,241,468**

(b) The number of employees paid emoluments, excluding pension and allowances, above ₦100,000 for the year were:

In thousands of naira	Group 31-Dec-2019	Group 31-Dec-2018	Company 31-Dec-2019	Company 31-Dec-2018
100,000 - 600,000	272	282	192	188
600,001 - 1,200,000	119	82	56	31
1,200,001 - 2,400,000	67	65	12	12
2,400,001 and above	101	92	30	28
	559	**521**	**290**	**259**

41 Hypothecation of assets

2019
Policyholder's fund

	Life Fund	Annuity	Investment Contract Liabilities	Non-life Insurance Contract Liabilities	Total Policyholders fund	Shareholders' fund	Total
Cash and cash equivalents	566,226	-	188,742	1,274,164	2,029,132	3,366,271	5,395,403
Financial assets:							
Bonds and treasury bills	20,920,915	31,720,503	14,027,073	3,045,529	69,714,020	1,002,690	70,716,710
Quoted equities	1,200,238	16,780	336,319	805,985	2,359,322	52,937	2,412,259
Unquoted equities	246,329	-	393,323	-	639,652	1,624,492	2,264,144
Loans & receivables	2,092,921	-	-	-	2,092,921	494,741	2,587,662
Investment in subsidiaries	-	-	-	-	-	2,452,359	2,452,359
Investment properties	47,500	-	-	-	47,500	724,500	772,000
Property and equipment	1,629,545	-	-	-	1,629,545	5,366,746	6,996,291
Statutory deposits	-	-	-	-	-	500,000	500,000
Other assets (See a below)	816,227	-	-	4,001,643	5,763,678	7,158,329	12,922,007
Total assets (a)	**27,519,901**	**31,737,284**	**14,945,456**	**9,127,321**	**84,275,770**	**22,743,066**	**107,018,834**
Policyholders liabilities (b)	**36,929,919**	**39,042,017**	**16,201,367**	**8,794,186**	**100,967,489**	**34,295,967**	**135,263,458**
Excess/ (shortfall) of assets over liabilities (a-b)	**(9,410,018)**	**(7,304,733)**	**(1,255,911)**	**333,135**	**(16,691,719)**	**(11,552,902)**	**-**
(a) Other Assets							
Trade receivables	-	-	-	303,106	303,106	-	303,106
Reinsurance assets	703,017	-	-	4,757,555	5,460,572	-	5,460,572
Deferred acquisition costs	-	-	-	-	-	488,884	488,884
Other receivables and prepayments	-	-	-	-	-	5,762,765	5,762,765
Deferred tax assets	-	-	-	-	-	-	-
Goodwill and other intangible assets	-	-	-	-	-	906,681	906,681
	703,017	**-**	**-**	**5,060,661**	**5,763,678**	**7,158,329**	**19,224,089**

Notes to the Consolidated and Separate Financial Statements (Cont'd)

For the year ended 31 December 2019

2018

Policyholder's fund

	Life Fund	Annuity	Investment Contract Liabilities	Insurance Contract Liabilities	Total Policy holders fund	Shareholders' fund	Total
Cash and cash equivalents	566,226	-	188,742	1,274,164	2,029,132	2,490,823	4,519,955
Financial assets:							
Bonds and treasury bills	20,920,915	31,720,503	14,027,073	3,045,529	69,714,020	588,056	70,302,076
Quoted equities	1,200,238	16,780	336,319	805,985	2,359,322	-	2,359,322
Unquoted equities	246,329	-	393,323	-	639,652	1,281,521	1,921,173
Loans & receivables	2,092,921	-	-	-	2,092,921	82,142	2,175,063
Investment in subsidiaries	-	-	-	-	-	2,452,359	2,452,359
Investment properties	47,500	-	-	-	47,500	507,500	555,000
Property and equipment	1,629,545	-	-	-	1,629,545	5,067,564	6,697,109
Statutory deposits	-	-	-	-	-	530,000	530,000
Other assets (See a below)	816,227	-	-	4,001,643	4,817,870	1,840,326	6,658,196
	27,519,901	**31,737,284**	**14,945,456**	**9,127,321**	**83,329,962**	**14,840,291**	**98,170,253**
Other Assets							
Trade receivables	-	-	-	131,841	131,841	-	131,841
Reinsurance assets	816,227	-	-	3,869,802	4,686,029	-	4,686,029
Deferred acquisition costs	-	-	-	-	-	465,991	465,991
Other receivables and prepayments	-	-	-	-	-	408,430	408,430
Goodwill and other intangible assets	-	-	-	-	-	965,906	965,906
	816,227	**-**	**-**	**4,001,643**	**4,817,870**	**1,840,326**	**6,658,196**

42 Risk management framework

(a) Governance framework

The primary objective of the Group's risk and financial management framework is to protect the Group's shareholders from events that hinder the sustainable achievement of financial performance objectives, including failing to exploit opportunities.

Key management recognises the critical importance of having efficient and effective risk management systems in place. The Group has established a risk management function with clear terms of reference from the board of directors, its committees and the associated executive management committees. This is supplemented with a clear organisational structure with documented delegated authorities and responsibilities from the board of directors to executive management committees and senior managers.

Lastly, a Group policy framework which sets out the risk profiles for the Group, risk management, control and business conduct standards for the Group's operations has been put in place. Each policy has a member of senior management charged with overseeing compliance with the policy throughout the Group. The Board of directors approves the Group's risk management policies and meets regularly to approve any commercial, regulatory and organisational requirements of such policies. These policies define the Group's identification of risk and its interpretation, limit structure to ensure the appropriate quality and diversification of assets, align underwriting and reinsurance strategy to the corporate goals, and specify reporting requirements.

(b) Capital management objectives, policies and approach

The Group has established the following capital management objectives, policies and approach to managing the risks that affect its capital position:

(i) To maintain the required level of stability of the Group thereby providing a degree of security to policyholders.
(ii) To allocate capital efficiently and support the development of business by ensuring that returns on capital employed meet the requirements of its capital providers and of its shareholders.
(iii) To retain financial flexibility by maintaining strong liquidity and access to a range of capital markets.
(iv) To align the profile of assets and liabilities taking account of risks inherent in the business.
(v) To maintain financial strength to support new business growth and to satisfy the requirements of the policyholders, regulators and stakeholders.
(vi) To maintain strong credit ratings and healthy capital ratios in order to support its business objectives and maximise shareholders value.

Notes to the Consolidated and Separate Financial Statements (Cont'd)
For the year ended 31 December 2019

In reporting financial strength, capital and solvency are measured using the rules prescribed by the National Insurance Commission (NAICOM). These regulatory capital tests are based upon required levels of solvency, capital and a series of prudent assumptions in respect of the type of business written. The Group's capital management policy for its insurance and non-insurance business is to hold sufficient capital to cover the statutory requirements based on the NAICOM directives, including any additional amounts required by the regulator.

(c) Approach to capital management

The Group seeks to optimise the structure and sources of capital to ensure that it consistently maximises returns to the shareholders and policyholders. The Group's 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 the capital position of the Group in the light of changes in economic conditions and risk characteristics.

The primary source of capital used by the Group is equity shareholders' funds. The Group has had no significant changes in its policies and processes to its capital structure during the past year from previous years.

The table below shows the available capital resources as at 31 December:

	Group		Company	
In thousands of naira	31-Dec-2019	31-Dec-2018	31-Dec-2019	31-Dec-2018
Total shareholders' funds	27,914,464	14,526,044	25,944,423	14,347,313
Regulatory required capital	5,000,000	5,000,000	5,000,000	5,000,000
Excess capital reserve	**22,914,464**	**9,526,044**	**20,944,423**	**9,347,313**

(d) Regulatory framework

The insurance industry regulator measures the financial strength of Insurance companies using a Solvency Margin model. NAICOM generally expects insurers to comply with this capital adequacy requirement. Section 24 of the Insurance Act 2003 defines the solvency margin of as the difference between the admissible assets and liabilities, and this shall not be less than 15% of the net premium income (gross income less reinsurance premium paid), or the minimum capital base (N5billion) whichever is higher. This test compares the insurer's capital against the risk profile. The regulator indicated that insurers should produce a minimum solvency margin of 100%. During the year, the Group has consistently exceeded this minimum. The regulator has the authority to request more extensive reporting and can place restrictions on the Group's operations if the Group falls below this requirement.

Notes to the Consolidated and Separate Financial Statements (Cont'd)
For the year ended 31 December 2019

The solvency margin of the Company is as follows:

Solvency margin computation as at 31 December

In thousands of naira	Total	Inadmissible	2019 Admissible	2018 Admissible
Assets				
Cash and cash equivalents	8,166,352	-	8,166,352	3,939,001
Trade receivables	303,106	-	303,106	131,841
Reinsurance assets	5,460,569	-	5,460,569	4,686,029
Deferred acquisition cost	488,884	-	488,884	465,991
Financial assets	103,414,529	-	103,414,529	76,757,634
Investment in subsidiaries	2,452,359	-	2,452,359	2,452,359
Investment property	772,000	-	772,000	555,000
Property and equipment	7,036,211	3,152,468	3,883,743	1,111,667
Other receivables and prepayments	5,762,765	5,831,353	-	-
Statutory deposits	500,000	-	500,000	530,000
Intangible assets	906,681	800,863	105,818	165,043
	135,263,456	**9,784,684**	**125,547,360**	**90,794,565**
Liabilities				
Insurance contract liabilities	84,766,122	-	84,766,122	65,341,550
Investment contract liabilities	16,201,367	-	16,201,367	12,319,617
Trade payables	1,512,394	-	1,512,394	839,400
Other payables	3,406,751	410,093	2,996,658	361,798
Taxation payable	361,505	-	361,505	507,242
Deferred tax	441,416	441,416	-	-
Convertible loan	2,629,477	-	2,629,477	2,324,733
Total admissible liabilities	**109,319,032**	**851,509**	**108,467,522**	**81,694,339**
Excess of total admissible assets over admissible liabilities			**17,079,837**	**9,100,226**
Higher of:				
Gross premium written			49,440,231	37,002,279
Less: Reinsurance expense			(6,232,810)	(5,181,225)
Net premium			43,207,421	31,821,054
15% of net premium			6,481,113	4,773,158
Minimum paid up capital			5,000,000	5,000,000
The higher thereof:			**6,481,113**	**5,000,000**
Excess of solvency margin over minimum capital base			**10,598,724**	**4,100,226**
Solvency margin ratio			**264%**	**182%**

Notes to the Consolidated and Separate Financial Statements (Cont'd)

For the year ended 31 December 2019

43 Financial instruments - fair values and risk management

(a) Accounting classifications and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable

GROUP
31 December 2019

	Carrying amount						Fair value			
In thousands of naira	Designated at fair value	FVTPL	Amortized Cost	FVOCI	Other financial liabilties	Total	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value										
Debt Instruments	-	51,489,251	-	25,222,637	-	76,711,888	76,766,009	-	(54,121)	76,711,888
Equities	6,490,097	-	-	6,490,097	-	6,490,097	2,726,696	-	3,763,401	6,490,097
	6,490,097	**51,489,251**	**-**	**31,712,734**	**-**	**83,201,985**	**79,492,705**	**-**	**3,709,280**	**83,201,985**
Financial assets not measured at fair value										
Cash and cash equivalents	-	-	10,080,164	-	-	10,080,164	-	10,080,164	-	10,080,164
Trade Receivables*	-	-	386,749	-	-	386,749	-	386,749	-	386,749
Loans and receivables*	-	-	2,083,519	-	-	2,083,519	-	2,083,519	-	2,083,519
Reinsurance assets*^	-	-	4,018,326	-	-	4,018,326	-	4,018,326	-	4,018,326
Other receivables**	-	-	550,382	-	-	550,382	-	550,382	-	550,382
Debt Instruments^^	-	-	40,914,820	-	-	40,914,820	-	40,914,820	-	40,914,820
	-	**-**	**58,033,960**	**-**	**-**	**58,033,960**	**-**	**58,033,960**	**-**	**58,033,960**
Financial liabilities measured at fair value										
Derivative liabilities	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-
Financial liabilities not measured at fair value										
Other payables and accruals	-	-	-	-	(3,119,986)	(3,119,986)	-	(3,119,986)	-	(3,119,986)
Trade payables*	-	-	-	-	(1,839,238)	(1,839,238)	-	(1,839,238)	-	(1,839,238)
Fixed Income Liabilities	-	-	(20,143,047)	-	-	(20,143,047)	-	(20,143,047)	-	(20,143,047)
Investment contract liabilties	-	-	(16,201,367)	-	-	(16,201,367)	-	(16,201,367)	-	(16,201,367)
Long term borrowing	-	-	-	-	(2,629,477)	(2,629,477)	-	(2,629,477)	-	(2,629,477)
	-	**-**	**(36,344,414)**	**-**	**(7,588,701)**	**(43,933,115)**	**-**	**(43,933,115)**	**-**	**(43,933,115)**

The Group has disclosed the fair value of each class of financial assets and liabilities in a way that permits the information to be compared with the carrying amounts. In addition, it has reconciled the assets and liabilities to the different categories of financial instruments as defined in IFRS 9 Financial instruments: Recognition and Measurement.

* The Group has not disclosed the fair values for financial instruments such as short term trade receivables, payables, reinsurance assets, loans and receivables because their carrying amounts are a reasonable approximation of fair value.

^ Reinsurance assets excludes prepaid reinsurance, which is not a financial asset (₦1.33billion)

^^Debt instruments not measured at fair value are bonds and treasury bills measured at amortized cost. They include FGN bonds and treasury billls.

**Other receivables do not include prepayments of (₦443.1million) which are not financial assets.

Notes to the Consolidated and Separate Financial Statements (Cont'd)

For the year ended 31 December 2019

COMPANY
31 December 2019

In thousands of naira	Carrying amount						Fair value			
	Designated at fair value	**FVTPL**	**Amortized Cost**	**FVOCI**	**Other financial liabilties**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets measured at fair value										
Debt Instruments	-	51,489,251	-	3,462,987	-	54,952,238	54,952,238	-	-	54,952,238
Equities	6,235,365	-	-	6,235,365		6,235,365	2,471,964	-	3,763,401	6,235,365
	-	**51,489,251**	**-**	**9,698,352**	**-**	**61,187,603**	**57,424,202**	**-**	**3,763,401**	**61,187,603**
Financial assets not measured at fair value										
Cash and cash equivalents	-	-	8,166,352	-	-	8,166,352	-	8,166,352	-	8,166,352
Trade receivables*	-	-	303,106	-	-	303,106	-	303,106	-	303,106
Loans and receivables*	-	-	2,083,519	-	-	2,083,519	-	2,083,519	-	2,083,519
Reinsurance asset*^	-	-	4,018,326	-	-	4,018,326	-	4,018,326	-	4,018,326
Other receivables*,**			193,480	-	-	193,480	-	193,480	-	193,480
Debt Instruments^^	-	-	37,839,935	-	-	37,839,935	-	37,839,935	-	37,839,935
	-	**-**	**52,604,717**	**-**	**-**	**52,604,717**	**-**	**52,604,717**	**-**	**52,604,717**
Financial liabilities measured at fair value										
Derivative liabilities	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-
Financial liabilities not measured at fair value										
Other payables and accruals	-	-	-	-	(3,406,751)	(3,406,751)	-	(3,406,751)	-	(3,406,751)
Trade payables	-	-	-	-	(1,512,394)	(1,512,394)	-	(1,512,394)	-	(1,512,394)
Investment contract liabilties	-	-	(16,201,367)	-	-	(16,201,367)	-	(16,201,367)	-	(16,201,367)
Long term borrowing	-	-	(2,629,477)	-	-	(2,629,477)	-	(2,629,477)	-	(2,629,477)
	-	**-**	**(18,830,844)**	**-**	**(4,919,145)**	**(23,749,989)**	**-**	**(23,749,989)**	**-**	**(23,749,989)**

The Company has disclosed the fair value of each class of financial assets and liabilities in a way that permits the information to be compared with the carrying amounts. In addition, it has reconciled the assets and liabilities to the different categories of financial instruments as defined in IFRS 9 Financial instruments: Recognition and Measurement.

* The Company has not disclosed the fair values for financial instruments such as short term trade receivables, payables, reinsurance assets, loans and receivables because their carrying amounts are a reasonable approximation of fair value.

^ Reinsurance assets excludes prepaid reinsurance, which is not a financial asset (₦1.33billion)

^^Debt instruments not measured at fair value are bonds and treasury bills measured at amortized cost. They include FGN bonds and treasury billls.

**Other receivables do not include prepayments (₦358.2million) which are not financial assets.

Notes to the Consolidated and Separate Financial Statements (Cont'd)

For the year ended 31 December 2019

GROUP
31 December 2018

In thousands of naira	Carrying amount: Designated at fair value	Carrying amount: FVTPL	Carrying amount: Amortized Cost	Carrying amount: FVOCI	Carrying amount: Other financial liabilties	Carrying amount: Total	Fair value: Level 1	Fair value: Level 2	Fair value: Level 3	Fair value: Total
Financial assets measured at fair value										
Debt Instruments	-	43,238,516	-	14,954,282	-	58,192,798	58,192,798	-	(0)	58,192,798
Equities	4,585,008	-	-	4,585,008	-	4,585,008	2,663,836	-	1,921,172	4,585,008
	4,585,008	**43,238,516**	**-**	**19,539,290**	**-**	**62,777,806**	**60,856,634**	**-**	**1,921,172**	**62,777,806**
Financial assets not measured at fair value										
Cash and cash equivalents	-	-	5,324,739	-	-	5,324,739	-	5,324,739	-	5,324,739
Trade Receivables*	-	-	417,103			417,103		417,103	-	417,103
Loans and receivables	-	-	1,768,764	-	-	1,768,764	-	1,768,764	-	1,768,764
Reinsurance assets*^	-	-	3,358,254			3,358,254		3,358,254	-	3,358,254
Other receivables*,**	-	-	109,774			109,774		109,774	-	109,774
Debt Instruments^^	-	-	24,150,389	-	-	24,150,389	-	24,150,389	-	24,150,389
	-	**-**	**35,129,022**	**-**	**-**	**35,129,022**	**-**	**35,129,022**	**-**	**35,129,022**
Financial liabilities measured at fair value										
Derivative liabilities	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-
Financial liabilities not measured at fair value										
Other payables and accruals	-	-	-	-	(1,062,597)	(1,062,597)	-	(1,062,597)	-	(1,062,597)
Trade payables	-	-	-	-	(1,013,475)	(1,013,475)	-	(1,013,475)	-	(1,013,475)
Fixed income liabilities	-	-	(10,181,251)	-	-	(10,181,251)	-	(10,181,251)	-	(10,181,251)
Investment contract liabilties	-	-	(12,319,617)	-	-	(12,319,617)	-	(12,319,617)	-	(12,319,617)
Long term borrowing	-	-	-	-	(2,324,733)	(2,324,733)	-	(2,324,733)	-	(2,324,733)
	-	**-**	**(22,500,868)**	**-**	**(4,400,805)**	**(26,901,672)**	**-**	**(26,901,672)**	**-**	**(26,901,672)**

The Group has disclosed the fair value of each class of financial assets and liabilities in a way that permits the information to be compared with the carrying amounts. In addition, it has reconciled the assets and liabilities to the different categories of financial instruments as defined in IAS 39 Financial instruments: Recognition and Measurement.

* The Group has not disclosed the fair values for financial instruments such as short term trade receivables, payables, reinsurance assets, loans and receivables because their carrying amounts are a reasonable approximation of fair value.

^ Reinsurance assets excludes prepaid reinsurance, which is not a financial asset (₦.04billion)

**Other receivables do not include prepayments and subscription for shares (₦341.04million) which are not financial assets.

***Other payables and accruals do not include accrued expenses(₦217.6million) that are not financial liabilities.

Notes to the Consolidated and Separate Financial Statements (Cont'd)
For the year ended 31 December 2019

COMPANY
31 December 2018

In thousands of naira	Carrying amount: Designated at fair value	FVTPL	Amortized Cost	FVOCI	Other financial liabilties	Total	Fair value: Level 1	Level 2	Level 3	Total
Financial assets measured at fair value										
Debt Instruments	-	43,238,516	-	4,695,266	-	47,933,782	47,933,782	-	(0)	47,933,782
Equities	4,280,494	-	-	4,280,494	-	4,280,494	2,359,322	-	1,921,172	4,280,494
	-	**43,238,516**	**-**	**8,975,760**	**-**	**52,214,276**	**50,293,104**	**-**	**1,921,172**	**52,214,276**
Financial assets not measured at fair value										
Cash and cash equivalents	-	-	4,519,953	-	-	4,519,953	-	4,519,953	-	4,519,953
Trade receivables*	-	-	131,841	-	-	131,841	-	131,841	-	131,841
Loans and receivables	-	-	1,768,764	-	-	1,768,764	-	1,768,764	-	1,768,764
Reinsurance assets*^	-	-	3,358,254	-	-	3,358,254	-	3,358,254	-	3,358,254
other receivables*,**	-	-	60,531	-	-	60,531	-	60,531	-	60,531
Debt Instruments^^	-	-	20,829,670	-	-	20,829,670	-	20,829,670	-	20,829,670
	-	**-**	**30,669,013**	**-**	**-**	**30,669,013**	**-**	**30,669,013**	**-**	**30,669,013**
Financial liabilities measured at fair value										
Derivative liabilities	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-
Financial liabilities not measured at fair value										
Other payables*,***	-	-	-	-	(2,002,558)	(2,002,558)	-	(2,002,558)	-	(2,002,558)
Trade payables*	-	-	-	-	(839,400)	(839,400)	-	(839,400)	-	(839,400)
Investment contract liabilties	-	-	(12,319,617)	-	-	(12,319,617)	-	(12,319,617)	-	(12,319,617)
Long term borrowing	-	-	(2,324,733)	-	-	(2,324,733)	-	(2,324,733)	-	(2,324,733)
	-	**-**	**(14,644,350)**	**-**	**(2,841,958)**	**(17,486,308)**	**-**	**(17,486,308)**	**-**	**(17,486,308)**

The Group has disclosed the fair value of each class of financial assets and liabilities in a way that permits the information to be compared with the carrying amounts. In addition, it has reconciled the assets and liabilities to the different categories of financial instruments as defined in IAS 39 Financial instruments: Recognition and Measurement.
* The Group has not disclosed the fair values for financial instruments such as short term trade receivables, payables, reinsurance assets, loans and receivables because their carrying amounts are a reasonable approximation of fair value.
^ Reinsurance assets excludes prepaid reinsurance, which is not a financial asset (₦1.04 billion)
**Other receivables do not include prepayments and subscription for shares (₦341.04million) which are not financial assets.
***Other payables and accruals do not include accrued expenses(₦151.2million) that are not financial liabilities.

(b) Measurement of fair values
(i) Transfer between Levels 1 and 2
At 31 December 2019, there was no transfer between level 1 and level 2 (2018: NIL)

(ii) Level 2 fair value
Reconciliation of level 2 fair values

The following table shows a reconciliation from the opening balances to the closing balances for Level 2 fair values

In thousands of naira	Group Derivative liabilities 2019	Group Derivative liabilities 2018	Company Derivative liabilities 2019	Company Derivative liabilities 2018
Balance at 1 January	-	-	-	-
Fair Value gain	-	-	-	-
Balance at 31 December	-	-	-	-

(iii) Transfer out of level 3
The Group did not have any transfer out of level 3 during the year (2018: Nil)

Notes to the Consolidated and Separate Financial Statements (Cont'd)

For the year ended 31 December 2019

(c) **Risk management framework**

The Company's board of directors has the overall responsibility for the establishment of oversight of the Group's enterprise risk management systems. The Board of directors has established the Risk Management Committee, which is responsible for developing and monitoring the Group's risk management framework and activities. The committee reports regularly to the Board of directors for on its activities.

The Group's risk management policies are established to identify and analyse the risk faced by the group, to set appropriate risk limits and controls (through the risk appetite), and to monitor risks and adherence to limits. Risk mamangement policies and systems are reviewed regularly to reflect changes in market conditions and Group activities. The group, through its training and management standards and procedures, maintains and will continuously heighten a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group audit committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Group Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the result of which are reported to the audit committee.

(d) Financial risk management

The Group has exposure to the following risks arising from financial instruments
Credit risk
Liquidity risk
Market risk
Currency risk

(i) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arisies principally from the Group's receivables from customers and investment in debt securities.

The carrying amount of financial assets represents the maximum credit exposure

In addition to credit risks arising out of investments and transactions with clients, AIICO actively assumes credit risk through the writing of insurance business and the approval and issuance of loans. credit risk can arise when a client defaults on loan payments or settlement of premium payments and can also arise when its own repayment capability decreases (as reflected in a rating downgrade).

AIICO's strategy as an Insurance Group does not entail the elimination of credit risk but rather to take on credit risk in a well-controlled, planned and targeted manner pursuant to its business objectives. Its approach to measuring credit risk is therefore designed to ensure that it is assessed accurately in all its forms, and that relevant, timely and accurate credit risk information is available to the relevant decision makers at an operational and strategic level at all times.

At a strategic level, AIICO manages its credit risk profile within the constraints of its overall Risk Appetite and structures its portfolio so that it provides optimal returns for the level of risk taken. Operationally, the Insurance Group Credit Risk Management is governed by the overall risk appetite framework and aims to ensure that the risk inherent to individual exposures or certain business portfolios are appropriately managed through the economic cycle.

The Group is committed to:

a) Create, monitor and manage credit risk in a manner that complies with all applicable laws and regulations;
b) Identify credit risk in each investment, loan or other activity of the Insurance Group;
c) Utilize appropriate, accurate and timely tools to measure credit risk;
d) Set acceptable risk parameters;
e) Maintain acceptable levels of credit risk for existing individual credit exposures;
f) Maintain acceptable levels of overall credit risk for AIICO's Portfolio; and
g) Coordinate Credit Risk Management with the management of other risks inherent in AIICO's business activities.

Unsecured exposures to high risk obligors, transactions with speculative cash flows, loans in which the Insurance Group will hold an inferior or subordinate position are some of the credit exposures that are considered undesirable by the organization.

Notes to the Consolidated and Separate Financial Statements (Cont'd)

For the year ended 31 December 2019

(a) Credit quality analysis

An asset will migrate down the ECL stages as asset quality deteriorates by comparing the credit risk rating of the asset at reporting date with its credit risk rating at origination using the Company's internal credit rating system. The trigger to move down an ECL stage is based on a pre-determined ratings downgrade shift that determines whether significant deterioration has occurred. Conversely, assets will migrate up an ECL stage as asset quality improves.

(i) Credit portfolio neither past due nor impaired

The following table sets out information about the credit quality of debt instruments measured at amortised cost, debt instruments measured at FVOCI . Unless specifically indicated, for financial assets, the amounts in the table represent gross carrying amounts.

At 31 December 2019

	Group				Company			
In thousands of naira	Federal Government bonds	Treasury bills	Corporate bonds	Total	Federal Government bonds	Treasury bills	Corporate bonds	Total
Performing	61,803,941	3,978,191	355,325	66,137,457	40,245,792	2,603,902	355,325	43,205,019
Underperforming	-	-	-	-		-	-	-
Loss	-	-	-	-		-	-	-
	61,803,941	3,978,191	355,325	66,137,457	40,245,792	2,603,902	355,325	43,205,019
Loss allowance	(31,282)	-	-	(31,282)	(30,249)	-	-	(30,249)
Carrying amount	**61,772,659**	**3,978,191**	**355,325**	**66,106,175**	**40,215,543**	**2,603,902**	**355,325**	**43,174,770**

The following table sets out information about the credit quality of loans measured at amortised cost;

At 31 December 2019

	Group				Company			
In thousands of naira	Policyholders loan	Staff loan	Agent loan	Other loans	Policyholders loan	Staff loan	Agent loan	Other loans
Performing	2,020,402	524,289	85,524	63,117	2,020,402	352,006	85,524	63,117
Underperforming	-	-	-		-	-	-	
Loss		-	-			-	-	
	2,020,402	524,289	85,524	63,117	2,020,402	352,006	85,524	63,117
Loss allowance	-	-	-		-	-	-	
Carrying amount	**2,020,402**	**524,289**	**85,524**	**63,117**	**2,020,402**	**352,006**	**85,524**	**63,117**

(ii) Loss allowance

Measurement basis under IFRS 9

The following table shows reconciliations from the opening to the closing balance of the loss allowance by class of financial instrument. Explanation of the terms: 12-month ECL (stage 1), lifetime ECL (stage 2) and credit-impaired (stage 3) are included in Note 3.4.4 (Impairment of financial assets) in the accounting policies.

Group — **Debt instruments measured at amortised cost**

	2019					
In thousands of naira	12-month ECL Individual	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Purchased or originated credit-impaired	Total	2018 Total
Balance at 1 January	14,593	-	-	-	14,593	18,222
Net remeasurement of loan	22,594	-	-	-	22,594	(3,629)
Closing balance	37,187	-	-	-	37,187	14,593
Gross amount	**40,914,820**	**-**	**-**	**-**	**40,914,820**	**24,150,389**

Notes to the Consolidated and Separate Financial Statements (Cont'd)

For the year ended 31 December 2019

Company	Debt instruments measured at amortised cost					
	2019					2018
In thousands of naira	12-month ECL Individual	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Purchased or originated credit-impaired	Total	Total
Balance at 1 January	13,560	-	-	-	13,560	-
Net remeasurement of loan	22,594	-	-	-	22,594	-
Closing balance	36,154	-	-	-	36,154	-
Grosss amount	**39,742,032**	**-**	**-**	**-**	**39,742,032**	**-**

Group	Debt instruments measured at fair value through OCI					
	2019					2018
In thousands of naira	12-month ECL Individual	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Purchased or originated credit-impaired	Total	Total
Balance at 1 January	41,612	-	-	-	41,612	38,773
Net remeasurement of loan	6,087	-	-	-	6,087	2,839
Closing balance	47,699	-	-	-	47,699	41,612
Gross amount	**25,222,637**	**-**	**-**	**-**	**25,222,637**	**14,954,282**

Company	Debt instruments measured at fair value through OCI					
	2019					2018
In thousands of naira	12-month ECL Individual	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Purchased or originated credit-impaired	Total	Total
Balance at 1 January	34,256	-	-	-	34,256	35,831
Net remeasurement of loan	1,701	-	-	-	1,701	(1,575)
Closing balance	35,957	-	-	-	35,957	34,256
Gross amount	**3,498,944**	**-**	**-**	**-**	**3,498,944**	**4,729,522**

Group	Loans to Policyholders, Agents and Staff					
	2019					2018
In thousands of naira	12-month ECL Individual	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Purchased or originated credit-impaired	Total	Total
Balance at 1 January	-	-	-	-	-	-
Net remeasurement of loan	-	-	-	-	-	-
Closing balance	-	-	-	-	-	-
Gross amount	**2,693,332**	**-**	**-**	**-**	**2,693,332**	**2,326,826.58**

Company	Loans to Policyholders, Agents and Staff					
	2019					2018
In thousands of naira	12-month ECL Individual	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Purchased or originated credit-impaired	Total	Total
Balance at 1 January	-	-	-	-	-	-
Net remeasurement of loan	-	-	-	-	-	-
Closing balance	-	-	-	-	-	-
Gross amount	**2,521,049**	**-**	**-**	**-**	**2,521,049**	**2,175,062.50**

Notes to the Consolidated and Separate Financial Statements (Cont'd)
For the year ended 31 December 2019

(iii) Collateral held and other credit enhancements

A key mitigation step employed by the Group in its credit risk management process includes the use of collateral securities to secure its loans as an alternative source of repayment during adverse conditions.
All loans granted to policyholders, Agents and Staff are collaterized by the cash value of the policies, the Agent pension fund balance which is managed by the Group and gratuity due to various staff together with the provided guarantors respectively.

b Geographical sectors

The Group limits its exposure to credit risk by investing only in liquid debt securities and only with counterparties that have a very high credit rating.
The maximum exposure to credit risk for debt securities at the reporting date per geo-political region was as follows:

	Group		Company	
In thousands of naira	31-Dec-2019	31-Dec-2018	31-Dec-2019	31-Dec-2018
South South	281,954	281,954	281,954	281,954
South West*	117,398,876	82,061,233	94,412,316	70,033,683
	117,680,829	**82,343,187**	**94,694,270**	**70,315,636**

* The South West figures includes Federal Government of Nigeria issued debt securities such as bonds and treasury bills .

(ii) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The Group uses activity-based costing to cost its products and services, which assists it in monitoring cash flow requirements and optimising its cash return on investments.

The Group aims to maintain the level of its cash and cash equivalents and other highly marketable debt investments at an amount in excess of expected cash outflows on financial liabilities over the next 60 days.

The Group also monitors the level of expected cash inflows on trade and other receivables together with expected cash outflows on trade and other payables.

In addition, the Group entered into a contract with the International Finance Corporation (IFC) on 23 December 2014 for a $20 million convertible long term loan at a rate of 6.5% above 6 months LIBOR. This loan has a tenor of 7 years with 4 years moratorium on the principal. As At 31 December 2019, the Group had drawn down $7 million with $13 million available to the Group.

Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, include contractual interest payments and exclude the impact of netting agreements.

Maturity analysis

The table below summarises the expected utilisation or settlement of assets and liabilities as at 31 December 2019:

Notes to the Consolidated and Separate Financial Statements (Cont'd)

For the year ended 31 December 2019

Group
31 December 2019

Contractual cash flows

In thousands of naira	Carrying amount	Gross nominal cashflow	3 months or less	3 - 12 months	1 - 2 years	2 - 5 years	More than 5 years
Trade and other receivables	386,749	582,722	303,106.00	34,963.32	244,653.07	-	-
Deposit for shares	5,289,756	5,289,756	5,289,756				
Short term investment securities	6,312,079	6,349,266	1,599,464	4,749,802	-	-	-
Long term investment securities	114,062,082	114,099,269	9,508	25,291,138	25,945,775	20,170,899	42,627,828
Cash and cash equivalent	10,080,164	10,083,750	10,080,164	-	-	-	-
	136,130,829	**136,404,762**	**17,281,997**	**30,075,904**	**26,190,428**	**20,170,899**	**42,627,828**
Investment contract liabilities	16,201,367	16,201,367	-	-	16,201,367	-	-
Long term borrowing	2,629,477	3,270,098	113,408	45,610	579,635	2,531,445	-
Fixed income liabilities	20,143,047	20,143,047	-	-	20,143,047	-	-
Trade payables	1,512,394	177,065	9,626	167,439	-	-	-
	40,486,286	**39,791,577**	**123,034**	**213,049**	**36,924,049**	**2,531,445**	**-**
Liquidity gap	**95,644,543**	**96,613,185**	**17,158,963**	**29,862,855**	**(10,733,621)**	**17,639,454**	**42,627,828**

Company
31 December 2019

Contractual cash flows

In thousands of naira	Carrying amount	Gross nominal cashflow	3 months or less	3 - 12 months	1 - 2 years	2 - 5 years	More than 5 years
Trade and other receivables	303,106	303,106	303,106	-	-	-	-
Deposit for shares	5,289,756	5,289,756	5,289,756				
Short term investment securities	4,264,860	32,847,981	1,422,452	31,425,529	-	-	-
Long term investment securities	96,664,775	96,700,929	-	25,291,138	15,101,161	13,680,802	42,627,828
Cash and cash equivalent	8,166,352	8,169,938	8,166,352	-	-	-	-
	114,688,849	**143,311,710**	**15,181,666**	**56,716,667**	**15,101,161**	**13,680,802**	**42,627,828**
Investment contract liabilities	16,201,367	16,201,367	-	-	16,201,367	-	-
Long term borrowing	2,629,477	3,270,098	113,408	45,610	579,635	2,531,445	-
Trade payables	1,512,394	386,801	9,626	167,439	209,736	-	-
	20,343,238	**19,858,266**	**123,034**	**213,049**	**16,990,738**	**2,531,445**	**-**
Liquidity gap	**94,345,611**	**123,453,444**	**15,058,632**	**56,503,618**	**(1,889,576)**	**11,149,357**	**42,627,828**

Notes to the Consolidated and Separate Financial Statements (Cont'd)

For the year ended 31 December 2019

Group
31 December 2018

Contractual cash flows

In thousands of naira	Carrying amount	Gross nominal cashflow	3 months or less	3 - 12 months	1 - 2 years	2 - 5 years	More than 5 years
Trade and other receivables	417,102	930,563	362,025	55,077	513,461	-	-
Short term investment securities	42,805,454	33,024,993	1,599,464	31,425,529	-	-	-
Long term investment securities	41,864,559	61,231,879	9,508	291,138	945,775	16,310,939	43,674,519
Cash and cash equivalent	5,324,739	5,324,739	5,324,739	-	-	-	-
	90,411,855	100,512,174	7,295,736	31,771,744	1,459,236	16,310,939	43,674,519
Investment contract liabilities	12,319,617	12,319,617	-	-	12,319,617	-	-
Long term borrowing	2,324,733	3,270,098	113,408	45,610	579,635	2,531,445	-
Fixed Income liabilities	10,181,251	10,181,251	-	-	10,181,251	-	-
Trade payables	839,400	523,299	179,773	343,526	-	-	-
Other payables	2,213,547	705,491	201,533	503,957	-	-	-
	27,878,548	26,999,755	494,715	893,093	23,080,502	2,531,445	-
Liquidity gap	62,533,307	73,512,419	6,801,021	30,878,651	(21,621,266)	13,779,494	43,674,519

Company
31 December 2018

Contractual cash flows

In thousands of naira	Carrying amount	Gross nominal cashflow	3 months or less	3 - 12 months	1 - 2 years	2 - 5 years	More than 5 years
Trade and other receivables	131,841	131,841	131,841	-	-	-	-
Short term investment securities	31,634,394	32,847,981	1,422,452	31,425,529	-	-	-
Long term investment securities	42,961,736	56,372,819	-	291,138	681,231	11,725,931	43,674,519
Cash and cash equivalent	4,519,953	4,519,953	4,519,953	-	-	-	-
	79,247,924	**93,872,593**	**6,074,246**	**31,716,667**	**681,231**	**11,725,931**	**43,674,519**
Investment contract liabilities	12,319,617	12,319,617	-	-	12,319,617	-	-
Long term borrowing	2,324,733	3,270,098	113,408	45,610	579,635	2,531,445	-
Trade payables	839,400	558,960	5,698	343,526	209,736	-	-
Other payables	2,002,558	1,131,804	342,118	152,384	637,302	-	-
	17,486,308	**17,280,479**	**461,225**	**541,520**	**13,746,290**	**2,531,445**	**-**
Liquidity gap	**61,761,616**	**76,592,114**	**5,613,021**	**31,175,147**	**(13,065,058)**	**9,194,486**	**43,674,519**

Notes to the Consolidated and Separate Financial Statements (Cont'd)

For the year ended 31 December 2019

Group

In thousands of naira	2019 Current	2019 Non-current	2019 Total	2018 Current	2018 Non-current	2018 Total
Cash and cash equivalents	10,080,164	-	10,080,164	5,324,739	-	5,324,739
Financial assets	83,256,106	43,570,967	126,827,073	64,609,770	24,630,658	89,240,428
Trade receivable	386,749	-	386,749	417,102	-	417,102
Reinsurance assets	5,460,569	-	5,460,569	4,686,029	-	4,686,029
Deferred acquisition cost	488,884	-	488,884	465,991	-	465,991
Other receivables and prepayments	6,227,700	-	6,227,700	580,618	-	580,618
Deferred tax asset	-	149,379	149,379	-	149,379	149,379
Investment property	-	772,000	772,000	-	555,000	555,000
Goodwill and other intangible assets	-	985,861	985,861	-	1,014,085	1,014,085
Property and equipment	-	7,597,843	7,597,843	-	7,025,197	7,025,197
Statutory deposit	-	500,000	500,000	-	530,000	530,000
Total assets	**105,900,172**	**53,576,050**	**159,476,221**	**76,084,249**	**33,904,319**	**109,988,566**
Insurance contract liabilities	3,420,045	81,566,306	84,986,351	3,362,876	62,177,656	65,540,532
Investment contract liabilities	-	16,201,367	16,201,367	-	12,319,617	12,319,617
Trade payables	1,839,238	-	1,839,238	1,013,475	-	1,013,475
Other payables and accruals	3,650,286	-	3,650,286	2,213,547	-	2,213,547
Fixed income liability	20,143,047	-	20,143,047	10,181,251	-	10,181,251
Current tax payable	487,112	-	487,112	590,976	-	590,976
Deferred tax liability	-	629,281	629,281	-	533,836	533,836
Long term borrowing	186,548	2,442,929	2,629,477	190,399	2,134,334	2,324,733
Total liabilities	**29,726,275**	**100,839,884**	**130,566,159**	**17,552,524**	**77,165,443**	**94,717,967**

Company

In thousands of naira	2019 Current	2019 Non-current	2019 Total	2018 Current	2018 Non-current	2018 Total
Cash and cash equivalents	8,166,352	-	8,166,352	4,519,953	-	4,519,953
Financial assets	61,187,602	42,226,927	103,414,529	52,270,028	24,487,605	76,757,633
Trade receivable	303,106	-	303,106	131,841	-	131,841
Reinsurance assets	5,460,569	-	5,460,569	4,686,029	-	4,686,029
Deferred acquisition cost	488,884	-	488,884	465,991	-	465,991
Other receivables and prepayments	5,762,765	-	5,762,765	408,428	-	408,428
Investment in subsidiaries	-	2,452,359	2,452,359	-	2,452,359	2,452,359
Investment property	-	772,000	772,000	-	555,000	555,000
Property and equipment	-	906,680	906,680	-	965,906	965,906
Goodwill and other intangible assets	-	7,036,211	7,036,211	-	6,697,107	6,697,107
Statutory deposit	-	500,000	500,000	-	530,000	530,000
Total assets	**81,369,278**	**53,894,178**	**135,263,455**	**62,482,270**	**35,687,977**	**98,170,246**
Insurance contract liabilities	3,199,816	81,566,306	84,766,122	3,163,894	62,177,656	65,341,550
Investment contract liabilities	-	16,201,367	16,201,367	-	12,319,617	12,319,617
Trade payables	1,512,394	-	1,512,394	839,400	-	839,400
Other payables and accruals	3,406,751	-	3,406,751	2,002,558	-	2,002,558
Current tax payable	361,505	-	361,505	507,241	-	507,241
Deferred tax liability	-	441,416	441,416	-	487,836	487,836
Long term borrowing	-	2,629,477	2,629,477	-	2,324,733	2,324,733
Total liabilities	**8,480,466**	**100,838,566**	**109,319,032**	**6,513,093**	**77,309,842**	**83,822,935**

Notes to the Consolidated and Separate Financial Statements (Cont'd)
For the year ended 31 December 2019

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

(iv) Currency risk
The Group is exposed to currency risk to the extent that there is a mismatch between the currencies in which premium, claims and borrowings are denominated and the respective functional currencies of Group companies. The functional currency of Group companies is the Nigerian naira. The currencies in which these transactions are primarily denominated are the Nigerian naira. However, the Group receives some premium in foreign currencies and also pays some claims in foreign currencies. The foreign currencies the Group transacts in include euro, british pounds and united states dollars.

Exposure to currency risk
The summary quantitative data about the Group's exposure to currency risk as reported to the management of the Group is as follows:

GROUP

	31 December 2019				31 December 2018			
In thousands of	Carrying Value	EUR	USD	GBP	Carrying value	EUR	USD	GBP
Cash and cash equivalent	198,535	34,172	136,427	27,936	814,941	184,210	607,890	22,841
Financial assets	1,114,810	-	1,114,810	-	559,900	-	559,900	-
IFC borrowing	(2,629,477)	-	(2,629,477)	-	(2,324,733)	-	(2,324,733)	-
Net statement of financial position exposure	**(1,316,132)**	**34,172**	**(1,378,240)**	**27,936**	**(949,892)**	**184,210**	**(1,156,943)**	**22,841**

COMPANY

	31 December 2019				31 December 2018			
In thousands of	NGN	EUR	USD	GBP	NGN	EUR	USD	GBP
Cash and cash equivalent	198,535	34,172	136,427	27,936	814,941	184,210	607,890	22,841
Financial assets	1,114,810		1,114,810		559,900		559,900	
IFC borrowing	(2,629,477)		(2,629,477)		(2,324,733)		(2,324,733)	
Net statement of financial position exposure	**(1,316,132)**	**34,172**	**(1,378,240)**	**27,936**	**(949,892)**	**184,210**	**(1,156,943)**	**22,841**

The following significant exchange rates have been applied.

	Year-end spot rate	
Naira	2019	2018
USD 1	364.51	364
GBP 1	465	465
EUR 1	**415**	**415**

Sensitivity analysis
A reasonably possible strengthening (weakening) of the euro, US dollar, sterling or Swiss franc against all other currencies at 31 December would have affected the measurement of financial instruments denominated in a foreign currency and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

Notes to the Consolidated and Separate Financial Statements (Cont'd)

For the year ended 31 December 2019

	GROUP				COMPANY			
	Profit or loss		Equity, net of tax		Profit or loss		Equity, net of tax	
Effects in thousands of naira	Strengthening	Weakening	Strengthening	Weakening	Strengthening	Weakening	Strengthening	Weakening
31 December 2019								
EUR (10% movement)	3,417	(3,417)	3,417	(3,417)	3,417	(3,417)	3,417	(3,417)
USD (10% movement)	(137,824)	(137,824)	(137,824)	(137,824)	(137,824)	137,824	(137,824)	137,824
GBP (10% movement)	2,794	(2,794)	2,794	(2,794)	2,794	(2,794)	2,794	(2,794)
31 December 2018								
EUR (10% movement)	18,421	(18,421)	18,421	(18,421)	18,421	(18,421)	18,421	(18,421)
USD (10% movement)	(115,694)	115,694	(115,694)	115,694	(115,694)	115,694	(115,694)	115,694
GBP (10% movement)	2,284	(2,284)	2,284	(2,284)	2,284	(2,284)	2,284	(2,284)

(c)(v) Interest rate risk

The Group adopts a policy of ensuring that all its interest rate risk exposure is at a fixed rate. The exception is the dollar denominated variable rate loan obtained by the Group from IFC. This eliminates the variability in the risks and returns on the Group's interest bearing assets and liabilities.

Exposure to interest rate risk

The interest rate profile of the Group's interest-bearing financial instruments as reported to the management of the Group is as follows.

	Group		Company	
In thousands of naira	31-Dec-2019	31-Dec-2018	31-Dec-2019	31-Dec-2018
Fixed-rate instruments				
Cash deposits	3,983,828	1,504,322	2,793,386	1,162,479
Debt securities	117,680,829	82,343,187	94,694,270	70,315,636
Money market placements	-	-	-	-
Fixed income liabilities	20,143,047	10,181,251	-	-
	141,807,704	**94,028,759**	**97,487,656**	**71,478,115**
Variable-rate instruments				
Long term convertible loan	2,629,477	2,324,733	2,629,477	2,324,733
	2,629,477	**2,324,733**	**2,629,477**	**2,324,733**

Cashflow sensitivity analysis for fixed-rate instruments

	GROUP				COMPANY			
	Profit or (loss)		Equity, net of tax		Profit or (loss)		Equity, net of tax	
Effect in thousands of naira	100bp increase	100bp decrease	100bp increase	100bp decrease	100bp increase	100bp decrease	100bp increase	100bp decrease
31 December 2019								
Financial assets	1,418,077	(1,418,077)	1,418,077	(1,418,077)	974,877	(974,877)	974,877	(974,877)
	1,418,077	**(1,418,077)**	**1,418,077**	**(1,418,077)**	**974,877**	**(974,877)**	**974,877**	**(974,877)**
31 December 2018								
Financial assets	940,288	(940,288)	940,288	(940,288)	714,781	(714,781)	714,781	(714,781)
	940,288	**(940,288)**	**940,288**	**(940,288)**	**714,781**	**(714,781)**	**714,781**	**(714,781)**

Cashflow sensitivity analysis for variable-rate instruments

	GROUP				COMPANY			
	Profit or (loss)		Equity, net of tax		Profit or (loss)		Equity, net of tax	
Effect in thousands of naira	100bp increase	100bp decrease	100bp increase	100bp decrease	100bp increase	100bp decrease	100bp increase	100bp decrease
31 December 2019								
Financial liabilities	26,295	(26,295)	26,295	(26,295)	26,295	(26,295)	26,295	(26,295)
	26,295	**(26,295)**	**26,295**	**(26,295)**	**26,295**	**(26,295)**	**26,295**	**(26,295)**
31 December 2018								
Financial assets	23,247	(23,247)	23,247	(23,247)	23,247	(23,247)	23,247	(23,247)
	23,247	**(23,247)**	**23,247**	**(23,247)**	**23,247**	**(23,247)**	**23,247**	**(23,247)**

Notes to the Consolidated and Separate Financial Statements (Cont'd)

For the year ended 31 December 2019

The analysis assumes that all other variables, in particular, foreign currency exchange rates, remain constant.

Fair value sensitivity analysis for fixed-rate instruments

The Group does not account for any fixed-rate financial assets and financial liabilities at fair value through profit or loss, and the Group does not designate derivatives as hedging instruments under a fair value model. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

Other market price risk

The Group is exposed to equity price risk, which arises from financial asset designated at other comprehensive income held for partially meeting the claims and benefits obligations. The management of the Group monitors the proportion of equity securities in its investment portfolio based on market indices. Material investments within the portfolio are managed on an individual basis and all buy and sell decisions are approved by the Risk Management Committee. The primary goal of the Group's investment strategy is to maximise investment returns, both to partially meet the Group's claims and benefits obligations and to improve its returns in general.

Sensitivity analysis - Equity price risk

All of the Group's listed equity investments are listed on the Nigerian Stock Exchange and are classified as fair value through other comprehensive income.

Notes to the Consolidated and Separate Financial Statements (Cont'd)

For the year ended 31 December 2019

44 Insurance Risk

The principal risk the Group faces under insurance contracts is that the actual claims and benefit payments or the timing thereof, differ from expectations. This is influenced by the frequency of claims, severity of claims, actual benefits paid and subsequent development of long-term claims. Therefore, the objective of the Group is to ensure that sufficient reserves are available to cover these liabilities. The risk exposure is mitigated by diversification across a large portfolio of insurance contracts and geographical areas. The variability of risks is also improved by careful selection and implementation of underwriting strategy guidelines, as well as the use of reinsurance arrangements.The Group purchases reinsurance as part of its risks mitigation programme. Reinsurance ceded is placed on both a proportional and non-proportional basis. The majority of proportional reinsurance is quota-share reinsurance which is taken out to reduce the overall exposure of the Group to certain classes of business. Non-proportional reinsurance is primarily excess-of-loss reinsurance designed to mitigate the Group's net exposure to catastrophe losses. Retention limits for the excess-of-loss reinsurance vary by product line and territory.Amounts recoverable from reinsurers are estimated in a manner consistent with the outstanding claims provision and are in accordance with the reinsurance contracts. Although the Group has reinsurance arrangements, it is not relieved of its direct obligations to its policyholders and thus a credit exposure exists with respect to ceded insurance, to the extent that any reinsurer is unable to meet its obligations assumed under such reinsurance agreements. The Group's placement of reinsurance is diversified such that it is neither dependent on a single reinsurer nor are the operations of the Group substantially dependent upon any single reinsurance contract.

(a) Life insurance contracts (including investment contracts)

Life insurance contracts offered by the Group include: whole life, term assurance and deposit administration. Whole life and term assurance are conventional regular premium products when lump sum benefits are payable on death or permanent disability. Deposit administration is an investment product which accepts deposit from clients and other businesses of savings nature, by agreeing to pay interest on those deposits for an agreed period. For contracts for which death or disability is the insured risk, the significant factors that could increase the overall frequency of claims are epidemics, widespread changes in lifestyle and natural disasters, resulting in earlier or more claims than expected. For annuity contracts, the most significant factor is continued improvement in medical science and social conditions that would increase longevity. For contracts with DPF, the participating nature of these contracts results in a significant portion of the insurance risk being shared with the insured party.The Group's underwriting strategy is designed to ensure that risks are well diversified in terms of type of risk and level of insured benefits. This is largely achieved through diversification across industry sectors and geography, the use of medical screening in order to ensure that pricing takes account of current health conditions and family medical history, regular review of actual claims experience and product pricing, as well as detailed claims' handling procedures.

Underwriting limits are in place to enforce appropriate risk selection criteria. Insurance contracts also entitle the Group to pursue third parties for payment of some or all costs. The Group further enforces a policy of actively managing and promptly pursuing claims, in order to reduce its exposure to unpredictable future developments that can negatively impact the Group.

Key assumptions

Material judgement is required in determining the liabilities and in the choice of assumptions. Assumptions in use are based on past experience, current internal data, external market indices and benchmarks which reflect current observable market prices and other published information. Assumptions and prudent estimates are determined at the date of valuation and no credit is taken for possible beneficial effects of voluntary withdrawals. Assumptions are further evaluated on a continuous basis in order to ensure realistic and reasonable valuations. The key assumptions are as follows:

Valuation basis	2019	2018
a. Economic assumptions		
i. Net valuation interest rate for the long term risk business	13.75%	15.30%
ii. Annuity valuation rate	13.75%	15.05%
iii. Tax adjustment (on projected returns)	-	-
i. Inflation rate	11.50%	11.00%
b. Non - Economic assumptions		
i. Acquisition expense to maintenance expense	56:44	44:56
ii. Per policy expense assumption (per annum)	N8,800	N10,425
iii. Mortality assumption (based on assured lifetable)	90% of A67/70 UK	90% of A67/70 UK

Notes to the Consolidated and Separate Financial Statements (Cont'd)

For the year ended 31 December 2019

Sensitivities

The analysis which follows 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. 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 movements in these assumptions are non–linear. Sensitivity information will also vary according to the current economic assumptions, mainly due to the impact of changes to both the intrinsic cost and time value of options and guarantees. When options and guarantees exist, they are the main reason for the asymmetry of sensitivities.

Sensitivity of liability to changes in long term valuation assumptions
31 December 2019 actuarial valuation

N'000	Base	VIR +1%	VIR -1%	Expenses +10%	Expenses -10%	Expense Inflation +2%	Expense Inflation -2%	Mortality +5%	Mortality -5%
Individual Risk Reserve (Excluding Annuity)	30,590,448	29,059,709	32,362,181	30,899,152	30,286,345	30,809,420	30,398,495	30,646,075	30,535,114
Annuity	39,042,017	37,094,818	41,205,883	39,181,253	38,902,782	39,354,239	38,807,792	38,800,144	39,292,007
Investment Linked Products	13,724,222	13,724,222	13,724,222	13,724,222	13,724,222	13,724,222	13,724,222	13,724,222	13,724,222
Group DA	2,477,122	2,477,122	2,477,122	2,477,122	2,477,122	2,477,122	2,477,122	2,477,122	2,477,122
Group Credit Life	9,193	9,193	9,193	9,193	9,193	9,193	9,193	9,193	9,193
Group Life - UPR	464,574	464,574	464,574	464,574	464,574	464,574	464,574	464,574	464,574
Group Life - AURR	38,485	38,485	38,485	38,485	38,485	38,485	38,485	38,485	38,485
Group Life - IBNR	1,017,245	1,017,245	1,017,245	1,017,245	1,017,245	1,017,245	1,017,245	1,017,245	1,017,245
Group Life -OCR	979,197	979,197	979,197	979,197	979,197	979,197	979,197	979,197	979,197
Additional Reserves	3,830,777	3,830,777	3,830,777	3,830,777	3,830,777	3,830,777	3,830,777	3,830,777	3,830,777
	92,173,281	**88,695,343**	**96,108,879**	**92,621,221**	**91729942.53**	**92704475.08**	**91747103.18**	**91987034.55**	**92367937.16**
Reinsurance	(640,109)	(640,109)	(640,109)	(640,109)	(640,109)	(640,109)	(640,109)	(640,109)	(640,109)
Net Liability	**91,533,172**	**88,055,234**	**95,468,771**	**91,981,112**	**91,089,834**	**92,064,366**	**91,106,995**	**91,346,926**	**91,727,829**
% change in Net Liability		**-3.80%**	**4.30%**	**0.49%**	**-0.84%**	**0.58%**	**-0.47%**	**-0.20%**	**0.21%**

Summary	Base	Interest rate +1%	Interest rate -1%	Expenses +10%	Expenses -10%	Expense Inflation +2%	Expense Inflation -2%	Mortality +5%	Mortality -5%
Individual	87,187,464	83,709,526	91,123,063	87,635,404	126	87,718,659	86,761,287	87,001,218	87,382,121
	4,345,708	4,345,708	4,345,708	4,345,708	4,345,708	4,345,708	4,345,708	4,345,708	4,345,708
Net Liability	91,533,172	88,055,234	95,468,771	91,981,112	127	92,064,366	91,106,995	91,346,926	91,727,829
% change in Liability		**-3.8%**	**4.3%**	**0.5%**	**-100.0%**	**0.6%**	**-0.5%**	**-0.2%**	**0.2%**

All stresses were applied independently
Stresses not applied to individual reinsurance asset due to immateriality
The mortality stress has been applied in the opposite direction for annuities.
Valuation assumptions on interest rate is based on constant ViR as in prior years

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(b) Non-life insurance contracts

The Group principally issues the following types of general insurance contracts: fire, motor, casualty, workmen compensation, personal accident, marine, Special oil and Agric. Risks under non-life insurance policies usually cover twelve months duration. For general insurance contracts, the most significant risks arise from climate changes, natural disasters and terrorist activities. For longer tail claims that take some years to settle, there is also inflation risk. The above risk exposure is mitigated by diversification across a large portfolio of insurance contracts and geographical areas. The variability of risks is improved by careful selection and implementation of underwriting strategies, which are designed to ensure that risks are diversified in terms of type of risk and level of insured benefits. This is largely achieved through diversification across industry sectors and geography.

Furthermore, strict claim review policies and procedures exist to assess all new and on-going claims, regular detailed review of claims handling procedures and frequent investigation of possible fraudulent claims are all policies and procedures put in place to reduce the risk exposure of the Group. The Group further enforces a policy of actively managing and promptly pursuing claims, in order to reduce its exposure to unpredictable future developments that can negatively impact the business. Inflation risk is mitigated by taking expected inflation into account when estimating insurance contract liabilities.

The Group has also limited its exposure by imposing maximum claim amounts on certain contracts as well as the use of reinsurance arrangements in order to limit exposure to catastrophic events (e.g., hurricanes, earthquakes and flood damage).

The purpose of these underwriting and reinsurance strategies is to limit exposure to catastrophes based on the Group's risk appetite as decided by management. The Board may decide to increase or decrease the maximum tolerances based on market conditions and other factors.

Key assumptions

The principal assumption underlying the liability estimates is that the Group's future claims development will follow a similar pattern to past claims development experience. This includes assumptions in respect of average claim costs, claim handling costs, claim inflation factors and claim numbers for each accident year.

Additional qualitative judgments are used to assess the extent to which past trends may not apply in the future, for example: one-off occurrence, changes in market factors such as public attitude to claims, economic conditions, as well as internal factors such as portfolio mix, policy conditions and claims handling procedures. Judgment 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.

Sensitivities

The non-life insurance claim liabilities are sensitive to the key assumptions that follow. It has not been possible to quantify the sensitivity of certain assumptions such as legislative changes or uncertainty in the estimation process.

Claims development table

The following tables show the estimates of cumulative incurred claims, including both claims notified and IBNR for each successive accident year at each reporting date, together with cumulative payments to date. The Group has taken advantage of the transitional rules of IFRS 4 that permit only five years of information to be disclosed upon adoption of IFRS.

In general, the uncertainty associated with the ultimate claims experience in an accident year is greatest when the accident year is at an early stage of development and the margin necessary to provide the necessary confidence in the provisions adequacy is relatively at its highest. As claims develop, and the ultimate cost of claims becomes more certain, the relative level of margin maintained should decrease. However, due to the uncertainty inherited in the estimation process, the actual overall claim provision may not always be in surplus.

Claims data

The claims data has eight risk groups – Marine, Motor, Casualty, Fire, Personal Accident, Special Oil , Workmen Compensation and Agric. The combined claims data for all lines of business between 2011 and 2019 are summarized in the table below:

Notes to the Consolidated and Separate Financial Statements (Cont'd)

For the year ended 31 December 2019

Incremental chain ladder - yearly projections

Accident year	1	2	3	4	5	6	7	8	9	Claims paid till date (N'000)
2011	778,837,440	1,337,332,089	223,108,441	334,890,266	70,996,549	22,131,520	6,449,833	3,097,658	1,107,155	2,777,950,951
2012	798,430,384	1,448,406,053	525,271,911	279,439,149	113,328,530	61,907,342	24,332,367	1,377,655		3,252,493,392
2013	921,671,366	981,670,275	185,624,210	46,839,246	53,440,190	17,902,903	1,096,631			2,208,244,820
2014	1,436,510,536	1,368,124,182	406,244,238	29,727,211	27,753,377	10,319,569				3,278,679,114
2015	1,207,317,680	1,410,110,583	110,938,941	149,494,387	65,610,781					2,943,472,372
2016	1,442,222,465	1,337,949,024	304,694,803	109,357,544						3,194,223,837
2017	2,134,993,116	2,158,316,699	691,235,178							4,984,544,993
2018	2,426,662,125	2,316,706,490								4,743,368,614
2019	2,983,395,788									2,983,395,788

Gross claim reserving

The claims paid are allocated to claim development years. In the Motor business class for example, of the claims that arose in 2009, N292million was paid in 2009 (development year 1), N203million in 2010 (development year 2) etc. The tables shown are the step by step output of the Inflation Adjusted Basic Chain Ladder (IABCL) Method in estimating Gross Claims Reserve. These are based on the 31 December 2019 valuation.

Basic chain ladder method - gross motor claims

Incremetal Chain ladder (Table of claims paid excluding large claims (Attritional Table)

Incremental Chain ladder-Yearly Projections (N'000)											
Accident year	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**11**
2009	292,367	203,681	36,530	12,350	620	-	-	21,563	205	91	-
2010	368,584	184,155	12,743	331	56	-	7,089	282	-	-	-
2011	368,880	202,548	8,594	5,498	3,077	1,030	202	135	-		
2012	395,039	250,654	3,916	4,073	1,724	281	67	218			
2013	489,232	173,416	41,806	2,432	8,915	1,100	954				
2014	558,462	230,849	6,682	2,628	11,547	-					
2015	614,947	152,874	14,460	7,545	-						
2016	550,304	208,225	5,587	625							
2017	593,740	238,117	2,566								
2018	665,796	232,437									
2019	591.645										

Inflation Adjusted Incremental Chain ladder-Yearly Projections (N'000)											
Accident year	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**11**
2009	880,679	548,780	89,233	26,936	1,252	-	-	30,963	255	102	-
2010	993,078	449,838	27,791	668	105	-	10,180	351	-	-	
2011	901,067	441,756	17,355	10,253	5,235	1,478	252	151	-		
2012	861,577	506,180,	7,302	6,929	2,476	350	75	218			
2013	987,972	323,364,	71,126	3,492	11,096	1,230	954				
2014	1,041,346	392,752	9,595	3,271	12,915	-					
2015	1,046,234	219,523	17,998	8,439	-						
2016	790,221	259,171	6,249	625							
2017	739,008	266,334	2,566								
2018	744,693	232,437									
2019	591,645										

Projected Inflation Adjusted Chain Ladder Table

Inflation Adjusted Cumulative Chain ladder-Yearly Projections (N'000)											
Accident year	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**11**
2009	880,679	1,429,459	1,518,692	1,545,628	1,546,880	1,546,880	1,546,880	1,577,843	1,578,098	1,578,200	1,578,200
2010	993,078	1,442,917	1,470,708	1,471,376	1,471,481	1,471,481	1,481,661	1,482,012	1,482,012	1,482,012	1,482,012
2011	901,067	1,342,822	1,360,177	1,370,430	1,375,665	1,377,143	1,377,395	1,377,546	1,377,546	1,377,592	1,377,592
2012	861,577	1,367,757	1,375,060	1,381,988	1,384,464	1,384,814	1,384,889	1,385,107	1,385,187	1,385,233	1,385,233
2013	987,972	1,311,336	1,382,462	1,385,955	1,397,051	1,398,281	1,399,235	1,400,392	1,400,473	1,400,519	1,400,519
2014	1,041,346	1,434,098	1,443,693	1,446,964	1,459,879	1,459,879	1,462,209	1,463,419	1,463,503	1,463,551	1,463,551
2015	1,046,234	1,265757	1,283,756	1,292,194	1,292,194	1,295,386	1,297,454	1,298,527	1,298,602	1,298,645	1,298,645
2016	790,221	1,049,393	1,055,641	1,056,267	1,059,798	1,062,415	1,064,111	1,064,991	1,065,053	1,065,088	1,065,088
2017	739,008	1,005,342	1,007,909	1,013,519	1,016,907	1,019,418	1,021,046	1,021,890	1,021,949	1,021,983	1,021,983
2018	744,693	977,131	998,035	1,003,590	1,006,945	1,009,432	1,011,044	1,011,880	1,011,938	1,011,972	1,011,972
2019	591,645	831,318	849,103	853,829	856,683	858,799	860,170	860,882	860,931	860,960	860,960

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For the year ended 31 December 2019

Basic chain ladder method - casualty

Incremetal Chain ladder (Table of claims paid excluding large claims (Attritional Table)

Incremental Chain ladder-Yearly Projections (N'000)											
Accident year	1	2	3	4	5	6	7	8	9	10	11
2009	47,746	112,951	29,051	18,872	19,209	2,051	409	754	-	293	-
2010	125,152	211,911	41,903	24,002	11,086	3,704	595	269	-	-	
2011	107,478	174,649	55,652	24,263	6,050	4,068	5,190	959	68		
2012	108,972	155,291	70,227	21,321	3,096	5,602	1,032	627			
2013	141,592	185,372	35,669	12,063	17,185	3,742	143				
2014	155,669	161,912	58,720	11,012	3,024	3,496					
2015	212,854	177,984	30,524	29,049	8,156						
2016	274,466	184,060	42,504	27,268							
2017	363,357	263,587	102,919								
2018	427,255	314,206									
2019	423,853										

Inflation Adjusted(Table of claims paid excluding large claims (Attritional Table)

Inflation Adjusted Incremental Chain ladder-Yearly Projections (N'000)											
Accident year	1	2	3	4	5	6	7	8	9	10	11
2009	143,823	304,326	70,962	41,160	38,791	3,825	696	1,083	-	327	-
2010	337,197	517,638	91,389	48,470	20,671	6,301	855	335	-	-	
2011	262,539	380,908	112,386	45,242	10,294	5,841	6,459	1,072	68		
2012	237,666	313,601	130,950	36,275	4,446	6,972	1,154	627			
2013	285,936	345,657	60,685	17,322	21,390	4,186	143				
2014	290,271	275,467	84,321	13,706	3,382	3,496					
2015	362,138	255,581	37,992	32,491	8,156						
2016	394,126	229,093	47,541	27,268							
2017	452,259	294,822	102,919								
2018	477,885	314,206									
2019	423,853										

Projected Inflation Adjusted Chain Ladder Table

Inflation Adjusted Cumulative Chain ladder-Yearly Projections (N'000)											
Accident year	1	2	3	4	5	6	7	8	9	10	11
2009	143,823	448,149	519,111	560,272	599,062	602,887	603,584	604,667	604,667	604,994	604,994
2010	337,197	854,835	946,224	994,694	1,015,365	1,021,667	1,022,522	1,022,856	1,022,856	1,022,856	1,022,856
2011	262,539	643,447	755,833	801,074	811,368	817,209	823,669	824,741	824,809	824,820	824,820
2012	214,386	525,432	617,205	654,149	662,945	662,945	662,945	662,945	662,963	662,973	662,973
2013	285,936	631,592	692,277	709,600	730,989	735,175	735,318	735,906	735,927	735,937	735,937
2014	290,271	565,738	650,059	663,766	667,148	670,644	672,068	672,606	672,624	672,633	672,633
2015	362,138	617,718	655,711	688,202	696,358	700,028	701,515	702,076	702,095	702,105	702,105
2016	394,126	623,219	670,760	698,028	713,371	717,131	718,654	719,229	719,249	719,258	719,258
2017	452,259	747,080	849,999	890,530	910,105	914,902	916,844	917,578	917,603	917,616	917,616
2018	477,885	792,090	890,096	932,539	953,037	958,060	960,094	960,862	960,889	960,902	960,902
2019	423,853	848,782	953,802	999,283	1,021,248	1,026,631	1,028,811	1,029,634	1,029,662	1,029,677	1,029,677

Basic chain ladder method - Fire

Incremetal Chain ladder(Table of claims paid excluding large claims (Attritional Table)

Incremental Chain ladder-Yearly Projections (N'000)											
Accident year	1	2	3	4	5	6	7	8	9	10	11
2009	88,693	100,665	27,065	988	153	-	-	-	621		-
2010	69,459	90,817	10,717	2,075	1,598	21	-	136	-	827	
2011	182,516	312,871	33,345	920	707	765	309	579	462	-	
2012	145,488	138,284	84,494	1,421	7	1,340	78	-			
2013	161,371	194,379	24,521	25,317	8,164	-	-				
2014	175,068	206,422	103,415	11,402	3,784	399					
2015	206,687	222,698	38,360	22,578	57,335						
2016	339,325	299,948	55,487	50,627							
2017	316,219	118,487	39,658								
2018	442,329	432,436									
2019	519,444										

Inflation Adjusted (Table of claims paid excluding large claims (Attritional Table)

Inflation Adjusted Incremental Chain ladder-Yearly Projections (N'000)											
Accident year	1	2	3	4	5	6	7	8	9	10	11
2009	267,166	271,223	66,112	2,155	308	-	-	-	772	925	-
2010	187,145	221,840	23,373	4,189	2,980	35	-	170	-	-	
2011	445,832	682,370	67,339	1,715	1,203	1,098	384	647	462		
2012	317,307	279,256	157,553	2,417	11	1,668	87	-			
2013	325,879	362,452	41,718	36,355	10,161	-	-				
2014	326,444	351,194	148,501	14,191	4,232	399					
2015	351,644	319,788	47,746	25,253	57,335						
2016	487,261	373,335	62,062	50,627							
2017	393,588	132,528	39,658								
2018	494,745	432,436									
2019	519,444										

Notes to the Consolidated and Separate Financial Statements (Cont'd)

For the year ended 31 December 2019

Projected Inflation Adjusted Chain Ladder Table

Inflation Adjusted Cumulative Chain ladder-Yearly Projections (N'000)											
Accident Year	1	2	3	4	5	6	7	8	9	10	11
2009	267,166	538,389	604,501	606,656	606,964	606,964	606,964	606,964	607,736	608,661	608,661
2010	187,145	408,985	432,357	436,547	439,527	439,562	439,562	439,731	439,731	439,731	439,731
2011	445,832	1,128,202	1,195,541	1,197,256	1,198,459	1,199,557	1,199,942	1,200,589	1,201,051	1,201,051	1,201,051
2012	317,307	596,563	754,116	756,533	756,544	758,212	758,299	758,299	758,715	758,715	758,715
2013	325,879	688,331	730,049	766,404	776,565	776,565	776,565	777,019	777,446	777,446	777,446
2014	326,444	677,638	826,139	840,331	844,563	844,962	845,486	845,981	846,445	846,445	846,445
2015	351,644	671,432	719,178	744,431	801,766	802,321	802,819	803,289	803,730	803,730	803,730
2016	487,261	860,596	922,658	973,284	987,157	987,841	988,454	989,032	989,575	989,575	989,575
2017	393,588	526,116	565,773	578,297	586,540	586,946	587,310	587,654	587,977	587,977	587,977
2018	494,745	927,181	1,026,657	1,049,383	1,064,341	1,065,078	1,065,739	1,066,362	1,066,948	1,066,948	1,066,948
2019	519,444	1,014,254	1,123,072	1,147,932	1,164,295	1,165,101	1,165,824	1,166,506	1,167,147	1,167,147	1,167,147

Basic chain ladder method - personal accident

Incremetal Chain ladder

Incremental Chain ladder-Yearly Projections (N'000)											
Accident Year	1	2	3	4	5	6	7	8	9	10	11
2009	4,542	4,884	1,930	1,728	-	33	-	-	-	-	-
2010	5,996	3,249	953	305	610	-	-	585	-	-	
2011	1,179	2,571	2,574	544	-	958	-	-	-		
2012	4,661	7,671	1,005	3,541	1,357	150	-	-			
2013	7,878	6,264	839	471	1,109	-	-				
2014	5,887	4,526	1,303	146	-	26					
2015	4,799	11,891	2,399	-	-						
2016	13,470	13,880	4,318	1,844							
2017	5,468	5,061	46								
2018	9,304	6,053									
2019	11,784										

Inflation Adjusted (Table of claims paid excluding large claims (Attritional Table)

Inflation Adjusted Incremental Chain ladder-Yearly Projections (N'000)											
Accident Year	1	2	3	4	5	6	7	8	9	10	11
2009	13,682	13,158	4,714	3,770	-	62	-	-	-	-	-
2010	16,154	7,936	2,077	616	1,138	-	-	728	-	-	
2011	2,880	5,607	5,198	1,015	-	1,375	-	-	-		
2012	10,165	15,492	1,873	6,025	1,949	187	-	-			
2013	15,909	11,680	1,428	676	1,380	-	-				
2014	10,977	7,700	1,871	182	-	26					
2015	8,164	17,075	2,986	-	-						
2016	19,342	17,277	4,829	1,844							
2017	6,806	5,660	46								
2018	10,407	6,053									
2019	11,784										

Projected Inflation Adjusted Chain Ladder Table

Inflation Adjusted Cumulative Chain ladder-Yearly Projections (N'000)											
Accident year	1	2	3	4	5	6	7	8	9	10	11
2009	13,682	26,840	31,554	35,324	35,324	35,387	35,387	35,387	35,387	35,387	35,387
2010	16,154	24,090	26,168	26,784	27,922	27,922	27,922	28,650	28,650	28,650	28,650
2011	2,880	8,487	13,685	14,700	14,700	16,075	16,075	16,075	16,075	16,075	16,075
2012	10,165	25,657	27,530	33,555	35,504	35,691	35,691	35,691	35,691	35,691	35,691
2013	15,909	27,589	29,017	29,693	31,073	31,073	31,073	31,478	31,478	31,478	31,478
2014	10,977	18,676	20,547	20,729	20,729	20,754	21,146	21,422	21,422	21,422	21,422
2015	8,164	25,240	28,226	28,226	28,226	28,924	29,469	29,854	29,854	29,854	29,854
2016	19,342	36,619	41,448	43,292	44,566	45,667	46,528	47,135	47,135	47,135	47,135
2017	6,806	12,466	12,512	13,239	13,629	13,965	14,229	14,414	14,414	14,414	14,414
2018	10,407	16,460	19,220	20,338	20,936	21,453	21,858	22,143	22,143	22,143	22,143
2019	11,784	25,357	29,609	31,330	32,251	33,048	33,672	34,111	34,111	34,111	34,111

Basic chain ladder method - workmen compensation

Incremetal Chain ladder (Table of claims paid excluding large claims (Attritional Table)

Incremental Chain ladder-Yearly Projections (N'000)											
Accident year	1	2	3	4	5	6	7	8	9	10	11
2009	5,473	23,849	5,814	711	265	105	46	-	-	-	-
2010	21,668	45,126	6,960	4,267	107	-	1,309	-	-	-	
2011	19,029	48,146	21,668	5,129	-	1,318	491	745	-		
2012	10,143	29,463	9,200	1,055	-	-	-	-			
2013	15,137	16,189	9,706	4,384	149	-	-				
2014	33,154	22,427	7,140	2,785	4,312	-					
2015	21,469	24,898	5,308	-	-						
2016	13,711	24,361	1,261	1,152							
2017	18,000	22,351	3,183								
2018	16,873	16,416									
2019	22,825										

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For the year ended 31 December 2019

Inflation Adjusted(Table of claims paid excluding large claims (Attritional Table)

Inflation Adjusted Incremental Chain ladder-Yearly Projections (N'000)											
Accident year	1	2	3	4	5	6	7	8	9	10	11
2009	16,485	64,256	14,202	1,550	536	196	79	-	-	-	-
2010	58,380	110,229	15,179	8,617	200	-	1,880	-	-	-	
2011	46,482	105,006	43,757	9,563	-	1,893	611	833	-		
2012	22,121	59,498	17,155	1,795	-	-	-	-			
2013	30,568	30,186	16,513	6,296	186	-	-				
2014	61,822	38,157	10,253	3,466	4,823	-					
2015	36,526	35,752	6,606	-	-						
2016	19,688	30,321	1,411	1,152							
2017	22,404	25,000	3,183								
2018	18,873	16,416									
2019	22,825										

Projected Inflation Adjusted Chain Ladder Table

Inflation Adjusted Cumulative Chain ladder-Yearly Projections (N'000)											
Accident year	1	2	3	4	5	6	7	8	9	10	11
2009	16,485	80,741	94,943	96,493	97,029	97,224	97,303	97,303	97,303	97,303	97,303
2010	58,380	168,609	183,788	192,405	192,606	192,606	194,486	194,486	194,486	194,486	194,486
2011	46,482	151,488	195,245	204,808	204,808	206,701	207,312	208,145	208,145	208,145	208,145
2012	22,121	81,619	98,775	100,570	100,570	100,570	100,570	100,570	100,570	100,570	100,570
2013	30,568	60,755	77,267	83,563	83,749	83,749	83,749	83,861	83,861	83,861	83,861
2014	61,822	99,978	110,231	113,697	118,520	118,520	118,787	118,946	118,946	118,946	118,946
2015	36,526	72,279	78,885	78,885	78,885	79,031	79,209	79,315	79,315	79,315	79,315
2016	19,688	50,009	51,420	52,572	52,972	53,070	53,189	53,261	53,261	53,261	53,261
2017	22,404	47,404	50,587	52,389	52,788	52,885	53,004	53,075	53,075	53,075	53,075
2018	18,873	35,289	40,363	41,800	42,119	42,196	42,291	42,348	42,348	42,348	42,348
2019	22,825	55,658	63,660	65,928	66,430	66,553	66,703	66,792	66,792	66,792	66,792

Basic chain ladder method - marine

Incremetal Chain ladder(Table of claims paid excluding large claims (Attritional Table)

Incremental Chain ladder-Yearly Projections (N'000)											
Accident year	1	2	3	4	5	6	7	8	9	10	11
2009	23,422	30,443	2,438	386	-	-	-	-	-	-	-
2010	42,586	5,232	16,452	205	-	-	6,854	1,237	-	-	
2011	47,861	12,819	835	19,462	89	13,713	-	-	577		
2012	34,699	60,006	26,838	20,409	3,127	-	-	-			
2013	84,356	68,150	18,402	1,247	2,030	20	-				
2014	68,187	42,366	12,928	1,483	4,438	5,528					
2015	69,435	88,165	10,780	2,147	120						
2016	60,926	49,316	19,007	23,565							
2017	94,807	105,888	1,987								
2018	61,980	53,932									
2019	75,244										

Inflation Adjusted (Table of claims paid excluding large claims (Attritional Table)

Inflation Adjusted Incremental Chain ladder-Yearly Projections (N'000)											
Accident year	1	2	3	4	5	6	7	8	9	10	11
2009	70,553	82,023	5,955	842	-	-	-	-	-	-	-
2010	114,740	12,780	35,882	414	-	-	9,842	1,540	-	-	
2011	116,911	27,958	1,686	36,290	151	19,691	-	-	577		
2012	75,678	121,178	50,044	34,723	4,490	-	-	-			
2013	170,352	127,077	31,308	1,791	2,527	22	-				
2014	127,146	72,079	18,564	1,846	4,964	5,528					
2015	118,133	126,602	13,418	2,401	120						
2016	87,488	61,382	21,259	23,565							
2017	118,003	118,436	1,987								
2018	69,325	53,932									
2019	75,244										

Projected Inflation Adjusted Chain Ladder Table

Cumulative Chain ladder-Yearly Projections (N'000)											
Accident year	1	2	3	4	5	6	7	8	9	10	11
2009	70,553	152,575	158,531	159,373	159,373	159,373	159,373	159,373	159,373	159,373	159,373
2010	114,740	127,520	163,402	163,816	163,816	163,816	173,658	175,198	175,198	175,198	175,198
2011	116,911	144,869	146,555	182,845	182,996	202,688	202,688	202,688	203,265	203,265	203,265
2012	75,678	196,856	246,900	281,623	286,113	286,113	286,113	286,113	286,551	286,551	286,551
2013	170,352	297,429	328,737	330,527	333,054	333,076	333,076	333,851	334,361	334,361	334,361
2014	127,146	199,225	217,789	219,635	224,599	230,127	232,425	232,965	233,321	233,321	233,321
2015	118,133	244,735	258,153	260,554	260,673	266,200	268,858	269,483	269,895	269,895	269,895
2016	87,488	148,870	170,129	193,695	202,136	206,422	208,483	208,968	209,287	209,287	209,287
2017	118,003	236,439	238,426	254,153	265,229	270,853	273,557	274,193	274,612	274,612	274,612
2018	69,325	123,257	136,706	145,724	152,074	155,299	156,849	157,214	157,454	157,454	157,454
2019	75,244	129,647	143,795	153,279	159,959	163,351	164,982	165,365	165,618	165,618	165,618

Notes to the Consolidated and Separate Financial Statements (Cont'd)

For the year ended 31 December 2019

Basic chain ladder method - Special Oil

Expected Loss Ratio - Special Oil

Accident Year	Gross Earned Premium (N'000)	Claims Paid Till Date (N'000)	Total O/S as at 31 Dec 2017 (N'000)	Current Incurred (N'000)	Current Loss Ratio (N'000)	Ultimate Loss Ratio (N'000)	Ultimate Losses (N'000)	Outstanding Claim Reserves (N'000)
2009	2,099,398	108,156	15	108,171	5%	5%	108,170	-
2010	2,099,398	242,080	-	242,080	12%	12%	242,080	-
2011	2,099,398	306,978	1	306,979	15%	15%	307,051	-
2012	3,077,246	924,688	9	924,696	30%	30%	924,162	-
2013	1,743,435	121,649	45	121,694	7%	7%	121,694	45
2014	1,714,798	35,686	141	35,827	2%	2%	35,827	141
2015	1,885,938	215,672	998	216,670	11%	11%	216,670	998
2016	1,138,129	190,590	2,161	192,751	17%	17%	192,751	2,161
2017	1,347,236	743,000	20,823	205,294	15%	60%	811,550	68,550
2018	1,707,782	189,709	172,952	362,661	21%	30%	507,823	318,114
2019	2,237,838	56,180	584,600	640,780	29%	34%	752,672	696,492
Total			**781,744**					**1,086,500**
Discounted								**1,037,445**

Expected Loss Ratio - Agriculture

Accident Year	Gross Earned Premium (N'000)	Claims Paid Till Date (N'000)	Total O/S as at 31 Dec 2019 (N'000)	Current Incurred (N'000)	Current Loss Ratio (N'000)	Ultimate Loss Ratio (N'000)	Ultimate Losses (N'000)	Outstanding Claim Reserves (N'000)
2018	0	0	0	-	0%	0%	-	-
2019	88,005	2,257	0	2,257	3%	18%	15,841	13,583
Total			-					13,583
Discounted								13,583

45 Events after the reporting period

In February 2020, the deposit for shares receivable recognised in other receivables was received and the amount was credited to our bank statement and by virtue of the receipt of funds and on receipt of necessary regulatroy approvals, shares was issued to the two new investors, Leap Frog and AIICO Bahamas on February 20, 2020.

Notes to the Consolidated and Separate Financial Statements (Cont'd)

For the year ended 31 December 2019

46(a) PRA Regulated Annuity Fund

The Company had 9,918 PRA regulated annuity policies (2018: 8803) as at 31 December 2019 with annual annuity payment of N5,639,948,969.21. We have valued each annuity policy adopting IFRS 4 requirements in estimating the present value (at the review date) of the company's future annuity payment obligations. Each annuity policy has been valued using a monthly discounted cash flow method and the reserves are set equal to the present value of future annuity payments and attending expenses. We have recognised the 10 year annuity guaranteed minimum payment period in our calculations.

The valuation interest rate is based on current risk free yields with adjustments. This is in line with the requirements of IFRS 4 (paragraph 24). The use of a risk free rate also implies that future investment margins in excess of the risk free return will not be capitalised upon, which satisfies paragraph 27 of IFRS 4. Furthermore, the result is a 'fair value' liability calculation which aids the comparability of accounts between insurers.

We illustrate below the movement of the annuity portfolio in 2019:

	Number of annuity policies Dec-2019	Annual Annuity (₦)	Number of annuity policies Dec-2018	Annual Annuity (₦)
Opening as at 1 January	8,803	4,794,497,152	8,292	4,530,146,660
· New Entrants	1,201	893,833,635	595	313,223,534
· Deaths	(86)	(48,381,818)	(84)	(48,873,042)
As at 31 December	9,918	5,639,948,969	8,803	4,794,497,152

Mortality assumptions

We have assumed the following sample average expectation of life in line with the PA(90) UK published tables (as adjusted in line with the internal experience):

	Expectation of Life (in years)	
Age	**Male**	**Female**
50	28	33
60	20	26
70	13	16
80	8	10

Notes to the Consolidated and Separate Financial Statements (Cont'd)

For the year ended 31 December 2019

PENCOM REGULATED ANNUITY
STATEMENT OF ASSETS AND LIABILITIES
FOR THE YEAR ENDED 31 DECEMBER 2019

Quoted equities

Description	Units	Carrying Amount
FLOURMILL	210,000	4,137,000
STANBIC	126,052	5,168,132
NESTLE	53,571	78,744,013
TOTAL	814	90,273
TOTAL		**88,049,145**

Treasury bills

Issuer	Maturity Date	Interest Rate	Fair Value
Stanbic Ibtc Bank	04-Mar-2020	11.85%	49,823,906
STANBIC IBTC BANK	22-Apr-2020	12.53%	345,169,736
STANBIC IBTC BANK	02-Sep-2020	13.49%	5,512,694
STANBIC IBTC BANK	02-Sep-2020	13.49%	71,665,028
STANBIC IBTC BANK	01-Apr-2020	11.33%	96,864,300
STANBIC IBTC BANK	08-Jan-2020	11.50%	99,695,907
ACCESS BANK PLC.	26-Aug-2020	12.22%	18,407,521
STANBIC IBTC BANK	29-Jan-2020	13.20%	989,590
STANBIC IBTC BANK	02-Sep-2020	13.47%	24,807,125
			712,935,806

Bonds

Description	Maturity Date	Coupon Rate	Amortized Cost
12.4% FGN MAR 2036	18-Mar-36	12.40%	3,851,387,400
12.1493% FGN JUL 2034	18-Jul-34	12.1493%	2,429,294,428
16.2499% FGN APR 2037	18-Apr-37	16.2499%	6,896,985,767
			13,177,667,594

Description	Maturity Date	Coupon Rate	Fair value
10.00% FGN JUL 2030	23-Jul-30	10.00%	141,742,988
12.1493% FGN JUL 2034	18-Jul-34	12.1493%	1,520,565,451
12.5% FGN JAN 2026	22-Jan-26	12.50%	111,642,192
13.53% FGN MAR 2025	23-Mar-25	13.53%	191,950,197
13.98% FGN FEB 2028	23-Feb-28	13.98%	15,274,960
14.2% FGN MAR 2024	14-Mar-24	14.20%	2,858,447
14.80% FGN APR 2049	26-Apr-49	14.80%	11,108,549,796
16.2499% FGN APR 2037	18-Apr-37	16.2499%	956,884,734
12.1493% FGN JUL 2034	18-Jul-34	12.15%	1,114,528,333
12.4% FGN MAR 2036	18-Mar-36	12.40%	1,854,870,073
13.98% FGN FEB 2028	23-Feb-28	13.98%	849,699,556
14.2% FGN MAR 2024	14-Mar-24	14.20%	12,093,974
14.80% FGN APR 2049	26-Apr-49	14.80%	8,844,263,973
16.2499% FGN APR 2037	18-Apr-37	16.25%	315,649,740
			27,040,574,413

Total Assets	**41,019,226,958**
Liabilities - Annuity Reserves	**39,042,017,477**

Revenue Account of General Business

For the year ended 31 December 2019

47 Revenue Account of General Business

In thousands of naira	Fire	Motor	Casualty	Employer's liability	Marine	Personal accident	Special oil	Agriculture	Total December 2019	Total December 2018
Income										
Direct premium	2,135,615	2,200,913	2,712,105	191,143	1,993,794	525,104	2,189,487	81,068	12,029,230	10,196,799
Inward premium	23,580	15,429	29,252	868	9,592	1,339	59,075	10,775	149,911	188,957
Gross written premium	2,159,195	2,216,342	2,741,358	192,011	2,003,386	526,443	2,248,563	91,843	12,179,141	10,385,756
(Decrease)/Increase in unexpired risk premium	(172,716)	(70,216)	(24,472)	(4,810)	212,174	40,082	(12,586)	(3,838)	(36,381)	(398,892)
Gross premium income	1,986,479	2,146,126	2,716,886	187,201	2,215,560	566,526	2,235,977	88,005	12,142,760	9,986,864
Reinsurance cost	(1,370,888)	(212,051)	(1,654,871)	(72,323)	(823,992)	(296,723)	(984,393)	(75,417)	(5,490,659)	(4,550,542)
Net premium income	615,591	1,934,075	1,062,015	114,878	1,391,568	269,803	1,251,583	12,588	6,652,101	5,436,322
Commission received	332,579	59,551	475,307	25,700	234,059	115,612	26,045	8,541	1,277,394	989,776
Total underwriting income	**948,170**	**1,993,625**	**1,537,321**	**140,578**	**1,625,627**	**385,415**	**1,277,628**	**21,130**	**7,929,495**	**6,426,098**
Expense										
Claims	3,045,810	918,817	1,619,337	54,372	638,741	58,603	1,056,079	2,257	7,394,016	6,602,661
Increase/(decrease) in outstanding claims	-	-	-	-	-	-	-	-	-	
Increase/(decrease) in claims incurred but not reported (IBNR)	205,594	-38,683	7,994	(2,928)	32,155	-37,374	26,233	13,583	206,575	363,915
Gross claims incurred	3,251,404	880,134	1,627,332	51,444	670,896	21,229	1,082,312	15,841	7,600,591	6,966,576
Reinsurance claims recoveries	(2,291,083)	(130,459)	(999,572)	(16,929)	(302,827)	(23,955)	(528,090)	(11,563)	(4,304,477)	(3,915,514)
Net claims incurred	960,321	749,675	627,760	34,515	368,069	(2,725)	554,222	4,278	3,296,114	3,051,063
Commission	325,596	241,441	460,048	44,927	288,284	123,530	391,828	2,950	1,878,603	1,330,043
Maintenance costs	6,238	24,247	105,241	(235)	17,034	87,019	50,044	14,555	304,142	157,065
Total underwriting expenses	**1,292,156**	**1,015,363**	**1,193,048**	**79,206**	**673,386**	**207,824**	**996,093**	**21,783**	**5,478,859**	**4,538,170**
UNDERWRITING PROFIT	**(343,985)**	**978,263**	**344,273**	**61,372**	**952,241**	**177,591**	**281,535**	**(653)**	**2,450,636**	**1,887,927**

Revenue Account of Life Business

For the year ended 31 December 2019

48 Revenue Account of Life Business

In thousands of naira	Ordinary life	Annuity	Group life	Total December 2019	Total December 2018
Income					
Gross premium written	27,054,858	6,977,900	3,228,331	37,261,090	26,616,523
Changes in unearned premium	-	-	(27,511)	(27,511)	(161,697)
Gross premium income	**27,054,858**	**6,977,900**	**3,200,820**	**37,233,578**	**26,454,826**
Less: Reinsurance costs	(22,917)	-	(719,234)	(742,151)	(630,683)
Net premium income	**27,031,942**	**6,977,900**	**2,481,586**	**36,491,428**	**25,824,143**
Commission received	635	-	155,799	156,434	171,590
Total underwriting income	**27,032,577**	**6,977,900**	**2,637,385**	**36,647,862**	**25,995,733**
Expenses					
Death claims	256,633	222,762	2,167,922	2,647,317	2,926,663
Withdrawals	212,111	5,188,623	-	5,400,734	4,772,136
Maturity	10,986,486	-	-	10,986,486	9,900,156
Surrender	3,513,811	-	-	3,513,811	3,337,820
Increase in outstanding claims	71,972	-	(69,377)	2,595	648,697
Gross claims incurred	**15,041,013**	**5,411,386**	**2,098,545**	**22,550,944**	**21,585,472**
Reinsurance recoveries	(9,500.00)	-	(914,019)	(923,519)	(1,280,697)
Net claims incurred	**15,031,513**	**5,411,386**	**1,184,526**	**21,627,425**	**20,304,776**
Underwriting expenses:					
Acquisition	2,670,681	229,905	272,899	3,173,484	2,395,400
Maintenance	681,730	-	151,090	832,820	448,576
Change in life and annuity fund	13,344,391	8,388,032	-	21,732,423	3,291,159
Total underwriting expenses	**31,728,314**	**14,029,323**	**1,608,516**	**47,366,151**	**26,439,911**
Underwriting (Loss)/Profit	**(4,695,737)**	**(7,051,423)**	**1,028,869**	**(10,718,290)**	**(444,176)**

Other National Disclosure

Value Added Statements

For the year ended 31 December 2019

	Group				Company			
In thousands of Naira	December 2019		December 2018		December 2019		December 2018	
		%		%		%		%
Gross Premium Written:								
Local	50,138,467		37,665,507		49,440,231		37,002,279	
Investment and other income	25,386,664		9,850,518		23,544,815		8,827,523	
	75,525,130		**47,516,025**		**72,985,046**		**45,829,801**	
Impairment on financial assets	(178,782)		(16,455)		(141,155)		5,025	
	75,346,348		**47,499,570**		72,843,891		45,834,826	
Bought in materials and services:								
Local	(58,879,394)		(38,157,037)		(58,788,991)		(38,054,644)	
Foreign	(3,752,489)		(1,759,347)		(3,752,489)		(1,759,347)	
Value Added	**12,714,465**	**100**	**7,583,185**	**100**	**10,302,411**	**100**	**6,020,835**	**100**
Distribution								
Employees								
Salaries and other employees benefits	5,526,226	43	3,571,708	47	4,183,247	41	2,241,468	37
Government								
Income tax	323,513	3	344,281	5	66,695	1	362,104	6
Providers of finance								
Finance cost	431,328	3	355,539	5	431,328	4	355,539	6
Retained in the Group								
Replacement of property and equipment	539,897	4	508,924	7	381,908	4	369,573	6
Replacement of intangible assets	109,058	1	105,089	1	81,974	1	87,739	1
Contingency reserve	512,999	4	625,221	8	512,999	5	625,221	10
Retained profits for the year	5,271,443	41	2,072,422	27	4,644,259	45	1,979,190	33
Value Added	**12,714,465**	**100**	**7,583,185**	**100**	**10,302,411**	**100**	**6,020,835**	**100**

Five-year Financial Summary - Group
For the year ended 31 December 2019

In thousands of naira	31 Dec 2019	31 Dec 2018	31 Dec 2017	31 Dec 2016	31 Dec 2015
Assets					
Cash and cash equivalents	10,080,164	5,324,739	5,199,385	7,491,178	8,451,795
Financial assets	126,827,073	89,240,430	73,635,612	56,556,261	58,269,318
Trade receivables	386,749	417,103	301,172	411,969	296,514
Reinsurance assets	5,460,569	4,686,029	3,644,489	2,816,503	2,479,069
Deferred acquisition costs	488,884	465,991	334,935	285,232	264,842
Other receivables and prepayments	6,227,700	580,618	454,902	324,457	447,467
Deferred tax assets	149,379	149,379	157,008	1,088,677	1,775,779
Investment property	772,000	555,000	582,000	990,000	1,115,000
Goodwill and other intangible assets	985,861	1,014,085	1,060,451	1,092,031	1,142,720
Property and equipment	7,597,843	7,025,197	6,513,175	5,915,891	5,353,657
Statutory deposits	500,000	530,000	530,000	530,000	530,000
Total assets	**159,476,222**	**109,988,570**	**92,413,129**	**77,502,199**	**80,126,161**
Liabilities					
Insurance contract liabilities	84,986,351	65,540,532	59,959,751	49,987,893	55,548,154
Investment contract liabilities	16,201,367	12,319,617	10,909,624	10,061,636	8,295,046
Trade payables	1,839,238	1,013,475	1,721,918	1,599,841	1,547,548
Other payables and accruals	3,650,286	2,213,547	1,325,766	1,787,068	2,489,333
Fixed income liabilities	20,143,047	10,181,251	3,981,591	2,531,870	165,838
Current income tax payable	487,112	590,976	826,643	623,761	592,961
Deferred tax liabilities	629,281	533,836	547,017	270,408	269,133
Finance lease obligation	-	-	-	7,368	49,854
Long term borrowing	2,629,477	2,324,733	2,182,289	1,785,650	1,134,840
Derivative liabilities	-	-	-	143,725	319,274
Total liabilities	**130,566,159**	**94,717,967**	**81,454,599**	**68,799,220**	**70,411,981**
Net assets	**28,910,063**	**15,270,603**	**10,958,528**	**8,702,979**	**9,714,180**
Equity					
Issued share capital	3,465,102	3,465,102	3,465,102	3,465,102	3,465,102
Share premium	2,824,389	2,824,389	2,824,389	2,824,389	2,824,389
Revaluation reserves	1,812,707	1,802,662	1,802,662	1,221,707	1,221,707
Available-for-sale reserve	-	-	(13,072,413)	(14,065,457)	(2,723,536)
Fair value reserve	1,995,336	(1,143,847)	-	-	-
Foreign exchange gains reserve	159,677	147,443	145,640	596,977	148,521
Statutory reserve	167,874	143,882	116,458	96,688	55,240
Contingency reserve	6,320,410	5,807,411	5,182,190	4,703,531	3,482,076
Retained earnings	5,888,970	1,479,002	10,083,426	9,498,054	898,089
Deposit for shares	5,280,000	-	-	-	-
Shareholders' fund	**27,914,464**	14,526,044	10,547,455	8,340,991	9,371,588
Non-controlling interests	995,599	744,559	411,073	361,987	342,592
Total equity and liabilties	**28,910,063**	**15,270,603**	**10,958,528**	**8,702,978**	**9,714,180**

In thousands of naira	31 Dec. 2019	31 Dec. 2018	31 Dec. 2017	31 Dec. 2016	31 Dec. 2015
Gross premium written	50,138,467	37,665,507	32,097,692	27,064,365	32,918,820
Gross premium income	50,008,832	37,046,927	31,741,609	30,029,334	10,410,650
Net premium income	43,776,022	31,865,701	27,950,778	26,687,570	6,748,488
Other revenue	28,641,343	12,774,438	17,551,744	10,124,386	16,076,935
Total revenue	72,417,365	44,640,139	45,502,522	36,811,956	22,825,423
Net benefits and claims	(25,380,608)	(23,869,154)	(20,774,186)	(13,096,190)	(10,667,702)
Other expenses	(37,536,102)	(15,941,967)	(20,428,475)	(11,880,530)	(10,358,427)
Total benefits, claims and other expenses	(62,916,710)	(39,811,121)	(41,202,661)	(24,976,720)	(21,026,129)
Profit/(loss) before income tax expense	6,233,852	3,495,871	4,299,861	11,835,236	1,799,294
Profit/(loss) after tax	5,910,338	3,151,589	1,283,277	10,238,411	1,195,606
Other comprehensive income/(loss), net of tax	2,863,291	(399,333)	1,122,661	(10,893,465)	(3,156,986)
Total comprehensive income/(loss) for the year	**8,773,628**	**2,752,257**	**2,405,938**	**(655,054)**	**(1,961,380)**
Basic earnings per share (kobo)	83	44	18	147	18
Diluted earnings per share (kobo)	83	35	13	105	14

Five-year Financial Summary - Company

For the year ended 31 December 2019

In thousands of naira	31 Dec 2019	31 Dec 2018	31 Dec 2017	31 Dec 2016	31 Dec 2015
Assets					
Cash and cash equivalents	8,166,352	4,519,953	3,949,642	4,335,655	6,437,403
Financial assets	103,414,529	76,757,634	67,970,438	54,677,784	57,903,833
Trade receivables	303,106	131,841	59,106	133,022	123,848
Reinsurance assets	5,460,569	4,686,029	3,644,489	2,816,503	2,479,069
Deferred acquisition costs	488,884	465,991	334,935	285,232	264,842
Other receivables and prepayments	5,762,765	408,428	391,384	230,216	282,805
Deferred tax assets	-	-	-	978,114	1,707,077
Investment in subsidiaries	2,452,359	2,452,359	2,308,690	2,308,690	2,308,690
Investment property	772,000	555,000	582,000	990,000	1,115,000
Goodwill and other intangible assets	906,680	965,905	1,032,242	1,080,822	1,120,871
Property and equipment	7,036,211	6,697,108	6,220,962	5,546,923	5,111,828
Statutory deposits	500,000	530,000	530,000	530,000	530,000
Total Assets	**135,263,455**	**98,170,248**	**87,023,887**	**73,912,961**	**79,385,266**
Liabilities					
Insurance contract liabilities	84,766,122	65,341,550	59,766,360	49,805,659	55,379,977
Investment contract liabilities	16,201,367	12,319,617	10,909,624	10,061,636	8,295,046
Trade payables	1,512,394	839,400	1,711,219	1,599,841	1,547,548
Other payables and accruals	3,406,751	2,002,558	1,187,974	1,738,392	2,432,087
Current income tax payable	361,505	507,241	426,920	572,512	518,443
Deferred tax liabilities	441,416	487,836	517,268	265,237	263,422
Finance lease obligation	-	-	-	7,368	49,854
Long term borrowing	2,629,477	2,324,733	2,182,289	1,785,650	1,134,840
Derivative liabilities	-	-	-	143,725	319,274
Total liabilities	**109,319,032**	**83,822,935**	**76,701,654**	**65,980,020**	**69,940,491**
Net Assets	**25,944,421**	**14,347,313**	**10,322,233**	**7,932,941**	**9,444,775**
Equity					
Issued share capital	3,465,102	3,465,102	3,465,102	3,465,102	3,465,102
Share premium	2,824,389	2,824,389	2,824,389	2,824,389	2,824,389
Revaluation reserve	1,812,707	1,802,662	1,802,662	1,221,707	1,221,707
Available-for-sale reserve	-	-	(13,092,408)	(14,019,431)	(2,723,536)
Fair value reserve	828,179	(952,902)			
Foreign exchange gain reserve	159,677	147,443	145,640	596,977	148,521
Contingency reserve	6,320,410	5,807,411	5,182,190	4,703,531	3,482,076
Retained earnings	5,253,959	1,253,208	9,994,656	9,140,665	1,026,516
Deposit for shares	5,280,000	-	-	-	-
Shareholders' fund	**25,944,423**	**14,347,313**	**10,322,232**	**7,932,940**	**9,444,775**

In thousands of naira	31 Dec. 2019	31 Dec. 2018	31 Dec. 2017	31 Dec. 2016	31 Dec. 2015
Gross premium written	49,440,231	37,002,279	30,407,396	26,428,519	32,449,276
Gross premium income	49,376,338	36,441,690	30,143,348	29,507,169	9,941,106
Net premium income	43,143,528	31,260,465	26,352,517	26,165,405	6,278,944
Other revenue	24,978,642	9,988,889	15,932,337	8,417,852	14,422,045
Total revenue	68,122,170	41,249,354	42,284,854	34,583,257	20,700,989
Net benefits and claims	(24,923,539)	(23,355,837)	(19,284,986)	(12,727,038)	(10,667,702)
Other expenses	(34,707,875)	(13,593,853)	(18,815,671)	(10,660,433)	(8,585,208)
Total benefits, claims and other expenses	(59,631,414)	(36,949,690)	(38,100,657)	(23,387,471)	(19,252,910)
Profit/(loss) before income tax	5,223,954	2,966,516	2,924,825	11,195,786	1,448,079
Profit/(loss) after income tax	5,157,259	2,604,412	1,471,254	9,682,114	966,461
Other comprehensive income/(loss), net of tax	1,575,663	(186,429)	1,056,641	(10,847,439)	3,156,415
Total comprehensive income/(loss) for the year	**6,732,921**	**2,417,983**	**2,527,894**	**(1,165,325)**	**2,189,954**
Basic earnings per share (kobo)	74	38	21	140	14
Diluted earnings per share (kobo)	74	30	16	100	11

Electronic Delivery Mandate Form

For The Year Ended 31 December 2019

Dear Sir/Madam
To enable you receive your Annual Report promptly, your company wishes to introduce electronic delivery of Annual Report and Accounts, Proxy Form and other statutory documents to shareholders.
With this service, instead of receiving the hard copy of our Annual Report and other corporate documents in the future, you can elect to receive a soft copy of the Annual Report, Proxy Form, etc, through the electronic link to be forwarded to your email address.

Please complete this self addressed form to capture your preference and return the completed form to:

The Managing Director
United Securities Limited
9, Amodu Ojikutu Street
Off Bishop Oluwole Street
Victoria Island
Lagos

Or any of their branch offices nationwide

DONALD KANU
Company Secretary

I,..

OF..

HEREBY AGREE TO THE ELECTRONIC DELIVERY OF ANNUAL REPORT, PROXY FORM, PROSPECTUS, NEWSLETTER AND STATUTORY DOCUMENTS OF AIICO INSURANCE PLC TO ME THROUGH:

☐ I WILL DOWNLOAD FROM THE WEB ADDRESS FORWARDED TO MY EMAIL ADDRESS STATED BELOW.

MY EMAIL ADDRESS:...

DESCRIPTION OF SERVICE

By enrolling in electronic delivery service, you have agreed to receive future announcements/shareholder communication materials stated above by Email/Internet Address (URL). These materials can be made available to you electronically either semi annual or annually. Annual Report, Proxy Form, Prospectus and Newsletter are examples of shareholder communication that can be made available to you electronically. The subscription enrolment will be effective for all your holdings in AIICO INSURANCE PLC on an ongoing basis unless you change or cancel your enrolment.
This initiative is in line with our determination to help protect and sustain our planet's environment and the consolidated SEC Rule 128 (6) of September 2011 which states that A Registrar of a public company may dispatch Annual Reports and Notices of General Meetings to shareholders by electronic means.

....
Name (Surname First)

....
Signature and Date

Affix N50.00
Poster Stamp
Here

The Managing Director
United Securities Limited
9, Amodu Ojikutu Street,
Off Bishop Oluwole Street,
Victoria Island,
Lagos.

Complaints Management Process

For The Year Ended 31 December 2019

United Securities

In a bid to meet the expectations of our customers, United Securities Limited has a standardized Complaints Management Framework to cater for prompt resolution of complaints.
Our aim of satisfying and delighting our stakeholders is critical to our business model where we view complaints as an opportunity to improve on our service delivery.

To this end, it is of utmost importance that our customers know how to communicate their complaints for prompt and satisfactory resolution.

BENEFITS OF COMPLAINTS MANAGEMENT PROCESS

- Achieve operational efficiency to identify trends and causes of complaints
- Resolve more complaints by adopting a more customer-focused approach
- Monitor and continually improve our complaints handling process

For complaints resolution relating to AIICO Insurance Plcshares, the under-listed channels may be explored.

Website:	www.unitedsecuritieslimited.com To view our Frequently Asked Questions (FAQ)
E-Mail:	info@unitedsecuritieslimited.com
Phone No:	+234 (1) 271 4566, +234 (1) 271 4567
Visit our Office:	Plot 9, Amodu Ojikutu Street, Off Saka Tinubu Street, Victoria Island Lagos.

United Securities Limited is assuring our esteemed customers of a valued experience as Shareholders in AIICO Insurance PLC.

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Application Form

For E-bonus And E-dividend

Dear Shareholder(s)

Shareholder's Data Update

In our quest to update shareholders data with the current technology in the capital market (i.e. e-bouns and e-dividend), we request you to complete this form with the following information:

Name Of Shareholder/corporate Shareholder And Current Address	REGISTRARS' USE

NAME OF COMPANY IN WHICH YOU HAVE SHARES
AIICO Insurance Plc.

Please notify our Registrars, United Securities Ltd of any change in telephone, address and bank whenever it occurs.

Yours faithfully,
AIICO INSURANCE PLC

DONALD KANU
Company Secretary

SIGNATURE/RIGHT THUMBPRINT OF SHAREHOLDER

In case of Corporate Shareholder, use Company seal

Note: **Please be informed that by filling and sending this to our Registrars, United Securities Limited, for processing, you have applied for the e-dividend and e-bonus; Thereby, authorizing AIICO Insurance Plc to credit your account (in respect of dividends and bonuses electronically.)

PLEASE COMPLETE AND RETURN TO:
United Securities Limited
9, Amodu Ojikutu Street, Off Bishop OLuwole Street
Victoria Island, Lagos.

Affix N50.00
Poster Stamp
Here

The Managing Director
United Securities Limited
9, Amodu Ojikutu Street,
Off Bishop Oluwole Street,
Victoria Island,
Lagos.

Proxy Form

The 50th Annual General Meeting ("Meeting") of AIICO Insurance Plc (the "Company") will be held on Tuesday, December 8, 2020 at Radisson Blu Hotel, 38-40 Isaac John Street, Ikeja , Lagos State, at 12:00 pm.

I/We...

Being a member/members of AIICO Insurance Plc hereby appoint*

....

....

Or failing him the Chairman of the Company as my/our proxy to act and vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held on Tuesday 8th December 2020 and at any adjournment thereof.

Dated this..............................Day of....................................2020

Shareholder's Signature...

*Delete as necessary

(I) A member (Shareholder) entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy in his stead. All proxy forms should be deposited at the Company Secretary's Office not later than 48 hours before the time of holding the meeting.

(ii) In the case of joint Shareholders, any of such may complete the form, but names of all joint Shareholders must be stated.

(iii) If the Shareholder is a corporation, this form must be under its common seal or under the hand of an officer or attorney duly authorized.

(iv) Provision has been made on this form for the Chairman of the Company to act as proxy, but if you wish, you may insert in the blank space on the form (marked**) the name of any person whether a Member of the Company or not, who will attend the meeting and vote on your behalf instead of the Chairman.

(v) The Stamp Duties Act, Cap 411, Laws of the Federation of Nigeria, 1990 requires that any instrument of proxy to be used for the purpose of voting by any person entitled to vote at any meeting of Shareholders must bear a Stamp Duty of three (3) kobo.

(vi) The proxy must produce the Admission Slip sent with the Notice of Meeting to obtain entrance to the Meeting

....**ADMISSION SLIP**...

AIICO INSURANCE PLC

Please admit..to the Annual General Meeting of AIICO Insurance Plc which will be held at will be held on Tuesday, December 8, 2020 at Radisson Blu Hotel, 38-40 Isaac John Street, Ikeja , Lagos State, at 12:00 pm. The Admission Slip must be produced by the Shareholder or his proxy in order to obtain entrance to the Annual General Meeting.

Donald Kanu
Company Secretary

Name & Address of Shareholder...

Number of Shareholders ....

	Resolutions	**For**	**Against**
1.	To receive the Reports and Financial Statement as at December 31, 2019		
2.	To Elect Mr Raimund Snyders		
3.	To Elect Mr. Olalekan Akinyanmi		
4.	To Elect Mr. Olusola Ajayi		
5.	To Re-Elect Mrs. Folakemi Edun		
6.	To authorize the Directors to re-appoint Ernst & Young as the auditors to the Company from the end of the Annual General Meeting until the end of next year's Annual General Meeting and fix remuneration of the auditors		
7.	To authorize the Directors to fix the remuneration of the Auditors		
8.	To elect/re-elect shareholders as members of the Statutory Audit Committee		
Special Business			
9.	▪ Declaration of 1 (one) bonus share for every 5 (five) ordinary shares held by existing shareholders of the Company as at September 23, 2020. ▪ Increase in Authorised share capital from N18billion to N20billion by the creation of additional 4billion ordinary shares of 50kobo each; ▪ Amendment of the Memorandum and Article of the Company to reflect the proposed increase in authorised share capital		

Affix N50.00
Poster Stamp
Here

The Managing Director
United Securities Limited
9, Amodu Ojikutu Street,
Off Bishop Oluwole Street,
Victoria Island,
Lagos.

Unclaimed Dividends And Share Certificates

For The Year Ended 31 December 2019

AIICO had declared the following dividends and made public issues including bonuses since it became a public company in July 1989

DIVIDEND No.	DATE
01	November 15, 1990
02	November 20, 1991
03	August 23, 1993
04	October 17, 1994
05	May 29, 1995
06	October 5, 1998
07	September 20, 2001
08	August 18, 2003
09	September 8, 2004
10	October 25, 2010
11	July 27, 2011
12	July 2, 2012
13	September 18, 2013
14	May 06, 2016
15	May 19, 2017
16	May 25, 2018
17	May 20, 2019

ISSUES
Allotment '90
Rights '93
Bonus '95
Bonus '96
Bonus '97
Bonus 2001
Bonus 2003
Rights 2003
Bonus 2005
Public offer 2005
Rights 2005
Bonus 2006
Public offer 2007
Bonus 2008
Private placement 2020 concluded
Right Issue 2020 outstanding
Bonus 2020 outstanding

According to our record, some unpaid dividend warrants have not been returned to the company for revalidation and subsequent payment.

Affected AIICO shareholders are hereby requested to contact the following address for collection of their dividend warrants or/and certificates yet unclaimed.

For dividend warrants and share certificates, please contact:

The Registrar
United Securities Limited
9, Amodu Ojikutu Street
Off Bishop Oluwole Street
Victoria Island
Lagos.

Share Capital History
For The Year Ended 31 December 2019

1	AUTHORIZED SHARE CAPITAL		2 PAID UP SHARE CAPITAL		OUTSTANDING SHARES	BONUS ISSUE		RIGHTS ISSUE	SCHEME SHARES	FREE FLOAT POSITION
DATE	N	VOLUME	Paid up share capital issued, subscribed and paid up by shareholders in monetary terms (VOLUME)	Paid up share capital issued, subscribed and paid up by shareholders in monetary terms (N)	The volume of outstanding shares issued and fully paid up	Bonus issue from dateof listing to June 30 2013 including the ratios	Bonus issue fromdate of listing to June 30 2013	Rights Issue of the Company from the date of listing to June 30, 2013	Scheme Shares issued to members of a scheme of arrangement in exchange for value/ shares which they lost/gave up in the scheme of arrangement from date of listing to June 30, 2013	Usually expressed in % of the issued shares of a particular quoted company that is tradable at any point in time as at June, 30 2013
1970	–	200,000	114,608	57,304	114,608			1993 RIGHTS ISSUE		N/A
1976	400,000	600,000	903,032	451,516	903,032					
1977	1,400,000	2,000,000	2,400,000	1,200,000	2,400,000					
1987	–	2,000,000	4,000,000	2,000,000	4,000,000					
1989	8,000,000	10,000,000	8,000,000	4,000,000	8,000,000					
1993	15,000,000	25,000,000	20,000,000	10,000,000	20,000,000	BONUS 93				
1994	75,000,000	100,000,000	40,000,000	20,000,000	40,000,000	Bonus '94				
1995	–	100,000,000	60,000,000	30,000,000	60,000,000	Bonus '95				
1996	–	100,000,000	100,000,000	50,000,000	100,000,000	'96 BONUS				
1997	100,000,000	200,000,000	200,000,000	100,000,000	200,000,000					
2002	300,000,000	500,000,000	300,000,000	150,000,000	300,000,000	BONUS 2002	1 FOR 2			
2003	–	500,000,000	700,000,000	350,000,000	700,000,000	BONUS 2003	1 FOR 3			
2004	500,000,000	1,000,000,000	700,000,000	350,000,000	700,000,000			2003 RIGHTS ISSUE		
2005	1,500,000,000	2,500,000,000	1,400,000,000	700,000,000	1,400,000,000	BONUS 2005	1 FOR 1			
2006	–	2,500,000,000	2,315,531,103	1,157,765,688	2,315,531,103			2006 RIGHTS ISSUE		
2006	–	2,500,000,000	2,665,531,376	1,332,765,688	2,665,531,376	BONUS 2006	1 FOR 4			
2007	2,500,000,000	5,000,000,000	2,665,531,103	1,651,629,688	2,665,531,103	BONUS 2007	1 FOR 6			
2007	–	5,000,000,000	3,280,843,005	1,873,757,688	3,280,843,005	BONUS 2008	1 FOR 4			
2008	–									
2009	–	10,000,000,000							LAMDA/NFI/AIICO MERGER; **536,158,854 UNITS**	
2009	–		6,504,004,730	3,485,337,688	6,504,004,730					
		10,000,000,000	7,040,163,584	3,520,082,480	7,040,163,584					
		10,000,000,000	8,800,204,480	4,400,102,240	8,800,204,480					
2010		10,000,000,000							Share Capital Reduction- Internal corporate Restructuring; 1,870,000,000	
	–		8,800,204,480	4,400,102,240	8,800,204,480					
2011	5,000,000,000.00	10,000,000,000	6,930,204,480	3,465,102,240	6,930,204,480					
2012	5,000,000,000.00	10,000,000,000	6,930,204,480	3,465,102,240	6,930,204,480					
2013	5,000,000,000.00	10,000,000,000	6,930,204,480	3,465,102,240	6,930,204,480					
2014	5,000,000,000.00	10,000,000,000	6,930,204,480	3,465,102,240	6,930,204,480					
2015	5,000,000,000.00	10,000,000,000	6,930,204,480	3,465,102,240	6,930,204,480					
2016	5,000,000,000.00	10,000,000,000	6,930,204,480	3,465,102,240	6,930,204,480					
2017	5,000,000,000.00	10,000,000,000	6,930,204,480	3,465,102,240	6,930,204,480					
2018	5,000,000,000.00	10,000,000,000	6,930,204,480	3,465,102,240	6,930,204,480					
2019	5,000,000,000.00	18,000,000,000	6,930,204,480	3,465,102,240	6,930,204,480					

**In 2019, the Company received N5.28 billion from two new investors, Leapfrog Investments Limited and AIICO Bahamas Limited, for the purchase of 4.4 billion shares at a rate of N1.20 per shares. This process was completed in February 2020 and the shares were issued to the new investors on the receipt of necessary regulatory approvals. Hence, by February 2020, the number of shares in issue increased to 11,330,204,480