



PRESS RELEASE

Regulated Information

AIICO Reports 23.2% growth in Gross Premiums to ₦88.3 billion for FY 2022; After-tax profits grow 53.6% to ₦7.6 billion.

Lagos, 5 April 2023 – AIICO Insurance Plc (“AIICO”, or “the Group”) announced its audited results for the fiscal year ended 31 December 2022.

Key Financial Highlights

<i>In thousands of naira</i>	Group			Company		
	FY 2022	FY 2021	Δ	FY 2022	FY 2021	Δ
Gross premium written	88,275,920	71,625,943	23.2%	87,562,251	71,001,519	23.3%
Gross premium income	86,043,096	70,655,049	21.8%	85,292,276	70,009,673	21.8%
Net premium income	70,712,118	58,521,828	20.8%	69,961,298	57,876,452	20.9%
Fee and commission income	3,317,392	2,581,749	28.5%	2,433,101	2,284,681	6.5%
Net underwriting income	74,029,510	61,103,577	21.2%	72,394,399	60,161,133	20.3%
Claims expenses (Net)	(44,987,212)	(39,914,664)	12.7%	(44,206,091)	(39,397,775)	12.2%
Other Underwriting expenses*	(24,257,408)	9,155,941	-364.9%	(24,105,861)	9,207,262	-361.8%
Underwriting Profit (Loss)	4,784,890	30,344,855	-84.2%	4,082,447	29,970,620	-86.4%
Investment income	18,746,596	13,378,709	40.1%	17,731,912	12,812,157	38.4%
Net realized and fair value gains	(6,630,088)	(32,250,789)	-79.4%	(6,630,088)	(32,180,219)	-79.4%
Other income**	1,726,377	2,260,144	-23.6%	1,623,753	1,248,454	30.1%
Personnel expenses	(4,664,025)	(3,524,470)	32.3%	(4,004,147)	(2,844,463)	40.8%
Other operating expenses	(8,708,154)	(7,435,720)	17.1%	(8,511,223)	(6,935,871)	22.7%
Other expenses***	(170,440)	34,272		(71,916)	11,100	
Profit before income tax from continuing operations	5,085,156	2,807,000	81.2%	4,220,738	2,081,778	102.7%
Profit from discontinued operations	2,872,686	2,366,914	21.4%	2,872,686	3,007,434	-4.5%
Profit for the period	7,552,836	4,916,009	53.6%	6,895,054	4,968,664	38.8%
Earnings Per share (Kobo)	20	13		19	14	

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

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

*** - Other expenses include impairment and finance costs

Figures in this release are subject to rounding differences.

AllCO Insurance Plc – FY 2022 Audited Results

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

Commenting on the results, Mr. Babatunde Fajemirokun, the Managing Director and Chief Executive Officer said, *“In 2022, AllCO Insurance reported strong results with ₦88.3 billion in gross premiums, a record for the company. The improvement in our operations is apparent – our financial position is even more stable, and our insurance operations were more profitable in 2022 than in 2021, especially in our general insurance and health maintenance businesses. We also continued to see momentum in our areas of strategic focus such as product development, automation and embedding digital across the organization. The recent turbulence in financial markets globally has strengthened our resolve that sustainable growth driven by judicious risk management and a sound asset-liability framework provides financial services firms the best opportunity to fulfil their obligations to their customers. This is why AllCO Insurance has been in business for 60 years.”*

Operational developments

- We completed the sale of our stake in AllCO Pensions to FCMB Group in Q1 2022.
- We also completed the process of distribution of FY 2020 bonus (12 shares for every 9 shares held) to shareholders in Q1 2022.
- The Company’s shareholders ratified a dividend of 2 kobo per share at the Annual General Meeting held on May 27, 2022. The dividend was paid to shareholders in June 2022.
- We completed the acquisition of Tangerine Life’s annuity portfolio in Q3 2022, improving our ability to take advantages of economies of scale and increase returns to shareholders. This added ₦30 billion to the total assets and liabilities.
- The Company will be celebrating its 60th Year anniversary in 2023. Details will be communicated.
- Finally, the Company has proposed a dividend of **3 kobo** (2022: 2 kobo) per share to shareholders to be ratified by the shareholders at its annual general meeting scheduled for June 8, 2023. The qualification date for the dividend is **May 31, 2023**.

Group Performance Review

Gross written premium grew by 23.2% y-o-y to ₦88.3 billion in FY 2022 (FY 2021: ₦71.6 billion). This was due to a y-o-y increase of 39.1% in General Insurance to ₦26.5 billion (FY 2021: ₦19.0 billion). Life Insurance premiums increased by 17.6% y-o-y to ₦61.1 billion (Q3 2021: ₦51.9 billion) and Underwriting income from our Health Maintenance Organization (HMO) increased 73.6% y-o-y to ₦1.6 billion (FY 2021: ₦950.6 million). Operating income in Asset Management declined by 22.1% y-o-y to ₦1.5 billion (FY 2021: ₦1.87 billion).

Profit before income tax from continuing operations increased to ₦5.1 billion in FY 2022 (FY 2021: ₦2.8 billion). Profit before income taxes across the company and its subsidiaries increased y-o-y contributing to the reported increase for the period. Improved underwriting performance in the insurance and health management businesses supported growth during the year compared to FY 2021. In 2022, the Company completed the sale of its stake in AllCO Pensions, recording a profit from discontinued operations of ₦2.9 billion. As a result, **profit for the year** rose by 53.6% to ₦7.6 billion in FY 2022 (FY 2021: ₦4.9 billion).

Review of statement of financial position

Total assets increased by 21.6% to ₦270.3 billion as of FY 2022 (FY 2021: ₦222.4 billion) driven mainly by a 30.7% growth in financial assets, which constitutes ca. 82.8% of the total assets. About ₦30 billion of this growth came from the acquisition of the Tangerine Annuity Portfolio.

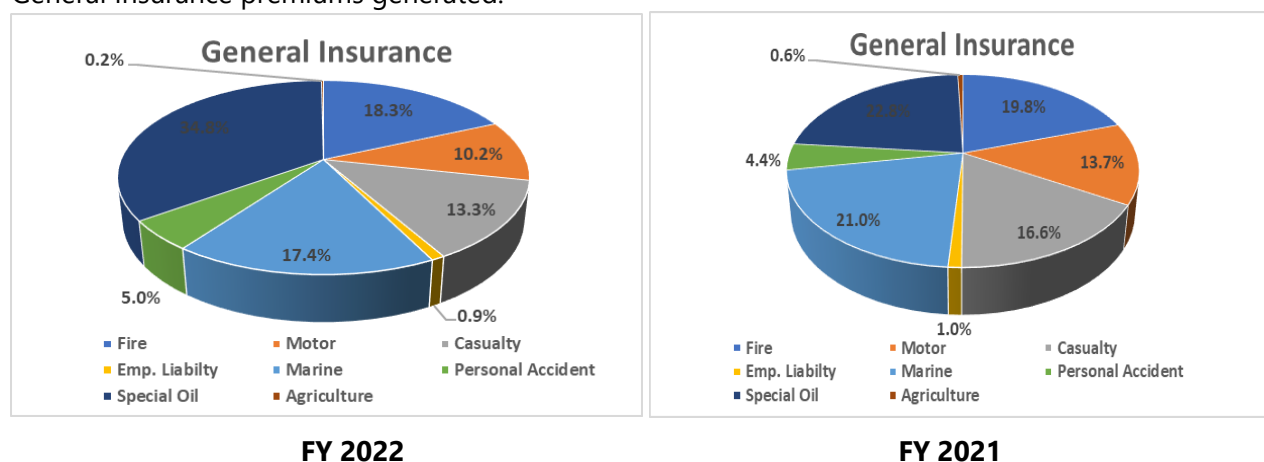
Total liabilities increased by 22.5% to ₦225.3 billion as of FY 2022 (FY 2021: ₦184.0 billion). This was driven mainly by a 38.1% growth in insurance contract liabilities, which constitutes 73.4% of the total liabilities. About ₦30 billion of this growth came from the acquisition of the Tangerine Annuity Portfolio.

Total equity increased by 14.8% to ₦45.0 billion as of FY 2022 (FY 2021: ₦38.4 billion) mainly due to a 49.7% increase in retained earnings to ₦16.5 billion as of FY 2022 (FY 2021: ₦11.1 billion).

The Businesses

General Insurance

Growth in General Insurance was driven by an expansion in all product lines across the business except agriculture. Special Oil contributed most significantly to premiums in FY 2022 with 34.8% of total General Insurance premiums generated.

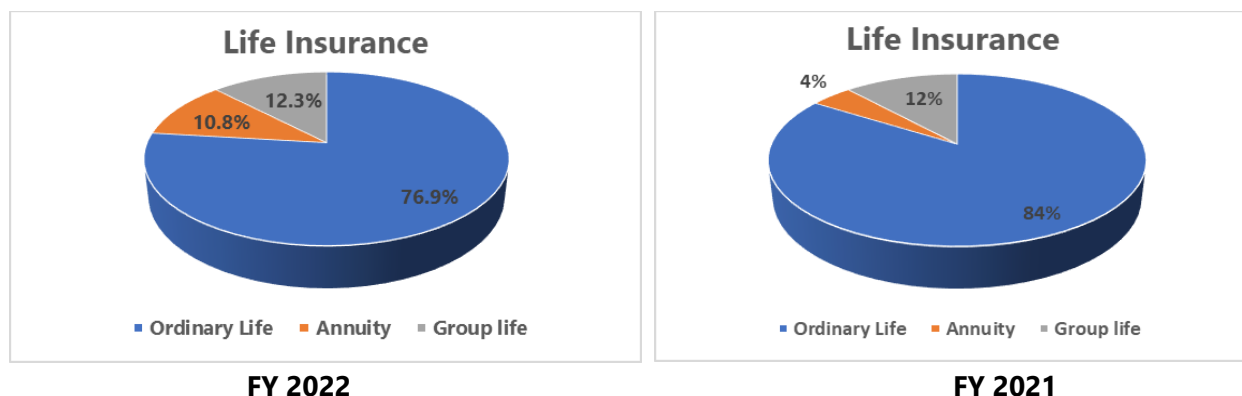


Growth in Special Oil reflects the increased confidence in our ability to underwrite large risks which stems from sustained growth in shareholders’ funds, a key focus of our strategy. In addition to Special Oil, Fire (18.3% of General Insurance premium) and Marine (17.4% of General Insurance premium) contributed most significantly to the growth in 2022, growing by 28.3%, and 15.3% y-o-y respectively as of FY 2022.

Underwriting profit grew by 146.3% y-o-y to ₦3.7 billion in FY 2022 (FY 2021: ₦1.5 billion) and investment and other income in the business grew by 10.5% y-o-y to ₦1.98 billion (FY 2021: ₦1.79 billion). Claims ratios also improved in FY 2022 vs FY 2021 declining to 34.4% from 48.1% in 2021.

Life Insurance

Performance in Life Insurance was driven by the 24.4% growth in Group Life (12.3% of total Life Insurance) to ₦7.5 billion (FY 2021: ₦6.0 billion) and 7.4% growth in Ordinary Life (76.9% of the Life business) to ₦46.9 billion (FY 2021: ₦43.7 billion). Premiums from our annuity business are also up from FY 2021, growing 198.4% to ₦6.6 billion compared to the same period last year. FY 2022 At AIICO, we continue to prioritize risk-conscious pricing and sound underwriting for our short- and long-term products, ensuring that our customers continue to enjoy benefits as long as their contracts remain in-force. Due to the Company’s expertise in creating value from the management of long-term liabilities, we continue to seek opportunities to acquire more portfolios, similar to the acquisition of Tangerine Life’s annuity, which was completed in 2022.



Changes in sovereign bond yields significantly impacted the value of our liabilities and assets. These movements are reflected in the change in Ordinary Life and Annuity Funds as well as fair value/realized gains or losses on the income statement. In the Life business, we are typically concerned about whether there is a surplus or deficit of assets over liabilities because of these movements. However, due to limitations in financial reporting, changes in liabilities affect underwriting profit while changes in assets are reported below underwriting profit. The effect is the significant variation in underwriting profits especially in volatile investment yield environments, such as we have in Nigeria. During 2022, yields were quite stable in the first half of the year but rose in the second half leading to realized and fair value losses on financial assets of ₦6.7 billion while the change in liabilities due to interest rate movements were ₦7.4 billion, leading to a surplus of ₦630.0 million of assets over liabilities from ALM operations.

AIICO Multishield

Underwriting Income, including fees, in AIICO Multishield, our HMO business increased by 73.6% y-oy to ₦1.6 billion (FY 2021: ₦950.6 million). Improvements in claims efficiency (claims ratio of 48.1% in 2022 (FY 2021: 54.4%)) and operations (operating expense ratio of 29.6% in 2022 (FY 2021: 48.5%)) led to a eight-fold increase in profit before tax to ₦258.4 million (FY 2021: ₦28.3 million).

AIICO Capital

Net operating income (including investment and other income) in our Wealth Management business declined by 22.1% y-o-y to ₦1.5 billion (FY 2021: ₦1.9 billion) due primarily to reduced trading income. Cost to income ratio however declined in 2022 to compensate for the reduced income during the year (56.6% in FY 2022 vs 60.3% in FY 2021).

Outlook

The global macro-environment is significantly more volatile today than it has been over the last 10 years or so. The low interest rate environment that persisted since the recession has since given way due to high global inflation as central banks raise rates in an attempt to rein it in. Over the last few weeks, the landscape in the financial services sector has shifted dramatically with the failure of Silicon Valley Bank in the US and Credit Suisse, a major international bank in Europe. This has raised concerns around the stability of financial institutions globally and another financial crisis. For now, governments have moved in to assure investors and depositors; however, this has further complicated dynamics for central banks who now must consider not just inflation, but public confidence in financial institutions when implementing monetary policy.

The just-held general elections produced a new president-elect, Bola Ahmed Tinubu of the APC. The task for the incoming government remains significant – restoring the country’s economy to double digit growth, reducing inflation, and tackling the security and infrastructure challenges that the country currently faces. With the continuation of the elections process in the courts, there is some uncertainty about policy direction which was expected. Over the year however, the expected removal of the petroleum subsidy along with FX and food supply constraints will very likely signal sustained high inflation throughout the year. When we consider this in conjunction with the government’s revenue and spending plans, all signs point to elevated yields in the sovereign debt market.

The importance of regulation cannot be overemphasized. The current turbulence in the global financial markets can be traced to some lapses in regulation and excessive risk taking. AIICO’s internal risk management and asset-liability management frameworks address these issues. Our liability-driven investment philosophy prioritizes the stability of our balance sheet, ensuring that our we can meet our obligations as and when they come due. Additionally, as the industry finally transitions to IFRS 17, we expect to see some uncertainty in the industry as well, as insurers grapple with the change. It heralds a complete shift in insurance reporting, removing a lot of the variety and increasing comparability among firms. AIICO Insurance has made the requisite investments to ensure a smooth transition to the new standard with no impact on our operations.

AIICO Insurance Plc – FY 2022 Audited Results
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Consolidated and separate statements of profit or loss and other comprehensive income for the year ended 31 December 2022

In thousands of naira	Group		Company	
	2022	2021	2022	2021
Gross premium written	88,275,920	71,625,943	87,562,251	71,001,519
Gross premium income	86,043,096	70,655,049	85,292,276	70,009,673
Reinsurance expenses	(15,330,978)	(12,133,221)	(15,330,978)	(12,133,221)
Net premium income	70,712,118	58,521,828	69,961,298	57,876,452
Fee and commission income				
Insurance contracts	2,433,101	2,284,681	2,433,101	2,284,681
Pension and other contracts	884,291	297,068	-	-
Net underwriting income	74,029,510	61,103,577	72,394,399	60,161,133
Claims expenses:				
Claims expenses (Gross)	(48,191,971)	(47,326,391)	(47,410,850)	(46,809,502)
Claims expenses recovered from reinsurers	3,204,759	7,411,727	3,204,759	7,411,727
Claims expenses (Net)	(44,987,212)	(39,914,664)	(44,206,091)	(39,397,775)
Underwriting expenses	(12,195,108)	(10,578,863)	(12,043,561)	(10,527,542)
Change in life fund	(8,417,071)	8,805,967	(8,417,071)	8,805,967
Change in annuity fund	(2,043,994)	11,993,313	(2,043,994)	11,993,313
Change in other investment contracts	(1,601,235)	(1,064,476)	(1,601,235)	(1,064,476)
Total underwriting expenses	(69,244,620)	(30,758,723)	(68,311,952)	(30,190,513)
Underwriting profit/(loss)	4,784,890	30,344,854	4,082,447	29,970,620
Investment income	18,746,596	13,378,709	17,731,912	12,812,157
Profit from deposit administration	199,770	473,630	199,770	473,630
Net realised gains/(losses)	(594,028)	2,399,693	(594,028)	2,470,263
Net fair value gains/(losses)	(6,036,060)	(34,650,482)	(6,036,060)	(34,650,482)
Other operating income	1,526,607	1,821,416	1,423,983	774,824
Personnel expenses	(4,664,025)	(3,524,470)	(4,004,147)	(2,844,463)
Other operating expenses	(8,708,154)	(7,435,720)	(8,511,223)	(6,935,871)
Impairment (loss)/reversal	(170,440)	34,272	(71,916)	11,100
Share of Associate Profit	-	(34,902)	-	-
Profit before income tax from continuing operations	5,085,156	2,807,000	4,220,738	2,081,778
Income tax expense	(257,791)	(166,012)	(51,155)	(28,655)
Minimum tax	(147,215)	(91,893)	(147,215)	(91,893)
Profit after tax from continuing operations	4,680,150	2,549,095	4,022,368	1,961,230
Discontinued operations				
Profit from discontinued operations (net of tax)	2,872,686	2,366,914	2,872,686	3,007,434
Profit for the period	7,552,836	4,916,009	6,895,054	4,968,664
Attributable to owners of parent	7,440,732	4,853,284	6,895,054	4,968,664
Attributable to non-controlling interest holders	112,104	62,725	-	-
	7,552,836	4,916,009	6,895,054	4,968,664
Other comprehensive income, net of tax				
Items within OCI that may be reclassified to profit or loss in subsequent periods:				
Fair value (loss) / gain on financial assets	(743,419)	(1,330,219)	(393,613)	(661,167)
Impairment reversal/(charge) on FVTOCI	-	(2,583)	-	(2,583)
Fair value gain (loss) on equity securities	(395,892)	-	(411,357)	-
Revaluation loss on property and equipment	951,309		951,309	
Total other comprehensive (loss)/ income	(188,002)	(1,332,802)	146,339	(663,750)
Total comprehensive profit for the period	7,364,834	3,583,207	7,041,393	4,304,914
Attributable to owners of parent	7,287,735	3,506,101	7,041,393	4,304,914
Attributable to non-controlling interests	77,099	77,106	-	-
	7,364,834	3,583,207	7,041,393	4,304,914
Basic and diluted earnings per share (Kobo)	20	13	19	14

Consolidated and separate statements of financial position as of 31 December 2022

As of 31 December 2022	Group		Company	
<i>In thousands of naira</i>	2022	2021	2022	2021
Assets				
Cash and cash equivalents	15,915,258	25,490,105	6,521,824	9,062,962
Financial assets	225,460,028	172,501,020	208,421,569	152,718,223
Trade receivables	866,977	728,518	852,113	689,375
Reinsurance assets	11,913,776	10,387,924	11,913,776	10,387,924
Deferred acquisition costs	858,307	739,223	858,307	739,223
Other receivables and prepayments	4,685,426	2,411,791	4,141,826	2,140,480
Deferred tax assets	21,501	1,252	-	-
Investment in subsidiaries	-	-	1,087,317	1,087,317
Investment in associate	-	705,629	-	705,691
Investment properties	760,000	806,000	760,000	806,000
Property and equipment	8,359,520	7,068,787	8,064,528	6,847,439
Statutory deposits	500,000	500,000	500,000	500,000
Right of use assets	60,055	105,855	60,055	105,855
Goodwill and other intangible assets	928,672	934,748	846,825	838,252
Total assets	270,329,520	222,380,851	244,028,140	186,628,741
Liabilities				
Insurance contract liabilities	165,404,474	119,776,331	165,088,774	119,565,299
Investment contract liabilities	21,907,727	22,829,871	21,907,727	22,829,871
Trade payables	6,461,628	3,779,049	6,461,628	3,748,134
Other payables and accruals	8,088,876	3,700,219	7,054,663	3,394,547
Fixed income liabilities	22,781,598	33,506,178	-	-
Current income tax payable	669,543	407,282	422,562	307,392
Deferred tax liabilities	7,666	7,666	-	-
Total liabilities	225,321,512	184,006,595	200,935,354	149,845,243
Equity				
Share capital	18,302,639	18,302,639	18,302,639	18,302,639
Share premium	64,745	64,745	64,745	64,745
Revaluation reserve	2,764,016	1,812,707	2,764,016	1,812,707
Fair value reserve	(2,796,624)	(1,683,037)	(1,821,697)	(1,016,727)
Foreign exchange gains reserve	-	175,600	-	175,600
Contingency reserve	9,710,046	8,304,604	9,710,046	8,304,604
Retained earnings	16,540,784	11,051,695	14,073,037	9,139,930
Shareholders' funds	44,585,606	38,028,953	43,092,786	36,783,498
Non-controlling interests	422,402	345,303	-	-
Total equity	45,008,008	38,374,256	43,092,786	36,783,498
Total liabilities and equity	270,329,520	222,380,851	244,028,140	186,628,741

AllCO Insurance Plc – FY 2022 Audited Results

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Definition of terms

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

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

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

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

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

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

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

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

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

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

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

About AIICO Insurance Plc

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

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

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

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

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

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

Disclaimer

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