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AIICO INSURANCE PLC

Financial Condition Report as at 31 December 2025

August 2026

1. Executive Summary

This Financial Condition Report ("FCR") sets out the results of the analysis of the financial condition of the life and non-life insurance businesses of AIICO Insurance PLC ("AIICO" or "the Company") as at 31 December 2025.

The Company has contracted Zamara Consulting Actuaries Nigeria Limited to provide actuarial services. In terms of this arrangement, Nikhil Dodhia, FIA, is the appointed actuary.

1.1. Capital Management and Solvency

1.1.1. Solvency Assessment

The table below summarises the solvency position of AIICO over the past 3 years based on the capital requirements as prescribed by the National Insurance Commission of Nigeria ("NAICOM"):

Solvency Margin Assessment	2023	2024	2025
Total Net Admissible Assets**	40,026	51,232	69,126
Minimum Solvency Capital Requirement***	13,236	18,084	22,358
Excess Net Admissible Assets	26,791	33,148	46,769
Solvency Margin Ratio	302%	283%	309%

** Excess of the total admissible asset over and above the admissible liabilities.

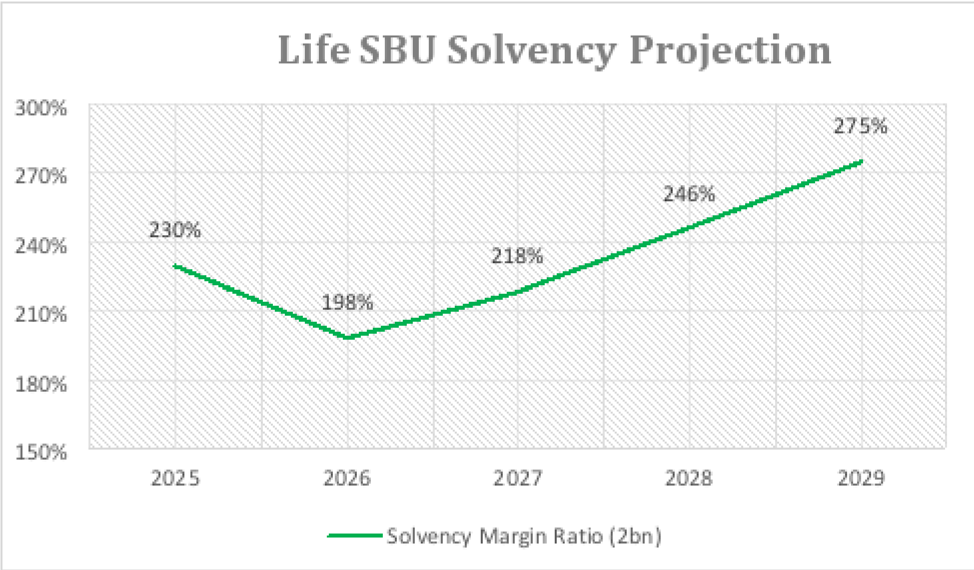
***Maximum of the premium based capital and minimum capital requirement.

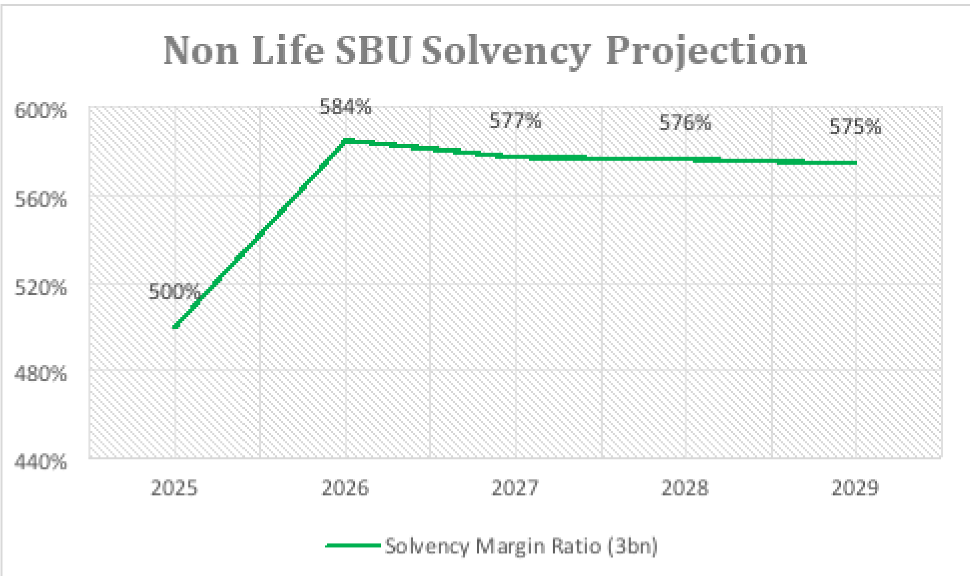
In line with the prescribed regulations, AIICO's minimum capital requirement as at 31 December 2025, the minimum solvency capital requirement was determined as the higher of the volume-based capital requirement and the minimum paid up capital requirement. The volume-based capital requirement determined as 15% of the net written premium, amounted to NGN 22.4 billion and the minimum paid up capital was NGN 5 billion being the sum of the minimum paid up capital of NGN 3 billion and NGN 2 billion required for the non-life and life insurance businesses, respectively. The Company's Net Admissible Assets, available to meet the regulatory capital requirement, amounted to NGN 69.1 billion resulting in excess admissible assets of NGN 46.8 billion and a solvency ratio of 309%.

AIICO's Net Admissible Assets, to meet the regulatory capital requirement, rose to NGN 69.1bn as of 31 December 2025, up from NGN 51.2bn in 2024, driven by business growth. This resulted in Excess Admissible Assets of approx. NGN 46.8bn based on the NGN 5bn capital requirement. The increase in solvency ratios between 2024YE and 2025YE is primarily driven by increase in Net Admissible Assets. In 2025YE, Net Admissible Assets increased by 35% between 2024YE and 2025YE. It should be noted that 5bn MCR (2bn for Life and 3bn for Non-Life) was adopted in December 2025. The increase in Solvency Capital is due to a 20% growth in business volumes, from NGN 158.1bn to NGN 189.6bn, driven by an increase in business volumes for Endowments (by NGN 5.8bn), Deferred Annuity (by NGN 4.8bn), and Savings (by NGN 3bn) in the Life business, as well as increase in some NL products (Fire increased from NGN 10.4bn to NGN 14.1bn, Motor increased from NGN 6.4bn to NGN 8.5bn and casualty increased from NGN 6.5bn to NGN 8bn in 2025YE) Hence, these business changes place an increased demand on the required capital held for the respective businesses AIICO Insurance Plc participates.

1.1.2. Solvency Projections

Based on the Company's business projections, AIICO is expected to be solvent on a regulatory basis over the Company's 4 -year business planning horizon. The graphs below summarise the projected solvency ratios for the life and non-life businesses of AIICO:





AIICO is expected to have adequate admissible net assets comprising largely of quality assets expected to be predominantly invested in treasury bonds and bills of the Federal Government of Nigeria to meet the regulatory capital requirements. The regulatory solvency cover ratios for Life SBU is expected to steadily rise over the projection period as the Net Admissible Assets grow faster than the regulatory capital requirement indicating a projected faster increase in Net Admissible assets relative to liabilities over the projection period. In contrast, the solvency ratio for the Non-Life SBU is expected to decline gradually over the same period, indicating that regulatory capital requirements are increasing faster than the growth in net admissible assets due to an aggressive increase in its business volumes. It should be noted that the minimum paid-up capital of NGN 2bn and NGN 3bn for the Life and Non-life business respectively, was used for these projections. The growth of the Net Admissible Assets over the projection period is largely driven by the projected profitable growth of the insurance businesses where reward for risk is expected to exceed the risk taken. For the Life business, the regulatory capital requirement changes over the projection period under the current minimum capital requirements. At the minimum capital base, the volume-based solvency capital requirement of 15% of net written premiums dominates for AIICO, given the volume of business written. It should also be noted that the volume-based solvency capital requirement of 15% of net written premiums dominates for all projection periods. For the non-life business, under the current minimum paid-up capital of NGN 3bn, the regulatory capital requirement changes over the projection period as the volume-based solvency capital requirements of 15% of net written premiums dominates.

Based on the solvency projections, AIICO's insurance businesses are expected to remain solvent over its business planning period.

After transitioning to IFRS 17 reporting, AIICO has extended its reporting framework to include the IFRS 17 equivalent of the solvency ratio, which is predicated upon insurance revenue. This approach is in accordance with the principles-based methodology, offering valuable insights into insurers' capacity to fulfil obligations while fostering uniformity and comparability within the industry.

1.2. Pricing and Premium Adequacy

A comparison of AIICO's premium rates to the corresponding to industry average rates in respect of the Company's short-term businesses (i.e. both group-life and non-life), shows that the applicable AIICO premium rates are largely not under-priced.

Similarly, on the retail life insurance business, AIICO's premium rates are adequately priced. This is evidenced in the Value for New Business margin analysis, which has historically been positive.

1.3. Financial Performance

From AIICO's historical technical analysis (based on audited financial statement for 5 years), we note that AIICO's Non-life and Group-life business performance improved significantly over the year 2025, relative to the average of the preceding 4 years period. The improved financial performance was driven by AIICO's implemented strategies to improve its underwriting margin at both net and gross of reinsurance. AIICO's assessment shows that the operating ratio for non-life decreased moderately from 40% as at 31 December 2024 to 25% as at 31 December 2025. For Group life business the operating ratio dipped from 37% as at 2024-year end to 21% as at 31 December 2025.

On the retail life business, an abridged income statement for the past 4 years was analysed; AIICO's profit before tax (PBT) improved significantly as at 31 December 2025 relative to the average of the past 3 years by about 88%. The surge in profit was largely driven by technical profits as AIICO wrote more profitable products, as well as significant improvements in investment results reflecting efficient ALM strategies.

1.4. Asset Liability Management (ALM)

AIICO's ALM approach is robust with a strong governance framework and controls to ensure the overarching ALM objectives are achieved. The primary objective of AIICO's ALM process is the management of Market risk to maximize the market-consistent balance sheet (mark-to-market value of assets less market consistent value of the liabilities) over a three-to-five-year period (i.e. medium-to long-term target).

AIICO's liabilities are largely backed by fixed income assets such as federal government bonds since the value of the liabilities are dependent on the movement of the FGN Bonds yields. It can be observed that the life business mainly invests in fixed income asses (majorly the Nigerian government securities) with the asset class constituting above 88% of the total assets in the financial period (i.e., 2023 – 2025). The asset composition is consistent with the company's strategy of investing in assets the match the term, nature, and duration of the liabilities.

The Non-life business, however, has its assets majorly invests in fixed income asses (majorly the Nigerian government securities) and RI assets with these asset classes constituting approximately 51% and 27% respectively of total invested assets as of 31 December 2025.

AIICO measures and monitors its net exposure to market risk using immunization approaches such as money duration, convexity, and sensitivity analysis to maintain a high level of matching of assets and liabilities.

1.5. Reinsurance Management Strategy

Overall, AIICO's reinsurance strategies have been profitably adequate for its Group Life and General insurance business.

1.6. Development since the previous year

AIICO's 2025 FCR was prepared based on regulatory capital adopting the **higher of 15% of NWP or NGN 5bn**. Overall profitability increased by c.45% in 2025, driven by improved underwriting and a more profitable Retail Life product mix, despite lower profitability in Group Life and Non-Life. The solvency ratio improved from 283% to 309%, supported by 35% growth in Net Admissible Assets, which outpaced the 24% increase in SCR. Business volumes increased 20% from NGN 158.1bn to NGN 189.6bn, driven primarily by growth in Endowments and Deferred Annuities, alongside higher Non-Life retention limits.

1.7. Conclusion

I, Nikhil Dodhia, acting in my capacity as the Appointed Actuary, certify that, as at 31 December 2025, this Financial Condition Report for AIICO Insurance PLC has been prepared in accordance with the guidelines issued by the National Insurance Commission ("NAICOM") and generally acceptable actuarial principles.

Nikhil Dodhia FIA
AIICO Insurance PLC
Appointed Actuary

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Appointed Actuary

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